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Weights and Measures
ha hectare
kg kilogram
km kilometer
kW kilowatt
kWh kilowatt-hour
m² square meter
m³ cubic meter
MJ megajoule
MW megawatt
MWh megawatt-hour
tCO₂e ton of carbon dioxide equivalent
Asia and the Pacific faces intensifying climate crises, deteriorating environmental conditions, and other overlapping challenges that severely threaten the region’s sustainable development. In this critical period, the support of the Asian Development Bank (ADB) is indispensable in helping our developing member countries (DMCs) navigate and overcome their sustainability challenges.

It is in this context that I am pleased to present the 10th ADB Sustainability Report, which details ADB’s contributions to sustainable and inclusive development in alignment with the Global Reporting Initiative Standards. This report covers activities and achievements in 2022 and 2023, and introduces a new databook.

ADB’s efforts to advance sustainable development recorded several notable achievements in 2023. To increase essential climate investments, ADB launched the Innovative Finance Facility for Climate in Asia and the Pacific (IF-CAP), under which each dollar guaranteed by IF-CAP partners is able to leverage up to $5 in new ADB climate loans. The facility will contribute to ADB’s ambition of delivering $100 billion in climate finance from our own resources between 2019 and 2030. Moreover, from 2019 to 2023, ADB provided $30.8 billion in climate financing from our own resources. In 2023 alone, we achieved $9.8 billion in climate finance. By the end of 2023, the 3-year average share of ADB operations supporting climate action reached 79%, surpassing our 75% target ahead of schedule.

In response to food insecurity in the region, ADB committed $7.7 billion during the reporting period, providing food relief to vulnerable populations and investing in sustainable, productive, and climate-resilient food systems.

Together with partners, ADB launched initiatives aimed at sustaining natural resources and biodiversity. These included

- establishing common principles for multilateral development banks (MDBs) to track nature-positive finance;
- launching the Nature Solutions Finance Hub for Asia and the Pacific, aiming to attract investments up to $2 billion by 2030;
- creating a finance hub to bolster resilient blue economies in the Pacific; and
- offering guidance on blue bonds.

ADB also continued to issue thematic bonds, raising $9.8 billion in 2022–2023 to fund projects focused on climate action, gender inequality, and ocean health.

In 2023, ADB established an Office of Safeguards and released a draft of the revised Environmental and Social Framework for stakeholder feedback. This framework, built on extensive consultations, aims to align with other MDBs and enhance project safeguards by introducing new standards for labor and working conditions, health, safety, and security, as well as climate change.

ADB also cooperated with other MDBs to assist borrowers in implementing sustainable procurement at both national and project levels, and in building capacity in this area.

Closer to home, ADB continued to make our facilities more environmentally friendly. In 2023, our headquarters was awarded the coveted Leadership in Energy and Environmental Design Platinum certification. Our newly established Institutional Climate Secretariat will further aid in minimizing our carbon footprint.
ADB prides itself on fostering a diverse, equitable, and inclusive workplace. Through the reporting period, all our staff underwent training to prevent harassment and discrimination. By the end of 2023, our international staff comprised 39.8% women and we launched a new Gender Action Plan with a target of achieving 45% female international staff by 2030.

Across all fronts, ADB remains committed to supporting our DMCs in Asia and the Pacific on their journey toward a more sustainable and resilient future.

MASATSUGU ASAKAWA

President and Chairperson of the Board of Directors
Asian Development Bank
Preparation of the Asian Development Bank Sustainability Report 2024 was overseen by Bruno Carrasco, director general, Climate Change and Sustainable Development Department (CCSD); Lakshmi Menon, director general, Corporate Services Department; Toru Kubo, senior director, Climate Change, Resilience, and Environment Cluster; and led by Yoko Watanabe, director, Environment.

Preparation and production of this summary report was managed by Duncan Lang, senior environment specialist, CCSD; with core support from Marie Antoinette Virtucio, Erwin Casaclang, Cristina R. Velez (consultant), Ma. Charina Aguado, Monelle Capistrano (consultant), Edith Creus (consultant), Rocilyn Locsin Laccay (consultant), Monina Gamboa (consultant), Maria Theresa Mercado (consultant), Brian Rafor, (consultant), as well as Phil Hughes (consultant), who provided technical guidance.

In addition, essential support was also provided by Andrew Clinton, senior advisor; Mirko Rizzuto, principal workplace management specialist; Henry Cornwell, counsel; Athena Ocampo, institutional and operations coordination officer; Duncan McLeod, communications specialist; Anna Katherine Sherwood, senior communications specialist; and Azusa Sato, senior advisor to the President.

The following focal points and project team leaders provided essential information and advice:


We also gratefully received assistance from many people across the Asian Development Bank: Robert Alcala, Rodel Bautista, Christopher John Patrick Carlson, Cynthia Hidalgo, and Sarah O’Connor.
### Abbreviations

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADB</td>
<td>Asian Development Bank</td>
</tr>
<tr>
<td>ADF</td>
<td>Asian Development Fund</td>
</tr>
<tr>
<td>AIDS</td>
<td>acquired immunodeficiency syndrome</td>
</tr>
<tr>
<td>AIP</td>
<td>Access to Information Policy</td>
</tr>
<tr>
<td>BPMSD</td>
<td>Budget, People, and Management Systems Department</td>
</tr>
<tr>
<td>CKP</td>
<td>country knowledge plan</td>
</tr>
<tr>
<td>CPS</td>
<td>country partnership strategy</td>
</tr>
<tr>
<td>CSD</td>
<td>Corporate Services Department</td>
</tr>
<tr>
<td>CSO</td>
<td>civil society organization</td>
</tr>
<tr>
<td>DMC</td>
<td>developing member country</td>
</tr>
<tr>
<td>E2HSMS</td>
<td>Energy, Environment, Health, and Safety Management System</td>
</tr>
<tr>
<td>EHS</td>
<td>Environment, Health, and Safety</td>
</tr>
<tr>
<td>FCAS</td>
<td>fragile and conflict-affected situations</td>
</tr>
<tr>
<td>FIDIC</td>
<td>Fédération Internationale des Ingénieurs-Conseil (International Federation of Consulting Engineers)</td>
</tr>
<tr>
<td>FSA</td>
<td>Fragile and Conflict-Affected Situations and Small Island Developing States Approach</td>
</tr>
<tr>
<td>GAP</td>
<td>gender action plan</td>
</tr>
<tr>
<td>GRI</td>
<td>Global Reporting Initiative</td>
</tr>
<tr>
<td>HFC</td>
<td>hydrofluorocarbon</td>
</tr>
<tr>
<td>HIV</td>
<td>human immunodeficiency virus</td>
</tr>
<tr>
<td>IED</td>
<td>Independent Evaluation Department</td>
</tr>
<tr>
<td>IFB</td>
<td>Invitation for Bidding</td>
</tr>
<tr>
<td>ILO</td>
<td>International Labour Organization</td>
</tr>
<tr>
<td>IOC</td>
<td>Integrity Oversight Committee</td>
</tr>
<tr>
<td>IPSA</td>
<td>initial poverty and social assessment</td>
</tr>
<tr>
<td>ISO</td>
<td>International Organization for Standardization</td>
</tr>
<tr>
<td>LEED</td>
<td>Leadership in Energy and Environmental Design</td>
</tr>
<tr>
<td>MDB</td>
<td>multilateral development bank</td>
</tr>
<tr>
<td>NDC</td>
<td>nationally determined contribution</td>
</tr>
<tr>
<td>NGO</td>
<td>nongovernment organization</td>
</tr>
<tr>
<td>OAI</td>
<td>Office of Anticorruption and Integrity</td>
</tr>
<tr>
<td>OCR</td>
<td>ordinary capital resources</td>
</tr>
<tr>
<td>OECD-BEPS</td>
<td>Organisation for Economic Co-operation and Development Base Erosion and Profit Shifting</td>
</tr>
<tr>
<td>OHS</td>
<td>occupational health and safety</td>
</tr>
<tr>
<td>OOMP</td>
<td>Office of the Ombudsperson</td>
</tr>
<tr>
<td>OPEC</td>
<td>Office of Professional Ethics and Conduct</td>
</tr>
<tr>
<td>PPFD</td>
<td>Procurement, Portfolio, and Financial Management Department</td>
</tr>
<tr>
<td>PSA</td>
<td>poverty and social analysis</td>
</tr>
<tr>
<td>SDG</td>
<td>Sustainable Development Goal</td>
</tr>
<tr>
<td>SIDS</td>
<td>small island developing state</td>
</tr>
<tr>
<td>SPS</td>
<td>Safeguard Policy Statement</td>
</tr>
<tr>
<td>SRP</td>
<td>Staff Retirement Plan</td>
</tr>
</tbody>
</table>
I. SUSTAINABILITY HIGHLIGHTS, 2022–2023

ASIA AND THE PACIFIC’S CLIMATE BANK
In 2023, 47% increase in climate finance commitments from 2022

<table>
<thead>
<tr>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>$6.7 billion from its own resources</td>
<td>$9.8 billion from its own resources</td>
</tr>
<tr>
<td>$4 billion for mitigation</td>
<td>$5.5 billion expected to contribute to mitigation</td>
</tr>
<tr>
<td>$2.7 billion for adaptation</td>
<td>$4.3 billion expected to contribute to adaptation</td>
</tr>
</tbody>
</table>

Note: ADB resources includes ordinary capital resources (OCR), concessional OCR loan, and Asian Development Fund.

2022 Launch of Just Transition Support Platform
Launch of a Just Transition Platform to help build inclusive and equitable action toward achieving net zero and climate resilience in Asia and the Pacific, while maximizing the gender, social, and economic outcomes of climate action.

Innovative Finance Facility for Climate in Asia and the Pacific
$1 in = up to $5 out
current ambition of $2 billion in guarantees could leverage $10 billion in climate finance

Note: In 2024 the ambition of the Nature Solutions Finance Hub was scaled up to $5 billion.

ENHANCING FOOD SECURITY
$14 billion announced for food security (2022-2025)
$7.7 billion combined commitments for 2022 and 2023
about 52% of $14 billion total allocation

ADDRESSING BIODIVERSITY LOSS
2023 Launch of Nature Solutions Finance Hub to leverage $2 billion by 2030

INVESTING IN OCEAN HEALTH
Healthy Oceans Action Plan
75% of $5 billion target achieved

Clean and Healthy Oceans Integrated Program to reduce pollution in coastal areas and river basins
$115 million program is expected to benefit 200,000 hectares of landscape and 14.3 million hectares of marine habitats, while mitigating 5.6 million metric tons of greenhouse gas emissions
GREEN AND BLUE BONDS

**Green Bond Commitments**
Total outstanding green bonds at end-2023

- Thailand: 2.9
- Uzbekistan: 3.6
- Pakistan: 3.6
- Indonesia: 3.7
- People’s Republic of China: 11.9
- Bangladesh: 13.3
- Philippines: 26.2
- Others: 10.2

By Country (%)

**Blue Bond Commitments**
Total outstanding blue bonds at end-2023

- Thailand: 2.9
- Uzbekistan: 3.6
- Pakistan: 3.6
- Indonesia: 3.7
- People’s Republic of China: 11.9
- Bangladesh: 13.3
- India: 24.4

By Country (%)

**By Sector (%)**
- Renewable Energy: 17.4
- Energy Efficiency: 3.3
- Agriculture, Water, and Urban Infrastructure: 7.7
- Renewable Energy and Energy Efficiency: 1.7

**By Country (%)**

**HUMAN RESOURCES**

**Gender Action Plan Update**
Target of **45% female** international staff by end of 2030 approved

**Workplace Transformation under the New Operating Model**
Anti-harassment and discrimination training mandatory for all staff

**Reduced Paper Use**
ADB awarded Leadership in Energy and Environmental Design (LEED) Platinum certification for Existing Buildings: Operations and Maintenance under performance based rating system **LEED v4.1**

**ADB HEADQUARTERS AND RESIDENT MISSIONS**

**India Resident Mission**
Recertified as Platinum LEED

- Reduced Paper Use
  - 2019: 85,151 kg of paper or 36,389 trees
  - 2023: 20,448 kg of paper or 8,738 trees
  - A difference of 27,651 trees

- Completed baseline study on institutional greenhouse gas emissions inventory

II. SELECTED RESULTS FROM ADB OPERATIONS IN 2022 AND 2023

The ADB Development Effectiveness Review and Private Sector Operations: Report on Development Effectiveness assess ADB’s performance and progress toward achieving Strategy 2030 priorities. ADB-supported projects in Asia and the Pacific use best practices and innovation to help developing member countries address climate and environmental challenges and achieve sustainable development.

Table 1: Development Effectiveness Review: Selected Results from Completed Operations 2022 (ADB Operations Overall)

<table>
<thead>
<tr>
<th>Operational Priority</th>
<th>Development Effectiveness Review Indicators</th>
<th>Results Achieved</th>
</tr>
</thead>
<tbody>
<tr>
<td>OP1: Addressing remaining poverty and reducing inequalities</td>
<td>1.1 People benefiting from improved health services, education services, or social protection</td>
<td>263.2 million</td>
</tr>
<tr>
<td></td>
<td>1.2 Jobs directly generated</td>
<td>9.9 million</td>
</tr>
<tr>
<td></td>
<td>1.3 Poor and vulnerable people with improved standards of living</td>
<td>4.4 million</td>
</tr>
<tr>
<td></td>
<td>2.1 Skilled jobs generated for women</td>
<td>404,000</td>
</tr>
<tr>
<td></td>
<td>2.1.4 Women and girls benefiting from new or improved infrastructure</td>
<td>1,703,000</td>
</tr>
<tr>
<td></td>
<td>2.2 Women and girls completing secondary and tertiary education and other training</td>
<td>115,000</td>
</tr>
<tr>
<td></td>
<td>2.4 Women and girls with increased time savings</td>
<td>208,000</td>
</tr>
<tr>
<td></td>
<td>2.4.1 Time saving or gender-responsive infrastructure assets and/or services established or improved</td>
<td>400</td>
</tr>
<tr>
<td></td>
<td>2.5 Women and girls with increased resilience to climate change, disasters, and other external shocks (n)</td>
<td>3,945,000</td>
</tr>
<tr>
<td>OP2: Accelerating progress in gender equality</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>3.1 In reduced greenhouse gas emissions annually</td>
<td>29.6 m tco₂/year</td>
</tr>
<tr>
<td></td>
<td>3.1.1 Additional climate finance mobilized</td>
<td>$1.47 billion</td>
</tr>
<tr>
<td></td>
<td>3.1.4 Installed renewable energy capacity</td>
<td>10,000 MW</td>
</tr>
<tr>
<td></td>
<td>3.1.3 Low-carbon infrastructure assets established or improved</td>
<td>280</td>
</tr>
<tr>
<td></td>
<td>3.2 People with strengthened climate and disaster resilience</td>
<td>270,000</td>
</tr>
<tr>
<td></td>
<td>3.2.1 Area with reduced flood risk (hectare)</td>
<td>13,000</td>
</tr>
<tr>
<td></td>
<td>3.2.4 National and subnational disaster risk reduction and/or management plans supported in implementation</td>
<td>180</td>
</tr>
<tr>
<td></td>
<td>3.2.5 New and existing infrastructure assets made climate- and disaster-resilient</td>
<td>390</td>
</tr>
<tr>
<td></td>
<td>3.3 People with strengthened environmental sustainability</td>
<td>4.3 million</td>
</tr>
<tr>
<td></td>
<td>3.3.1 Pollution control-enhancing infrastructure assets established or improved</td>
<td>110</td>
</tr>
<tr>
<td></td>
<td>3.3.3 Terrestrial, coastal, and marine areas conserved, restored, and/or enhanced (hectare)</td>
<td>31,000</td>
</tr>
</tbody>
</table>

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<table>
<thead>
<tr>
<th>Operational Priority</th>
<th>Development Effectiveness Review Indicators</th>
<th>Results Achieved</th>
</tr>
</thead>
<tbody>
<tr>
<td>OP4: Making cities more livable</td>
<td>4.1 People benefiting from improved services in urban areas</td>
<td>33.9 million</td>
</tr>
<tr>
<td></td>
<td>4.1.1 Solutions to enhance urban environment implemented or improved</td>
<td>18</td>
</tr>
<tr>
<td>OP5: Promoting rural development and food security</td>
<td>5.1 People benefiting from increased rural investment</td>
<td>46.9 million</td>
</tr>
<tr>
<td></td>
<td>5.3 Hectares of land with higher productivity</td>
<td>194,000</td>
</tr>
<tr>
<td></td>
<td>5.3.1 Land improved through climate resilient irrigation infrastructure and water delivery services</td>
<td>113,000</td>
</tr>
<tr>
<td>OP6: Strengthening governance and institutional capacity</td>
<td>6.1 Entities with improved management functions and financial stability</td>
<td>650</td>
</tr>
<tr>
<td></td>
<td>6.1.1 Government officials with increased capacity to design, implement, monitor, and evaluate relevant measures</td>
<td>861,000</td>
</tr>
<tr>
<td></td>
<td>6.2 Entities with improved service delivery</td>
<td>1,000</td>
</tr>
<tr>
<td>OP7: Fostering regional cooperation and integration</td>
<td>7.1 In cargo and energy transported and transmitted across borders</td>
<td>$87.7 million</td>
</tr>
<tr>
<td></td>
<td>7.1.1 Transport and ICT connectivity assets established or improved</td>
<td>62</td>
</tr>
</tbody>
</table>

ADB = Asian Development Bank, DEfR = Development Effectiveness Review, ha = hectare, ICT = information and communication technology, km = kilometer, MW = megawatt, m³ = cubic meter, n = number, OP = operational priority, tCO₂e = ton of carbon dioxide equivalent.

Notes
1. “ADB Operations Overall” are ADB operations financed by regular and concessional ordinary capital resources and/or Asian Development Fund grants.
2. Results delivered as reported in project completion reports, extended annual review reports, and technical assistance completion reports circulated from 16 November 2021 to 15 November 2022 for regular projects, and 31 December 2022 for COVID-19 Pandemic Response Option projects.
3. Achieved results over 10,000 are rounded to the nearest 1,000. Values smaller than 10,000 are rounded to the nearest 100. Values smaller than 1,000 are rounded to the nearest 10. Values smaller than 99 are not rounded.

### Selected Results from ADB Operations in 2022 and 2023

<table>
<thead>
<tr>
<th>Category</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electric vehicles produced</td>
<td>3,405</td>
</tr>
<tr>
<td>Wastewater treated</td>
<td>936.7 million m³/year</td>
</tr>
<tr>
<td>Houses built</td>
<td>434,428</td>
</tr>
<tr>
<td>MSME beneficiaries</td>
<td>47.5 million</td>
</tr>
<tr>
<td>MSME (female) beneficiaries</td>
<td>46.1 million</td>
</tr>
<tr>
<td>Patients served</td>
<td>1 million</td>
</tr>
<tr>
<td>People trained</td>
<td>329,419</td>
</tr>
<tr>
<td>Women trained</td>
<td>250,687</td>
</tr>
<tr>
<td>Workers employed (female)</td>
<td>123,645</td>
</tr>
<tr>
<td>Trees planted</td>
<td>4 million</td>
</tr>
<tr>
<td>Hospital beds procured</td>
<td>9,994</td>
</tr>
<tr>
<td>Manufactured pharmaceutical products</td>
<td>171.5 million</td>
</tr>
<tr>
<td>Bulk cargo</td>
<td>3.8 million tons</td>
</tr>
<tr>
<td>Electric vehicle charging infrastructure installed</td>
<td>1,328</td>
</tr>
<tr>
<td>GHG emissions reduced</td>
<td>4 million tCO₂e</td>
</tr>
<tr>
<td>Generation capacity</td>
<td>14,333 MW</td>
</tr>
<tr>
<td>Power delivered</td>
<td>44,062 GWh/year</td>
</tr>
<tr>
<td>Potable water produced</td>
<td>538.6 million m³/year</td>
</tr>
<tr>
<td>Houses with access to water</td>
<td>967,157</td>
</tr>
<tr>
<td>Household with access to power</td>
<td>58,841</td>
</tr>
<tr>
<td>Farmers reached</td>
<td>10 million</td>
</tr>
<tr>
<td>Students reached</td>
<td>4 million</td>
</tr>
<tr>
<td>Government revenues</td>
<td>$2 billion</td>
</tr>
<tr>
<td>Agricultural products produced</td>
<td>206.5 million tons</td>
</tr>
<tr>
<td>Export sales</td>
<td>$78.4 million</td>
</tr>
<tr>
<td>Crop production</td>
<td>4 million</td>
</tr>
</tbody>
</table>
| GHG = greenhouse gas; GWh = gigawatt hour; m³ = cubic meter, MSME = micro, small, and medium-sized enterprises; MW = megawatt.
Table 2: Development Effectiveness Review: Selected Results from Completed Operations 2023
(ADB Operations Overall)

<table>
<thead>
<tr>
<th>Operational Priority</th>
<th>Development Effectiveness Review Indicators</th>
<th>Results Achieved</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1</td>
<td>People benefiting from improved health services, education services, or social protection</td>
<td>116.1 million</td>
</tr>
<tr>
<td>1.2</td>
<td>Jobs directly generated</td>
<td>347,000</td>
</tr>
<tr>
<td>1.3</td>
<td>Poor and vulnerable people with improved standards of living</td>
<td>93.5 million</td>
</tr>
<tr>
<td>2.1</td>
<td>Skilled jobs generated for women</td>
<td>43,000</td>
</tr>
<tr>
<td>2.1.1</td>
<td>Women enrolled in TVET and other job training</td>
<td>930,000</td>
</tr>
<tr>
<td>2.1.3</td>
<td>Women-owned or -led SME loan accounts opened or women-owned or -led SME end borrowers reached</td>
<td>1.6 million</td>
</tr>
<tr>
<td>2.1.4</td>
<td>Women and girls benefiting from new or improved infrastructure</td>
<td>459,000</td>
</tr>
<tr>
<td>2.2</td>
<td>Women and girls completing secondary and tertiary education and other training</td>
<td>178,000</td>
</tr>
<tr>
<td>2.4</td>
<td>Women and girls with increased time savings</td>
<td>2,018,000</td>
</tr>
<tr>
<td>2.4.1</td>
<td>Time saving or gender-responsive infrastructure assets and/or services established or improved</td>
<td>280</td>
</tr>
<tr>
<td>2.5</td>
<td>Women and girls with increased resilience to climate change, disasters, and other external shocks (n)</td>
<td>13.4 million</td>
</tr>
<tr>
<td>3.1</td>
<td>In reduced greenhouse gas emissions annually</td>
<td>27.2 m tCO₂e/year</td>
</tr>
<tr>
<td>3.1.1</td>
<td>Additional climate finance mobilized</td>
<td>$3.6 billion</td>
</tr>
<tr>
<td>3.1.4</td>
<td>Installed renewable energy capacity</td>
<td>9,200 MW</td>
</tr>
<tr>
<td>3.1.3</td>
<td>Low-carbon infrastructure assets established or improved</td>
<td>5,500</td>
</tr>
<tr>
<td>3.2</td>
<td>People with strengthened climate and disaster resilience</td>
<td>3.7 million</td>
</tr>
<tr>
<td>3.2.1</td>
<td>Area with reduced flood risk (hectare)</td>
<td>88,000</td>
</tr>
<tr>
<td>3.2.4</td>
<td>National and subnational disaster risk reduction and/or management plans supported in implementation</td>
<td>120</td>
</tr>
<tr>
<td>3.2.5</td>
<td>New and existing infrastructure assets made climate- and disaster-resilient</td>
<td>210</td>
</tr>
<tr>
<td>3.3</td>
<td>People with strengthened environmental sustainability</td>
<td>14.2 million</td>
</tr>
<tr>
<td>3.3.1</td>
<td>Pollution control-enhancing infrastructure assets established or improved</td>
<td>99</td>
</tr>
<tr>
<td>3.3.3</td>
<td>Terrestrial, coastal, and marine areas conserved, restored, and/or enhanced (hectare)</td>
<td>100,000</td>
</tr>
<tr>
<td>4.1</td>
<td>People benefiting from improved services in urban areas</td>
<td>35.4 million</td>
</tr>
<tr>
<td>4.3</td>
<td>Zones with improved urban environment, climate-resilience, and disaster risk management</td>
<td>25</td>
</tr>
<tr>
<td>4.3.1</td>
<td>Solutions to enhance urban environment implemented or improved</td>
<td>24</td>
</tr>
</tbody>
</table>

continued on next page
## Table 2 continued

<table>
<thead>
<tr>
<th>Operational Priority</th>
<th>Development Effectiveness Review Indicators</th>
<th>Results Achieved</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>5.1</strong> People benefiting from increased rural investment</td>
<td>106.1 million</td>
<td></td>
</tr>
<tr>
<td><strong>5.3</strong> Hectares of land with higher productivity</td>
<td>213,000</td>
<td></td>
</tr>
<tr>
<td><strong>5.3.1</strong> Land improved through climate-resilient irrigation infrastructure and water delivery services</td>
<td>32,000</td>
<td></td>
</tr>
<tr>
<td><strong>6.1</strong> Entities with improved management functions and financial stability</td>
<td>4,000</td>
<td></td>
</tr>
<tr>
<td><strong>6.1.1</strong> Government officials with increased capacity to design, implement, monitor, and evaluate relevant measures</td>
<td>51,000</td>
<td></td>
</tr>
<tr>
<td><strong>6.2</strong> Entities with improved service delivery</td>
<td>4,000</td>
<td></td>
</tr>
<tr>
<td><strong>7.1</strong> In cargo and energy transported and transmitted across borders</td>
<td>$16.9 billion</td>
<td></td>
</tr>
<tr>
<td><strong>7.1.1</strong> Transport and ICT connectivity assets established or improved</td>
<td>11</td>
<td></td>
</tr>
<tr>
<td><strong>7.1.3</strong> Energy capacity for power trade installed or improved (megawatt equivalent)</td>
<td>190 MW</td>
<td></td>
</tr>
</tbody>
</table>

**Notes:**

1. “ADB Operations Overall” are ADB Operations financed by regular and concessional ordinary capital resources and/or Asian Development Fund grants.
2. Results delivered as reported in project completion reports, extended annual review reports, and technical assistance completion reports from 16 November 2022 to 15 November 2023 for regular projects and 31 December 2023 for COVID-19 Pandemic Response projects.
3. Achieved results over 10,000 are rounded to the nearest 1,000. Values smaller than 1,000 are rounded to the nearest 10. Values smaller than 99 are not rounded.

**Source:** ADB Development Effectiveness Review 2023.

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ADB = Asian Development Bank, ICT = information and communication technology, n = number, OP = operational priority, SME = small and medium-sized enterprises, tCO₂e = ton of carbon dioxide equivalent, TVET = technical and vocational education and training.
### Results Delivered by Private Sector Operations Department Active Portfolio, 2023

<table>
<thead>
<tr>
<th>Category</th>
<th>Quantity</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electric vehicles produced</td>
<td>7,451</td>
<td></td>
</tr>
<tr>
<td>Electric vehicle charging infrastructure</td>
<td>2,797</td>
<td></td>
</tr>
<tr>
<td>GHG emissions reduced</td>
<td>22.2 million tco\textsubscript{2e}</td>
<td></td>
</tr>
<tr>
<td>Generation capacity</td>
<td>18,396 MW</td>
<td>GWh/year</td>
</tr>
<tr>
<td>Power delivered</td>
<td>71,421</td>
<td></td>
</tr>
<tr>
<td>Potable water produced</td>
<td>535.2 million m\textsuperscript{3}/year</td>
<td></td>
</tr>
<tr>
<td>Wastewater treated</td>
<td>1.3 billion m\textsuperscript{3}/year</td>
<td></td>
</tr>
<tr>
<td>Houses built</td>
<td>210,347</td>
<td></td>
</tr>
<tr>
<td>Houses with access to water</td>
<td>2.7 million</td>
<td></td>
</tr>
<tr>
<td>Household with access to power</td>
<td>66,464</td>
<td></td>
</tr>
<tr>
<td>Farmers reached</td>
<td>8.6 million</td>
<td></td>
</tr>
<tr>
<td>Students reached</td>
<td>4 million</td>
<td></td>
</tr>
<tr>
<td>MSME beneficiaries</td>
<td>36.9 million</td>
<td></td>
</tr>
<tr>
<td>MSME (female) beneficiaries</td>
<td>32.2 million</td>
<td></td>
</tr>
<tr>
<td>Patients served</td>
<td>2.9 million</td>
<td></td>
</tr>
<tr>
<td>People trained</td>
<td>1 million</td>
<td></td>
</tr>
<tr>
<td>Women trained</td>
<td>844,685</td>
<td></td>
</tr>
<tr>
<td>Workers employed</td>
<td>540,866</td>
<td></td>
</tr>
<tr>
<td>Workers employed (female)</td>
<td>128,658</td>
<td></td>
</tr>
<tr>
<td>Passengers reached</td>
<td>1.5 million</td>
<td></td>
</tr>
<tr>
<td>Government revenues</td>
<td>$2.7 billion</td>
<td></td>
</tr>
<tr>
<td>Agricultural products produced</td>
<td>1.9 million tons</td>
<td></td>
</tr>
<tr>
<td>Agricultural products (nonfood) produced</td>
<td>1.3 million tons</td>
<td></td>
</tr>
<tr>
<td>Bulk cargo</td>
<td>2.6 million tons</td>
<td></td>
</tr>
<tr>
<td>Export sales</td>
<td>$861.5 million</td>
<td></td>
</tr>
</tbody>
</table>

GHG = greenhouse gas; GWh = gigawatt hour; m\textsuperscript{3} = cubic meter; MSME = micro, small, and medium-sized enterprises; MW = megawatt.
Selected Results from ADB Operations in 2022 and 2023

**PROJECT STORIES**

### Environmental Resilience and a Sustainable Economy for the Largest Lake in the Southern Caucasus

**ARMENIA**

Armenia’s Lake Sevan contains 80% of the country’s water resource and is central to the country’s water resource balance, agriculture, industry, energy, and tourism economies. Despite significant legislative and institutional reforms on its management and protection, Lake Sevan faces numerous environmental and climate challenges. Studies indicate highly polluted water in its tributaries, because of poorly treated wastewater from surrounding villages, agricultural run-off, and inadequate solid waste management. This ADB technical assistance will strengthen the Government of Armenia’s capacity to address its threats and challenges and strategically plan for Lake Sevan’s low-carbon, sustainable development. Comprehensive solutions for sustainably developing its economic potential while protecting its ecosystems will be identified.

**EXPECTED BENEFICIARIES**

- **150,000** people over **92** settlements

### Innovative Small-Scale Water Management for More Climate-Resilient Rural Communities

**BANGLADESH**

Worsening water insecurity and climate impacts threaten Bangladesh, the eighth most populous country in the world and fourth in Asia. More than half of its population lives in rural areas, with agriculture as their main source of employment.

Building on the success and lessons from three prior similar ADB-financed small-scale water resources management projects in Bangladesh with the Local Government Engineering Department, the project will increase agricultural productivity and profitability through participatory and sustainable small-scale water resources management by establishing 150 new water management cooperative associations and strengthening 230 existing ones.

The project’s innovative and climate resilience features have attracted cofinancing from the International Fund for Agricultural Development through a loan of $42.98 million, and the Government of the Netherlands through a grant of $17.8 million. The Government of Bangladesh provides $58.22 million of counterpart funds.

**EXPECTED BENEFITS**

- More than **220,000** hectares in **42** districts, home to **77%** of the rural poor

### Building Adaptation and Resilience in the Hindu Kush Himalayas

**BHUTAN and NEPAL**

Home to the largest ice reserves outside of the polar regions, the Hindu Kush Himalayas feed 10 major rivers, which sustain the livelihoods of 240 million people in its mountains and more than 1.6 billion people downstream. If the global temperature increase hits 3°C, 75% of glaciers in Bhutan and Nepal could melt by the end of the 21st century, placing unprecedented stress on water, food and energy security, and result in significant biodiversity loss.

This ADB technical assistance aims to strengthen capacity in Bhutan and Nepal to assess multi-hazard risks, including transboundary impacts; enhance risk assessment to support the design of climate-resilient national and project investments; research innovative finance strategies for climate-resilient investments; and form knowledge sharing networks around approaches and solutions.

**EXPECTED BENEFITS**

- Enhanced multihazard risk assessments that will be used to develop approaches for early warning systems and climate investment services, including disaster risk financing and insurance
**Landmark Assistance to Reverse Fishery Decline, and Regenerate Coastal Fisheries and Ecosystems**

**CAMBODIA**

The Sustainable Coastal and Marine Fisheries Project is a $104 million financing package to strengthen Cambodia’s marine fisheries and support its contribution to shared fish stocks and ecosystems in the Gulf of Thailand. The project will focus on reversing the sharp decline in the fisheries of four coastal provinces—Kampot, Kep, Koh Kong, and Preah Sihanouk; fostering sustainable mariculture; and enhancing fish landing sites to improve seafood safety. Under the project, about 40% of the nearshore fishery is expected to be regenerated into more productive, sustainable, and viable enterprises while enabling local communities and medium-sized enterprises to diversify their livelihoods, and scale-up women’s engagement.

This project is ADB’s first significant investment in marine fisheries and represents an important milestone for its Action Plan for Healthy Oceans and Sustainable Blue Economies. It also includes a project component that is linked to the Regional Flyway Initiative at Koh Kapik Ramsar Site.

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**Climate Proofing Rural Infrastructure for Provinces in the Tonle Sap Basin**

**CAMBODIA**

Cambodia ranks among the top 10 countries most vulnerable to extreme climate events, while low productivity, underdeveloped value chains, and deteriorating natural capital beset its agriculture sector. In 2011, flooding caused more than $625 million in economic losses and catastrophic damage to rural infrastructure.

In response, the Government of Cambodia partnered with ADB and the International Fund for Agricultural Development (IFAD) on the Tonle Sap Poverty Reduction and Smallholder Development Project, to climate-proof rural infrastructure in seven provinces along the Tonle Sap basin. This included building climate-resilient rural roads, bridges, irrigation canals, and flood protection dikes that helped increase farmers’ trade opportunities and productivity. Commune grants were provided to 1,900 Livelihood Improvement Groups, and Farmer’s Livelihood Improvement Associations to ensure sustainability.

The project was awarded the IFAD Gender Award for its strong results-based commitment to the empowerment of rural women.

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**EXPECTED BENEFICIARIES**

- **25** community fisheries organizations
- **15** community protected areas, comprising nearly **20,000** households, and a wider coastal community of about **200,000**

**BENEFITS ACHIEVED**

- **53** community development professionals employed;
- LIGs working capital increased by **$7.15 million (63%)** from **$11.32 million to $18.47 million** and reduced poverty from 84% (in 2013) to **43%**
- Women’s representation increased to **60%** in management committees across its **270** targeted communes and **650,000** households, especially smallholder farmers trapped by prolonged poverty
**Affordable Housing Finance for Women**

**GEORGIA**

Traditional gender roles and norms hinder women’s access to property and housing in Georgia, where passing property to sons is preferred, especially among rural ethnic minorities. Low rates of land ownership and lower incomes prevent women from fully benefiting from the country’s improved banking services. Although their economic participation is less extensive than men, women head 37.3% of Georgia’s households and stand to gain from tailored programs.

An ADB loan of up to $25 million in Georgian lari to Credo Bank Joint Stock Company for affordable housing finance helped 13,320 active female mortgage and home renovation borrowers and empowered them to lead their families financially, as of March 2022. An accompanying technical assistance of $1.3 million focused on improving financial literacy and access to finance for rural women.

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**Reducing Floods and Riverbank Erosion in One of the World’s Largest River Systems**

**INDIA**

Building on the success and lessons of similar investments in South Asia, this ADB-financed project will tackle recurrent flooding and riverbank erosion along the 650-kilometer (km) long main stem of the Brahmaputra River in Assam. By stabilizing 60 km of banks, emplacing 32 km of pro-siltation measures, and building 4 km of climate-resilient flood embankments in five districts (Dibrugarh, Goalpara, Kamrup Rural, Morigaon, and Tinsukia), the project will secure living spaces, support livelihoods, create employment opportunities, and ultimately enhance the navigability of the river.

It will also advance the institutional capacity in flood forecasting and warning systems, modern surveys, erosion and embankment breach modeling, asset management, flood risk mapping, land use planning, and pilot nature-based solutions and the graduation approach.

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**A Blue Loan for ALBA to Recycle PET Bottles and Reduce Ocean Plastic**

**INDONESIA**

Each year, approximately 8 to 12 million tonnes of plastic end up in the ocean. With Indonesia being among the top contributors to marine plastic pollution, the Government of Indonesia has targeted a 70% reduction in plastic waste leakage by 2025 and achieving near-zero plastic pollution by 2040. A $44.2 million Blue Loan for PT ALBA Tridi Plastics Recycling Indonesia will establish a polyethylene terephthalate (PET) recycling facility in Central Java. The plant will process PET beverage bottles into high-quality recycled polyethylene terephthalate (rPET) flakes and food-grade rPET pellets, which can be used to produce new rPET bottles and ultimately contribute to the creation of a circular economy for plastics. The certified blue loan adheres to ADB’s Ocean Finance Framework and the defined criteria for investments under its Action Plan for Healthy Oceans and Sustainable Blue Economies.

**EXPECTED BENEFITS**

- **Increase in crop production for over 50,000 hectares** and benefits to about 1 million people
- **48,000 tons** of PET bottles recycled annually, diverting them from landfills, open burning, or leakage into the ocean.
- **36,000 tons** of rPET produced,
- **30,500 tons** of carbon dioxide offset that would have resulted from using virgin PET.
Improving Shrimp Value Chains, Traceability and Transparency

INDONESIA

Indonesia is among the top five shrimp producers in the world, with a global market share of 8.7%. Despite breeding protocols established by Indonesia’s Ministry of Marine Affairs and Fisheries (MMAF), the lack of knowledge and adherence to protocols of small-scale hatcheries have led to biosecurity and disease concerns. As food safety standards grow among international customers and consumers, Indonesia’s shrimp industry must improve processing hygiene, traceability and transparency along the shrimp value chain.

This $93 million ADB loan will help the MMAF introduce sustainable shrimp aquaculture to increase the productivity, quality, profitability, and environmental sustainability of smallholder shrimp farmers, improving their access to quality inputs, production, and better post-harvest practices. It includes improved traceability through infrastructure, capacity support, and value chain strengthening in locations across Bali, Banten, Central Java, East Java, Lampung, Nanggroe Aceh Darussalam, and South Sulawesi.

Climate-Resilient Health Services for More than Half the Population

KIRIBATI

Given its low-lying topography, Kiribati faces increasing impact of climate change from droughts, cyclones, high tides, and changing weather patterns, which are escalating the risk of noncommunicable diseases, mental health, injuries, and infectious and waterborne diseases. Most health facilities are deteriorating, posing significant risks to infection prevention and control. Rapid population growth and high population density place an additional strain on Kiribati’s limited health services.

The Ministry of Health and Medical Services is the sole health care provider providing services free of charge. The project will improve access to quality, climate-resilient health services for more than half of Kiribati’s population by improving health facilities, service delivery, infection control, and sexual and reproductive health to meet the needs of women and other vulnerable groups.

EXPECTED BENEFICIARIES

Infrastructure and capacities of 5,200 smallholder farmers (1,000 women farmers) improved.
Access to quality inputs and capacity building programs for about 35,000 smallholder farmers (7,000 are women) enhanced from building programs on sustainable and climate adaptive agriculture.

EXPECTED BENEFICIARIES

The 63,000 residents of South Tarawa, including women and vulnerable groups.
Fostering a Climate-Resilient Value Chain for Sustainable Cashmere

MONGOLIA

Although Mongolia contributes nearly half of the global raw cashmere supply, most of the cashmere is exported and only a fraction is processed domestically into final products. Mongolia is also highly exposed to climate change risks, natural hazards, inadequate pasture management, and overgrazing. Cashmere goat herders, who have minimal adaptive capacity and are one of the most vulnerable groups, face droughts, flooding, heat waves, and dzuds (severe winters that cause significant livestock losses).

The ADB loan will be used to help Mongolia’s largest cashmere manufacturer, Gobi JSC, procure raw cashmere from at least 1,200 herders as well as process cashmere products. Gobi will also provide stable income and employment to more than 1,300 employees. This will be Gobi’s first sustainability-linked loan, which will help further improve their sustainability efforts beyond its current certification and standards, including the Sustainable Fiber Alliance.

A complementary technical assistance (TA) will design scalable pasture and herd management solutions for herder groups initially in Khuvsgul and Bayankhongor provinces. It will build the capacity of the nomadic herder groups around sustainable pasture management, basic pasture ecology, and financial literacy, including budget management. The TA will also support gender inclusion through greater participation of female herders within their families and groups, as well as training and education of female herders to improve their skills and income.

An Integrated Approach to Addressing Flood Risk in Major River Basins

PHILIPPINES

The Philippines ranks first among 193 countries in the 2022 World Risk Index, and fourth in the Global Climate Risk Index 2021. Public awareness of flood risk management remains low, and communities are poorly prepared for flood disasters. The project will reduce climate risks and enable climate adaptation in three major river basins (Abra in Luzon, and Ranao [Agus] and Tagum–Libuganon in Mindanao), that are subject to rising sea-levels, increasing precipitation intensity, and severe onshore storms, which combined intensifies flood risks.

The project will upgrade and construct flood protection infrastructure that considers future climate change impacts and uses nature-based solutions such as restoring and reconnecting old river channels for natural drainage and reinforcing riverbanks with mangroves and vegetation. It includes training for government officials, equipment to monitor weather and river flow and early flood warning, and asset management information.

The project aims to boost community-based flood risk management by supporting 22 local government units and about 150 barangays in updating their climate and disaster risk assessments and integrating flood risk management in local development plans.
Urban Transformation and Establishing Circular Economy for Shanxi
PEOPLE’S REPUBLIC OF CHINA

Carbon-intensive heavy industries, including coal processing, dominate Changzhi Municipality in Shanxi Province. The city is exposed to wildfires and drought, and also flooding, due to low annual rainfall, but also heavy rainfall events due to more frequent weather extremes. Changzhi’s depleted water table has dropped by more than 10 meters in some areas due to abstraction and low rainfall. An estimated 30% of recyclable domestic waste is recovered by informal waste collectors. Upon request from the Changzhi municipal government, the ADB project is integrating low-carbon, green, and climate-resilient urban transformation, including the reuse of treated wastewater to protect remaining groundwater, nature-based solutions against flood risk and urban heat, new electric bus service stops, safe sidewalks, and bicycle paths built from construction waste. Tech platforms will be used to enhance government coordination and service provision, digitize municipal services, and to establish a circular economy comprising waste reduction, material recovery and exchange and waste reuse. Knowledge from the project will be for replication in other rust belt cities and regions in the People’s Republic of China.

Expected beneficiaries
more than 1.4 million people living in improved urban conditions

Digital-Savvy Women Agricultural Entrepreneurs in Hubei Yichang
PEOPLE’S REPUBLIC OF CHINA

In the People’s Republic of China, only 14.2% of family farms in project areas are owned by women. Their access to modern agricultural practices, innovative technologies, and better-paid skilled employment opportunities is limited. This ADB project aims to increase women’s entrepreneurship opportunities through capacity building around smart green agriculture and farming, and digital climate-resilient technologies, mainly for citrus orchards, tea plantations, seedling breeding bases, and agricultural processing and storage. This project will support women-owned or managed cooperatives; engage women in awareness-raising campaigns and knowledge-dissemination events on wetland and river environment protection, agricultural waste, rural solid waste, and wastewater management; ensure women’s participation in community engagement during the design, operation, and maintenance stages; and help prevent sexual harassment, exploitation, and abuse.

Expected beneficiaries
over 2,000 women
III. ABOUT THE ASIAN DEVELOPMENT BANK

**ADB Role and Purpose**

**Nature of Ownership [GRI 2-1b]**

The Asian Development Bank (ADB) is a multilateral development bank (MDB) established in 1966 under the Agreement Establishing the Asian Development Bank (the Charter). The Charter is binding on ADB’s members, who are its shareholders.

The membership of ADB reflects the intention of its founders to focus its operations on Asia and the Pacific and incorporate the participation and financial resources of members outside the region. At the end of 2023, the value of ADB’s subscribed capital was $142.7 billion. Total shareholders’ equity was $55.3 billion.

As an MDB, ADB was created by its members to help its developing member countries (DMCs) reduce poverty among their populations and improve their living conditions and quality of life. Therefore, its ownership and legal status differ significantly from that of a commercial bank. ADB’s operations also differ significantly from commercial banks, because it focuses on transferring resources from global capital markets to DMCs through government (public sector or sovereign) and private sector (nonsovereign) projects.

As an MDB specializing in Asia and the Pacific, ADB operates under its Charter, its By-Laws, the Rules of Procedure of its Board of Governors, and the Rules of Procedure of the Board of Directors (BOD). The Charter contains provisions that govern ADB’s legal status and grant certain immunities and privileges in the territories of its members. The President of ADB is its legal representative. Other MDBs that are organizationally comparable to ADB include the African Development Bank, the European Bank for Reconstruction and Development, the Inter-American Development Bank, and the World Bank Group.

**Strategy, Objectives, and Financing**

The overarching vision of ADB’s long-term corporate strategy (Strategy 2030) is to achieve a prosperous, inclusive, resilient, and sustainable Asia and the Pacific, while sustaining efforts to eradicate extreme poverty.

Strategy 2030 sets seven operational priorities, each having its own operational plan. ADB’s Corporate Results Framework, 2019–2024, aligns with Strategy 2030 and provides the basis for reporting on ADB’s operational and organizational performance, and communicating with ADB stakeholders about achieving expected results. The annual Development Effectiveness Review reports on ADB’s performance in achieving the goals of Strategy 2030.

ADB’s development objectives align with the Sustainable Development Goals (SDGs) and the Financing for Development agenda, the Paris Agreement on climate change, the Sendai Framework for Disaster Risk Reduction, and the G20 Principles for Quality Infrastructure Investment. In 2023, ADB implemented a new operating model (NOM) to serve the rapidly changing needs of its DMCs more effectively.

ADB provides a range of financial products for the public and private sector, including loans, grants, equity investments, guarantees, and technical assistance. Financing modalities available to borrowers (clients) include policy-based lending, sector loans, project loans, results-based lending, multitranche finance facilities, emergency assistance loans, financial intermediation loans, sector development programs, project readiness financing, small expenditure financing facilities, public–private partnership standby financing facilities, and general corporate finance.

In 2021, ADB committed to the full alignment of its new sovereign operations by July 2023, and nonsovereign operations by July 2025, with the goals of the Paris Agreement. In 2023, ADB and other MDBs released the principles of how they will ensure the alignment of financing with the goals of the Paris Agreement. The principles guide ADB’s detailed implementation of its Paris alignment commitment. ADB has screened all projects since 2023 and ensured that they are Paris aligned.

ADB’s lending is typically sourced from its ordinary capital resources (OCR). ADB also provides grants and technical assistance from its special funds, including the Asian Development Fund (ADF); administers financing partnership facilities, trust funds, and other funds; promotes innovation; and disseminates knowledge and

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1 For the purposes of this report, the term “borrower” may refer to a borrower, recipient, obligor, investee or other beneficiary of an ADB financial product, as the context requires. The term “loan” may refer to a grant, as the context requires.
information. Funding must be consistent with Strategy 2030 and meet the requirements of at least one of ADB’s operational priorities.

Financing is raised through public offerings, private placements, other transactions, and reflows from loans. ADB invests in projects that may be the subject of stakeholder questions or public debate. ADB will not finance projects that do not comply with the Safeguard Policy Statement (SPS) (Section V: Environmental and Social Safeguards).

ADB cooperates with a broad range of civil society organizations (CSOs), including nongovernment organizations (NGOs). ADB’s NGO and Civil Society Center (NGOC) and a network of focal points in its field offices support international and national NGOs and CSOs in participating in its operations.

**Markets Served [GRI 2-6]**

As of the end of 2023, ADB had operations in 40 of its DMCs. For most DMCs, ADB and the relevant national government develop a country partnership strategy (CPS), which defines ADB’s strategic approach and operational framework in the country. The Pacific Approach functions as the CPS for the Cook Islands, Kiribati, the Marshall Islands, the Federated States of Micronesia, Nauru, Niue, Palau, Samoa, Solomon Islands, Tonga, Tuvalu, and Vanuatu.

ADB’s customers are its borrowers and grant and technical assistant recipients (clients), which include DMC governments, state-owned and government-owned entities, and the private sector (companies, financial institutions, or funds) operating in DMCs. Since ADB invests in projects that create economic and development impact and support quality of life, its beneficiaries are the citizens of its DMCs.

**Scale of the Organization [GRI 2-6]**

As of the end of 2023, ADB had 3,894 staff members—2,873 (74%) in headquarters and 1,021 (26%) in field offices. [Databook Table 2.7B provides a breakdown of staff by region and gender.]

In 2023, ADB raised about $28.9 billion from 140 issuances of medium- and long-term borrowings. Of these borrowings, about $23.3 billion was raised through 34 public offerings and about $5.6 billion through 108 private placements.

At the end of 2023, ADB was administering 692 sovereign loans and 388 sovereign grants, one equity investment and three guarantees, and 941 technical assistance projects.

ADB’s annual reports for 2022 and 2023, statements of operations, and financial information statements provide further details of ADB’s operations in 2022 and 2023, including approvals and commitments by country, sector, and sovereign and nonsovereign investments.
ADB’s total revenue comes from interest and charges on its loans; interest on investments; and income from guarantees, equity investments, and other sources. The total revenue from all sources (e.g., loans, guarantees, equity investments, debt securities, investments) was $4.6 billion in 2022 and $10 billion in 2023.

At the end of 2023, ADB’s total assets were $301.6 billion compared to $291 billion at the end of 2022. ADB’s members are its shareholders. At the end of 2023, the following members had more than 5% in subscribed capital:

(i) Australia (5.77%),  
(ii) Canada (5.22%),  
(iii) People’s Republic of China (6.43%),  
(iv) India (6.32%),  
(v) Indonesia (5.43%),  
(vi) Japan (15.57%),  
(vii) Republic of Korea (5.03%), and  
(viii) United States (15.57%)

Values, Principles, Standards, and Norms of Behavior [GRI 2-23 part]

ADB’s staff values are set out in its Code of Conduct as follows: respect for clients; professionalism; work ethics and integrity; respect for diversity; and commitment to reducing poverty in Asia and the Pacific through development effectiveness, collaboration, and responsibility.²

ADB requires staff members to maintain a high degree of integrity, conduct themselves in a manner befitting their status as international civil servants, and act in ADB’s institutional interest in their work. Upon appointment, each staff member affirms in writing that he or she will carry out responsibilities in a manner that will further the purpose of ADB, abide by the Staff Regulations, and accept no instruction in performing their duties from any government or authority external to ADB. Staff members are also required to certify annually that their actions comply with the following, among others:

(i) Staff Regulations (approved by the BOD);  
(ii) Code of Conduct (approved by Management);  
(iii) Anticorruption Policy (approved by the BOD); and  
(iv) Integrity Principles and Guidelines (approved by the President and available in different languages).

Staff must declare whether they or their immediate family members have any assets or interests that may reflect unfavorably on ADB or be in actual or apparent conflict with their duties. The staff Code of Conduct requires that staff will conduct themselves in a manner befitting their status as employees of an international organization at all times. Staff must always bear in mind the reserve and tact incumbent upon them by reason of their international functions. They are also required to exercise the utmost discretion in regard to all matters, particularly those that may adversely affect ADB or its reputation.

The Budget, People, and Management Systems Department (BPMSD), Office of Anticorruption and Integrity (OAI), and Office of Professional Ethics and Conduct (OPEC) are responsible for the interpretation of the Code of Conduct. OPEC and OAI may seek the assistance of any department, office, or unit in implementing it. The General Counsel is responsible for assisting Management and heads of groups, departments, and offices regarding questions arising from its implementation.

OAI leads ADB’s integrity initiatives by implementing the Anticorruption Policy and Integrity Principles and Guidelines. It conducts investigations of alleged integrity violations, proactive integrity reviews, and integrity due diligence; and shares knowledge with ADB’s stakeholders.

OPEC was created in May 2020 to support and advise staff and Management. OPEC carries out training and raises awareness about ADB’s Code of Conduct, gives confidential advice on how to apply the code in particular situations, provides clearance on potential conflicts of interest and outside activities, and facilitates the resolution of workplace concerns through coaching, mediation, or referral to other departments and offices, including OAI when a matter warrants investigation. It also manages the annual declaration of compliance exercise for all staff and Management. OPEC staff includes employment lawyers and human resources specialists with coaching and mediation qualifications.

The Office of the Ombudsperson (OOMP) practices the highest levels of confidentiality, impartiality, informality, and independence, consistent with the Standards of Practice and Code of Ethics of the International Ombuds Association. This allows people who come to the office for help to discuss their most sensitive concerns. All OOMP staff participate regularly in external specialized training to enhance skills that enable them to provide high-quality impartial and confidential conflict resolution services to the ADB community. The office upholds its guiding principles of not turning anyone away, helping people find creative solutions to complex problems, and providing honest feedback. Additionally, OOMP is committed to the principles of integrity, fairness, and treating everyone with the same level of dignity and respect.

IV. OUR APPROACH TO SUSTAINABILITY REPORTING

This sustainability report is for the ADB. The reporting period is 2022 and 2023. The most recent report was published in 2022 (covering 2020 and 2021). The reporting cycle is once every 2 years.

External Assurance [GRI 2-5]

The Sustainability Report 2024 has not been externally assured.

Financial reports included in the 2022 and 2023 Annual Reports, which informed the Sustainability Report 2023, were externally audited by Deloitte and Touche LLP, Singapore.

ADB’s 2021–2022 greenhouse gas inventory was verified by TÜV SÜD, which followed International Organization for Standardization (ISO) 14064 standards. For greater detail, see Management Approach on Emissions.

Material Topics [GRI 3]

Process to Determine Material Topics [GRI 3-1]

ADB’s Sustainability Report 2024 presents the significant economic, social, and environmental impacts of ADB’s operations (e.g., investments, technical assistance, and knowledge products, structured for reporting purposes to follow ADB’s 2030 operational priorities) and organizational activities (e.g., human resources, energy, environment, and health and safety management for ADB headquarters and its field offices) and enables stakeholders to assess ADB’s sustainability performance.

To meet the requirements of the GRI Sustainability Reporting Standards, the report identifies topics material to ADB and reports on corresponding Global Reporting Initiative (GRI) disclosures. The GRI Sustainability Reporting Standards define materiality as “topics that reflect the reporting organization’s significant economic, social, and environmental impacts, or substantively influence the assessments and decisions of its stakeholders.” Reporting principles of the GRI Sustainability Reporting Standards (e.g., accuracy, balance, clarity, comparability, completeness, sustainability context, timeliness and verifiability) have been considered in defining the Sustainability Report 2024 content. Limitations regarding reported data are noted in individual GRI disclosures and it should be noted that data used for Afghanistan in the report was not collected from the de facto government.³

To ensure alignment between ADB’s Strategy 2030 and its sustainability reporting in each reporting cycle, ADB identifies material topics based on current strategies. Material topics are identified in terms of stakeholder relevance and interest; potential for ADB’s operations and organizational activities to have significant economic, social, and environmental impacts; sustainability context; and availability of information to report. Focal points and liaising with department or office staff, who commented on drafts and the final version, provide the basis of the Sustainability Report 2024.

List of Material Topics [GRI 3-2]

Table 3 outlines ADB’s 2030 operational priorities vis-à-vis the material topics covered by the Sustainability Report 2024.

³ ADB placed its regular assistance to Afghanistan on hold effective 15 August 2021.
Our Approach to Sustainability Reporting

### Table 3: ADB Material Topics Reported in the Sustainability Report 2024

<table>
<thead>
<tr>
<th>Material Topics reported in this Sustainability Report</th>
<th>Subtopics and GRI Standards [Number]</th>
<th>Location</th>
</tr>
</thead>
</table>
| Environmental and Social Safeguards [Operations]      | Environmental and Social Assessment*  
Local Communities (Assessment) [413] (including Freedom of Association [407])  
Child Labor and Forced or Compulsory Labor [408/409]  
Rights of Indigenous Peoples [411] | Section V: Environmental and Social Safeguards |
| Financing Sustainability [Corporate and Operations]   | Economic Performance [201]  
Indirect Economic Impacts [203]  
ESG Integration (Investments and Bonds)* | Section VI: Financing Sustainability |
| Accelerating the Climate Transition [Operations]      | Emissions [305]  
Financial Implications and Other Risks [201-2]  
Disaster Risk Management* | Section VII: Responding to Climate Change |
| Enhancing Biodiversity and Natural Capital [Operations] | Biodiversity [304] | Section VIII: Sustaining Natural Resources and Biodiversity |
| Sustainable Procurement [Corporate and Operations]   | Procurement Practices [204]  
General Disclosures – Supply Chain [GRI-2] | Section IX: Sustainable Procurement |
Water and Effluents [303]  
Emissions [305]  
Waste [306]  
Crisis Management and Business Continuity* | Section X: Optimizing Resource Management |
| Enhancing Human Resources [Corporate]                 | Employment [401] (including Training [404])  
Occupational Health and Safety [403]  
Diversity and Equal Opportunity [405]  
Nondiscrimination [406]  
Employee Safety and Security* | Section XI: Enhancing Human Resources |
| Governance [Corporate]                                | General Disclosures – Governance [GRI-2-9 to 2-28]  
Anticorruption [205] | Section XII: Ensuring Good Governance |

ADB = Asian Development Bank, ESG = environmental and social safeguards, GRI = Global Reporting Initiative, SDG = Sustainable Development Goal.

* Not a specific GRI Standard or disclosure.

** ADB corporate performance has been partly mapped against the SDGs through the Development Effectiveness Review and ADB activities inherently address SDGs, including SDG 3, SDG 5, SDG 7, SDG 8, SDG 11, SDG 12, SDG 13, and SDG 16.

Source: ADB.
Stakeholder Engagement [GRI 2-29]

Stakeholder Groups Engaged by ADB [GRI 2-29]

ADB consults and collaborates with a wide range of stakeholders, from governments to individuals, during the development of ADB’s policies, strategies, CPSs, and country knowledge plans (CKPs), during project preparation, implementation, and evaluation, and through the economic, environmental, and social initiatives it undertakes in relation to its operations, knowledge, and organizational activities. Key stakeholders presented in alphabetical order include:

- ADB former staff;
- ADB members (shareholders), who are represented by the BOD and Board of Governors;
- ADB personnel, including Board members, Management, staff, consultants, and contractors;
- ADB’s public and private investors;
- academia and think tanks;
- CSOs, advocacy groups, NGOs, and youth of DMCs;
- media;
- organizations and institutions with which ADB has established financing or knowledge partnerships;
- public sector (national, regional, and local governments; and government agencies, as well as state-owned and government-owned entities in DMCs with ADB operations);
- private sector (companies, financial institutions, or funds involved in nonsovereign operations);
- project beneficiaries, project-affected persons, indigenous people’s communities, and local communities, including disadvantaged and vulnerable groups; and
- service providers and other suppliers.

Identifying and Selecting Stakeholders with Whom to Engage [GRI 2-29]

In terms of the economic, environmental, and social initiatives ADB undertakes in relation to its operations, knowledge and organizational activities, relevant stakeholders are identified by responsible departments and offices.

Relevant stakeholders are identified to engage during the development of ADB’s policies, strategies, CPSs, and CKPs; and during project preparation, implementation, and evaluation. Stakeholders are identified by departments and offices responsible in accordance with the Access to Information Policy (AIP) and through internal analysis and discussion. Guidance on identifying stakeholders, as well as information and tools that ADB staff and stakeholders can use to effectively implement participatory approaches is provided in the following publications:

- Promotion of Engagement with Civil Society Organizations, Operations Manual, OM E4 (2021 and 2023) and related Staff Instructions;
- A Sourcebook for Engaging with Civil Society Organizations in Asian Development Bank Operations (2021);
- Meaningful Stakeholder Engagement: A Joint Publication of the Multilateral Financial Institutions Group on Environmental and Social Standards (2019);
- Safeguard Policy Statement and related Environment, Involuntary Resettlement and Indigenous Peoples Good Practice Sourcebooks (2012/2013);
- Handbook on Poverty and Social Analysis: A Working Document (2012); and

Approach to Stakeholder Engagement [GRI 2-29]

ADB engages with its stakeholders through:

(i) ADB’s Annual Meetings;
(ii) consultation meetings on policies and strategies, including CPSs and CKPs with ADB’s DMCs;
(iii) communications throughout a project cycle, including capacity-building programs and training;
(iv) engagement with the general audience via traditional media and social media channels;
(v) staying engaged with ADB personnel; and
(vi) other channels.

ADB uses language and media appropriate to the target audiences and translates documents as needed. ADB’s 2019 AIP contains key information disclosure and sharing principles, as well as an overarching principle of “clear, timely, and appropriate disclosure” that is underpinned by a presumption that favors disclosure and a commitment to sharing information and ideas.

ADB retaining its top ranking (first for sovereign and third for nonsovereign) among 50 leading development organizations in the most recent 2023 Aid Transparency Index. The index is an independent measurement of aid transparency by the nongovernment organization, Publish What You Fund.
**Consultation meetings on policy and strategy.** ADB engages stakeholders in the development, review, and evaluation of its safeguard, sector, and thematic policies and strategies. This engagement is vital to ensure that policies reflect international best practice and incorporate the opinions and needs of those they intend to support. Recent examples of extensive consultation with stakeholders (including CSOs) in policy review are in the ongoing Safeguard Policy Review and Update.

The Guidelines for the Preparation of Country Assistance Program Evaluations and Country Partnership Strategy Final Review Validations describe the process of stakeholder consultation that should be undertaken during report preparation. The Country Partnership Strategy Guidelines specify the necessary steps for stakeholder consultation during the CPS formulation, including development of a CKP. Country assistance program evaluations and validations of CPS and CKP final reviews, which assess the performance of ADB support to a country, include consultations with the country development partner to evaluate sector performance and a survey of stakeholder perceptions on ADB's performance.

**Communications throughout a project cycle.** The AIP supports knowledge sharing through various means, including capacity-building programs and training, and enables participatory development and two-way communications with affected people. The policy requires all projects to develop a stakeholder communication strategy that supports two-way communication with stakeholders. Engagement with affected people and other interested stakeholders, including CSOs, is maintained throughout the project cycle.

The SPS requires meaningful consultation for projects with environmental, involuntary resettlement, and indigenous peoples’ impacts. Analysis of stakeholder interests, perceptions, capacities, and resources is also an important initial step in designing a project, especially for any project that relies on participation by project beneficiaries and affected persons, as set out in the Handbook on Poverty and Social Analysis. Consultation and information disclosure continue during project implementation. As set out in safeguards plans, a project-level grievance redress mechanism enables affected persons to raise their concerns with the borrower (e.g., client) and seek resolution. Operations departments are responsible for resolving the concerns of project-affected persons in the first instance. The Accountability Mechanism provides a channel of last resort for project-affected people to resolve issues pertaining to complaints.

Other ways are through knowledge events, such as conferences, forums, publication launches, and webinars, to exchange views with government officials and other key audiences. ADB also participates in major international, regional, and national conferences; and other events such as ASEAN+3, United Nations Framework Convention on Climate Change (UNFCCC) Conference of Parties (COP/s), T20, and the World Cities Summit.

**Digital communications and knowledge channels.** ADB’s corporate website (www.adb.org), is the primary window into the organization and is one of ADB’s most important tools for communicating with and engaging its external audiences and key stakeholders. It showcases ADB’s successes, fortifies its reputation, and builds trust by informing with its knowledge products and services. It also serves as a formal channel for transparency and receiving information, inquiries, and document requests. ADB also uses the following web-based platforms to share information, knowledge, lessons, and insights:

- Development Asia – sharing knowledge solutions, best practices, and technology applications relevant to the SDGs; and
- Knowledge Partnerships Toolbox – searchable database for ADB’s knowledge partners.

Through traditional media and social media channels, ADB engages with general audiences to build ADB’s reputation as a trustworthy and relevant partner for economic and social development in the Asia and Pacific region.

**Staying engaged with ADB personnel.** ADB provides various internal channels for ensuring staff are informed and engaged. Built upon an internal network of departmental SharePoint sites, OneADB Today is a daily email to ADB personnel in headquarters and field offices, and an internal platform for sharing and commenting. It is one of ADB’s primary internal communication tools for sharing news and information about corporate matters, as well as managerial, operational, and administrative support activities, supplemented by OneADB Today Extra for sharing urgent news and information.

ADB Avenue, an internal platform available to staff members via ADB’s intranet, shares staff’s working experiences, lessons, and insights on key institutional issues, behind-the-scenes stories, and special features about colleagues. Each department also has its own SharePoint site to provide staff with information on operational activities and key services. The Everbridge App is used for sharing urgent and important news through mobile phone.
V. ENVIRONMENTAL AND SOCIAL SAFEGUARDS

The achievement of environment and social (E&S) sustainability, through the protection of people and the environment from potential adverse impacts of ADB projects, is a cornerstone of ADB’s support for inclusive green economic growth and poverty reduction in Asia and the Pacific.

All ADB projects are screened and categorized to (i) determine the significance of potential impacts or risks that a project might present with respect to the environment, involuntary resettlement, and indigenous peoples; (ii) identify the level of assessment and institutional resources required to address safeguard issues; and (iii) determine the information disclosure and consultation requirements. A proposed project is classified as financial intermediary if it involves investment of ADB funds through a financial intermediary.

ADB will not finance projects that:

- do not comply with its SPS;
- do not comply with the host country’s social and environmental laws and regulations, including laws implementing host country obligations under international law; and
- include activities on the prohibited investments list (as defined in Annex V of the SPS).

Three Key Safeguards

1. Environmental safeguards
   Triggered if a project is likely to have environmental and social impacts and risks, including in relation to biodiversity protection and sustainable natural resource management, pollution prevention and abatement, health and safety, and physical cultural resources.

2. Involuntary resettlement safeguards
   Triggered in situations that involve either involuntary acquisition of land or involuntary restrictions on land use, resulting in physical or economic displacement.

3. Indigenous peoples safeguards
   Triggered if a project directly or indirectly affects their dignity, human rights, livelihood systems, or culture; or affects the territories of natural or cultural resources they own, use, occupy, or claim as an ancestral domain or asset.

Figure 2: Safeguard Categories of Projects Approved in 2022 and 2023

<table>
<thead>
<tr>
<th>Safeguard Category</th>
<th>Environmental</th>
<th>Involuntary resettlement</th>
<th>Indigenous peoples</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>15 (5%)</td>
<td>20 (7%)</td>
<td>4 (1%)</td>
</tr>
<tr>
<td>B</td>
<td>161 (56%)</td>
<td>79 (27%)</td>
<td>36 (13%)</td>
</tr>
<tr>
<td>C</td>
<td>75 (26%)</td>
<td>152 (53%)</td>
<td>211 (73%)</td>
</tr>
<tr>
<td>FI</td>
<td>38 (13%)</td>
<td>38 (13%)</td>
<td>38 (13%)</td>
</tr>
</tbody>
</table>

ADB = Asian Development Bank.
Precautionary Approach [GRI 2-23]

The precautionary approach is applied to all ADB-financed and ADB-administered investment projects and their components, regardless of the source of funding, through ADB’s SPS, which notes that the precautionary approach is a key consideration in environmental planning and management (p. 32, Appendix 1, para. 12).

Safeguard Policy Review and Update

The safeguard policy review and update, initiated in 2020, seeks to modernize the policy, considering the changing development context and evolving DMC and client needs and capacities; as well as opportunities for greater harmonization with the policies of other multilateral financial institutions (MFIs). ADB completed 18 analytical studies and background papers on the policy architecture and thematic issues that reviewed the implementation of 2009 SPS provisions for the thematic areas and to carry out a benchmarking exercise that compares the 2009 SPS provisions and other related ADB policies with those of selected MFIs, including the International Finance Corporation (IFC), World Bank, and European Bank for Reconstruction and Development (EBRD).

Stakeholder consultation process. Recognizing the importance of having early engagement and robust consultations with stakeholders in the Safeguard Policy Review and Update (SPRU) process, ADB developed a stakeholder engagement plan to guide the review process. From 2022 until March 2023, ADB held extensive consultations with DMCs, civil society organizations, private sector clients, project-affected persons, and international organizations, including MDBs. These discussions highlighted implementation challenges and lessons learned from the SPS and yielded recommendations that strengthened the content and scope of the new policy. This included recommendations in areas including gender equality, disadvantaged or vulnerable groups, labor and working conditions, biodiversity, climate change, indigenous peoples, and stakeholder engagement. In addition, stakeholders, particularly DMCs and the private sector clients, underscored the need to provide more support for strengthening and using borrower systems; greater harmonization with peer institutions; recognition of regional and country-specific contexts and needs, including fragile and conflict-affected situations and small island developing states; and improved clarity, guidance, and capacity support.

The draft revised safeguards policy or the environmental and social framework (ESF) was disclosed for public comments on 7 September 2023. The ESF has four parts: (i) Vision, (ii) E&S Policy, (iii) 10 environmental and social standards (ESSs); and (iv) a prohibited investment activities list. A subsequent round of stakeholder engagement activities commenced in late 2023 and is expected to be completed in May 2024. Board approval of the ESF is expected in late 2024.
Figure 3: Proposed Environmental and Social Framework

Environmental and Social Framework

Vision
(linkage to sustainable development goals, environmental and social development priorities)

Environmental and Social Policy
Environmental and Social Standards (ESS) for Borrowers and Clients
Prohibited Investment Activities List

Requirements for Different Financing Modalities

PROCEDURES
ADB Operations Manual and Staff Instructions

GUIDANCE AND SUPPORTING MATERIALS
Training and awareness materials and tools, Outline terms of reference
 Guidance Notes for each ESS Good Practice Guidance

Figure 4: Ten Environmental and Social Standards

1. Assessment and Management of Environmental and Social Risks and Impacts
2. Labor and Working Conditions
3. Resource Conservation and Pollution Prevention
4. Health, Safety, and Security
5. Land Acquisition and Land Use Restriction
6. Biodiversity Conservation and Sustainable Natural Resources Management
7. Indigenous Peoples
8. Cultural Heritage
9. Climate Change
10. Stakeholder Engagement and Information Disclosure
Environment and Social Impacts on Local Communities
[GRI 413]

Projects that do not address potential environment and social impacts and risks can unintentionally impose adverse effects on people. Such impacts can occur during involuntary resettlement, especially when measures to avoid or mitigate risks are not well-designed or properly implemented. Other examples include adverse impacts on indigenous peoples; impacts on the physical or biological environment which, in turn, may affect livelihoods; harm to project works because labor standards were not appropriately applied during project implementation; and community health and safety issues such as incidence of HIV/AIDS or sexually transmitted infections. However, well-executed projects can lead to net benefits (e.g., improved livelihoods for affected people or an improved environment). ADB applies the following policies and procedures when approving investments, especially for infrastructure, to deliver inclusive economic growth, environmentally sustainable growth and regional integration, and avoid, minimize, mitigate, and/or compensate for adverse impacts on local communities.

Social and environmental policies, procedures, and responsibilities. ADB supports investments, including those related to climate change and disaster risk management, education, environment, finance, gender equality, governance, health, social development, and infrastructure (e.g., agriculture and food security, energy, transport, information and communication technology, urban development, and water) to help its DMCs reduce poverty among their populations and improve living conditions and quality of life, in accordance with sector and thematic policies. In relation to impacts on local communities, the following ADB policies, strategies, and plans are notable.

**Social**

(i) The **Social Protection Strategy** (2001, approved by the BOD) sets out ADB’s commitment and priorities in social protection and their operational implications.

(ii) The **Policy on Gender and Development** (1998, approved by the BOD) adopts gender mainstreaming as a key strategy for promoting gender equity.

(iii) The **Operational Plan for Operational Priority 1: Addressing Remaining Poverty and Reducing Inequalities, 2019–2024 (OP1)** pursues strategies on (a) enhancing human capital and social protection for all, (b) generating quality jobs, and (c) increasing opportunities for the most vulnerable. The **Social Protection Directional Guide (2022)** aims to help ADB teams operationalize support for social protection systems in DMCs under OP1.

(iv) The **Operational Plan for Operational Priority 2: Accelerating Progress in Gender Equality, 2019–2024 (Gender OP/OP2)** (endorsed by the BOD) provides a road map for implementing the ADB’s **Policy on Gender and Development (1998)** in the context of Strategy 2030, as well as the 2030 Agenda for Sustainable Development and its globally-committed SDGs, 2015.

(v) The **Operational Plan for Enhancing ADB’s Effectiveness in Fragile and Conflict-Affected Situations (2013, approved by the President)** provides details on actions that ADB will take to improve the development impact of its support to such DMCs.

ADB’s **Operations Manual**, approved by the President, elaborates on ADB’s social policies through:

(i) **Poverty Reduction (Section C1/BP)**, which elaborates on ADB’s overarching goal of poverty reduction, was adopted in 1999. This policy is supported by other ADB policies and operational procedures that align ADB operations with the goal of poverty reduction. ADB’s **Strategy 2030** highlights this unfinished agenda with its first operational priority focused on addressing remaining poverty and reducing inequalities;

(ii) **Gender and Development (Section C2/BP)**, which provides procedures along with relevant staff instructions, by which operations departments can consider gender equality at all stages of the project cycle, from preparation to evaluation; and

(iii) **Incorporation of Social Dimensions into ADB Operations (Section C3/BP)**, which underscores that all ADB operations have social dimensions that need to be taken into consideration to ensure better social development outcomes for poor, vulnerable, and excluded groups. It also provides procedures for integrating social dimensions into programs and projects.
Environment

(i) The Revised Disaster and Emergency Assistance Policy (2021, approved by the BOD) and the Revised Emergency Assistance Loan Policy (2021, approved by the BOD) provides the policy framework for ADB assistance for disasters and emergencies.

(ii) Operational Plan for Operational Priority 3: Tackling Climate Change, Building Climate and Disaster Resilience, and Enhancing Environmental Sustainability 2019–2024 (2019, approved by the President) sets out the framework for low-carbon, climate- and disaster-resilient, and environmentally sustainable Asia and the Pacific.

(iii) The Climate Change Action Plan 2023-2030 (2023, approved by the President) lays out enhanced action to achieve ADB’s commitments and ambitions and proposes actions to help DMCs move more strongly toward a low-carbon and climate-resilient trajectory.

Projects classified as “environmentally sustainable growth” support natural resource conservation, urban environmental improvement, eco-efficiency, global and regional transboundary environmental concerns including climate change mitigation and adaptation, and/or environmental policy and legislation, as explained in ADB’s Project Classification System.

ADB’s Climate Risk Management (CRM) Framework approved in 2014 is designed to identify climate change risks to project performance in the early stages of project development and incorporate adaptation measures in the design of projects at risk. The framework requires:

(i) context-sensitive climate risk screening at the concept development stage to identify projects that may be at medium or high risk;
(ii) climate change risk and adaptation assessment during preparation of projects at risk;
(iii) technical and economic evaluation of adaptation options;
(iv) identification of adaptation options in project design; and
(v) monitoring and reporting of the level of risk and climate-proofing measures.

ADB is currently updating the CRM framework to reflect that climate risk management forms the basis for both determining compliance with the Paris Agreement Alignment of ADB’s operations and for estimating climate adaptation finance. ADB is also developing a web-based tool, the Climate Change and Disaster Risk Management System, that will support operations departments to undertake effective climate and disaster risk screening and assessment for investment projects.

Details of ADB’s project cycle are available on the ADB website. Projects are processed in accordance with the relevant Operations Manual. Sector and thematic groups support ADB’s operations by providing technical advice and peer review of projects. Management considers adherence to ADB’s policies when approving an investment project for submission to the BOD. Sovereign projects are approved by the BOD, per the Operations Manual (Section D11, para. 5). Nonsovereign projects are also approved by the BOD, per the Operations Manual (Section D10, para. 8).

Each project has a design and monitoring framework that provides a logical structure for results-focused project design. The design and monitoring framework provides project managers with a framework illustrating how development results will be achieved. Progress reports from borrowers (clients) and operational missions are mechanisms for monitoring a project’s performance toward achievement of development results. ADB’s e-Operations—an online system for processing and implementing sovereign operations, launched in 2010—enables the systematic capture and recording of ADB’s outputs and outcomes by sector. See the ADB website for results by sector.

ADB engages in social and environmental policy dialogue with its DMCs and regularly uses regional and national conferences and other events to share its social and environmental knowledge products and exchange views with government officials and other key audiences.

Safeguard policies, procedures, and responsibilities.
ADB’s BOD–approved SPS applies to all ADB investment projects. The SPS aims to promote the sustainability of project outcomes and protect the environment and people by:

(i) avoiding, where possible, the adverse impacts of projects on the environment and affected people;
(ii) minimizing, mitigating, and/or compensating for adverse project impacts on the environment and affected people when avoidance is not possible; and
(iii) helping borrowers (clients) strengthen their safeguard systems and develop the capacity to manage environmental and social risks.

The SPS also provides a platform for affected people and other interested stakeholders to participate in project
design and implementation. Meaningful consultation and information disclosure must be undertaken in accordance with the SPS requirements, and in accordance with ADB’s AIP. This policy outlines ADB’s commitment to openness, transparency, and communications with stakeholders, including affected persons. The policy requires all projects to develop a stakeholder communication strategy to support two-way communication with stakeholders. Additionally, ADB must disclose project information unless there is a compelling reason for nondisclosure, subject to a set of limited policy exceptions. Strengthening Participation for Development Results: An Asian Development Bank Guide to Consultation and Participation provides information and tools that ADB staff and stakeholders can use to implement participatory approaches effectively.

The SPS (paras. 48–52) and the Operations Manual (Section F1, paras. 4–13) detail the requirements for ADB’s operations departments to screen and categorize all investment projects as A, B, C, or FI at the project identification stage. Such categorization helps:

(i) determine the significance of potential impacts or risks of the project regarding the environment, involuntary resettlement, and indigenous peoples;
(ii) identify the level of assessment and resources required to address any safeguard issues; and
(iii) determine the information disclosure and consultation requirements. For category A and B projects, borrowers (clients) are responsible for assessing the environmental and/or social impacts of their program or project and implementing SPS safeguards requirements 1–3 (pp. 16–18). ADB’s project completion reports and performance evaluation reports include a review of safeguards implementation.

During project implementation, ADB staff or consultants visit the project site to ascertain progress and compliance with the safeguard requirements, in accordance with the SPS (para. 57) and the Operations Manual (Section F1, paras. 25–30). If any safeguard noncompliance is identified, corrective action will be agreed for implementation by the borrower (client) to implement and disclose on the ADB website.

If a borrower (client) fails to comply with legal agreements for safeguards and corrective action fails to reestablish compliance, then ADB may exercise legal remedies, including suspension, cancellation, or acceleration of loan maturity when all other available means to rectify the situation have been taken.

ADB’s operations departments engage public and private borrowers (clients), including financial intermediaries and other interested stakeholders in DMCs, to increase general awareness and capacity for safeguards implementation through meetings and training sessions, including on safeguards orientation. ADB also engages with DMC governments for strengthening and using country safeguard systems by providing technical assistance projects.

In 2023, ADB rolled out its Integrated Safeguards Management System (ISMS) to centralize and streamline all E&S safeguards processes. Designed to strengthen E&S safeguard implementation, ISMS monitors key indicators at the entry and exit of ADB’s project cycle. Project-level complaints, especially persistent ones and those directly logged with ADB outside the project grievance management, are monitored to ensure they are adequately addressed. ISMS analytics and diagnostics facilitate the early identification of safeguard implementation challenges, including sector and regional trends, to enable strategic, harmonized interventions at project, client/borrower, or ADB project team levels.

Operations with Local Community Engagement, Impact Assessments, and Development Programs [GRI 413-1]

All projects approved in the reporting period (133 in 2022 and 156 in 2023) were assessed through an initial poverty and social assessment (IPSA), or a poverty and social analysis (PSA). The IPSA is disclosed on the ADB website. Based on the issues identified, social analysis should be conducted in a participatory manner to identify and formulate design measures and implementation arrangements that maximize the social benefits and avoid or minimize the social risks of the project, and to do so in a participatory manner.

In addition, and as set out in the SPS, the impact assessment process must involve meaningful consultation with affected communities. Such consultation is a cornerstone of the impact assessment process and a clear requirement set out in ADB’s safeguard requirements for environment.
involuntary resettlement, and indigenous people. For all approved Category A and B projects, consultation is conducted; this is listed in the environment and social assessments and disclosed on the ADB website. The SPS states that meaningful consultation is a process that:

(i) begins early in the project preparation stage and conducted on an ongoing basis throughout the project cycle;
(ii) provides timely disclosure of relevant and adequate information that is understandable and readily accessible by affected people;
(iii) is undertaken in an atmosphere free of intimidation or coercion;
(iv) is gender-inclusive and responsive, and tailored to the needs of disadvantaged and vulnerable groups; and
(v) enables incorporation of all relevant views of affected people and other stakeholders into decision-making, such as project design, mitigation measures, the sharing of development benefits and opportunities, and implementation issues.

The SPS also calls for ADB to require that the borrower (client) establish and maintain a grievance redress mechanism to receive and facilitate resolution of affected peoples’ concerns and grievances about the borrower’s (client’s) social and environmental performance at project level. The grievance redress mechanism should be scaled to the risks and impacts of the project. It should address affected people’s concerns and complaints promptly, using an understandable and transparent process that is gender-responsive, culturally appropriate, and readily accessible by all segments of the affected people.

The gender assessment and action plan (GAAP) is ADB’s key gender mainstreaming tool and the mechanism for ensuring implementation of projects’ gender-inclusive designs. A gender assessment is mandatory for all projects while the second part, i.e., the gender action plan, is required for projects categorized by “gender equity theme” (GEN) or “effective gender mainstreaming” (EGM), and optional for projects classified as “some gender elements” (SGE). The project gender assessment or GAAP is disclosed on the ADB website as part of the project’s report and recommendation of the President. In 2022, ADB created a disability inclusion references group that guides its work on disability inclusion.

In 2021–2023, on a 3-year average, the proportion of committed operations (by number) in sovereign and nonsovereign operations supporting GEN + EGM-categorized projects rose from 72% in 2019–2021 to 88% in 2021–2023 (Table 4).

<table>
<thead>
<tr>
<th>Year</th>
<th>GEN Annual (n)</th>
<th>GEN Annual (%)</th>
<th>EGM Annual (n)</th>
<th>EGM Annual (%)</th>
<th>GEN (GEN+EGM) Annual (n)</th>
<th>GEN (GEN+EGM) Annual (%)</th>
<th>3-Year Average (n/%) (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>16</td>
<td>11</td>
<td>73</td>
<td>50</td>
<td>89/61</td>
<td>55</td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td>13</td>
<td>8</td>
<td>115</td>
<td>66</td>
<td>128/74</td>
<td>64</td>
<td></td>
</tr>
<tr>
<td>2021</td>
<td>13</td>
<td>10</td>
<td>95</td>
<td>73</td>
<td>108/82</td>
<td>72</td>
<td></td>
</tr>
<tr>
<td>2022</td>
<td>17</td>
<td>13</td>
<td>96</td>
<td>74</td>
<td>113/87</td>
<td>80</td>
<td></td>
</tr>
<tr>
<td>2023</td>
<td>21</td>
<td>15</td>
<td>110</td>
<td>80</td>
<td>131/96</td>
<td>88</td>
<td></td>
</tr>
</tbody>
</table>

EGM = effective gender mainstreaming, GEN = gender equity mainstreaming, GEN = gender equity theme, n = number.

Operations with Significant Actual and Potential Negative Impacts on Local Communities [GRI 413-2]

In 2022–2023, 15 approved projects (5%) were classified Category A for environment, 20 Category A (7%) for involuntary resettlement, and 4 were category A (1%) for indigenous peoples (Databook Table 413–2A and 413–2B).

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of Projects with Category A for Env and/or IR and/or IP</th>
<th>Total Projects</th>
<th>% of Total Projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>14</td>
<td>91</td>
<td>15</td>
</tr>
<tr>
<td>2021</td>
<td>13</td>
<td>134</td>
<td>10</td>
</tr>
<tr>
<td>2022</td>
<td>13</td>
<td>133</td>
<td>10</td>
</tr>
<tr>
<td>2023</td>
<td>17</td>
<td>156</td>
<td>11</td>
</tr>
</tbody>
</table>

Env = environment, IR = involuntary resettlement, IP = indigenous peoples.
See the ADB website for these projects’ projected to have potential significant adverse environmental and/or social impacts and management measures to be implemented to address these in the environmental impact assessments, resettlement plans, and indigenous peoples plans (or equivalent).

**Significant Investment Agreements and Contracts that include Human Rights Clauses or that Underwent Human Rights Screening [GRI 2–23]**

ADB’s Operations Manual does not have a specific section on human rights, and ADB does not conduct human rights reviews or assessments as such. However, *Operations Manual C3* provides procedures for integrating social dimensions into programs and projects. Operations departments conduct an IPSA or a PSA for all programs and projects to identify the expected poverty and social impacts of the intervention and key social issues (e.g., poverty, inequality and exclusion; stakeholders and participation; gender; involuntary resettlement, indigenous peoples, labor, affordability, social risks and/or vulnerabilities; and institutions and capacity) that need to be addressed during implementation. Based on the issues identified, social analysis should be carried out to identify and formulate design measures and implementation arrangements to maximize social benefits and avoid or minimize social risks of the project, and to do so in a participatory manner (see Disclosures 405–409).\(^5\)

ADB’s SPS aims to promote the sustainability of project outcomes by protecting the environment and people and applying safeguard requirements—including for effects on livelihoods—through impacts on environmental media, involuntary resettlement, and indigenous peoples (see Disclosure 413). The *Operations Manual (Section F1)* identifies the policy and procedures for operations departments undertaking due diligence for environmental and social safeguards. Management considers the results of safeguards due diligence when approving an investment project for submission to the BOD (see Disclosure 413 on the Safeguard Policy Review and Update).

All projects approved within the reporting period (133 in 2022 and 156 in 2023) were assessed through an IPSA or a PSA and screened and categorized separately for environment, involuntary resettlement, and indigenous peoples safeguards.

For the environment, Category A indicates significant irreversible, diverse, or unprecedented adverse impacts; Category B indicates less adverse impacts, and Category C indicates minimal or no impacts. For involuntary resettlement and indigenous peoples, Category A indicates significant adverse impacts, Category B indicates less adverse impacts, and Category C indicates no impacts. Category FI applies to projects that utilize the financial intermediary modality. This category requires the relevant financial intermediary to have in place or establish an appropriate environmental and social management system commensurate with the nature and risks of the financial intermediary’s likely future portfolio, and to ensure that ADB-funded subprojects meet ADB’s safeguard policy requirements (unless the FI’s investments are assessed as having minimal or no adverse environmental or social risks, in which case the project will be treated as a Category C project).

Compliance with core labor standards was appropriately addressed for all projects through the IPSA or pre-PSA, summary poverty reduction and social strategy, and/or loan agreements.

Loan agreements for projects in Categories A and B included environment safeguard-specific provisions to implement environment management plans and/or environment assessment and review frameworks, and/or provisions to specifically exclude subprojects that will entail more than minimal environmental impact.

All loan agreements for involuntary resettlement projects in Categories A and B included involuntary resettlement-specific provisions to implement their respective resettlement plans and/or frameworks, and/or provisions to specifically exclude subprojects that will entail involuntary resettlement.

All Category A and B indigenous peoples projects included indigenous peoples–specific provisions to implement their respective indigenous peoples plans and/or frameworks, and/or provisions to specifically exclude subprojects that will entail impacts on indigenous peoples.

\(^5\) See footnote 4.
Child Labor and Forced or Compulsory Labor
[GRI 408 and 409]

The International Labour Organization (ILO) estimates that over 160 million children and 28 million people are trapped in child labor and forced labor globally. The Asia and Pacific region accounts for 48.7 million girls and boys in child labor and 15.1 million forced labor victims. Five sectors accounting for most total adult forced labor are services, manufacturing, construction, agriculture, and domestic work. Child labor is most prevalent in agriculture, services, and industry sectors. However, most child labor takes place within the family unit, with more than two-thirds of all children in child labor work as contributing family laborers. The eradication of forced labor and child labor is one of United Nations Sustainable Development Goals Target 8.7, committed by the global leaders, the United Nations system and international agencies, including ADB. Commitments to ending child labor and forced labor are being realized through initiatives at both the regional and country levels.

ADB adopted a commitment to core labor standards (CLS), which are ILO's Fundamental Principles and Rights at Work. Most ADB’s DMCs, as members of the ILO, have committed to respecting and implementing these standards. ADB has ensured that the CLS are duly considered in the design and implementation for its investment projects based on the following policies and procedures.

Operations and Suppliers at Significant Risk for Incidents of Child and Forced Labor
[GRI 408-1 and 409-1]

All ADB operations occur in countries in which child and forced labor risks are present. Projects involving agriculture or manufacturing pose heightened risks, while infrastructure construction risks exposing young workers to hazardous work. ADB addresses these risks through IPSAs, summary poverty reduction and social strategies, and obligations set forth in its finance agreements and procurement documents. This ensured that compliance with internationally recognized core labor standards was appropriately addressed for all (100%) projects in 2022–2023.

Supporting Vulnerable Communities through Resettlement and Relocation
PHILIPPINES

The Malolos Clark Railway Project (MCRP) in the Philippines spans 53.1 kilometers (km) of the North–South Commuter Railway (NSCR*), a 163 km suburban railway network that aims to significantly reduce travel time; provide safe, reliable, affordable public transport; and cut emissions. Categorized A for environment and involuntary resettlement and B for indigenous peoples, MCRP minimizes impacts by utilizing existing railway and government-owned land, reducing private land acquisition to 69 hectares out of 157 hectares required. Resettlement plans, approved since 2020, address impacts on 1,889 lots and 2,448 families, 1,288 of whom are deemed vulnerable. Resettlement plans provide compensation, relocation support, and livelihood restoration. Notably, the Strengthening the Transition of Vulnerable Communities Affected by the Malolos–Clark Railway Project (STVC) Program, implemented from 2022 to 2023 and funded by a $2 million grant, offered livelihood support, social services, and financial literacy to nearly all vulnerable households. Of the 1,005 successful households, 660 or 66% were led by women. The Department of Transportation agreed to maintain STVC activities through an exit strategy, ensuring ongoing support during resettlement and relocation.

* ADB. Philippines: Malolos–Clark Railway Project (Periodic Financing Request for Project 1).
Supporting the Implementation of Labor and Working Conditions Standards in ADB Developing Member Countries

A review of labor legislation in nine developing member countries, conducted as part of the Asian Development Bank’s (ADB) safeguard policy review, revealed opportunities to enhance capacity in areas such as terms and conditions of employment, fair treatment, freedom of association, child and forced labor, migrant workers, occupational health and safety, grievance mechanisms, and other third-party worker engagement and employment relationships. Many ADB-financed projects, especially in large infrastructure, entail employment or labor management contracts, necessitating safeguard measures against gender discrimination and sexual exploitation abuse and harassment risks. The technical assistance (TA) project supports the future implementation of the draft ADB Environmental and Social Framework through a continuous assessment and strengthening of borrower/client systems and capacity throughout the ADB project cycle using a risk-based approach. The TA project will support the development of a Guidance Note to clarify relevant paragraphs of the Environmental and Social Standards (ESS2 and ESS4) and also support the development of a compendium of toolkits to strengthen borrowers’ capacity on risk screening, assessment, and management, monitoring, and integrating labor and working conditions standards into procurement and contract management.

Rights of Indigenous Peoples [GRI 411]

ADB applies the following policies and procedures when managing indigenous rights so that ADB can avoid, minimize, mitigate, and/or compensate for adverse impacts on indigenous peoples. ADB’s Operations Manual (Section C3), the Incorporation of Social Dimensions into ADB Operations, requires that an IPSA or a PSA is conducted for all investment projects to:

(i) identify a project’s expected poverty and social impacts; and
(ii) identify key social issues (including those pertaining to indigenous peoples) that need to be addressed during implementation. During the formation of CPSs and throughout the project cycle, from preparation through evaluation, ADB considers and discusses with borrowers (clients) the risks to indigenous peoples posed by each investment project. Borrowers (clients) must comply with SPS requirements.

ADB aims to promote the sustainability of its project outcomes by protecting the environment and people through its environment and social safeguards (see Disclosure 413). Many aspects of the indigenous peoples safeguards, principles, and requirements are consistent with international standards for ensuring full respect for indigenous peoples’ identity, dignity, human rights, livelihood systems, and cultural uniqueness, as defined by indigenous peoples themselves. The SPS requires safeguarding of indigenous peoples’ rights to maintain, sustain, and preserve their cultural identities, practices, and habitats; and ensuring that projects affecting them will take the necessary measures to protect these rights.

ADB’s SPS requires meaningful consultations with affected indigenous peoples’ communities at every stage of the project. The provision and procedural requirements for meaningful consultation are detailed in the SPS, Appendix 3.

The SPS specifically stipulates that indigenous peoples may be particularly vulnerable in certain project circumstances, and their consent to a project must be ascertained (para. 55). The SPS further elaborates that the consent of affected indigenous peoples’ communities must be ascertained for:

(i) commercial development of the cultural resources and knowledge of indigenous peoples;
(ii) physical displacement from traditional or customary lands; and
(iii) commercial development of natural resources within customary lands under use that would impact the livelihoods or the cultural, ceremonial, or spiritual uses that define the identity and community of indigenous peoples. For the purposes of policy application, the consent of affected indigenous peoples’ communities refers to a collective expression by the affected indigenous peoples’ communities, through individuals and/or their recognized representatives, of broad community support for such project activities.

The *Operations Manual* (Section F1) details the policy and procedures for operations departments in undertaking due diligence for indigenous peoples safeguards. Management considers the results of safeguards due diligence when approving an investment project for submission to the BOD.

**Incidents of Violations Involving Rights of Indigenous Peoples [GRI 411-1]**

No new grievances relating to indigenous people were filed with the Accountability Mechanism during the reporting period. Previously, on 20 February 2020, a complaint was lodged in relation to the Nepal: Tanahu Hydropower Project and subsequently deemed eligible for the formal problem-solving process of ADB’s Accountability Mechanism. The problem-solving phase remains ongoing, and the Office of the Special Project Facilitator is working with the ADB project team concerned, to develop an action plan on how to assist indigenous people complainants in the legal recognition of customary rights to such lands, territories, and ancestral domains in the Indigenous Peoples Plan.
Economic performance is inherently (internally) material because raising finance and cofinance is critical for ADB to fulfill its vision of an Asia and Pacific region free of poverty, and as an AAA borrower, strong credit fundamentals support its ability to raise funds through international capital markets to finance its ordinary capital resources operations.

**Economic Performance [GRI 201]**

ADB manages its economic performance in accordance with the following policies and procedures to ensure that its funds are used for their intended purpose and so it can continue to effectively transfer adequate resources from global capital markets to help DMCs reduce poverty among their populations and improve their living conditions and quality of life:

**Commitments, goals, and targets.** Under Strategy 2030, ADB will sustain its efforts to eradicate extreme poverty and expand its vision to achieve a prosperous, inclusive, resilient, and sustainable Asia and Pacific region. ADB support (including public and private sector operations, advisory services, and knowledge) will focus on its seven operational priorities.

**Financial and risk management policies, procedures, and responsibilities.** ADB’s Operations Manual (2021 and 2023) sets out policies (approved by the BOD) and procedures to be followed for the financial and project administration of sovereign and nonsovereign operations, including cofinancing. The Project Administration Instructions (2020 and 2023), Loan Disbursement Handbook (2017 and 2022), and Technical Assistance Disbursement Handbook (2020) provide details on project administration, disbursement policies, guidelines, procedures, and practices. The four pillars of efficient disbursement operations are funds flow structure, disbursement arrangement, staff capacity and systems, and internal controls. ADB’s Controller is responsible for maintaining ADB’s accounting systems, preparing its financial reports, and authorizing disbursements and other payments.

Financial due diligence is required to ensure the financial viability of investment projects and that appropriate action is taken by operations departments regarding significant financial risks to ensure that ADB’s investments are safeguarded. Risk assessments and management plans are prepared for all country systems in public financial management, procurement, and combating corruption. The Operations Manual Section G2 (2014 and 2023) sets out the policy and procedures for operations departments undertaking financial due diligence. Financial due diligence is carried out by the Public Financial Management Division. Management considers the results of financial due diligence in approving an investment project for submission to the BOD. Operations departments are responsible for monitoring and managing their investments, and directors general are responsible for ensuring the quality of their departments’ work. The Private Sector Operations Department monitors and manages nonsovereign investments until asset disposal unless a transaction is deemed to be impaired. In this case, the responsibility for monitoring and managing is transferred to the Office of Risk Management. Details of all ADB projects are disclosed on the ADB website, although certain borrower (client) confidential information may be redacted in the disclosed documents.

ADB seeks to ensure that its investments in government (e.g., public sector and/or sovereign) and private sector (e.g., nonsovereign) projects are financially viable and sustainable, and that borrowers (clients) have the capacity to perform their obligations under a legal agreement. From 1 January 2022 onward, ADB offers its sovereign and sovereign-guaranteed borrowers a Flexible Loan Product (FLP) based on specified standard 6-month floating reference rates. The local currency loan is offered to select DMCs where all relevant approvals have been secured to access the local capital market. In choosing financial terms for any loan, the loan profile is structured in accord with the needs and risk exposure of the investment project and the borrower’s (client’s) overall external debt portfolio. ADB does not participate in debt rescheduling agreements for sovereign investments, but conversion provisions can be used by a borrower (client) after loan effectiveness to review its currency choice and interest rate structure subject to the Loan Regulations and the Conversion Guidelines. ADB also offers debt management products to its DMCs and entities fully guaranteed by DMCs, such as interest rate swaps and cross-currency swaps (including local currency swaps) for their third-party liabilities.

**Liquidity and capital management policies, procedures, and responsibilities.** ADB’s borrowing proceeds finance its ordinary capital resources operations. ADB’s Treasury Department executes funding...
transactions in various currencies, formats, and financial markets to raise cost-efficient funds as part of ADB’s annual borrowing program. ADB’s investment strategy was approved by the BOD in 2022 with the primary consideration of the capital preservation and liquidity of funds. Subject to such primary consideration, ADB seeks to maximize its total return on investments. ADB invests in government and nongovernment securities, including bonds issued by other multilateral organizations and other government-sponsored corporations. ADB’s investment strategy stipulates that “internal and external asset managers are to exercise due diligence in their investment selection with appropriate consideration for responsible corporate behavior and exercise socially responsible investing.” The externally managed corporate portfolio is subject to a prohibited investment list approved by the BOD as part of the Investment Strategy. To ensure adherence to socially responsible investment principles, ADB embedded investment filtering criteria in the custom benchmark for externally managed corporate portfolios. These provisions are also embodied in the Management-approved Treasury Risk Management Guidelines (2022).

Green bonds finance projects that support climate change mitigation and climate change adaptation. In 2021, ADB expanded its Green Bond Framework to become ADB’s Green and Blue Bond Framework. Under the expanded framework, ADB can issue green bonds and blue bonds. ADB’s theme bonds provide an opportunity for socially responsible investors to invest in ADB projects in specific development areas such as education, water, gender, and health. In 2023, ADB issued theme, green, and blue bonds totaling around $4 billion in various currencies including Australian dollar, Azerbaijan manat, Canadian dollar, Chilean peso, Colombian peso, euro, Georgian lari, Hong Kong dollar, Kazakhstan tenge, Mexican peso, Mongolian togrog, New Zealand dollar, Peruvian sol, Swedish krona, Swiss franc, South African rand and United States (US) dollar.

ADB headquarters and field offices are at risk from the physical impacts of climate change. Under its Business Continuity Management Program, ADB regularly conducts business impact analysis and risk assessments to identify risks to ADB operations and implement mitigation measures. Although these assessments do not specifically consider climate change, the consequences of climate change remain a threat to ADB offices and/or the critical infrastructure, such as communications and transportation, that ADB relies upon to sustain business operations.

Direct Economic Value Generated and Distributed [GRI 201-1]

ADB’s total revenue from all sources (e.g., loans, guarantees, equity investments, debt securities, investments, and other sources) was $4.6 billion in 2022 and $10 billion in 2023.

ADB’s Annual Reports for 2022 and 2023, Statements of operations, and financial information statements provide further details of ADB’s operations in 2022 and 2023, respectively, including details of:

(i) its total borrowing and other related expenses (e.g., interest expenses, amortization of issuance costs, discounts, and premiums on bonds and related derivatives); and

(ii) internal administrative expenses covering operation of the Board of Governors, BOD, operational expenses, and administrative expenses, including staff wages and benefit payments.

Payments. As an MDB, ADB differs significantly from a commercial bank. It does not pay dividends to its members (shareholders), and under its Charter (the Agreement Establishing the Asian Development Bank) and in accordance with Article 56, ADB is exempt from tax and duty.

Financial Assistance Received from Government [GRI 201-4]

ADB’s operations are premised on the paid and callable capital of its members, which are governments. ADB transfers resources from global capital markets to its DMCs, which includes mobilizing support through official, other concessional, and commercial cofinancing operations. Its grant and technical assistance funds, including the Asian Development Fund, are generally replenished by governments. Under cofinancing for sovereign operations, ADB and one or more donor governments finance an
investment project either jointly or in parallel. In 2022–2023, ADB members provided project-specific grant cofinancing to ADB sovereign projects (Table 6 and Databook 201-4A) and committed to contribute to ADB-administered trust funds (Table 7 and Databook 201-4B). Nonsovereign cofinancing supports ADB’s developmental objectives by facilitating investment, trade, and capital flows into developing member countries.

Table 6: Sovereign Project-Specific Grant Cofinancing, 2022–2023

<table>
<thead>
<tr>
<th>Year</th>
<th>Approvals</th>
<th>Commitment</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2022</td>
<td>2023</td>
</tr>
<tr>
<td>Total</td>
<td>137.66</td>
<td>122.97</td>
</tr>
</tbody>
</table>

Note: Figure includes both administered and non-administered sovereign grant cofinancing

Table 7: Member Contributions to Trust Funds, 2022–2023

<table>
<thead>
<tr>
<th>Year</th>
<th>2022 Contributions</th>
<th>2023 Contributions</th>
<th>Total Contributions Committed 2022–2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>236.25</td>
<td>614.38</td>
<td>850.63</td>
</tr>
</tbody>
</table>


Indirect Economic Impacts [GRI 203]

ADB’s support and commitment to its DMCs’ economic development stems from Article 1 of the ADB Charter, which states: “the purpose of the Bank shall be to foster economic growth and cooperation in the region and contribute to the acceleration of the process of economic development of the developing member countries in the region, collectively and individually.” Under Strategy 2030, ADB will expand its vision to achieve a prosperous, inclusive, resilient, and sustainable Asia and the Pacific, while sustaining its efforts to eradicate extreme poverty.

Policies, procedures, and responsibilities. The need for investment in and indirect economic impacts of ADB’s government (public and/or sovereign) and private (nonsovereign) projects in infrastructure-related and other sectors are considered by operations departments with the support of sector and thematic groups. The anticipated indirect economic impacts of each project are set out in the project’s report and recommendation of the President, which is submitted to the BOD when seeking its approval for an investment. The impacts of completed projects are evaluated in project completion reports and impact evaluation studies. Details of every ADB project are disclosed on the ADB website, including all financial intermediary projects and equity investments, although certain client confidential information may be redacted in the disclosed documents.

Under Strategy 2030 and its seven operational priorities, ADB will play an important role in supporting the global agenda of infrastructure development as a source of global growth. Infrastructure will remain a key priority to promote social and economic development, and ADB will promote quality infrastructure investments that are green, sustainable, resilient, and inclusive. At the same time, it will expand interventions in social sectors (e.g., education, health, and social protection).

Under Strategy 2030 and its seven operational priorities, ADB will play an important role in supporting the global agenda of infrastructure development as a source of global growth. Infrastructure will remain a key priority to promote social and economic development, and ADB will promote quality infrastructure investments that are green, sustainable, resilient, and inclusive. At the same time, it will expand interventions in social sectors (e.g., education, health, and social protection).

Sector and thematic groups support ADB’s operations by

(i) identifying priority and emerging areas for investment;
(ii) providing technical advice and peer review of projects;
(iii) delivering operationally relevant knowledge products and services, including sharing knowledge across ADB and with development partners;
(iv) managing and mobilizing financial resources; and
(v) supporting human resources and talent management.

ADB classifies 11 of its DMCs as being in fragile and conflict-affected situations (FCAS), while 16 are small island developing states (SIDS), of which are also classified as FCAS. These DMCs require specialized attention to ensure development financing and knowledge services are appropriately designed and distributed. Differentiated approaches—based on understanding the causes and drivers of fragility and conflict in each specific FCAS and/or SIDS context—are crucial to more productive ADB engagement and, ultimately, better outcomes for such DMCs. In 2021, ADB adopted the Fragile and Conflict-Affected Situations and Small Island Developing States Approach (FSA). The approach provides ADB staff and consultants with guidance and tools to address the transient challenges of FCAS and the more permanent vulnerabilities of SIDS. For instance, under the FSA, ADB has introduced fragility and resilience assessments and knowledge analytics to help country teams better tailor responses to the particular needs of FCAS and/or SIDS.
Economic data and research help strengthen ADB’s effectiveness in poverty reduction and inclusive economic growth. A segment of ADB’s empirical work includes impact evaluation and research evaluating the degree to which selected pilots, projects and programs affect intended development outcomes in DMCs. ADB’s Charter stipulates that economic considerations should guide decisions on investment operation. Economic analysis is conducted for each project investment to ensure that each approved project solves a development challenge, addresses a market failure, is considered against alternative measures, and has benefits that exceed economic costs under a range of assumptions with a social discount rate. In the case of economic benefit, the flows are sustainable and aims to reach target groups or beneficiaries. For climate change investments, specifically for the mitigation projects, the non-market benefits include the social cost of carbon, drawing on global marginal damage costs summarized by the Intergovernmental Panel on Climate Change. In the case of climate change adaptation, benefits are typically estimated from measures that are likely to reduce the monetary losses from damage to assets, properties, and productivity.

Operations departments are responsible for economic analyses of their investment projects in accordance with the Operations Manual (Section G1) and Guidelines for the Economic Analysis of Projects, which sets out the policy and procedures to ensure economic viability, cost-effectiveness, and sustainable development. Directors general of the operations departments are responsible for ensuring the quality of their departments’ work. The Economic Research and Development Impact Department reviews economic analyses at appropriate stages during project processing and guides the project team and management, beginning at the project concept stage. Management considers the results of economic analyses when approving an investment project for submission to the BOD.

Support for inclusive economic growth must figure prominently in CPSs as subsequent investment and technical assistance projects are designed to deliver development results set out in the CPS. ADB uses regional and country-level economic analysis to identify the need for investment in infrastructure-related or other sectors and to establish the rationale for public sector involvement to inform the CPS process; the results of the assessment process are included in the CPSs, which are disclosed on the ADB website. The template for the inclusive and sustainable growth assessment that informs CPSs has recently been updated to strengthen, among others, the poverty analysis of the CPSs.

**Infrastructure Investments and Services Supported [GRI 203-1]**

ADB’s infrastructure investments benefit economies and populations by directly or indirectly creating jobs and expanding economic opportunities for its DMCs and their people. For example, a rural road investment could lower costs by reducing travel time and mitigating post-harvest losses from transport. This is the (direct) income distribution effect. In addition, higher productivity and expanded employment will lead to higher economic growth, affecting the supply and prices of goods and, thus, the quality of life. This is the (indirect) growth effect. ADB infrastructure investments also provide populations with access to basic services (e.g., electricity, water supply, sanitation, education, and health); decrease the work burden for rural women; reduce travel time and the costs of reaching social services; extend leisure time for families; enable children to study at home and family members to go to the hospital when ill; and generally improve quality of life, especially for poor households. ADB also promotes inclusive design in some of its infrastructure investments to ensure they are accessible to everyone, including older persons and with disabilities. Cross-border transport and energy infrastructure investments may also facilitate the movement of people and goods and energy trade between DMCs. ADB’s infrastructure sector-related investments are shown in the operational data for 2022 and 2023, disclosed with the ADB Annual Reports for the reporting period.

### Table 8: Total Sector-Related Commitments, 2019 to 2023 ($ million)

<table>
<thead>
<tr>
<th>Year</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL</td>
<td>24,017</td>
<td>31,581</td>
<td>22,759</td>
<td>20,473</td>
<td>23,542</td>
</tr>
</tbody>
</table>

Note: Commitments are the amount of loans, grants, and investments signed each year. The Asian Development Bank (ADB) introduced this measure in 2017 to promote project readiness at approval stage, expedite post-approval steps, and get closer to project disbursement, by placing more emphasis on when the projects are signed, rather than when they are approved by ADB’s Board of Directors.

Adverse environmental and social impacts may be associated with ADB infrastructure investments. By applying its SPS, ADB seeks to avoid, minimize, mitigate, and/or compensate for such impacts, which may include changes in land use and human settlement, decreased water quality and quantity, loss of biodiversity, deforestation and desertification, elevated pollution levels, and increased GHG emissions. Indirectly, these impacts have a negative effect on human health and increase climate change risk with its associated economic and social costs. ADB works to optimize the human health benefits of its infrastructure investments, especially in water and sanitation, and to minimize adverse impacts on health, such as road accidents and the transmission of communicable diseases (e.g., HIV/AIDS) in transport projects. ADB is working to strengthen its capacity for health impact assessment and to institutionalize the assessment of health impacts of ADB investments, especially those involving infrastructure, to optimize health outcomes. It is also mainstreaming climate risk management and incorporation of adaptation measures into its infrastructure-related operations. Incorporation of adaptation measures into infrastructure-related operations and investments in disaster resilience can reduce losses, contributing to sustained economic growth, poverty reduction, and enhanced natural resources management. ADB’s support for increased and diversified regional public goods helps in minimizing the negative spillovers of crossborder infrastructure investments, including the spread of communicable diseases and environmental degradation.

The impacts on the economy and people of each individual infrastructure investment approved by ADB are considered in the project’s report and recommendation of the President, which is submitted to the BOD when seeking its approval. The impacts of completed projects are considered in project completion reports and impact evaluation studies.

**Significant Indirect Economic Impacts [GRI 203-2]**

In addition to its infrastructure-related sector operations, ADB also invests in education, health, social protection, finance, and regional cooperation and integration. All such investments are governed by sector and thematic policies and plans. All ADB’s work has significant indirect economic impacts by contributing to the achievement of inclusive economic growth in the Asia and Pacific region.
Table 9: Commitments by Sector, 2019–2023
($ million)

<table>
<thead>
<tr>
<th>Sector</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture, Natural Resources, and Rural Development</td>
<td>2,309</td>
<td>1,281</td>
<td>1,490</td>
<td>2,218</td>
<td>3,228</td>
</tr>
<tr>
<td>Education</td>
<td>1,138</td>
<td>1,066</td>
<td>975</td>
<td>799</td>
<td>1,389</td>
</tr>
<tr>
<td>Energy</td>
<td>2,660</td>
<td>4,292</td>
<td>1,837</td>
<td>1,446</td>
<td>2,227</td>
</tr>
<tr>
<td>Finance</td>
<td>3,325</td>
<td>4,601</td>
<td>4,116</td>
<td>5,686</td>
<td>3,611</td>
</tr>
<tr>
<td>Health</td>
<td>644</td>
<td>3,512</td>
<td>5,882</td>
<td>823</td>
<td>2,275</td>
</tr>
<tr>
<td>Industry and Trade</td>
<td>1,592</td>
<td>2,215</td>
<td>716</td>
<td>238</td>
<td>661</td>
</tr>
<tr>
<td>Information and Communication Technology</td>
<td>579</td>
<td>32</td>
<td>55</td>
<td>86</td>
<td>94</td>
</tr>
<tr>
<td>Multisector</td>
<td>3</td>
<td>12</td>
<td>10</td>
<td>11</td>
<td>6</td>
</tr>
<tr>
<td>Public Sector Management</td>
<td>2,985</td>
<td>9,561</td>
<td>2,294</td>
<td>3,725</td>
<td>3,354</td>
</tr>
<tr>
<td>Transport</td>
<td>7,536</td>
<td>3,147</td>
<td>3,396</td>
<td>4,344</td>
<td>4,779</td>
</tr>
<tr>
<td>Water and Other Urban Infrastructure and Services</td>
<td>1,245</td>
<td>1,862</td>
<td>1,989</td>
<td>1,098</td>
<td>1,919</td>
</tr>
<tr>
<td>TOTAL</td>
<td>24,017</td>
<td>31,581</td>
<td>22,759</td>
<td>20,473</td>
<td>23,542</td>
</tr>
</tbody>
</table>

Notes: Numbers may not sum precisely because of rounding.
“Commitments” are the amount of loans, grants, and investments signed in a given year. The Asian Development Bank (ADB) introduced this measure in 2017 to promote project readiness at approval stage, expedite post-approval steps, and get closer to project disbursement, by placing more emphasis on when the projects are signed, rather than when they are approved by ADB’s Board of Directors.

* A $20 million commitment is not included in this total as the project’s sector assignment was waived due to its specific nature.

ADB’s support for regional cooperation and integration (RCI) also has significant indirect economic impacts by enhancing DMCs’ efforts to develop their economies and reduce poverty, widening the range of options available to them. RCI eases the constraints of national boundaries on factors of production, production activities, and markets. It allows RCI participants greater access to key inputs, resources, technologies, and knowledge. ADB support for RCI includes support for subregional programs, including the Greater Mekong Subregion Economic Cooperation Program, Central Asia Regional Economic Cooperation (CAREC) Program, South Asia Regional Economic Cooperation (SASEC), Association of Southeast Asian Nations (ASEAN), Indonesia–Malaysia–Thailand Growth Triangle (IMT–GT), and Brunei Darussalam–Indonesia–Malaysia–Philipines East ASEAN Growth Area (BIMP–EAGA).
Tackling climate change, building climate and disaster resilience, and enhancing environmental sustainability are interconnected agendas and one of seven operational priorities under ADB’s Strategy 2030 (OP3). Under Strategy 2030 and through OP3, ADB has committed to ambitious climate change targets:

- 75% of the number of committed operations (3-year rolling average, including sovereign and nonsovereign operations) will support climate change mitigation and/or adaptation by 2030, and climate finance from ADB’s own resources will reach $80 billion cumulatively from 2019 to 2030 (with $35 billion target by 2024, including ambition of $9 billion for adaptation)

Commitments, goals, and targets. In 2021, ADB elevated its ambition to deliver $100 billion of cumulative climate financing to its DMCs from 2019–2030. Associated targets were put in place, including cumulative climate mitigation financing of $66 billion; cumulative adaptation finance of $34 billion; and climate finance of $12 billion from own resources in private sector operations. Furthermore, ADB fully aligned its new sovereign and nonsovereign operations with the Paris Agreement and successfully introduced Paris Agreement Alignment considerations in its operations from 1 July 2023.

Key actions include investing $2 billion annually in clean energy, including energy efficiency (the same target is included in ADB’s Clean Energy Program); and increasing finance for sustainable transport, such as railways, waterways, and urban transport. In 2023, clean energy investments or climate mitigation finance committed in the energy sector amounted to $1.65 billion while adaptation finance committed was $0.33 billion contributing a total of $1.98 billion in climate finance or about 20% of ADB’s total climate finance for 2023. The first ADB report on Task Force for Climate-Related Financial Disclosures (TCFD) was issued in September 2022, which outlines ADB’s progress on implementing the recommendations of the TCFD, established by the G20’s Financial Stability Board.

Investment policies, principles, and responsibilities. ADB finances and supports investment projects in energy and transport sectors, in line with the 2021 Energy Policy approved on 20 October 2021. The Energy Policy 2009 however, continued to be relevant for most of the reporting period, as projects approved prior to the 2021 Energy Policy launch are subject to the old policy only. To support the continued sustainable growth, in addition to the Energy Policy, ADB also has the ADB’s Clean Energy Program, the Sustainable Transport Initiative–Operational Plan, the Environmental Operational Directions, 2013–2020, and Strategy 2030.

Asia and the Pacific is a major and growing source of GHG emissions, and future climate change will be less severe only if GHG emissions are reduced in line with mitigation targets set out in DMCs’ nationally determined contributions (NDCs). The absolute and relative GHG emissions in ADB’s investment portfolio is recorded for every project and disclosed on the “Project at a Glance” page in reports and recommendations of the President. Energy emissions reductions are calculated in accordance with the Guidelines for Estimating Greenhouse Gas Emissions of ADB Projects. Transport emissions adhere to the Guidelines for Estimating Greenhouse Gas Emissions of Asian Development Bank Projects: Additional Guidance for Transport Projects.

The Climate Change, Resilience, and Environment Cluster provides technical support to Sector Groups and regional departments on climate change mitigation and adaptation, as well as disaster risk management and environment workstreams. Management considers adherence to ADB’s policies when approving an investment project for submission to the BOD.

ADB’s environment and social safeguards, as detailed in the SPS, require ADB borrowers (clients) to promote reduction of GHG emissions. Projects that produce significant quantities of GHG emissions (e.g., 100,000 tons of carbon dioxide [CO₂] equivalent per year) should quantify both direct and indirect GHG emissions. Quantification and monitoring are conducted annually in accordance with internationally recognized

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6 Absolute GHG emissions means GHG emissions and removals resulting from a project, including all scope 1 and scope 2 emissions attributable to projects, and scope 3 emissions, where relevant. Absolute GHG emissions can be positive or negative, where removals result in negative absolute GHG emissions. Relative GHG emissions means change in GHG emissions resulting from a project compared to the baseline scenario, calculated as the difference between project GHG emissions (i.e., sum of absolute GHG emissions and other consequential emissions) and baseline GHG emissions. A negative value of relative GHG emissions indicates that the project results in lower GHG emissions as compared to the baseline. A positive value indicates that the project results in higher GHG emissions compared to the baseline.
methodologies. In addition, the borrower (client) must evaluate technically and financially feasible and cost-effective options to reduce or offset GHG emissions and pursue appropriate options. See section V and Disclosure 413 for SPS requirements on impact assessment and environment and social safeguards.

Financial Implications and Other Risks and Opportunities Due to Climate Change [GRI 201-2]

ADB’s DMCs and its infrastructure-related investment operations, are at risk from the physical impacts of climate change. The world faces a $41 trillion mitigation investment gap to 2030, with emerging markets facing a higher gap as a share of their gross domestic product (GDP). There is also an adaptation financing gap of $600 billion required annually to 2050, which is 10–18 times greater than current flows. Climate adaptation also requires significant investment in irrigation, food security, disaster risk management, and flood and coastal protection. Thus, Asia and the Pacific needs billions of dollars to transition to a clean, low-carbon path while adapting to the adverse impacts of climate change.

ADB has various climate change programs and initiatives that improve access to and create incentives for financing and investments, aiming to help make mitigation and adaptation actions more competitive and affordable for its DMCs.

Climate-risk management is mandatory for all ADB projects, which are subject to preliminary climate risk screening via a mandatory checklist. Projects assessed as medium or high risk require a more detailed and context-sensitive climate risk and adaptation assessment (CRA). ADB is also expanding policy-based lending commitments to support DMCs to undertake critical policy reforms and address gaps in governments’ development financing requirements. In 2022, ADB approved its first dedicated climate change policy-based loan to support the Philippines implement policy reforms identified in its NDC. In 2023, ADB approved the Climate-Resilient Inclusive Development Program in Bangladesh. The project is focused primarily on implementing climate adaptation and mitigation priorities identified in Bangladesh’s National Adaptation Plan 2023-2050 and the updated Bangladesh NDC. It is expected that the reforms under this policy-based loan will help unlock financing for climate actions, including from the private sector.

The share of ADB operations in 2021–2023 that supported climate change adaptation and/or mitigation increased by 22 percentage points to 79% (see Databook 201-2D for details). ADB operations on climate change in 2023 have achieved a number of 2024 targets and 2030 ambitions. ADB has committed $30.8 billion from own resources during 2019–2023 for climate change mitigation and adaptation. Cumulative financing

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8 Previously called climate vulnerability and risk assessment (CRVA). The results of CRA are summarized in the climate change assessment document linked to the report and recommendation of the President.
for adaptation reached over $10 billion between 2019 and 2023, surpassing the midterm (2019–2024) adaptation finance target of $9 billion a year early.

Table 10 (Databook 201–2B) shows climate change adaptation finance as a percentage of total commitments from ADB resources for 2019–2023 and Table 11 (Databook 201–2C) shows the adaptation finance by sector for the same period.

### Table 10: Climate Change Adaptation Finance Commitments, 2019–2023

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total ADB Adaptation Finance ($ million)</td>
<td>1,408</td>
<td>778</td>
<td>1,257</td>
<td>2,695</td>
<td>4,271</td>
</tr>
<tr>
<td>ADB financing ($ million)</td>
<td>21,535</td>
<td>28,037</td>
<td>19,405</td>
<td>17,447</td>
<td>21,238</td>
</tr>
<tr>
<td>Adaptation finance as share of ADB financing</td>
<td>6.5%</td>
<td>2.8%</td>
<td>6.5%</td>
<td>15.4%</td>
<td>20.1%</td>
</tr>
</tbody>
</table>

ADB = Asian Development Bank. Source: ADB.

### Table 11: Adaptation Climate Finance by Sector (Investments) Based on Commitments, OCR/COL/ADF, 2019–2023

<table>
<thead>
<tr>
<th>Sector</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture, natural resources, and rural development</td>
<td>549</td>
<td>112</td>
<td>244</td>
<td>771</td>
<td>1,540</td>
</tr>
<tr>
<td>Education</td>
<td>2</td>
<td>3</td>
<td>13</td>
<td>50</td>
<td>162</td>
</tr>
<tr>
<td>Energy</td>
<td>123</td>
<td>77</td>
<td>38</td>
<td>224</td>
<td>276</td>
</tr>
<tr>
<td>Finance</td>
<td>40</td>
<td>129</td>
<td>21</td>
<td>299</td>
<td>140</td>
</tr>
<tr>
<td>Health</td>
<td>5</td>
<td>1</td>
<td>122</td>
<td>13</td>
<td>148</td>
</tr>
<tr>
<td>Industry and trade</td>
<td>5</td>
<td>24</td>
<td>51</td>
<td>10</td>
<td>65</td>
</tr>
<tr>
<td>Information and communication technology</td>
<td>0</td>
<td>3</td>
<td>1</td>
<td>2</td>
<td>18</td>
</tr>
<tr>
<td>Public sector management</td>
<td>67</td>
<td>81</td>
<td>157</td>
<td>377</td>
<td>531</td>
</tr>
<tr>
<td>Transport</td>
<td>463</td>
<td>133</td>
<td>278</td>
<td>570</td>
<td>650</td>
</tr>
<tr>
<td>Water and other urban infrastructure and services</td>
<td>155</td>
<td>216</td>
<td>332</td>
<td>380</td>
<td>742</td>
</tr>
<tr>
<td>Total</td>
<td>1,408</td>
<td>778</td>
<td>1,254</td>
<td>2,695</td>
<td>4,271</td>
</tr>
</tbody>
</table>


### Scaling Community Level Adaptation that Addresses the Nexus of Climate Change, Poverty, and Gender

#### REGIONAL

Addressing climate change requires significant investments in increasing the resilience of lives and livelihoods, especially of poor and vulnerable people. The Community Resilience Partnership Program (CRPP) aims at scaling up community level investments in climate adaptation that target the nexus of climate change, poverty, and gender. It has three key objectives:

(i) mobilizing large-scale public investments for community-level adaptation of poor and vulnerable people;

(ii) developing policies, plans, and programs that promote financing for community-led adaptation; and

(iii) increasing the participation of poor women and men in resilience-related decision-making.

The CRPP comprises two interlinked components: (i) the multidonor CRPP Trust Fund focused on upstream support for the enabling environments required to implement and scale up local adaptation measures, including a dedicated gender window; and (ii) the CRPP Investment Fund (supported by the Green Climate Fund; Nordic Development Fund; Agence Française de Développement; and the Foreign, Commonwealth and Development Office of the United Kingdom) that focuses on rolling out local adaptation through downstream investments in the region.
ADB recognizes that the globally significant biodiversity and natural resources of the Asia and Pacific region provide sustenance for millions of the region’s residents—including clean air, water and food, as well as agricultural products, fodder, fuelwood, timber, and medicine—and serve a vital role in assimilating wastes, recycling nutrients, regulating the climate, and recharging aquifers. The following policies and procedures are applied when considering investments in natural resources conservation and approving investments in other sectors (especially infrastructure) to avoid, minimize, mitigate, and/or compensate for adverse impacts on biodiversity.

ADB aims to promote the sustainability of its project outcomes by protecting the environment and people through its safeguards, which are applied for all ADB loan and TA projects. ADB’s environment and social safeguards, as detailed in the SPS, aim to ensure that supported projects use natural resources in a sustainable manner and achieve at least “no net loss” of biodiversity by avoiding, minimizing, mitigating, or (as a last resort) compensating for impacts (e.g., by proposing biodiversity offsets). Under the SPS, ADB must follow specific policy principles for projects in modified habitats, natural habitats, critical habitats (a subset of both modified and natural habitat that includes areas with high biodiversity value), and legally protected areas. The SPS (Appendix 5) also prohibits investment in production of or trade in any wildlife or wildlife products regulated by the Convention on International Trade in Endangered Species. The SPS also prohibits commercial logging operations, the purchase of logging equipment for use in primary tropical moist forests or old-growth forests, and marine and coastal fishing practices harmful to large numbers of vulnerable and protected species and damaging to marine biodiversity and habitats. The SPS requirements for impact assessment and environment and social safeguards are detailed in Section V, Disclosure 413.

Policies, procedures, and responsibilities. Beyond safeguards, ADB’s investment projects in natural resource conservation are guided by Operational Priority 3: Tackling Climate Change, Building Climate and Disaster Resilience, and Enhancing Environmental Sustainability within Strategy 2030 and the Operational Plan for Agriculture and Natural Resources: Promoting Sustainable Food Security in Asia and the Pacific 2015–2020. In 2023, under the ADB NOM, an environment group was created within the Climate Change and Sustainable Development Department. The role of the environment group is to take forward positive policy and program action on environmental issues, including for biodiversity and nature related issues. In addition to this, through the NOM, the Sectors Group is also promoting nature and natural resources related investment projects within the Agriculture, Food, Nature, and Rural Development (AFNR) sector group. With these developments, ADB aims to increase and scale up projects that deliver positive outcomes for biodiversity and nature, in line with the commitment made by ADB at the UNFCCC COP26 in 2021 through the Joint MDB Nature Statement. Building on this commitment, in 2023, ADB along with peer institutions released the Common MDB Principles for Nature-Positive Finance at COP28 to provide a framework to take this forward. In addition, at COP28, ADB also launched the Nature Solutions Finance Hub as a mechanism to support the scaling up of nature positive investments.

ADB recognizes that investing in nature is a key mechanism to address the climate crisis, as set out in the CCAP (October 2023). ADB expects to launch an environment approach paper, with biodiversity as a core pillar, in 2024. The paper will also set out how biodiversity will be nested within our broader climate agenda.

Significant Impacts of Activities, Products, and Services on Biodiversity [GRI 304–2]

Table 12 details the number of ADB projects that included elements of natural resources conservation (as a subset of projects that contribute to the environmentally sustainable growth agenda) in 2022–2023, and which would have had a positive impact on biodiversity.
AVISTEP: The Avian Sensitivity Tool for Energy Planning

To ensure that the expansion of renewable energy infrastructure in Asia and the Pacific does not inadvertently harm birds and biodiversity, in 2022, the Asian Development Bank (ADB) supported the creation of the Avian Sensitivity Tool for Energy Planning (AVISTEP) mapper. Developed by BirdLife International and funded with $500,000 by the Republic of Korea e-Asia and Knowledge Partnership Fund at ADB. AVISTEP seed funding was provided by ADB to initially cover four countries: India, Nepal, Thailand, and Viet Nam. However, building on its original success additional cofinancing has enabled mapping of the Lao People’s Democratic Republic and Uzbekistan, to be completed in 2024. In Viet Nam, layers created through AVISTEP are being directly integrated into the Viet Nam Marine Spatial Plan, a positive step forward to more biodiversity-sensitive planning for offshore wind, leveraged off the ADB-funded technical assistance.

Due to the potential for a project area to support critical habitat and/or the presence of a legally protected area, ADB paid attention to the assessment and future management of biodiversity in seven Environment Category A projects in 2022 and 2023 that specifically mentioned biodiversity sensitivity in the Safeguards Policy Compliance Memorandum, which is issued for all Category A projects (see Disclosure 413 for details on Category A projects). Details of these projects can be found in the ADB project finder. Details are summarized in Tables 304–2 of the Databook. For details about biodiversity impacts and management measures, see the projects’ environmental impact assessment reports and environmental monitoring reports on the ADB website.

Climate-Nature Planning for the PRC’s Largest Freshwater Lake

PEOPLE’S REPUBLIC OF CHINA

Poyang Lake watershed covers 162,225 square kilometers, almost 97% of the land of Jiangxi Province. It provides critical ecosystem services for people, including water supply, flood control, and food production. It is one of the most important global sites for migratory waterbirds, and the highest ranked, among all 147 sites of the Regional Flyway Initiative. Water extraction and diversion, and climate change have increased the severity of floods and drought, and further degraded the lake’s already degraded ecosystems, impacting its fisheries, access to water, and shipping.

This technical assistance from the Asian Development Bank integrates nature-climate planning for Poyang Lake to outline ecosystem- and gender-based approaches including managing water resources and wildlife protection. It will provide capacity to prepare nature-based solutions (particularly for dams, pollution, and ecological degradation) for communities in climate and ecological sensitive areas, flood plains, and integrated natural and artificial ecological areas.

Due to the potential for a project area to support critical habitat and/or the presence of a legally protected area, ADB paid attention to the assessment and future management of biodiversity in seven Environment Category A projects in 2022 and 2023 that specifically mentioned biodiversity sensitivity in the Safeguards Policy Compliance Memorandum, which is issued for all Category A projects (see Disclosure 413 for details on Category A projects). Details of these projects can be found in the ADB project finder. Details are summarized in Tables 304–2 of the Databook. For details about biodiversity impacts and management measures, see the projects’ environmental impact assessment reports and environmental monitoring reports on the ADB website.
Overview of Asian Development Bank Supply Chain

Procurement practices are internally and externally material to ADB because the bank engages in both operational and institutional procurement. In procuring goods and services, it is important to ensure that ADB funds are used for the purpose intended and that procurement is undertaken efficiently and effectively. There has been a growing demand from DMCs for procurement flexibility and increased support in building, strengthening, and using their own procurement systems. New technologies have also permitted more varied uses of electronic procurement by DMCs, with different levels and rates of adoption by DMCs depending on local capacity constraints.

ADB applies different policies and procedures to its operational and institutional procurement. Operational procurement is managed with the purpose of ensuring that the proceeds of ADB’s financing are used to procure goods, works, consulting and nonconsulting services with due attention to the core procurement principles set out in the ADB Procurement Policy (2017) of economy, efficiency, fairness, transparency, quality, and value for money. Institutional procurement is managed with the purpose of procuring high-quality goods and/or services for its operations at the most competitive market prices available, using the most competitive procurement method applicable, and giving due regard to the reputation of the supplier or provider, promptness of delivery, terms of payment, and availability of adequate warranty and servicing facilities, and other factors.

To achieve economy and efficiency, contracts must be procured through open competitive bidding unless other forms of procurement are more suitable and have been agreed upon between ADB and the borrower. Additionally, procurement procedures must give ADB members adequate, fair, and equal opportunity to compete for contracts. Transparency is essential in the procurement process to achieve economy and efficiency, and to combat fraud and corruption. Quality is to ensure projects deliver outputs of appropriate standard. Value for money is to obtain optimal benefit through effective and economic use of resources. Responsibility for project implementation and, therefore, for the procurement, award, and administration of contracts under the project rests with the borrower. ADB, for its part, has an obligation to ensure that the proceeds of its financing are used with due attention to considerations of the core procurement principles.

Sustainable Public Procurement in ADB Projects and DMCs

Sustainable Public Procurement (SPP) involves purchasing decisions that consider environmental, social, economic, and institutional impacts. ADB established a framework in 2021 to integrate SPP into its projects and developing member countries’ (DMCs’) procurement systems. Capacity development, guided by multilateral development bank and private sector practices, included consultation with stakeholders on climate and nature agendas. Guidance Notes on Sustainable Procurement, a gender-responsive procurement report, and a handbook on local traineeship (Build4Skills) were released. Workflow integration measures were adopted, and a hybrid training program was rolled out to ADB and DMCs, including policymakers. Piloted in 2022, the program was fully implemented for ADB procurement staff in 2023 and scheduled for full rollout to operations teams and DMC officials from 2024. Preliminary country diagnostics for all 41 DMCs were conducted in 2023, with publication planned in 2024 after country consultation. Market research and assessment on sustainable construction materials also began in 2023.
Freedom of Association and Collective Bargaining
[GRI 407]

ADB’s Social Protection Strategy 2001 states that when designing and formulating its investment projects, ADB will comply with core labor standards and take all necessary and appropriate steps to ensure that ADB-financed procurement of goods and services by its contractors, subcontractors, and consultants complies with the relevant DMC’s labor legislation (e.g., minimum wages, safe working conditions, and social security contributions) and also with internationally recognized core labor standards.

ADB also analyzes its application of the internationally recognized core labor standards when developing CPSs. Freedom of association and collective bargaining can be contentious issues for some DMCs and employers’ organizations. In seeking requisite data and in the spirit of social dialogue, it is essential that ADB promotes the positive aspects of freedom of association and collective bargaining, which include economic and social development linked to poverty reduction. To the extent that a DMC considers that there is a political dimension to recognizing these rights, ADB ensures that it does not promote any actions that contradict the core labor standards.

The Operations Manual (Section C3) includes procedures for integrating social dimensions into programs and projects. Operations departments conduct an IPSA or a PSA for all programs and projects to identify the expected poverty and social impacts of the intervention and key social issues (including labor issues) that will require attention during implementation (See footnote 4 in Section V. Environmental and Social Safeguards). Based on the issues identified, social analysis should be carried out in a participatory manner to identify and formulate design measures and implementation arrangements to maximize social benefits and avoid or minimize social risks. Management considers adherence to ADB’s policies when approving an investment project for submission to the BOD.

ADB’s Core Labor Standards Handbook states that “loan agreements for ADB projects involving works contain assurances that the contractors will comply with the borrowing country’s labor laws and related international treaty obligations, will not employ child or forced labor, will provide men and women equal wages for equal work, and will apply other provisions as appropriate.” Thus, where necessary, loan agreements include requirements that borrowers (clients) implement social obligations, including compliance with the core labor standards. For example, during the predesign phase of a project, if one or more national or core labor standards may be an issue, then stand-alone projects may be designed to address the issue. Further guidance is provided in the Handbook on Poverty and Social Analysis, the Core Labor Standards Handbook, and Labor Issues in Public Enterprise Restructuring.

ADB uses the Conditions of Contract for Construction for Building and Engineering Works Designed by the Employer, Multilateral Development Bank Harmonized Edition 2010, prepared by the Fédération Internationale des Ingénieurs-Conseil (FIDIC) (see Disclosure 204). For all large works contracts whose invitations for bidding will be published on 1 July 2022 and onward, the FIDIC 2017 Conditions of Contracts for Construction for Building and Engineering Works Designed by the Employer (2017 Red Book) will be used by applying “Conditions of Particular Application” developed by ADB. These conditions include measures to ensure that contractors comply with core labor standards, including the avoidance of child and forced labor, and that workers are ensured of their right to freedom of association and collective bargaining. In DMCs where relevant labor laws recognize workers’ rights to form and join workers organizations of their choosing, freedom of association and collective bargaining are to be respected and employers shall not discriminate or retaliate against contractors’ personnel who participate, or seek to participate, in such organizations and bargain collectively. See Disclosure 204 on Procurement Practices.

Additionally, ADB conducts active dialogue with international trade unions (e.g., the International Confederation of Free Trade Unions and the ILO).

Operations and Suppliers in which the Right to Freedom of Association and Collective Bargaining may be at Risk [GRI 407-1]

Freedom of association and collective bargaining may be at risk in some of the DMCs where ADB operates. Therefore, compliance with core labor standards was appropriately addressed for all (100%) projects in 2022–2023 through IPSA or PSA, summary poverty reduction and social strategies, loan agreements, and procurement documents and contracts of works.

Operational Procurement

Operational procurement policies, procedures, and responsibilities. ADB’s Procurement, Portfolio, and Financial Management Department (PPFD) is responsible
for all operational procurement. The Procurement Policy and Procurement Regulations for ADB Borrowers take a principles- and risk-based approach to procurement. The core procurement principles allow recognition of life-cycle costs and the high-level technology solutions increasingly sought by middle-income DMCs in procurement decisions.

Open competitive bidding is ADB’s preferred method of procurement. This permits open competition as the normal method whether contracts are advertised nationally or internationally, and whether based on ADB procurement procedures or on those permitted under alternative procurement arrangements based on development partner systems or on national procurement systems. Risk assessments and management plans are prepared for all country systems in public financial management, procurement, and combating corruption. The risk assessment for country procurement systems should inform the preparation of risk assessments for work in ADB sectors, which should, in turn, inform the design of all ADB projects and programs prior to approval of an investment.

Where mandated in the procurement plan, borrowers shall use the appropriate standard bidding document (SBD) where such SBDs have been issued by ADB. The term “SBD” is used to refer to standardized documents for all procurement methods and used to promote consistency and legal certainty. The SBD for large works makes use of the Conditions of Contract for Construction for Building and Engineering Works Designed by the Employer, Multilateral Development Bank Harmonised Edition 2010, prepared by the FIDIC. These are internationally recognized and describe the engagement of labor, require adherence to the country’s laws, prohibit child and forced labor, and others. For all large works contracts whose invitations for bidding will be published on 1 July 2022 onward, the FIDIC 2017 Conditions of Contracts for Construction for Building and Engineering Works Designed by the Employer (2017 Red Book) will be used by applying Conditions of Particular Application developed by ADB.

Since late 2021, sustainable procurement has been included in the Strategic Procurement Planning process, as well as in the ADB SBDs applicable for physical works (construction), with 2022 marking the first full year of its implementation. In 2022, ADB has taken further steps to raise awareness around sustainable procurement as one of the key governing functions supporting and promoting the SDGs, enhancing alignment with the Paris Agreement, and achieving broader value for money outcomes. In the first quarter of 2022, ADB established a capacity development and implementation support plan to institutionalize sustainable procurement and the program was rolled out to all ADB operations procurement staff, nine countries’ executing agencies and implementing agencies, and pilot operations project team members in 2023. This will be further rolled out to wider internal and external stakeholders in 2024 to develop capacity to support integration of sustainable procurement in projects and country system discussions. In 2023, a working group comprising representatives from 12 MDBs, chaired by ADB, developed a MDB Joint Statement on Sustainable Procurement, reflecting the collective intent of MDBs to mainstream sustainable procurement. Preliminary country diagnostics for all 41 DMCs were conducted in 2023, with publication planned in 2024 after country consultation. Market research and assessment on sustainable construction materials also began in 2023.

Operational Supply Chain

ADB directly engages individual consultants and consulting entities in accordance with the Procurement Policy (2017, as amended from time to time) and Procurement Staff Instructions to provide services for a wide range of assignments, including technical assistance project preparation, detailed design, capacity development, policy advice, and research. Consultants directly engaged by ADB are part of ADB’s supply chain. Contracts may be awarded to international entities (established or incorporated in an ADB member) or individuals (nationals of ADB members), or national entities (established or incorporated in and with a registered office in an ADB member borrower) or individuals (nationals of an ADB member borrower). Consulting entities may engage subconsultants to deliver the required consultancy services. ADB may also hire resource persons for short assignments not exceeding 33 days, for a maximum of five engagements not to exceed an aggregate total of 66 working days within a 12-month period.

The procurement of goods, works, and services under an investment project financed in whole or in part by ADB, or by ADB-administered funds, is carried out generally by the public or private sector borrower. Responsibility for project implementation and, thus, procurement, award, and administration of contracts under a project rests with the borrower, who must follow the Procurement Policy (2017, as amended from time to time) and the Procurement Regulations for ADB Borrowers (2017, as amended from time to time). Thus, such contractors and consultants are not part of ADB’s supply chain.
The total amount of operational procurement was $16.883 billion in 2022 and $14.5 billion in 2023, which covered consulting services, goods, other related services and works. The breakdown is in Table 13.

Both in 2022 and 2023, the sectors with the largest procurement were public sector management and transport, and borrowing countries with the largest procurement were India and the Philippines. The ADB Operational Procurement Statistics Dashboard (ProcDash) provides further information including data by region and country.

Over the period of 2021–2023, standard bidding documents have been updated to introduce new provisions relating to environmental, health, and safety considerations, as well as the use of sustainable procurement evaluation criteria.

### Institutional Procurement

**Institutional procurement policies, procedures, and responsibilities.** CSD is responsible for institutional procurement for headquarters in accordance with Administrative Order 4.07 on Institutional Procurement and Contract Administration (9 August 2016, with Appendix 1 amended on 15 February 2019), and Philippine laws and regulations. Field offices are responsible for their procurement, subject to a certain threshold in accordance with the relevant administrative order and for following local laws and regulations; contracts are reviewed and approved by the head of field office.

All procurement is governed by the following principles: value for money, total cost of ownership, environmental and social considerations, integrity, efficiency, equity, and accountability. Environmental and social considerations include best practices in energy, resource efficiency, and human resource management. The procurement of goods and services will conform to legal and other requirements regarding environmental, health, and safety management as set out in Administrative Order 4.13 – Energy, Environment, Health, and Safety Management System, including green building standards of the United States Green Building Council Leadership and Energy and Environmental Design Rating system.

### Table 13: Operational Procurement in 2022 and 2023 ($ million)

<table>
<thead>
<tr>
<th>Year</th>
<th>Consulting Services</th>
<th>Goods</th>
<th>Other Related Services</th>
<th>Works</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2022</td>
<td>553.9</td>
<td>2,120.9</td>
<td>8,285.8</td>
<td>5,922.0</td>
<td>16,882.6</td>
</tr>
<tr>
<td>2023</td>
<td>530.3</td>
<td>659.9</td>
<td>7,038.3</td>
<td>6,284.8</td>
<td>14,513.3</td>
</tr>
</tbody>
</table>

Source: Operational Procurement Statistics Dashboard (ProcDash) | ADB Data Library | Asian Development Bank; the figures are as of 31 December 2023.

Traditional dancers in Kiribati where an ADB project will enhance access to quality, climate-resilient health services for over half the population, improving facilities, service delivery, infection control, and sexual and reproductive health for women and vulnerable groups.
Procurement methods vary depending on the value and nature of the goods and services but are determined with due consideration to the core procurement principles.

Administrative Order 4.07 contains provisions that support sustainable procurement to improve environmental performance under ADB’s Energy, Environment, Health, and Safety Management System including practices in energy, resource efficiency and human resources management. The administrative order also requires contractors in ADB’s institutional supply chain to comply with applicable local and international social standards and requirements that provide for humane work conditions, protection of occupational safety and health, reasonable wages and benefits, respect for diversity, and other labor standards.

As part of their contractual obligations, contractors must submit an annual Good Social Management Certificate (GSMC) within 15 calendar days of the effective date of their contract, and this must remain valid for the contract duration. The general conditions of contract for services (2010) enable contract termination due to a contractor’s default; any allegations or causes that may constitute grounds for contract termination would be investigated. However, contractors should resolve any disputes with their own personnel. The general conditions of contract for goods (2010) require that suppliers of goods to ADB certify that the goods were not manufactured in violation of local or international labor and occupational safety standards.

CSD is responsible for institutional procurement for headquarters in accordance with Administrative Order 4.07 and Philippine laws and regulations. Field offices are responsible for their own procurement in accordance with the administrative order and for following local laws and regulations, and contracts are reviewed and approved by the country director with contract value below $500,000. Procurements valued at $500,000 and above are subject to approval of the Institutional Procurement Committee (IPC). The IPC shall have three voting members and is responsible for ensuring that all transactions approved by it are consistent with the administrative order and the evaluation criteria described in the bidding documents.

**Proportion of Spending on Local Suppliers [GRI 204-1]**

In 2022, 59% ($74.7 million) of the ADB headquarters’ corporate procurement expenditure (based on purchase orders awards) was sourced in the Philippines, comprising $8.7 million worth of goods (12%) and $66.0 million of services (88%). In 2023, the expenditure rose by 25% to $93.5 million, with $13.3 million in goods (14%) and $80.2 million in services (86%). The increased expenditure is attributed to the increased spending on the sustained implementation of digital innovation projects and capital expenditure projects in support of the continued construction and renovation of workspaces at the ADB headquarters in line with the NOM initiative of ADB.

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**Transformation for a More Equitable, Diverse, and Resilient Workplace**

ADB Corporate Services Department

The Asian Development Bank (ADB) HQ Workplace Transformation Program aims to create a resilient, efficient, and collaborative environment by updating building systems and modernizing workspaces. It plays a pivotal role in the implementation of ADB’s New Operating Model as it enables collaboration, creativity, and continuous learning. The retrofits and renovations align the physical, technological, and cultural environment, while enabling more efficient operations and improved productivity.

In 2022, a multiyear program kicked off to modernize workspaces, prioritizing access to natural light, enhanced collaboration, and equity across personnel levels. The initiative began with a comprehensive renovation of a 30-year-old building, focusing on structural strengthening, leak protection, and upgrading outdated systems. This phase included updates to water distribution, power supply, sewage treatment, and heating, ventilation, and air-conditioning systems for efficiency and sustainability.

Office spaces are being transformed to foster innovation and collaboration, featuring glass partitions for natural light, collaboration areas, focus booths, modern meeting rooms, and multi-use spaces. Optimization of physical filing space aims to reduce paper consumption, aligning with ADB’s online platforms. To ensure equity, all workspaces are furnished with fully ergonomic chairs and adjustable desks.
Corporate Environmental Sustainability

ADB continues to improve on its corporate sustainability performance by designing for energy and water efficiency in new office spaces while promoting a healthy and collaborative work environment. ADB headquarters achieved a milestone when in September 2023, it obtained Platinum-level certification under US Green Building Council’s Leadership in Energy and Environmental Design (LEED) for existing buildings operations and maintenance. ADB’s certifications to international management system standards will be maintained and recertified in 2024 as it continues to drive innovations in building operations and mitigate environmental impacts.

ADB headquarters’ significant energy uses on air-conditioning, ventilation, lighting, and plug loads will continue to be monitored and building systems upgraded. 100% of electricity is sourced from renewable energy with 97% coming from geothermal sources. Initiatives to switch to zero-emission sources such as wind and solar is ongoing. Non-potable water and rainwater collection will be used for irrigation and for flushing toilets. Improved waste segregation through centralized waste bins is expected to improve waste recycling and reuse even as ADB headquarters returns to increased occupancy. ADB headquarters maintained its certifications under ISO 14001, ISO 45001, and ISO 50001 requirements and will be recertified in 2024.

In resident missions, efforts are made to promote sustainability and environmental protection. Energy conservation, paper reduction, waste segregation, recycling and waste reduction initiatives are also being implemented in various resident missions in the PRC, Indonesia, India, Kyrgyz Republic, Lao PDR, Mongolia, Nepal, and Pakistan. Close coordination with the building owners and occupants through awareness-raising activities are implemented to improve environmental performance, as well as creating healthy working environment. The India Resident Mission has ISO certifications for managing energy, environment, health, and safety performance, as well as LEED Platinum certification. The Bangladesh Resident Mission will undertake recertification for its environmental management system. The environmental performance of buildings is taken into consideration during selection process for leasing office spaces. Resident missions in the People's Republic of China, Indonesia, Kazakhstan, Singapore, and Thailand are leasing spaces in green certified buildings (e.g., BREEAM, LEED, Green Mark, and Greenship Rating systems, including WELL building certifications).

Third-party verification of 2021 and 2022 GHG emissions for ADB headquarters was conducted in October 2023 and assessed with reasonable level of assurance. In 2023, ADB established an Institutional Climate Secretariat to determine ADB’s baseline GHG emissions across all offices to enable to set a long-term carbon reduction road map.

Energy Consumption and Greenhouse Gas Emissions [GRI 302 and 305]

ADB’s integrated Energy, Environment, Health, and Safety Management System (E2HMS) guides the operation and maintenance of its headquarters. E2HMS commits ADB to optimizing the use of energy resources. It also covers ADB’s transport activities and complies with the requirements of the ISO 50001 (Energy Management System) standard. The E2HMS policy commits to environmental awareness, pollution prevention, optimizing and conserving resources, continual improvement in environmental performance in operating and maintaining its headquarters and resident missions including reducing its carbon footprint. The President of ADB has overall responsibility for E2HMS and for reporting performance to the BOD and Board of Governors, and the management representative from CSD ensures systematic and effective execution of E2HMS. Induction training, awareness-raising events (e.g., Sustainability in Action Week), and intranet articles make staff aware of methods to conserve resources. ADB maintained its certifications under ISO 14001, ISO 45001, and ISO 50001 requirements and will be recertified in 2024.

As defined in ISO 50001, significant energy uses form the basis for identifying ADB’s energy conservation programs and establishing targets for reducing energy consumption. ADB’s significant energy uses include chillers and auxiliaries, ventilation fans, lighting, and receptacles. ADB has continually adapted to prevailing situations and balanced energy conservation, and health
Optimizing Resource Management

ADB Headquarters and India Resident Mission: Pioneering Green Building Standards

With a focus on resource optimization, waste management, and physical workplace improvements, the Asian Development Bank (ADB) headquarters and the India Resident Mission (INRM) building were awarded the Leadership in Energy and Environmental Design (LEED) Platinum Certification.

ADB headquarters was initially awarded the LEED Gold certification for Existing Buildings: Operations and Maintenance in 2011 under LEED v3. ADB HQ’s LEED Platinum certification under the performance-based LEED v4.1 was achieved in September 2023. In its recertification, it was found that ADB HQ performed better in key categories: energy, water, waste, transportation, and human experience.

INRM garnered the first platinum certification in 2018 and successfully recertified under LEED v4 in August 2023.

To maintain its platinum status, the INRM building underwent upgrades on existing features. These enhancements aimed at promoting sustainability were implemented on a retrofit basis.

They encompassed the installation of energy-efficient International Efficiency rated motors, applying Solar Reflective Index paint (used for heat reduction on rooftops), and carefully selecting measures to improve indoor air quality.

ADB’s commitment to sustainability shines through its LEED recertification efforts. With emphasis on renewable energy, energy efficiency, sustainable site practices, water efficiency and water reuse, indoor air quality, sustainable transportation, waste recovery and occupant comfort, these ADB buildings are testament to the institution’s dedication to green building and environmental stewardship.

An institutional GHG emissions baseline assessment was carried out in the fourth quarter 2023 to determine materiality of emissions sources across all ADB office locations. As a result, additional categories under Scope 3 were identified as material to ADB’s internal operations.

Decarbonization pathway options will be developed as the next step to this initiative with the objective to put in place strategies to internally align with Paris Agreement.

Energy Consumption within the Organization [GRI 302-1]

Nonrenewable fuel. ADB purchases diesel for its backup generators and fire pump system, and liquefied petroleum gas for its operations; it also uses diesel and gasoline fuel for road transport. ADB maintains 157 vehicles for official trips, with 77% using gasoline fuel, 19% using diesel fuel, and 4% electrified vehicles. ADB’s consumption from nonrenewable fuel sources was equivalent to 4,053,640 megajoules (MJ) for 2022 and 11,882,559 MJ for 2023. A 193% increase from 2022 to 2023 is attributed to the inclusion of resident missions data. Resident missions account for 52% of the total fuel use while 48% covers ADB headquarters of the 2023 data.

Nonrenewable electricity. ADB’s consumption from nonrenewable electricity is equivalent to 16,741,435.18 MJ of power in 2023. Field offices account for 98% of total
purchased nonrenewable electricity. No data was available for resident missions in 2022. (Refer to Table 14, Databook Table 302-1A and Table 302-1B).

Renewable electricity generated. ADB headquarters directly consumes all electricity generated by its rooftop solar photovoltaic (PV) system. The total capacity of ADB headquarters’ on-site solar PV installation is 690-kilowatt peak (kWp). In 2022, ADB headquarters’ solar PV installations generated 1,870,816.81 MJ of electricity; in 2023, it generated 1,687,516.45 MJ (Databook Table 302–2B). On-site solar energy generation accounts for an average of 3% of total electricity use in ADB headquarters for 2022 and 2023.

Renewable electricity purchased. Since March 2014, ADB headquarters purchased its grid electricity from the utility company Aboitiz Power, a geothermal power plant source. In 2022, ADB headquarters purchased 58,889,353.32 MJ of electricity and 63,270,344.20 MJ in 2023 (Databook Table 302-2B). The total renewable electricity purchased for 2023 is 63,663,212,20 MJ.

Total energy consumption. ADB total energy consumption was 64,813,810.14 MJ in 2022 and 93,974,722.90 MJ in 2023 (Databook Table 302–3). In 2023, renewable energy sources accounted for 70% of total ADB energy use.

Energy Intensity [GRI 302-3]

ADB’s total energy consumption per square meter of gross floor area totaled 419 MJ per square meter in 2022 for headquarters and 471 MJ per square meter in 2023 (Databook Table 302–3). It does not include energy consumption for business travel (other than road transport) or investments.

Reduction of Energy Consumption [GRI 302-4]

In 2022–2023, building operations and maintenance were normalized impacting overall energy consumption. A comparison of ADB’s annual total energy consumption shows that consumption increased by 8,570,350 MJ (13%) from 2021 to 2022, and by 29,673,362.46 MJ (31%) from 2022 to 2023. The expanded data boundary to include resident missions and resumption of full building operations and occupancy levels contributed to the significant increase in consumption from 2022 to 2023.

For 2023, the total energy consumption per square for headquarters is 451.93 MJ per square meter while the total energy consumption for all resident missions is 538.15 MJ per square meter. The relatively lower energy intensity for headquarters is attributed to the use of 100% renewable electricity.

Organizational emissions policies, principles, and responsibilities. In accordance with E2HSMS requirements, energy conservation and efficiency initiatives that help reduce GHG emissions at ADB headquarters are evaluated quarterly by the Energy Conservation Committee and presented annually to Management. E2HSMS is audited both internally and externally. A third-party certifying body conducts the external audit, as discussed in Disclosure 302. The ADB GHG inventory is externally verified every 2 years. ADB, through the Institutional Climate Secretariat, commissioned a study in 2023 to undertake a baseline GHG emissions inventory across ADB field offices covering scope 1, scope 2, and scope 3 emissions. This baseline inventory follows GHG protocol guidance and aligns with ISO 14064-1. The aim of this baseline emissions inventory is to provide a comprehensive understanding of ADB’s carbon footprint, enabling it to identify emissions sources, set reduction targets, and track mitigation activities. The new baseline study builds on previously reported and verified inventory for ADB headquarters, expanding its scope and boundaries. ADB’s GHG emissions inventory covers all the operations of all ADB offices excluding investments. ADB currently does not have targets in place for GHG emission reduction (although its targets for energy consumption, as detailed in Disclosure 302, will contribute), but continues to improve upon existing efforts.
A total of 6,060 certified emission reductions (CERs) were purchased (and cancelled) to offset GHG emissions emanating from ADB headquarters operations in the year 2022. Carbon offsets will be purchased for 2023 emissions following the recently completed baseline study. These CERs were generated from a 150 MW grid-connected wind farm in Gujarat, India (a United Nation’s clean development mechanism registered project).

**Direct (Scope 1) GHG Emissions [GRI 305–1]**

Direct emissions classified under Scope 1 of the GHG Protocol’s Corporate Standard are those from sources owned and controlled by ADB. Sources identified at ADB headquarters and resident mission offices include:

(i) combustion of diesel fuel for power generator sets and fire pump system;
(ii) combustion of liquefied petroleum gas for cooking;
(iii) combustion of fuel in ADB-owned vehicles for official trips;
(iv) fugitive emissions of refrigerants from the installation, operation, and maintenance, and disposal of refrigeration and air-conditioning equipment; and
(v) fugitive emissions from fire suppression agents.

ADB Scope 1 GHG emissions totaled 1,798.77 tons of carbon dioxide equivalent (tCO₂e) in 2022 and 3,493 tCO₂e in 2023 (Databook Table 305–1). The baseline year (2013) for GHG reporting was established following a third-party verification audit for 2013–2014 GHG emissions, in compliance with ISO 14064–1. Direct emissions (Scope 1) increased by about 241% in 2022 compared to 2013 emissions (base year), due to increased consumption of diesel fuel for power generator sets, the fire pump system, and the addition of fugitive emissions from fire suppression equipment. A new baseline GHG emissions was established in 2023 that covers ADB headquarters and resident missions. For 2023 Scope 1 GHG emissions, 76% of the total direct emissions come from headquarters and 24% from resident mission offices. The 2023 baseline scope 1 emissions is higher by 94% compared to 2022.

**Energy Indirect (Scope 2) GHG Emissions [GRI 305–2]**

ADB Scope 2 GHG emissions totaled 353.34 tCO₂e in 2022. (Databook Table 305–2). The 2022 emissions are lower by 30% compared to 2021 due to lower grid electricity emission factors provided by the generation plant. ADB headquarters signed a retail supply agreement with Aboitiz Power to supply ADB headquarters with electricity from 100% geothermal sources distributed through the Manila Electric Company. This renewable energy supply contract adheres to the Retail Competition and Open Access through the Electric Power Industry Reform Act of the Philippines’ Department of Energy.

ADB’s Scope 2 GHG emissions totaled 2,927.31 tCO₂e in 2023. The ADB headquarters account for 17% of the total Scope 2 emissions while resident mission offices account for 83% of total emissions. Lower emissions from headquarters compared to resident missions is mainly attributed to use of renewable (geothermal and solar) sources (Table 15).

**Table 15: Scope 2, Energy Indirect Emissions: 2020–2023**

<table>
<thead>
<tr>
<th>Source</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emission from the generation of purchased electricity</td>
<td>547.5</td>
<td>506.26</td>
<td>353.34</td>
<td>2,927.31</td>
</tr>
</tbody>
</table>

CO₂e = carbon dioxide equivalent.

Note: 2020–2022, headquarters only; 2023, headquarters and resident missions.

Indicative, subject to third-party verification.

Headquarters emission is 491.73 tons (17%), and resident missions is 2,435.58 tons (83%).


**Other Indirect (Scope 3) GHG Emissions [GRI 305–3]**

ADB’s Scope 3 GHG emissions – Category 6 (business travel) totaled 3,913.94 tCO₂e in 2022 (Databook Table 305–3A) and 8,202 tCO₂e in 2023. A significant increase in business travel emissions for 2022 and 2023 was attributed to resumption of business travel with the removal of travel restrictions and normalization of business operations. In compliance with ISO 14064–1, the baseline year for GHG reporting (2013) was established following a third-party verification audit of 2013–2014 GHG emissions. The information presented on Scope 3 emissions for 2022 does not account for likely increased off-site impacts under work-from-home arrangements as this was not assessed.

In 2023, a new baseline GHG emission inventory was conducted and ADB Scope 3 GHG emissions was expanded to include emissions from: purchased goods and services (Category 1); capital expenditures (Category 2); fuel and energy related activities.
(Category 3); shipping (Category 4); waste generation (Category 5); and employee commuting (Category 7) in addition to previously reported business travel (Category 6). ADB’s Scope 3 GHG emissions totaled 39,447.19 tons of tCO₂e in 2023. The ADB headquarters account for 87% of the total emissions while resident mission offices account for 13% of total emissions. Emissions from purchased goods and services, capital goods, and business travel accounts for 87% of total emissions (Databook Table 305-3B).

**GHG Emissions Intensity [GRI 305-4]**

Based on the GHG emissions presented in Disclosures 305-1, 305-2, and 305-3, GHG emissions per capita, which are based on building occupancy, totaled 3.94 tCO₂e in 2022 and 12.13 tCO₂e per capita in 2023 (Table 16). ADB’s GHG emissions per square meter of floor area totaled 0.4 tCO₂e in 2022 and 0.23 tCO₂e in 2023. The calculations include the UNFCCC and Kyoto Protocol GHGs: CO₂ and hydrofluorocarbons (HFCs).

**Reduction of GHG Emissions [GRI 305-5]**

Based on the GHG emissions presented in Disclosures 305-1, 305-2 and 305-3 (Tables 17 and 18), ADB’s GHG emissions in 2022 were 70% lower compared to 2013 (Databook Tables 305-5A and 305-4). Scope 1 emissions increased 241% between baseline year 2013 and 2022 due to inclusion of emissions from fire suppression agents. Scope 2 emissions decreased 97% because ADB switched from nonrenewable grid power to a low-carbon emission geothermal source since 2014. Scope 3 emissions decreased by 59% due to reduced mission travels coming from the pandemic.

Comparing from previous year, ADB’s GHG emissions in 2022 were 162% higher (Databook Table 305-5B). Scope 1 emissions increased by 11% due to normalization in building operations and working arrangements. Scope 2 emissions decreased 30% because of lower source emission factors provided by the generating plant. Scope 3 emissions increased by 2007% due to resumption of business travels.

### Table 16: Greenhouse Gas Intensity per Capita and per Floor Area, 2020–2023

<table>
<thead>
<tr>
<th>Source</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total GHG emissions Scopes 1, 2, and 3 (tons of CO₂ equivalent)</td>
<td>3,361.56</td>
<td>2,313.06</td>
<td>6,066.05</td>
<td>45,867.41</td>
</tr>
<tr>
<td>Building occupancy (persons)</td>
<td>1,866.00</td>
<td>922.00</td>
<td>1,539.00</td>
<td>3,782.00</td>
</tr>
<tr>
<td>GHG intensity per capita</td>
<td>1.80</td>
<td>2.51</td>
<td>3.94</td>
<td>12.13</td>
</tr>
<tr>
<td>Floor area (m²)</td>
<td>154,792.00</td>
<td>154,792.00</td>
<td>154,792.00</td>
<td>199,571.00</td>
</tr>
<tr>
<td>GHG intensity per m²</td>
<td>0.02</td>
<td>0.01</td>
<td>0.04</td>
<td>0.23</td>
</tr>
</tbody>
</table>

CO₂e = carbon dioxide equivalent, GHG = greenhouse gas, m² = square meter.
Note: 2020–2022, headquarters only; 2023, headquarters and resident missions.

### Table 17: Change in Greenhouse Gas Emissions, 2013–2022

<table>
<thead>
<tr>
<th>Source</th>
<th>2013</th>
<th>2022</th>
<th>Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scope 1</td>
<td>527.25</td>
<td>1,798.77</td>
<td>1,271.52</td>
<td>241%</td>
</tr>
<tr>
<td>Scope 2</td>
<td>10,532.78</td>
<td>353.34</td>
<td>(-10,179.44)</td>
<td>(97%)</td>
</tr>
<tr>
<td>Scope 3</td>
<td>9,467.65</td>
<td>3,913.94</td>
<td>(-5,553.71)</td>
<td>(59%)</td>
</tr>
<tr>
<td>Total</td>
<td>20,527.68</td>
<td>6,066.05</td>
<td>(-14,461.63)</td>
<td>(70%)</td>
</tr>
</tbody>
</table>

( ) = negative numbers, CO₂e = carbon dioxide equivalent.
Note: Figures for 2020-2022 are for the Asian Development Bank headquarters only.
In 2023, a new baseline GHG emissions inventory was established. Compared to 2022, Headquarters Scope 1 emissions increased by 47%, Scope 2 emissions decreased by 16% and Scope 3 (business travel only) increased by 110%. ADB will reevaluate and report institutional GHG emissions reduction performance using the 2023 baseline emissions in the next reporting period.

**Water Consumption [GRI 303]**

**Institutional water use policies, principles, and responsibilities.** ADB has an integrated E2HSMS certified to ISO 14001 for operating and maintaining its headquarters and seeks to meet LEED specifications for resource conservation. The E2HSMS policy states that ADB commits to optimizing the use of water resources when operating and maintaining its headquarters.

Water conservation and efficiency initiatives at ADB headquarters are evaluated quarterly by the Water Conservation Committee and presented annually to Management. The total water consumption in ADB headquarters for 2022 increased 16% compared to the previous year, while 2023 consumption increased 18% compared to 2022. The increase for 2022 and 2023 is caused by the normalized building occupancy and working arrangements. Weekly water consumption was continuously monitored and compared to an interim target range of 1,365–1,564 cubic meters (m$^3$) per week for 2022. The target range was updated to 1,895–2,300 m$^3$ per week for 2023 to account for back-to-office work. E2HSMS is internally audited and externally audited by a third-party certifying body.

**Table 18: Change in Greenhouse Gas Emissions, 2021–2022**

<table>
<thead>
<tr>
<th>Source</th>
<th>2021</th>
<th>2022</th>
<th>Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scope 1</td>
<td>1,621.00</td>
<td>1,798.77</td>
<td>177.77</td>
<td>11%</td>
</tr>
<tr>
<td>Scope 2</td>
<td>506.26</td>
<td>353.34</td>
<td>(152.92)</td>
<td>(30%)</td>
</tr>
<tr>
<td>Scope 3</td>
<td>185.80</td>
<td>3,913.94</td>
<td>3,728.14</td>
<td>2007%</td>
</tr>
<tr>
<td>Total</td>
<td>2,313.06</td>
<td>6,066.05</td>
<td>3,752.99</td>
<td>162%</td>
</tr>
</tbody>
</table>

( ) = negative numbers, CO$_2$e = carbon dioxide equivalent.

Note: Figures for 2020–2022 are for the Asian Development Bank headquarters only.


Saazida Begum of Gumi village, Guwahati, Assam, weaves yarn near the Brahmaputra River. Many villagers now live and work by the river, thanks to the ADB-funded Integrated Flood and River Bank Erosion Risk Management Program.
**Interactions with Water as a Shared Resource [GRI 303-1]**

The Manila Water Company supplies the East Zone concession area of Metro Manila, which is home to ADB headquarters. The company sources 97% of its raw water from rivers, streams, and lakes, which represent high-quality sources of surface water. Surface water is then stored in a series of dams (e.g., the Angat dam, Ipo dam, and La Mesa dam), which ultimately supply the company’s water treatment facilities, and deliver it to customers through its water distribution network. The Angat Watershed has a moderate to intensive forest cover, an area of about 568 square kilometers (km²) and receives an average annual rainfall of about 4,200 millimeters (mm). The La Mesa Watershed has an area of 27 km² and receives an average annual rainfall of 2,000 mm.

**Water Withdrawal by Source [GRI 303-3]**

Potable municipal water for ADB headquarters is supplied by the Manila Water Company (a private water utility) and stored in three underground tanks. The total capacity of ADB’s rainwater harvesting facility is 220,000 liters (220 m³). Rainwater falling on ADB property is diverted and stored in above-ground storage tanks. ADB’s total water withdrawal is measured by the:

(i) monthly water bill from the municipal water supply, and
(ii) monthly consumption of collected rainwater, as measured by flow meters (Databook Table 303–3A).

**Management of water discharge-related impacts [GRI 303-2]**

Wastewater from toilets, kitchens, pantries, machine rooms, and other areas of ADB headquarters is discharged to its on-site sewage treatment plant. The sewage treatment plant processes the wastewater to produce effluent that conforms to standards of the Department of Environment and Natural Resources (DENR) of the Philippines. Part of the treated wastewater is recycled and reused to irrigate green spaces within ADB headquarters. Collected rainwater is also used for toilet flushing in the headquarters extension building. DENR requires submission of a quarterly self-monitoring report. ADB has been compliant with all reporting requirements since October 2021.

**Water recycled and reused.** Backwash water comes from the filtration process of the on-site domestic water treatment system at the ADB headquarters and is also recycled and reused for irrigation. Recycled sewage treatment plant wastewater and backwash water are measured through flow meters. The data presented in Table 19 are based on actual use of wastewater, rainwater, and backwash water. Recycled water is primarily used in landscaping irrigation (Details in Databook Table 303–3B).

**Waste Management [GRI 306]**

Waste generated by ADB is managed through sound environmental practices following these principles and hierarchy: (i) waste minimization through source reduction, process modification, and/or substitution; (ii) resource recovery, recycling, and reuse of waste; (iii) efficient collection, proper transfer and transport of waste; and (iv) efficient management of residuals and final disposal.

**Waste Generation and Significant Waste-Related Impacts [GRI 306-1]**

Waste generated by ADB is classified into two categories: nonhazardous waste and hazardous wastes. Waste comes from regular building operations and maintenance of facilities and capital building improvement projects. ADB targets to divert at least 50% of its generated nonhazardous wastes following LEED green building standards. Waste recovery is achieved through proper segregation and classification. All recovered waste is sent for recycling by contracted service providers.

<table>
<thead>
<tr>
<th>Year</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total withdrawn</td>
<td>80,861</td>
<td>83,252</td>
<td>96,879</td>
<td>114,137</td>
</tr>
<tr>
<td>Total recycled and used</td>
<td>5,404.17</td>
<td>10,792.78</td>
<td>10,608.33</td>
<td>10,951.08</td>
</tr>
</tbody>
</table>

m³ = cubic meter.
**Management of Significant Waste-Related Impacts [GRI 306-2]**

Hazardous wastes are managed separately and in strict compliance with Philippine regulations, specifically Republic Act 6969 and its implementing rules and regulations. Hazardous wastes are transported and treated through DENR-accredited haulers and treatment, storage, and disposal facilities. ADB is registered as a hazardous waste generator and engages only with DENR-accredited service providers in managing its hazardous wastes. Permits for transportation are acquired prior to hauling. A waste manifest system is followed to ensure that waste is properly transported and treated. Certificates of treatment are issued for all hazardous wastes.

Monitoring of waste performance is undertaken by the waste management committee that meets quarterly to analyze defined key metrics and improve on waste management practices.

**Waste Generated [GRI 306-3]**

In 2023, there was a 70% increase in waste generation at ADB headquarters compared to 2022. This is attributed to increased building occupancy, normalized work arrangements, and office relocations. Waste generation was significantly higher in 2022 and 2023 compared to previous years. However, ADB headquarters maintained its recovery rate above the target of 50% (67% in 2022 and 70% in 2023). The hazardous waste for 2022 accounts for 9% and for 2023 accounts for 4% of total waste generation.

All diverted wastes are sent for recycling, ADB maintains a vermicomposting facility inside the headquarters campus where organic wastes are converted to fertilizers (vermicast) (refer to Databook Table 306-3).

**Waste Diverted from Disposal [GRI 306-4]**

Waste paper and paper products accounts for 94% of total diverted wastes for 2022 (185.27 tons) and 2023 (319.68 tons). Other recovered wastes include metals, plastics, and glass. All diverted wastes are sent for recycling.

**Waste Directed to Disposal [306-5]**

All residual wastes are disposed in an incineration facility that recovers energy for internal use by the waste processing plant. In 2022, 69.52 tons of residual waste were disposed by incineration with 128.54 tons in 2023 (an 85% increase on 2022) (Databook 306-5).

Hazardous wastes generated in ADB headquarters are identified and segregated into 10 major waste classification following Philippine regulations. In 2022, wastes oils...
(9.6 tons) and lead acid batteries (7.86 tons) top the generated and hauled hazardous wastes. In 2023, waste electrical and electronic wastes (WEEE) amounting to 20.68 tons accounts for 95% of total hazardous wastes generated and disposed. Overall, generated and treated hazardous wastes in 2023 (21.79 tons) decreased by 13% from 25.07 tons in 2022 (Databook 306-6).

Other initiatives to improve resource efficiency and sustainability at ADB headquarters include:

- Completed upgrade to low-flow water fixtures.
- Initiated smart water meter program.
- Upgrading to low wattage (LED) lamps.
- Implementation of centralized waste bin collection to improve waste segregation and recovery of recyclables, while encouraging movement and wellness.
- Printer optimization.

Medium- to long-term resource conservation programs were identified and will be rolled out as part of continual improvement of environmental performance.

**Crisis Management and Business Continuity**

ADB headquarters contracts a broad range of multidisciplinary security services including a well-equipped and trained guard force, armed Quick Reaction Team, Incident Response Team, access control officers and a 24/7 Security Operations Center. These multiskilled contractors conduct a rolling ongoing training program in preparation for incident response, mass casualty scenarios, fire and building collapse, all of which is aimed at providing a safe and secure working environment for ADB staff and other stakeholders. ADB enhanced its crisis management and business continuity capabilities in 2023, tailoring measures to cater to changes in its operating model. It held a series of internal briefings and drills to test recovery procedures, roles and responsibilities, and decision-making chains in case of crisis.

Seven departments have documented business continuity plans in place, which are reviewed regularly and tested annually to strengthen the resiliency of critical business processes. This gives sustainability to critical business processes within the scope of the program. Throughout 2023, ADB conducted multiple risk and readiness assessments and audits to maintain its certification for the international benchmark on information security management. The certification covers systems to protect information at ADB headquarters in the Philippines and the bank’s information technology hub in Switzerland.
XI. ENHANCING HUMAN RESOURCES

ADB is committed to enhancing its human resources to deliver Strategy 2030, including through expanding the talent pool and hiring experts in priority areas. It invests in training and development to build staff capacity for operations, leadership, management, innovation, climate change, and digital technologies. ADB focuses on building staff capacity to collaborate and work effectively across the organization, including across public and private operations.

Over the past 4 years, ADB has experienced significant growth in its workforce. From 3,653 staff members in 2020, the bank has expanded to 3,894 staff members by 2023. One key indicator of its growth is the increasing new hire rate, which rose from 6.9% in 2020 to 8.1% in 2023. Despite the influx of new talent, ADB has managed to maintain a relatively low departure rate, standing at 4.9% in 2023. In terms of workforce diversity, there is a narrowing gap in new hire rates between men and women of 0.1% as of 2023.

ADB implemented new initiatives to become more responsive to changing circumstances and business needs. For example, it introduced staff pooling and job-sharing arrangements. It also began exploring a wider range of contract types, such as renewable fixed terms and the contingent workforce for consultant use, to provide greater flexibility to its existing personnel.

On 14 December 2023, ADB approved the Gender Equality Working Group Report recommending a new target of 45% female international staff representation by the end of 2030. In progressing towards this target by the end of 2023, ADB international staff comprised 39.8% women, just short of the 40% target for 2024. Other employment-related indicators that are monitored are field office staffing, and budgeted international and national staff positions in fragile and conflict-affected situations and small island developing states. To ensure gender equality at ADB, in 2021, BPMSD developed the Diversity, Inclusion, and Belonging Framework, which will update the existing gender action plan toward ensuring the long-term sustainability of efforts to make ADB more diverse.

The report also recommends ten actions across four priority areas: talent attraction; recruitment practices; leadership development to support career progression and retention; and organization-wide accountability and ownership.

Other results framework indicators related to employment are also monitored and reported in the Annual Development Effectiveness Report including staff rating of (i) ADB’s effectiveness in digital transformation (target of 75% by 2024), (ii) ADB as providing enabling culture for Strategy 2030 implementation (target of 70% by 2024), and (iii) ADB as an effective knowledge and learning organization (a rating of 58.8% in 2023 against a target of 70% by 2024).

In November 2020, ADB launched a Cultural Transformation Initiative (CTI) led by the President to foster an enabling culture that helps all staff to thrive and to focus on achieving the shared vision of a prosperous, inclusive, resilient, and sustainable Asia and the Pacific. Through a consultative and iterative process, the initiative refreshed and articulated ADB’s core values and supportive behaviors. These are (i) trustworthy, (ii) client-centric, and (iii) transformational. In April 2022, ADB launched 39 CTI Actions. The main objective of these actions is to introduce business and people process reforms that foster a more efficient, collaborative, and agile work environment. One of the key areas of focus is to streamline bureaucratic processes, reduce hierarchy, and enhance collaboration to facilitate improved ways of working. By December 2023, 25 out of the 39 initiatives were successfully implemented.

Policies, principles, and responsibilities. BPMSD provides advice and services regarding budget, staff position management, human resources, staff development, benefits, and compensation. ADB recruits staff who are nationals of its member countries. Recruitment is into one of three staff categories: international staff, national staff, and administrative staff. Personnel policies regarding staff employment and compensation guide the management of all staff (see ADB’s Administrative Orders).

Starting salaries are determined within publicly disclosed salary structures, based on location and job level. Job levels are based on various factors (e.g., level of responsibility, skills, and experience). Annual salary reviews are conducted based on budgets approved by the BOD, and used to help ADB salaries remain market competitive. Salary increases through this process are linked to individual performance. During 2020, ADB concluded a comprehensive review of staff compensation and benefits policies and processes. These reviews are conducted every 6 years to ensure that ADB’s policies in remuneration remain competitive and fit-for-purpose. Part of this review includes defining the market comparator groups used to manage salary levels at ADB.
**Contractor recruitment and management.** ADB’s supply chain includes staff consultants and contractors and/or service providers (Disclosure 102-9 describes ADB’s supply chain as per the GRI Standard’s definition of an organization’s supply chain). Historically, PPFD is responsible for recruiting staff consultants in accordance with the procurement policies, whereas employing departments or offices are responsible for managing consultants (see Disclosure 204). CSD procures goods and services from suppliers, vendors, consulting service providers, and contractor service providers for the operation and administration of ADB.

**Employees and Other Workers [GRI 2-7 and 2-8]**

ADB’s total workforce also includes staff consultants, contractors, and service providers who support staff in operational and organizational activities. ADB employs staff consultants when:

(i) needed expertise is not available within ADB,
(ii) ADB’s staff skills–mix needs supplementation,
(iii) specialized expertise is required for a limited period, and
(iv) staff members are not available to deliver a task.

Figure 4 and Databook Table 2.7A provides the total number of staff by employment contract and gender, Databook Table 2.7C provides the total number of staff by employment contract and region, Databook Table 2.7D provides the total number of staff by employment category and gender and provides the total number of staff by employment category and region.

Staff consultants can be recruited for only 12 months in any 24-month period. Staff consultants can be appointed on an intermittent or full-time basis. ADB defines the requirements and prepares the terms of reference for a staff consultant. Data on staff consultants are obtained from ADB’s Consultant Management System and covers headquarters and field offices. Based on the Consultant Management System in 2022, 41% and in 2023, 43% of staff consultants were female.

ADB employs contractors and service providers to help deliver cost-efficient and quality administrative services at its headquarters and field offices. ADB’s use of long-term contractors falls into diverse service categories (e.g., facilities management; property control and business resilience; safety and security; food and commercial services; printing, mail, and messengers; logistics management; transport and business travel; and records management and archives).

Data are available only for headquarters-based contractors and service providers and are based on the issuance of headquarters identification cards during the year. Table 20 provides the Staff Consultants and Contractors and Service Providers by Gender for 2020–2023.

**New Employee Hires and Employee Turnover [GRI 401-1]**

Tables 21 and 22 (Databook 401–1A and 401–1B) show staff numbers and hiring rates as well as departures and turnover. The rate of new hires highlights an increasing trend in recruitment following the challenges posed by coronavirus disease (COVID–19). Furthermore, the return of departure rate to pre-pandemic levels indicates a return to normalcy before the pandemic.

ADB’s termination policy (e.g., redundancy, workforce reduction, and redeployment) is formally set out in the administrative orders, which state that ADB will observe due process in initiating and determining the involuntary termination of staff. In the case of termination for redundancy, reduction in force, and redeployment, ADB must provide specific reasons and the rationale for selecting a particular position for elimination or redeployment to each affected staff member. Determination should not be made based on the work performance or mobility of the occupant of a position, but rather on the basis of the tasks to be discontinued, redeployed, or redistributed. Subject to certain conditions,

**Table 20: Staff Consultants and Contractors/Service Providers by Gender, 2020–2023**

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Women (%)</td>
<td>Men (%)</td>
<td>Women (%)</td>
<td>Men (%)</td>
</tr>
<tr>
<td>Staff consultants</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No.</td>
<td>400</td>
<td>709</td>
<td>366</td>
<td>585</td>
</tr>
<tr>
<td>%</td>
<td>36.07%</td>
<td>63.93%</td>
<td>38.49%</td>
<td>61.51%</td>
</tr>
<tr>
<td>Contractors and</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>service providers</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No.</td>
<td>863</td>
<td>1,452</td>
<td>659</td>
<td>2,137</td>
</tr>
<tr>
<td>%</td>
<td>37.3%</td>
<td>62.7%</td>
<td>23.6%</td>
<td>76.4%</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>%</td>
<td>37.3%</td>
<td>62.7%</td>
<td>23.6%</td>
<td>76.4%</td>
</tr>
</tbody>
</table>

terminated staff members receive a termination payment equal to 1 month’s salary for each year of continuous service up to a maximum of 12 months’ salary.

**Benefits Provided to Full-Time Employees that are Not Provided to Temporary or Part-Time Employees [GRI 401-2]**

All staff receive a number of core benefits, including medical and life insurance, and different leave types including sick leave and annual leave, to help support well-being. Other insurances, such as disability insurance, are also available for staff to purchase. Benefits for contingent events also include a multipurpose loan facility.

All eligible staff belong to ADB’s Staff Retirement Plan, which provides lump sum and/or annuity payments upon retirement (Disclosure 201-3) or leaving service. Eligible staff are entitled to a basic lifetime pension in the event of early, normal, late, or incapacity retirement; and to survivor benefits for eligible dependents or beneficiaries in the event of the participant’s or retired participant’s death. A withdrawal (lump sum) benefit is payable to staff with less than the minimum service requirement and to those who opt for it in lieu of a pension.

To augment their basic lifetime pension, staff appointed before 1 October 2017 may contribute voluntarily to the Discretionary Benefit (XB) Scheme that earn a guaranteed
rate of return. Rather than voluntarily contributing to the XB Scheme, staff appointed after 1 October 2017 are automatically enrolled in the Defined Contribution (DC) Plan, which allows the staff to invest in a fund or set of funds with different levels of diversification and risk profile. Staff appointed after 1 October 2017 may also receive contributions or incentives from ADB contributions to their DC Plan. The contributions to the DC Plan from the staff and ADB, if any, are invested as per the staff’s investment instructions.

ADB promotes work–life balance among its staff through a number of policies, including the provision of annual leave (26–30 days, depending on length of service); 10 public holidays; parental leave; and occasional absence time off. ADB operates working hours such that the regular work week consists of 40 hours from Monday to Friday, but staff have the flexibility to start work between 7:00 a.m. to 9:00 a.m. daily if they render 8 hours of work daily and are present between 9:00 a.m. and 3:30 p.m. Staff pursuing further studies or attending learning programs and training that contribute to their role in ADB are entitled to 10 days of development leave with pay. Staff may also file for administrative leave, which may be used at the initiative of ADB, for appointment or relocation or resettlement, during extreme weather and other emergency conditions, or for jury duty.

In addition to the benefits listed earlier, international staff who meet the eligibility criteria may also receive relocation assistance, expatriate travel allowance, dependency allowance, rental allowance, and education assistance. Benefits for BOD and alternates, the President, and vice-presidents are generally like those of international staff.

**Parental Leave [GRI 401-3]**

Parental leave benefits are available to all staff up to three deliveries. The primary caregiver staff who is the birth mother is given a maximum of 26 consecutive calendar weeks of paid parental leave that may commence 6 calendar weeks prior to but not later than the actual delivery date, following which staff can opt to take annual leave or request extended parental leave of not more than 12 calendar weeks without pay. Additionally, parental leave is granted if the birth child is stillborn, or the birth child dies at any time during the parental leave. For adoption/ surrogacy leave, the primary caregiver is given 20 calendar weeks and may commence on the date custody is assumed by staff as primary caregiver in the country where the adoption or surrogacy took place. The primary caregiver staff who is not the birth mother is given 20 consecutive calendar weeks of Parental Leave commencing from the birth of the child. The secondary caregiver is given 20 working days parental leave.

In 2022, 71 primary caregiver birth mothers who took parental leave had all returned to work afterward, with one sharing the parental leave entitlement as primary caregiver with the staff spouse/partner through 2023. There were 40 secondary caregivers who took parental leave during the same period. In 2023, 70 primary caregiver birth mothers took parental leave. The return-to-work rate for female staff remained at 100%. Thirty-eight secondary caregivers filed for parental leave in 2023.

**Defined Benefit Plan Obligations and Other Retirement Plans [GRI 201-3]**

All staff members who are below the normal retirement age when hired are automatically enrolled in the Staff Retirement Plan (SRP), the defined benefit component of ADB’s retirement package. SRP benefits are predefined and vary only by date of hire, length of service, age, and salary level. ADB ensures the viability of the SRP and is committed to maintaining the plan. The SRP is pre-funded: while active staff render service to ADB, the SRP Fund receives contributions from ADB and participants, and earns a return each year. The SRP Fund is then used to pay SRP benefits when they become due.

The SRP is valued actuarially on an annual basis. Depending on the funded status and costs of the SRP, the Pension Committee determines ADB’s contributions for the year and recommends to the BOD. ADB’s budgeted contribution rate is 27% of participants’ pensionable salaries in calendar years 2022–2023. ADB transferred an additional $132 million from the OCR to the SRP Fund in September 2021; aside from this, there were no other OCR transfers to the SRP Fund from 2018 to 2023. Pensionable salary is equal to base salary for those appointed before 1 October 2017, and to the lesser of the salary and the salary threshold for those appointed afterward. The current salary threshold effective 1 October 2023 $113,897 (or its equivalent in local currency); the salary threshold is reviewed and adjusted every 1 October.

SRP participants appointed before 1 October 2006 must contribute 9.33% of their base salary to the SRP Fund. SRP participants who joined ADB on or after 1 October 2006 are not required to contribute, but they accrue pension at a lower rate. SRP participants may voluntarily supplement their plan benefits by setting aside savings individually. Participants appointed before 1 October 2017 can do this by contributing to the SRP XB Scheme, where the interest on contributions is guaranteed.
SRP participants appointed after 1 October 2017 are entitled to plan benefits based on their pensionable salary, i.e., base salary is capped by a threshold. In addition, they are automatically enrolled in the Defined Contribution Plan component of ADB’s retirement package. They can make individual contributions to their Defined Contribution Plan account, and ADB matches every $8 of participant contributions with $1 for participant contributions up to 12% of salary. ADB also pays in 20% on any salary earned in excess of the threshold.

**Collective Bargaining [GRI 2-30]**

None of ADB’s employees are covered by a collective bargaining agreement. However, ADB has a Staff Association, the objectives of which are to foster a sense of common purpose among members in promoting the aims and objectives of ADB, and to promote and safeguard the rights, interests, and welfare of its members. The Staff Association acts as a channel of communication between members and ADB Management by keeping its members informed about developments affecting their interests; studying the problems and difficulties of members and critical areas of management—staff relations and recommending solutions; and formulating proposals that promote general staff welfare, among other things, for presentation to Management. Although the Staff Association advocates for its members and seeks to safeguard their rights, interests, and welfare, it is not a trade union and so does not engage in collective bargaining with ADB Management. Commitments are formalized in the Staff Association Constitution.

Employees automatically become members of the Staff Association when they begin employment, regardless of nationality or the country in which they are based. Although members may withdraw from the Staff Association, only three employees did so during the reporting period, and the membership at end of 2023 comprised 99.92% of all staff from headquarters and field offices. The Staff Association is governed by the Staff Council, which comprises 12 representatives, including two from field offices. Each year, Staff Association members elect six representatives to the Staff Council.

**Training and Development [GRI 404 and 404-2]**

Strategy 2030 outlines ADB’s commitment to invest in staff training and development in operations, leadership, digital technologies, and change management. Programs will strengthen the skills of staff to deliver leadership at all levels of the organization and promote knowledge sharing and collaboration across departments and offices. The ADB results framework monitors annually the internal training budget spent for trainings delivered by BPMSD (average $ per staff).

In 2022, most of BPMSD’s internal programs were delivered virtually with only 7 out of 212 classes delivered in person. A virtual Hybrid Teams for People Manager training series was designed and delivered to support new hybrid work arrangements initiated when ADB staff returned to the office in late 2022 after working from home during COVID-19. In 2023, short format programs and sessions continued to be delivered virtually, but some programs and forums returned to in-person delivery, recognizing the enhanced in-person participant experience, a growing fatigue with virtual engagement, and a hunger after COVID-19 to connect with colleagues in person. Programs chosen for in-person delivery included induction for new staff, multiday programs, forums, and programs focused on leadership, management, and stakeholder engagement. In 2023, ADB ran the first of two cohorts of the new Envision Climate Leadership Program to support ADB’s ambition to be the Climate Bank for Asia and the Pacific. ADB provides the following training to staff on policies and procedures concerning aspects of human rights: (i) mandatory antiharassment training for all staff, (ii) environmental and social safeguards including on indigenous peoples, and (iii) core labor standards.

An average of $694 was spent on training per staff member trained in 2022, which was $188 or 27% higher than in 2021. In 2023, there was a significant increase in staff learning expenditure with the average investment per staff trained reaching $1,434. The increase was primarily driven by three factors: (i) increased travel costs for staff and consultant trainers due to more in-person training combined with higher post-pandemic airfare and hotel rates, (ii) the development of new programs to support the implementation of the new operating model,

<table>
<thead>
<tr>
<th>Year</th>
<th>Administrative (average hours)</th>
<th>National (average hours)</th>
<th>International (average hours)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2023</td>
<td>13.18</td>
<td>20.28</td>
<td>19.16</td>
</tr>
<tr>
<td>2022</td>
<td>13.2</td>
<td>16.86</td>
<td>19.75</td>
</tr>
<tr>
<td>2021</td>
<td>17.66</td>
<td>23.8</td>
<td>26.16</td>
</tr>
<tr>
<td>2020</td>
<td>22.13</td>
<td>22.22</td>
<td>27.24</td>
</tr>
</tbody>
</table>

and (iii) investments in building senior-level climate leadership capacity.

In 2022–2023, ADB significantly increased the coaching services offered across staff categories to provide individualized support to staff impacted by organizational changes associated with the implementation of the NOM. In addition to the Executive Coaching Program and Focus Coaching Program, in 2022, ADB launched the Impact Coaching program (IS3–3, NS4–6). In 2022, 62 staff availed of one of these three programs, increasing to 211 staff in 2023. The cost of coaching is not included in the figures for average spend on training per staff.

BPMSD provides advice and services to support staff development and periodically analyzes training needs to ensure strategic alignment. Supervisors manage and monitor staff performance and discuss it with individual staff members during mid- and end-of-year performance and development conversations. More frequent discussions occur throughout the year to enable the delivery of annual work programs and to support career development.

In line with key strategic priorities, ADB seeks to recruit highly qualified people, provide a working environment conducive to high performance, and deliver advice and training for career development. Support for career development is delivered through (i) strategic internal staff development programs, (ii) access to external learning and further education, and (iii) subsidies for staff to maintain and build their networks through membership in professional associations. ADB also provides support for staff team building and strategy development.

Average Hours of Training per Year per Employee [GRI 404-1]

Table 404–1 of the Databook shows the average hours of training for employees, including participation in all internal training programs, external learning events, exams, and other learning opportunities undertaken by staff.

In 2022 and 2023, ADB staff participated in internal programs and ADB-funded external learning events (e.g., seminars, training programs, workshops, and online courses) organized by entities that aimed to enhance participants’ specific skills and knowledge.

There was a 13% decline in training participation from 5,231 in 2022 to 4,554 staff participants in 2023. This was partially due to a pause in the delivery of operations learning programs being updated to reflect the NOM. In 2023, ADB ran only two of its flagship leadership programs compared to five in 2022. The reduction in training hours from 2021 to 2022 resulted primarily from a smaller number of mandatory information technology (IT) training sessions.

In 2022, the ASPIRE program, a blended learning program that aims to elevate the skills of administrative assistants across ADB, won two Brandon Hall International Awards for excellence—A Gold award for Best Unique or Innovative Learning and Development Program, and a Silver award for Best Use of Blended Learning. In 2022–2023, 87 staff completed the program.

ADB continues to support high-quality on-demand e-learning. In addition to LinkedIn Learning, which was launched in 2021, ADB launched the Corporate Finance Institute (CFI) e-learning library in 2022 to provide select staff with access to over 5,000 lessons in 100 courses to develop the skills and capabilities of finance professionals involved in nonsovereign operations.

In 2022 and 2023, BPMSD continued to support staff development through the Short-Term Assignment (STA) Program, which was launched in 2018. A total of 248 staff members participated in the STA program, with 111 in 2022 and 137 in 2023.

Percentage of Employees Receiving Regular Performance and Career Development Reviews [GRI 404-3]

All confirmed staff receive an annual performance review to assess their performance between 1 January and 31 December each year. A midyear review of staff performance is also conducted with increased focus on developmental feedback. Staff in their first year are on probation. After a satisfactory probationary period, they are confirmed. Staff in their first year have a different annual performance cycle based on their engagement date. Once confirmed, they transfer to the regular annual performance review cycle.

Senior staff (international staff levels 7 and above) continued to receive 360-degree feedback from their supervisor/s, peers and/or internal clients, and direct reports.

Diversity and Inclusion [GRI 405]

Diversity, inclusion, and equal opportunity initiatives. ADB recruits both male and female staff from among its members and has three categories of staff—international, national, and administrative
(Disclosure 401). The administrative orders state that the recruitment, appointment, and promotion of staff will be made without discrimination based on sex, race, or creed. ADB is committed to a policy of equal employment opportunity for women. It takes affirmative action to increase the representation of women among international staff at all levels.

As a renewal of its commitment to gender inclusion in the workplace, ADB, on 14 December 2023, approved a new Gender Action Plan (GAP 2024–2030) with a target of 45% female international staff representation by the end of 2030. Since 2020, due to the COVID-19 pandemic, ADB has been implementing more flexible work arrangements, allowing staff to work from home, both within duty station and outside of duty station, on a long-term basis. This flexibility has provided both men and women the opportunity to continue fulfilling work requirements, as well as cater to family needs during the COVID-19 pandemic (see Disclosure 401 on new initiatives to implemented to become more responsive to changing circumstances and business needs).

Diversity of Governance Bodies and Employees [GRI 405-1]

Tables 24 and 25 (Databook 405–1A and 405–1B) provide a profile of the Board of Governors and the BOD at the end of 2022 and 2023. ADB does not monitor the composition of its governing bodies or staff by minority group. Furthermore, ADB does not have age–related data about the Board of Governors representing the regional and nonregional members of ADB. Information about the BOD includes both executive directors and alternate executive directors.

Nondiscrimination [GRI 406]

Nondiscrimination in employment policies, procedures, and responsibilities. ADB recruits both male and female staff from among its DMCs and has three categories of staff—international, national, and administrative (see Disclosure 401). The administrative orders state that the recruitment, appointment, and promotion of staff will be made without discrimination based on sex, race, or creed. ADB is committed to a policy of equal

<table>
<thead>
<tr>
<th>Table 24: ADB Board of Governors, 2019–2023</th>
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<tbody>
<tr>
<td><strong>Item</strong></td>
</tr>
<tr>
<td>Male (%)</td>
</tr>
<tr>
<td>Female (%)</td>
</tr>
<tr>
<td>Total (n)</td>
</tr>
</tbody>
</table>

Note: Information on the governors of (i) Myanmar is as of January 2021, and (ii) Afghanistan is as of July 2021.

<table>
<thead>
<tr>
<th>Table 25: ADB Board of Directors, 2020–2023</th>
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<tbody>
<tr>
<td><strong>Incident</strong></td>
</tr>
<tr>
<td>Gender (%)</td>
</tr>
<tr>
<td>Male</td>
</tr>
<tr>
<td>Female</td>
</tr>
<tr>
<td>Vacant</td>
</tr>
<tr>
<td>Age (%)</td>
</tr>
<tr>
<td>&lt;30 years</td>
</tr>
<tr>
<td>30–39.9 years</td>
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<tr>
<td>40–49.9 years</td>
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<tr>
<td>50&gt; years</td>
</tr>
<tr>
<td>Vacant</td>
</tr>
<tr>
<td>Total (n)</td>
</tr>
</tbody>
</table>

Source: Asian Development Bank
employment opportunity for women. It takes affirmative action to increase the representation of women among the international staff at all levels (see Disclosure 405).

The administrative orders also clearly state that ADB will not tolerate any action by any staff that constitutes harassment or discrimination (including based on sex, age, race, or creed). All ADB staff, particularly those with managerial or supervisory responsibilities, must take prompt action to deal with any incident of harassment. Any form of harassment and discrimination is detrimental to staff morale and productivity and to the interests of ADB. ADB will ensure that:

(i) complaints regarding harassment are taken seriously and handled impartially,
(ii) action is taken promptly to ensure that the harassment stops, and
(iii) staff making complaints and those acting as witnesses are not retaliated against.

To help foster a positive workplace, ADB established the OPEC to support and advise staff and Management. The office carries out training and raises awareness about ADB’s Code of Conduct, provides advice on how to apply the code in particular situations, and supports staff and managers to assess and resolve workplace concerns. It also manages the annual declaration of compliance and clears potential personal conflicts of interest. Since its inception, the office has handled over 1,500 staff inquiries. It has also set up awareness programs to strengthen understanding of professional conduct and has provided training to help staff act as “first responders” for colleagues experiencing stress and other difficulties.

The general conditions of contract for suppliers, vendors, consulting service providers, contractors, and/or service providers providing goods and services to ADB require that they too shall not unlawfully discriminate against ADB personnel either directly or indirectly based on race, color, ethnic or national origin, disability, sex or sexual orientation, religion or belief, or age (Disclosure 401). Consultants’ contracts also define the consultant’s responsibility to observe the highest ethical standards. OPEC contributed to the revision of the Complaint Mechanisms Reference Guide for Contractors, to guide them on the avenues to resolve workplace concerns.

OPEC is responsible for receiving workplace concerns and complaints relating to employees’ conduct such as harassment, bullying, and other forms of inappropriate conduct and contribute to the resolution of concerns through assessment, referral to other offices (BPMSD, OOMP, staff counselor), mediation, or referral to OAI for investigation, if warranted. It also examines complaints against retaliation and makes recommendations for the protection of whistleblowers and witnesses who have reported or cooperated with OPEC or OAI. Besides its workplace concern resolution function, OPEC also provides advice on the application of the Code of Conduct, provides clearance on staff personal outside activities, and manages the Annual Declaration of Compliance exercise. Last, OPEC advances awareness of the Code of Conduct through communications, outreach events, and training. In 2023, OPEC established a professional workplace mediation service, managed by OPEC and delivered by external independent mediators located in Asia and the Pacific and Europe.

**Incidents of Discrimination and Corrective Actions Taken [GRI 406-1]**

There were four complaints on ADB projects lodged for problem solving in 2023 as the complainants claimed that they were excluded in the project scope, among other issues. These complaints were deemed ineligible as complainants had yet to address the problem with the ADB operations department concerned. The OSPF complaints registry provides more details.

During the reporting period, there was a total of 1,089 inquiries—459 in 2022 and 630 in 2023—reviewed by the OPEC pertaining to staff concerns on conflicts of interest, bullying, harassment, and other misconduct (Databook 406.1). Appropriate disciplinary measures, including suspension, resignation, written censures, and reprimands, against ADB staff were taken in three cases in 2023. As an MDB, ADB is not subject to the authority of employment tribunals or national courts of its regional and nonregional members, but instead provides an internal process for staff with grievances.

Administrative review is the first of three formal stages, followed by appeal, and then the Administrative Tribunal. In 2023, the Administrative Tribunal rendered six decisions. Outcomes of the tribunal cases are publicly available on the ADB website.

OOMP does not retain any personal data of ADB staff who seek its support. It compiles and analyzes anonymous aggregate data and provides an annual report to the President and the ADB community on the general nature of issues raised. The report also discusses the office’s observations and analysis of trends and patterns of
concern within the organization.

**Occupational Health and Safety [GRI 403]**

ADB's integrated E2HSMS for operating and maintaining its headquarters conforms with the requirements of the international Occupational Health and Safety Management System standard. In 2022 and 2023, ADB successfully passed surveillance audits to ISO 45001:2018. The system will be recertified in 2024. The Health and Safety Committee's mandate is to “strive to eliminate health and safety risks to ADB staff, business partners, and surrounding communities by using appropriate technologies, by developing disaster response and recovery plans for building operations and facilities, and by being constantly prepared for emergencies.” The President of ADB has overall responsibility for the E2HSMS and for reporting performance to the BOD and the Board of Governors. The management representative from CSD ensures systematic and effective execution of the E2HSMS.

In 2022, certain COVID-19 health protocols such as temperature checks, physical barriers, and physical distancing were relaxed while operational measures were maintained such as the ventilation system improvement and air filtration. Response measures on cleaning and disinfection in case of positive cases were retained.

ADB's staff safety and security are guided by policies in the administrative orders in conjunction with the policies and guidelines of the UN Security Management System. ADB signed an memorandum of understanding (MOU) pertaining to the Security Management System with the UN in 2002. All ADB staff must complete the Security Awareness Training program (available online), which addresses the specific safety and security challenges faced by ADB personnel. Topics include:

(i) the ADB security management system,
(ii) travel,
(iii) emergency communications,
(iv) residential security, and
(v) health concerns.

Country directors of field offices are responsible for health and safety management in their office and for following local laws and regulations. Both the India Resident Mission and Bangladesh Resident Mission have health and safety management systems that comply with the requirements of OHSAS 18001. ADB does not specify safety and security procedures for field offices due to the highly variable nature of security requirements of each field office, although all ADB staff must complete UN security training before deployment and field visits; depending on the country, such training can be extensive. Contracted security staff brief staff who are posted to field offices. Briefings cover the general security situation at the duty station, the security responsibilities of the staff, and the minimum operational and residential security standards established by the UN for that site.

In conjunction with CSD’s Field Office Support team, the Field Security Team provided continuous pandemic-related assistance, advice, and support to the organization’s field offices. Specifically, the Field Security Team leveraged the organization’s existing MOU with the UN Department of Safety and Security to use medical evacuation (MEDEVAC) administrative budget for cost shared UN activities—ensuring inclusion of ADB field offices in UN Security Management System–wide health care and MEDEVAC arrangements.

ADB’s administrative orders provide supervisors with the option to “require the staff member to provide a certificate by the licensed doctor or by ADB’s medical doctor stating fitness to work when a staff member has taken sick leave in excess of 3 consecutive working days, or if the staff member’s presence at work may jeopardize the health and/or safety of others.”

**Occupational Health and Safety Management System [GRI 403-1]**

Given its privileges and immunities under the ADB Charter, ADB is not subject to any occupational health and safety (OHS) legislation. However, through the E2HSMS at its headquarters, ADB has committed to employ best practices, safe operating procedures, and appropriate technologies to eliminate health and safety risks to ADB personnel and visitors in accordance with ISO 45001:2018 (see Disclosure 403). For institutional OHS, it covers ADB headquarters and all field offices, but reporting for subsequent occupational health and safety disclosures only covers ADB headquarters as data is not available for field offices.

In accordance with E2HSMS requirements, occupational health and safety initiatives at ADB headquarters are evaluated quarterly by the Health and Safety Committee and presented annually to Management. The E2HSMS is both internally and externally audited by a third-party certification body. In 2022 and 2023, no major or minor nonconformities were noted.
**Hazard Identification, Risk Assessment, and Incident Investigation [GRI 403-2]**

Environment, Health, and Safety (EHS) hazards associated with ADB building operations and facilities are identified on an ongoing basis. ADB follows the hazard identification, risk assessment, and control process for all activities of ADB staff, suppliers, contractors, and visitors in relation to the operations and maintenance of the facilities. Workplace infrastructure, equipment, materials, and facilities, including human behavior, social, and multicultural environmental factors, routine and nonroutine activities, historical incidents, and changes in legal requirements are considered in an assessment of significant hazards. Hazards assessed as having high risks to ADB are used as the prime basis for establishing and maintaining the E2HS Management Programs.9

ADB also ensures that all proposed changes (e.g., new materials, process, equipment, and/or services) undergo E2HS hazard identification and risk assessment, thereby ensuring that appropriate controls are in place to reduce associated risk to an acceptable level.10

ADB strives to continually improve the effectiveness of the E2HSMS and ensures identification and assessment of E2HS hazards regarding their significance to the environment, health, and safety of staff and DMCs, continuous operation of ADB, and assets and properties. E2HS hazards are regularly reviewed and, where appropriate, updated in consideration of new developments and changes affecting the current building operations and facilities of ADB.11

**Incident Reporting and Investigation**

Incidents may be reported through a formal incident reporting process or through email and phone communications. As necessary, the occupational health and safety (OHS) officer and the E2HSMS officer organize a team to investigate and determine root causes. Process owners implement appropriate corrective actions.

Accidents that cause serious injury, ill health, or emergencies must be communicated within 24 hours of detecting the problem. All incident reports are forwarded to the E2HSMS officer, who evaluates the need for corrective or improvement actions.12

ADB’s Code of Conduct sets institutional standards for the behavior and conduct of staff and other persons and supports the right of staff to work in an environment free from inappropriate behavior, misconduct (including integrity violations), harassment, and bullying. Staff have a duty to report integrity violations and they are encouraged to address situations of incivility, harassment, and discrimination through informal and formal staff resources. Supervisors must report any form of misconduct, including bullying and harassment, of which they become aware. Staff are expected to be aware of the Code of Conduct and related requirements of integrity and good conduct and supervisors have additional responsibilities to lead by example.

As necessary, whistleblowers and witnesses receive interim protection during an investigation to safeguard their security and interests. External whistleblowers and witnesses, including but not limited to service providers, suppliers, consultants, local counterparts, and project beneficiaries engaged in dealings with ADB, are also entitled to protection.13

**Occupational Health Services [GRI 403-3]**

ADB’s in-house medical service, which includes a doctors’ clinic and a dentist, provides annual check-ups, gives referrals, treats medical emergencies, administers immunizations, and provides travel clinic services. Available to all staff, the facility also provides immunizations for family members outside of office hours. The medical facility is complemented by a number of agreements ADB has in place for traveling staff with International SOS, Lifeline, and Everbridge.

**Worker Participation, Consultation, and Communication on Occupational Health and Safety [GRI 403-4]**

ADB encourages participation and consultation by ADB staff and service providers to ensure effective management of all E2HS-related concerns. Participation and consultation activities may include, but are not limited to, meetings of the Regular Working Committee, department representatives, and management review.

The Health and Safety Committee meets on a monthly basis, and members consist of ADB staff and service providers. There are regular meetings and consultations with the staff council. Internal and external communication

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11 PM-ADB-4.0 Description of the E2HS Management System. p. 1
12 Corrective and Improvement Action. p. 8.
13 Administrative Order No. 2.10. on Whistleblowers and Witness Protection (2021), Sections 2, 7, and 8.
processes at various levels and functions are established to ensure that personnel within the ADB premises are made aware of E2HS hazards and E2HSMS requirements.14

Worker Training on Occupational Health and Safety [GRI 403-5]

Basic E2HS-related training includes (i) awareness of ISO 14001, ISO 45001, and ISO 50001 standards; (ii) E2HSMS policy and objectives; (iii) E2HS hazards related to the area of work; and (iv) relevant E2HS system and operational procedures and emergency preparedness and response. Advanced or work-specific E2HS-related training needs include emergency response and mitigation techniques (e.g., firefighting, spill control, first aid, and life support); chemical and hazardous waste management; incident investigation and reporting; and hazard identification, risk assessment and control are also provided to staff and service providers.

Promotion of Worker Health [GRI 403-6]

ADB continuously promotes good health and well-being lifestyle for all workers through various activities such as a bimonthly well-being session known as “Wellness Wednesday;” a blood pressure monitoring program; skin cancer screening; a week-long health and well-being; safety and resilience fair; a mental health week; and a wellness champion—peer-to-peer well-being support program.

Since 2022, ADB has declared itself as a nonsmoking organization. All personnel are advised not to smoke anywhere in the ADB premises. The smoking lounge has been transformed to a wellness space. Staff who wish to quit smoking can do so with full health insurance coverage for a smoke cessation program. The ADB cafeteria offers healthy food options.

Prevention and Mitigation of Occupational Health and Safety Impacts Directly Linked by Business Relationships [GRI 403-7]

ADB aims to promote the sustainability of its project outcomes by protecting the environment and people through its environment and social safeguards, as indicated in the SPS and discussed in Disclosure 413. For OHS, ADB’s environment safeguards, as detailed in the SPS, require that borrowers (clients) provide a safe and healthy working environment. The SPS refers to the World Bank/IFC Environment, Health and Safety (EHS) Guidelines for preventive and protective measures to be applied. EHS guidelines include general guidance on OHS and sector-specific guidance. The SPS requirements for impact assessment and environment and social safeguards are detailed in Disclosure 413.

Workers Covered by an Occupational Health and Safety Management System [GRI 403-8]

The E2HSMS covers all ADB staff, suppliers, contractors, visitors, and dependents having access to the workplace and premises of ADB. The India Resident Mission which is an ADB-owned facility has established its own occupational health and safety management system certified to ISO 45001/OHSAS 18001. Other resident missions follow general best practices in consultation with ADB headquarters.

Work-Related Injuries and Ill Health [GRI 403-9 and 403-10]

Data regarding OHS are available only for incidents that occur within ADB headquarters (Table 403–9). Workplace incidents that result in injury, ill health, or fatality to staff, consultants, contractors or service providers, and visitors are recorded as part of E2HSMS, in accordance with the Philippine Department of Labor and Employment’s Rule 1050 (Notification of Accidents and Occupational Illness). Data for workplace incidents recorded under E2HSMS include minor injuries that require first aid, but no additional medical assistance outside of ADB.

The number of reported health and safety incidents has reduced significantly even with improved recording and reporting of incidents. Additionally, service providers and security services teams have expanded their own reporting.

E2HSMS does not capture the incidence of occupational disease. Occupational Illnesses from staff’s medical conditions are confidential in nature and only the Medical Clinic has access.

ADB manages all hazards and risks in accordance with the principle of utilizing the hierarchy of controls. Table 26 (Databook 403-9) provides the health and safety incidents in 2020–2023.

Table 26: Health and Safety Incidents, 2020–2023* (number)

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
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<tbody>
<tr>
<td>Total</td>
<td>6</td>
<td>19</td>
<td>29</td>
<td>12</td>
</tr>
</tbody>
</table>

* Includes lost time incidents and no lost time incidents. Source: Asian Development Bank.

14 SP-ADB-3.02 Handling Communication.
ADB Governance Structure and Composition

[**GRI 2-9; 2-11**]

ADB is owned and governed by its members. ADB’s governance structure consists of the Board of Governors, the BOD, the President, and the Management team.

**Board of Governors.** The Board of Governors is ADB’s highest governing body. Each ADB shareholder is represented independently on the Board of Governors. The Board of Governors meets once a year, at ADB’s annual meeting, to provide guidance on ADB administrative, financial, and operational directions. Following ADB’s Rules of Procedures of the Board of Governors, each annual meeting is chaired by a governor chosen from the Board of Governors at the previous annual meeting, and is not an executive officer at ADB. Meetings of the Board of Governors may also be called when requested by five members in accordance with Article 29 (1) of the ADB Charter. A majority of the governors constitutes a quorum for any meeting if it represents not less than two-thirds of members’ total voting power.

The Charter vests all powers of ADB in the Board of Governors, which, in turn, delegates these powers to the BOD, except for those powers reserved for the Board of Governors, such as admitting new members; increasing or decreasing authorized capital; suspending a member; deciding appeals from interpretations or applications of the Charter; authorizing the conclusion of general agreements for cooperation with other international organizations; electing the BOD and the President; determining the remuneration of the BOD, their alternates, and the President; approving the auditor’s report, the general balance sheet, and the statement of profit and loss; determining the reserves and the distribution of the net profits; amending the Charter; and deciding to terminate the operations of ADB and distribute its assets. The Board of Governors may occasionally determine which members are regarded as developed or developing. Moreover, the Board of Governors retains full power to exercise authority over any matter delegated to the BOD.

**Board of Directors.** The BOD is responsible for the direction of the general operations of the bank. The BOD (i) makes decisions concerning the bank’s policies, loans, guarantees, investments, and technical assistance, (ii) approves its borrowings, (iii) clears its financial accounts for approval by the Board of Governors, and (iv) approves its budgets. The 12 members of the BOD are based in Manila and conduct their work at ADB headquarters. The BOD meets formally, as needed (42 times in 2022 and 43 times in 2023), to oversee ADB’s work. Because the BOD represents ADB’s members, it plays a vital role in ensuring the implementation of their guidance. The BOD is responsible for the overall direction of ADB operations—endorsing its policies and approving its projects. It supervises the preparation of ADB’s financial statements for approval by the Board of Governors. It also approves the administrative budget and work program, as well as staff salaries and benefits.

The BOD has established six committees, pursuant to ADB’s By-Laws, to facilitate its oversight of ADB’s operations: the Audit and Risk Committee, the Board Compliance Review Committee, the Budget Review Committee, the Development Effectiveness Committee, the Ethics Committee, and the Human Resources Committee. The President appoints committee members and chairs from the BOD in consultation with each committee.

**The President.** The ADB President chairs the BOD and is elected by the Board of Governors for a term of 5 years. The President does not vote except to break a tie. The President is the legal representative of ADB and is responsible for managing staff and conducting ADB’s operations under the direction of the BOD. While speaking at ADB annual meetings, the President shares the bank’s accomplishments of the past year and the tasks ahead. The following report directly to the President: the Asian Development Bank Institute; the Strategy, Policy, and Partnerships Department; the Office of the General Counsel; OAI; the Office of the Auditor General; the Economic Research and Development Impact Department; OOMP; OPEC; and the Office of the Special Project Facilitator.

**Management team.** The Management team comprises a managing director general and six vice-presidents. As set out in ADB’s organizational structure, the team reports directly to the President and supervises the work of the operational, administrative, and knowledge departments. The Vice-President for Finance and Risk Management is responsible for the overall management of the operations of the Office of Risk Management, the Controller’s Department, and the Treasury Department, therefore acting as ADB’s chief financial officer.
Nomination and Selection Processes [GRI 2-10]

The rules and procedures for the nomination and selection of governors and directors are contained in the Charter and By-Laws.

Board of Governors. Each member appoints a governor and an alternate governor in accordance with Article 27 of the Charter. The governor and alternate governor are usually the member’s minister of finance, central bank governor, and/or an official of similar rank, serving at the member’s pleasure. Members of the Board of Governors serve without remuneration from ADB.

Board of Directors. ADB’s directors are elected by the Board of Governors. As per the Charter, eight directors are elected by members from Asia and the Pacific, and four are elected by members outside the region (e.g., Europe and North America). Three of the 12 directors are appointed by single members having the largest number of shares; the rest are elected by the governors of the groups of members they represent. Each BOD member appoints an alternate. The directors are elected by the governors for a 2-year term and may be re-elected. The proposing government screens the qualifications of each director.

Roles of ADB Board of Governors and Board of Directors in Overseeing Sustainability Impacts [GRI 2-12; 2-14]

The BOD, President, and Management team are primarily responsible for overseeing the management of ADB’s holistic sustainability impacts, such as setting ADB’s purpose, value or mission statements, strategies, policies, and goals, due diligence and stakeholder engagement, and sustainability reporting. The BOD’s work includes, but is not limited to, reviewing (i) the economic, social, and environmental impacts of ADB’s operations prior to approval of projects and policies and the performance of ADB’s administration and corporate management; (ii) prior to approval, all loans and guarantees including due diligence, environmental and social implications, and stakeholder engagement processes; (iii) all policies; (iv) the work of the accountability mechanism and the complaints raised with the Compliance Review Panel (CRP); and (v) corporate functioning. Therefore, the BOD reviews the total sustainability of ADB’s operations from the level of policy formulation through due diligence to the consideration and approval of projects, stakeholder engagement, and the review of project outcomes. Staff conduct due diligence in accordance with the Management-approved operations manual and staff instructions, and applicable Board-approved policies.

NGOC, within the Climate Change and Sustainable Development Department, in collaboration with the ADB CSO cooperation network, supports CSO participation in ADB operations, including corporate-level stakeholder engagement, in accordance with the Policy on Cooperation between Asian Development Bank and Nongovernment Organizations. At the project level, stakeholder management is overseen by staff and Management in accordance with the SPS. The Board of Governors provides guidance on relevant matters at annual meetings. Sustainability reporting is the responsibility of ADB staff, overseen by the Management team.

Delegation of Responsibilities [GRI 2-13]

Sustainability impacts fall within the general powers vested in the Board of Governors and delegated to the BOD. The management of these impacts forms part of the current business of the bank for which the President is responsible. ADB policies, including any sustainability considerations contained therein, are subject to BOD approval. For operations, managing sustainability impacts in accordance with BOD-approved policies is the responsibility of the President and Management team.

Meetings of the BOD are the primary forum for formal reporting between the BOD and the Management team. The President calls meetings of the BOD, as required for the business of the bank. During policy formulation processes, the Board and Management team consult extensively in the lead-up to approval. The Board’s review mandate covers the full scope of ADB’s operations. In addition to formal BOD meetings, this may entail informal consultations, as well as no-objection processes. For example, all investments require Board approval. In certain circumstances (e.g., loans below a certain amount where no exceptions to ADB policies are required and other risk thresholds are not met), BOD approval may be obtained via a no-objection procedure that dispenses with the requirement for a formal meeting. Similarly, under the multitranche financing facility modality, preparation may entail informal BOD consultations. BOD approval may then be given for an overall project divided into tranches for which the second and subsequent tranches may be approved by the President following Board notification. Under delegated power, the President can also approve TA projects below a financial threshold without exceptions to policy with notification sent to the BOD upon approval. Loan and TA portfolio performance is reported to the BOD via quarterly updates and an annual report. The annual report provides a strategic overview of the size, composition, and quality of ADB’s active portfolio. The report identifies key issues and portfolio trends and provides recommendations at the overall portfolio level.
Conflicts of Interest [GRI 2-15]

Among other provisions, ADB’s Board Code of Conduct, Ethics Committee and Procedures, and Associated Guidelines requires BOD members to maintain the highest standards of integrity in their personal and professional conduct and observe principles of good governance and to avoid being influenced in their decisions by the political character of the member country concerned. They are also required to refrain from all attempts to influence the President, vice-presidents, and staff in the discharge of their duties. BOD members are required to carry out their responsibilities to the exclusion of any personal advantage and to avoid actual and apparent conflicts of interest. If an actual conflict arises, the BOD member concerned must refer the matter to the Chair of the Ethics Committee and withdraw from attendance or participation in deliberations or decision-making connected with that matter. Apparent conflicts of interest must be referred to the Chair of the Ethics Committee for guidance. BOD members must avoid financial interests in transactions and projects connected with ADB and using information not available to the public to further private interests and must complete a declaration of compliance in relation to the same. The Ethics Committee may investigate allegations of breach; findings of breach may be reported to the BOD and result in censure by the BOD. Governors’ conduct is governed by their respective governments.

Collective Knowledge [GRI 2-17]

ADB has no formal processes in place to advance the collective knowledge, skills, and experience of the two Boards. Individual governors and directors are responsible for improving their own knowledge, skills, and experience regarding sustainability. However, the BOD receives department briefings and updates on projects and investments related to sustainability.

Evaluation of Performance [GRI 2-18]

ADB does not evaluate the performance of the Board of Governors or individual governors. Each member appoints a governor and an alternate governor in accordance with Article 27 of the Charter. The governor and alternate governor are usually the member’s minister of finance, central bank governor, and/or an official of similar rank, serving at the member’s pleasure. ADB’s directors are elected by the Board of Governors in accordance with the Charter. The proposing government screens the qualifications of each director during election or re-election after 2 years.

Remuneration [GRI 2-19; 2-20; 2-21]

Governors and their alternates serve without remuneration from the bank, but the bank may pay them reasonable expenses incurred in attending meetings. The Board of Governors has established the Governors’ Committee on Remuneration, which meets annually, to review the remuneration of ADB’s BOD (including alternate directors) based on developments since the last review and to consider whether sufficient grounds exist to recommend an adjustment in such remuneration. Once every 2 years, the committee also reviews the adequacy of the President’s remuneration. If the committee deems that an adjustment is necessary, it submits a report along with a draft resolution recommending the adjustment to the Board of Governors for consideration. The chair of the Board of Governors approves membership in the Committee on Remuneration, with consideration to geographic balance. Remuneration for the BOD, Management, and the President is disclosed in ADB annual reports as part of its organizational information (e.g., annual reports for 2022 and 2023).

Anticorruption [GRI 205]

Anticorruption Policies, Procedures, and Responsibilities

OAI leads ADB’s integrity initiatives through the conduct of investigations, proactive integrity reviews, integrity due diligence, and knowledge-sharing with ADB’s stakeholders.

When conducting investigations, OAI seeks to identify measures that could be incorporated into ADB’s procedures to prevent recurring integrity violations. These efforts are complemented by proactive integrity reviews of ongoing projects, in collaboration with ADB’s operations departments.

ADB adopts a risk-based approach to managing governance and fighting corruption in its operations, focusing efforts to achieve results in three governance themes:

(i) improving public financial management,
(ii) strengthening procurement systems, and
(iii) combating corruption through preventive enforcement and investigative measures.

Risk assessments and management plans are prepared for all country systems in public financial management,
Ensuring Good Governance

The risk assessment for country systems should inform the preparation of risk assessments for work in ADB sectors, which should, in turn, inform the design of all ADB projects and programs prior to approval of an investment.

Relevant policies, plans, and principles on anticorruption include the following:

(i) **ADB’s Anticorruption Policy.** A primary aim is to ensure that investment projects and all entities and individuals working on ADB-financed activity adhere to the highest ethical standards;

(ii) **Second Governance and Anticorruption Action Plan;**

(iii) **ADB’s Integrity Principles and Guidelines;**

(iv) **ADB’s Anti-Money Laundering Policy.** ADB provides capacity development and technical support to DMCs in strengthening their governance and institutional capacity to comply with Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) standards. From 2019 to 2023, OAI assisted 16 DMCs (Bangladesh, Bhutan, Kazakhstan, Kyrgyz Republic, Lao People’s Democratic Republic, the Marshall Islands, Mongolia, Nepal, Pakistan, Papua New Guinea, Philippines, Samoa, Sri Lanka, Tajikistan, Thailand, and Viet Nam); and

(v) **Enhancing the Role of the Asian Development Bank in Relation to Tax Integrity.** ADB’s Tax Integrity Principles reflect a combined risk-based and prohibitive approach. Internal procedures were adopted to implement the Tax Integrity Principles, and other internal procedures are currently being updated as set out in paras. 27 and 28 of the 2016 policy paper. At the project level, ADB conducts due diligence to obtain reasonable assurance that the projects it finances do not facilitate tax evasion. ADB is also supporting its DMCs to enhance the capacity and regional cooperation of tax authorities to help them stem tax evasion and the erosion of their domestic tax bases.

To demonstrate its commitment to good governance, ADB started its Annual Declaration of Compliance in 2010, under which all staff members must certify that they have read and understood ADB’s Code of Conduct and related policies (as set out in the administrative orders), the Anticorruption Policy, and the Integrity Principles and Guidelines. Staff must also declare whether they or their immediate family members have any assets or interests that might reflect unfavorably on ADB or that might be in apparent or actual conflict with their duties as staff.

The general conditions of contracts for consultants employed by ADB and institutional goods and/or service providers must adhere to ADB’s Anticorruption Policy and generally include clauses to manage actual, potential, and perceived conflicts of interest. Consultant contracts also define the consultant’s responsibility to observe the highest ethical standards.

OAI maintains collaboration with other MDBs at Heads of Integrity Meetings to exchange ideas, practical experiences, and insights on strengthening and/or maintaining integrity in their respective institutions. The Organisation for Economic Co-operation and Development’s base erosion and profit shifting (BEPS) initiative promotes an action plan for an internationally coordinated and comprehensive reform to domestic and international tax rules to reduce opportunities for BEPS, including aggressive tax planning leading to tax avoidance. The Global Forum on Transparency and Exchange of Information for Tax Purposes global forum monitors the implementation of global transparency to strengthen tax systems, reduce illicit financial flows, and combat tax evasion. ADB supports leading organizations working on tax transparency, as well as on BEPS and participates as an observer in the Global Forum and in the inclusive framework on BEPS.

ADB assists the Global Forum to promote standards for Automatic Exchange of Information and Exchange of Information on Request (two Global Forum-promulgated transparency initiatives) and the Inclusive Framework on BEPS to promote the anti-BEPS measures. ADB also welcomes the Addis Tax Initiative and collaborates with development partners to achieve its objectives. Through this work, ADB helps its DMCs enhance their tax regimes to better comply with international tax standards, reducing opportunities for aggressive tax planning that may result in tax avoidance.

For external stakeholders, OAI regularly provides training and publishes news releases, advisories, articles, blogs, and updates about ADB’s anticorruption activities, including its annual reports for 2022 and 2023 on the ADB website. For staff and other stakeholders, OAI releases the quarterly online publication, Integrity eBulletin, and features articles on its activities and ways of enhancing the success and integrity of project implementation.

**Resources.** ADB’s 3-year Work Program and Budget Framework sets out budget and staff requirements. OAI, which reports directly to the President, comprised 50 staff members at the end of 2023.
Anyone who believes that integrity violations (corruption, collusion, fraud, coercion, and others, as defined in ADB’s Integrity Principles and Guidelines) may have occurred in an ADB project or been carried out by an ADB staff can lodge a complaint with OAI via the integrity email, mail, telephone, or in person. OAI logs and reviews complaints from anonymous and confidential sources.

Whistleblowers and witnesses are vital in the fight against fraud and corruption. As such, in accordance with Administrative Order 2.10 on Whistleblowers and Witness Protection, ADB protects the identity of staff and external whistleblowers and witnesses acting in good faith to ensure that they are not subject to retaliation.

OAI investigates all complaints that meet the assessment criteria. In 2022–2023, OAI registered 390 complaints and opened 129 investigations. OAI may propose debarments and other remedial actions to parties that accept the findings of its investigations. Otherwise, matters related to integrity violations by external parties are dealt with by the Integrity Oversight Committee, which determines whether ADB’s Anticorruption Policy has been violated and whether remedial action is warranted. The committee consists of three voting members, one of whom is a reputable external non-ADB staff. The committee decides on a sanction by majority decision, which includes the vote of the external member. An individual or firm debarred by the Integrity Oversight Committee may appeal to the Sanction Appeals Committee within 90 days from the date of the notice of the decision to the individual or firm. A debarred firm and/or individual will be placed on ADB’s Complete Sanctions List, which is accessible to ADB’s BOD, ADB staff, government project executing agencies, other multilateral development institutions, and bilateral donor agencies that have been granted access by ADB.

The Sanction Appeals Committee is composed of two or three ADB vice-presidents, depending upon the nature of the case and the length of the sanction. A senior staff member independent of OAI acts as secretariat to the Sanction Appeals Committee to ensure impartiality in the appeals process. Under ADB’s Disciplinary Measures and Procedures, the authority to impose a sanction (disciplinary measure) upon an ADB staff falls on BPMSD.

Grievances. OOMP is mandated to help resolve work-related issues informally and confidentially. It may recommend that people seeking help refer their cases to formal channels, such as the Human Resources Business Partners for employment-related concerns, OPEC for ethics and workplace conduct, or OAI for integrity violations, among other things.

Evaluation. The BOD’s Audit and Risk Committee is responsible for assisting the BOD in overseeing ADB’s finances, accounting, internal control and risk management, and anticorruption and integrity to check how these are managed and how accountabilities are enforced. The Audit and Risk Committee is required to ensure that ADB establishes and maintains appropriate, efficient, and consistent procedures for the receipt, retention, and treatment of complaints and anonymous submissions from internal and external complainants, including the protection of whistleblowers, regarding fraud and corruption, questionable accounting, or auditing matters. The committee met with OAI biannually in 2022 and 2023, and OAI reported its significant activities, initiatives, and outcomes.

Operations Assessed for Risks Related to Corruption [205-1]

Risk assessments and management plans for public financial management, procurement, and anticorruption are prepared by DMCs. They inform the preparation of risk assessments for sectors, which, in turn, informs the design of investment projects. ADB’s OAI annual reports for 2022 and 2023 explain how OAI has led ADB’s integrity risk management initiatives through its investigation and enforcement activities and its prevention and compliance advisory function. The reports also highlight OAI’s knowledge and outreach activities.

ADB adopted an Approach Paper on Sanctions Management in ADB Operations, which sets forth the internal sanctions control framework to strengthen the identification, assessment, and management of legal, fiduciary, and operational risks arising from national sanctions regimes. The framework also strengthens ADB’s ability to prevent parties that are under ADB or United Nations Security Council sanctions from participating in ADB-financed operations. As part of these controls, OAI launched the Sanctions Screening Portal as a one-stop shop for project teams to conduct sanctions screening and allow for the continuous monitoring of counterparties.

OAI conducts proactive integrity reviews to identify and help address areas susceptible to risks of fraud and corruption in ADB projects, specifically relating to procurement, financial management and disbursements, asset management, and institutional capacity. OAI recommends measures to better safeguard project resources against integrity risks. For the reporting period, OAI completed five proactive integrity reviews of selected projects in the health, transport, and water and other urban infrastructure and service sectors in India, Lao People’s
Democratic Republic, and the Philippines. Key findings pertained to deficiencies in bid evaluations, the lack of access to ADB’s Complete Sanctions List, the absence of protocols to manage integrity-related complaints and violations, and inadequate accounting system controls.

**Communication and Training about Anticorruption Policies and Procedures [205-2]**

**Board of Governors and Board of Directors.** The Board of Governors is not provided direct training on ADB’s anticorruption policies and procedures because they are not involved in ADB’s active day-to-day activities, which are managed by the BOD.

The Board of Governors is not remunerated by ADB or located at headquarters. All members of the BOD and their alternates that assume office are trained directly. The Office of the Secretary arranges a Board Orientation Program covering financial integrity, conflicts of interest, Code of Conduct, and the role of the Ethics Committee.

**Staff.** Since 2012, all new hires have received a briefing from OPEC and OAI at their mandatory orientation and induction training organized by BPMSD. During the orientation, OPEC provides a briefing on ethical work behavior, promoting awareness and understanding of ADB’s rules governing staff conduct and recourse to the different dispute resolution mechanisms. It also facilitates a session on positive collaboration at the staff induction training. All new staff members are also required to complete an online mandatory course on anti-harassment and discrimination to enhance knowledge of the staff Code of Conduct. BPMSD tracks staff members’ attendance at orientation and induction and their completion of the online course. Additionally, all staff must annually certify the Annual Declaration of Compliance, stating that they have read and understood the staff code of conduct and related policies, the Anticorruption Policy, and the Integrity Principles and Guidelines.

OAI continued providing anticorruption education and awareness-raising capacity development training for its internal and external stakeholders. In 2022–2023, OAI conducted 153 anticorruption sessions for 12,040 participants including ADB personnel, nongovernment attendees, and government officials from ADB members.

For the reporting period, OAI published two annual reports and two articles and released 21 videos. OAI disseminated seven quarterly issues and three special issues of the Integrity eBulletin. To expand its online reach, OAI regularly updated its public web pages, Knowledge Events web pages, Facebook, LinkedIn, X (formerly Twitter), Viva Engage/Yammer, and YouTube pages as well as the dedicated intranet website for ADB staff, which contains information about OAI operations and references.

**Consultants.** ADB’s Business Opportunities Seminars include briefings on ADB’s Anticorruption Policy for prospective consultants.

**Suppliers, vendors, consulting service providers, contractors, and/or service providers.** A CSD video shown during the mandatory E2HSMS briefing for all contractors and services providers’ personnel deployed to ADB headquarters deals with norms of conduct and ethical standards and compliance with ADB’s Anticorruption Policy. For example, the videos inform contractors and service providers they shall not pay any commissions or fees, grant any rebates, or give gifts or favors to ADB staff or dependents during the contract period; and that they should not place personnel in a position where there may be a conflict of interest—whether actual, potential, or perceived—between the interests of the contractor and performance under the contract. In 2022 and 2023, 100% of contractors and service providers’ personnel deployed to ADB headquarters by CSD were required to watch the CSD video during the mandatory E2HSMS orientation. The management of several contractor and service provider companies requested and were issued copies of the video, to show to their employees before their deployment to ADB.

**Total Number and Nature of Confirmed Incidents of Corruption and Actions Taken [205-3]**

In 2022–2023, the Integrity Oversight Committee and OAI debarred 633 firms (261 in 2022 and 372 in 2023) and 30 individuals (20 in 2022 and 10 in 2023) for violating ADB’s Anticorruption Policy. Additionally, 277 firms (195 in 2022 and 82 in 2023) and 43 individuals (15 in 2022 and 28 in 2023) were cross-debarred following notifications received from the four other participating international financial institutions, pursuant to the Agreement for Mutual Enforcement of Debarment Decisions.

In 2022–2023, disciplinary measures were imposed on 9 staff (8 in 2022 and 1 in 2023), which included dismissal, suspension from work without salary for a prescribed period, salary reduction for a prescribed period, no access to ADB information technology systems and ADB premises while on suspension, ineligibility for promotion for a prescribed period, and a written censure with
ineligibility to receive any award under the ADB recognition program for a prescribed period and requirement to refrain from interacting with named individuals except when required by work and on official functions. Two staff were also separated from ADB, and the disciplinary proceedings were closed. The cases were processed under Administrative Order 2.04 on Disciplinary Measures and Procedures. ADB imposed disciplinary measures on staff for engaging in misconduct that amounted to integrity violations, engagement in harassment, unprofessional and disrespectful behavior, misuse of personal information, and/or other failures to comply with the ADB Code of Conduct.

Communication of Critical Concerns [GRI 2-16]

The BOD exercises oversight over critical concerns through the Board Compliance Review Committee’s (BCRCs) oversight and review functions under the Accountability Mechanism Policy. The BCRC is actively involved in the CRP process, including clearing the terms of reference for compliance reviews, reviewing and endorsing the CRP’s eligibility report and final compliance review reports for Board consideration, and monitoring Management’s proposed remedial actions. The BCRC also reviews the CRP’s monitoring reports on the implementation of Board-approved remedial actions. Five complaints were registered with the CRP in 2022, and one was registered in 2023.

Grievance Mechanisms [GRI 2-25]

In addition to the Accountability Mechanism described at [GRI 2-27], the SPS (2009) requires the establishment of project-level grievance redress mechanisms to respond quickly to project-affected people. Grievance redress mechanisms must be established by the borrower, recipient, or client under the project to receive and facilitate the resolution of affected people’s concerns and grievances about the social and environmental performance of projects. Grievance redress mechanisms must be scaled to the risks and impacts of the relevant project and address affected people’s concerns and complaints promptly, using an understandable and transparent process that is gender-responsive, culturally appropriate, and readily accessible to all segments of the affected people. The effectiveness of a project’s grievance redress mechanism may be addressed as relevant in the project completion report for the project.

Mechanisms for Seeking Advice and Raising Concerns [GRI 2-26]

The administrative order on Whistleblower and Witness Protection at ADB outlines procedures for reporting and investigating allegations of integrity violations or misconduct to OAI and OPEC, with specific rules for different personnel levels.15 The administrative order aims to protect whistleblowers and witnesses who report suspected violations or misconduct in good faith and to ensure they are not subject to retaliation. Whistleblowers may remain anonymous or request confidentiality. Protections may include temporary reassignment or paid leave for staff during investigations and corrective measures for staff found to have been subject to retaliation. ADB may coordinate with national authorities on the protection of external witnesses and whistleblowers. Staff found to have committed retaliatory actions against a whistleblower or witness may be subject to disciplinary action under Administrative Order 2.02.

Compliance with Laws and Regulations [GRI 2-27]

ADB will not finance projects that do not comply with the host country’s social and environmental laws and regulations, including those laws implementing host country obligations under international law. For ADB’s own corporate activities, the ADB Charter contains provisions that define ADB’s legal status and provides the bank with certain immunities and privileges in the territories of its members. There were no fines or nonmonetary sanctions applied to it in either 2022 or 2023.

Membership Associations [GRI 2-28]

ADB is not a member of any association or advocacy organization, but rather works through strategic partnerships to accomplish its vision. ADB’s financing and knowledge partnerships include, but are not limited to, those with multilateral organizations (including MDBs, such as the World Bank Group); organizations with global reach, such as the Organisation for Economic Co-operation and Development, the ILO, the World Health Organization, and the World Customs Organization; and regional organizations, such as the Association of Southeast Asian Nations (ASEAN); UN agencies; and other organizations, including CSOs and NGOs, such as the World Wide Fund for Nature, as well as academics and think tanks. ADB also has several bilateral partnerships with aid agencies and governments, such as

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15 See footnote 13.
as the Japan International Cooperation Agency and the Foreign, Commonwealth and Development Office of the United Kingdom.

ADB participates in various working groups that seek to collaborate with, including harmonize policies, methodologies, and approaches among MDBs, including the following:

(i) Working Group of the Corporate Governance Development Framework (development finance institutions);
(ii) Operational Risk Management Forum (international financial institutions);
(iii) Working Group to Harmonize Project-Level Greenhouse Gas Accounting (international financial institutions);
(iv) Working Group for Environmental and Social Standards (multilateral financing institutions);
(v) Chief Risk Officers Forum (MDBs);
(vi) MDBs’ Working Group on Gender;
(vii) MDB Working Group on Sexual Exploitation, Abuse, and Harassment;
(viii) MDB Climate Action Group including working groups on Paris Alignment implementation, climate adaptation, climate finance reporting, and Just Transition work;
(ix) Project Advisory Committee for the Mobilizing Development Finance for Strategic and Scaled-Up Investment in Climate Adaptation;
(x) Steering Committee on International Recovery Forum;
(xi) International Financial Institutions Technical Working Group on Greenhouse Gas Accounting;
(xii) ASEAN Working Group on Risk Assessment and Awareness;
(xiii) Mainstreaming Climate in Financial Institutions;
(xiv) NDC Partnership;
(xv) InsuResilience, Alliance for Hyrdomet Development;
(xvi) NGO International Initiative for Impact Evaluation, Inc.;
(xvii) MDB Platform on Economic Migration and Forced Displacement;
(xviii) Social Protection Inter-Agency Cooperation Board;
(xix) Global Action on Disability Network; and
(xx) MDB / Development Financial Institutions Tax Integrity Due Diligence Forum.

ADB’s Independent Evaluation Department (IED) is a founding member of the Evaluation Cooperation Group that was established in 1996 by the heads of central evaluation units at MDBs.

ADB’s Accountability Mechanism is a member of the Independent Accountability Mechanisms Network that meets annually.

ADB, through OAI and the Office of the General Counsel, attends certain plenary meetings of the Financial Action Task Force, Asia/Pacific Group on Money Laundering and the Eurasian Group on Combating Money Laundering, and Financing of Terrorism as observer similar to other development partners.
SUMMARY GLOBAL REPORTING INITIATIVE CONTENT INDEX

ADB’s *Sustainability Report 2024* has been prepared in accordance with the Global Reporting Initiative (GRI) Standards. For more information, see the global standards for sustainability impacts. For a complete GRI Content Index, refer to the Databook.

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Asian Development Bank Sustainability Report 2024

The Asian Development Bank Sustainability Report is a biennial publication on the significant economic, social, and environmental impacts of ADB’s operations and organizational activities. It covers material sustainability impacts and stories from ADB’s projects, technical assistance, and knowledge work with detailed information against the sustainability reporting standards of the Global Reporting Initiative. The report is accompanied by a detailed databook with economic, social, and environmental data to enable stakeholders to assess ADB’s sustainability performance.

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