CEB Materiality Assessment

Results summary
January 2020
1. Project Overview

2. Results | CEB Materiality

3. Materiality & SDGs
About materiality assessment

What a ‘materiality assessment’ is about

• Mapping sustainability issues against ‘Importance to stakeholders’ and ‘CEB’s Impact’
• Understanding of stakeholders’ expectations on sustainability
• Confirm orientation of CEB’s sustainability efforts and reporting

Outcomes

• Prioritised sustainability issues and business-centric sustainability approach
• Support to internal alignment on CEB’s highest priorities
Stakeholders insights are a crucial part of the materiality process. **79 stakeholders** shared their insights through an interview and survey process.

<table>
<thead>
<tr>
<th>Stakeholders</th>
<th>Number of Participants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governing Board</td>
<td>6</td>
</tr>
<tr>
<td>Administrative Council</td>
<td>12</td>
</tr>
<tr>
<td>Auditing Board</td>
<td>1</td>
</tr>
<tr>
<td>Governor &amp; Vice-Governors</td>
<td>4</td>
</tr>
<tr>
<td>GMC</td>
<td>4</td>
</tr>
<tr>
<td>Staff representative</td>
<td>13</td>
</tr>
<tr>
<td>CoE (Secretariat of Partial Agreement &amp; Secretary to Committee on Social</td>
<td>4</td>
</tr>
<tr>
<td>Affaires, Health and Sust. Dev.)</td>
<td></td>
</tr>
<tr>
<td>Business partner of CEB (commercial bank, borrower, supplier, etc.)</td>
<td>22</td>
</tr>
<tr>
<td>EU institution</td>
<td>1</td>
</tr>
<tr>
<td>International public organisation</td>
<td>3</td>
</tr>
<tr>
<td>Financial sector association</td>
<td>3</td>
</tr>
<tr>
<td>Civil society &amp; experts / researchers</td>
<td>6</td>
</tr>
</tbody>
</table>
List of Sustainability Issues

Tailored through the research and engagement process, a long list of 16 relevant sustainability issues was generated.

<table>
<thead>
<tr>
<th>Operations (*)</th>
<th>Project Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community &amp; stakeholder engagement</td>
<td>Inclusive economic growth</td>
</tr>
<tr>
<td>Environmental impact of CEB</td>
<td>Support of vulnerable &amp; human rights</td>
</tr>
<tr>
<td>Information security &amp; privacy</td>
<td>Gender &amp; women’s empowerment</td>
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<td></td>
<td>Climate mitigation &amp; adaptation</td>
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<td></td>
<td>Biodiversity &amp; pollution</td>
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<td></td>
<td>Project safety, durability &amp; affordability</td>
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<td></td>
<td>Capacity building &amp; skills</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Employees</th>
<th>Governance &amp; Ethics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender equality &amp; incl. workplace</td>
<td>Ethics, compliance &amp; anti-corruption</td>
</tr>
<tr>
<td>Talent recruitment, develop. &amp; retention</td>
<td>Governance &amp; accountability</td>
</tr>
<tr>
<td>Working conditions</td>
<td>Reporting &amp; transparency</td>
</tr>
</tbody>
</table>

(*) ‘Operations’ refers to the impact of CEB’s internal / corporate operations.
1. Project Overview

2. Results | CEB Materiality

3. Materiality & SDGs
CEB’s strategy, reporting and stakeholder expectations are largely aligned.

- **Consistency of priority of issues** related to inclusive growth, vulnerable people and climate change.

- Interviews and the survey also shed light on the important role of all issues related to governance and ethics, e.g. compliance, anti-corruption, reporting and transparency, as well as gender and women’s empowerment.

- The survey once again underlined that **stakeholders know SDGs and want the CEB to contribute to those goals**. The prioritisation done by CEB earlier this year is well aligned with stakeholders’ perception of issues important to CEB.

- Through **disclosing more information on key material issues** and the Bank’s related frameworks and approaches, CEB could meet additional stakeholder expectations.
CEB Materiality Map

Gender equality amongst staff has been mentioned as important

Top-ranked issues are consistent with CEB’s priorities

Inclusive economic growth

Support of vulnerable & human rights

Ethics, compliance & anti-corruption

Governance & accountability

Environmental impact of CEB

Gender equality & incl. workplace

Reporting & transparency

Project safety, durability & affordability

Working conditions

Biodiversity & pollution

Community & stakeholder engagement

Capacity building & skills

Talent recruitment, develop. & retention

Issues related to ‘internal operations’ are less of a concern

Project Impact

Governance & Ethics

Employees

Operations

Gender equality & incl. workplace

Talent recruitment, develop. & retention

Working conditions

Information security & privacy

CEB Impact

Importance to Stakeholders

Governance & ethics is clustered and of high priority

Issues related to ‘internal operations’ are less of a concern

Top-ranked issues are consistent with CEB’s priorities

Inclusive economic growth

Support of vulnerable & human rights

Ethics, compliance & anti-corruption

Governance & accountability

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Support of vulnerable & human rights

Ethics, compliance & anti-corruption

 Governan...
CEB Materiality Map

Important
Sustain / Communicate

Strategic
Prioritize

Gender equality & incl. workplace

Inclusive economic growth

Biodiversity & pollution

Environmental impact of CEB

Support of vulnerable & human rights

Climate mitigation & adaptation

Ethics, compliance & anti-corruption

Governance & accountability

Gender & women’s empowerment

Project safety, durability & affordability

Talent recruitment, develop. & retention

Ethics, compliance & anti-corruption

Capacity building & skills

Reporting & transparency

Working conditions

Information security & privacy

Project Impact

Governance & Ethics

Employees

Operations

To be Monitored
Comply / Manage

CEB Impact

Important
Continue Internal Efforts

Important
Continue Internal Efforts
1. Project Overview

2. Results | CEB Materiality

3. Materiality & SDGs
The SDGs are widely known, recognised and now need to be put in action

The Sustainable Development Goals (SDGs) should be a strategic framework for CEB action on sustainability matters*.

**External Stakeholders**

- Strongly agree: 63%
- Agree but it is sufficient to loosely align to SDGs: 37%

**Internal Stakeholders**

- Strongly agree: 54%
- Agree but it is sufficient to loosely align to SDGs: 46%

*Note that zero percent of respondents chose the other answer options “Strongly disagree” or “I don’t know”.*
SDGs will be instrumental in advancing the Bank’s current practices in terms of CSR, with a view to moving towards a more sustainability performance-driven approach.

Key takeaways from the Development Plan

- SDGs as an opportunity to reinforce CEB’s social mandate.
- Two guiding principles for the CEB’s SDG approach emerged:
  - Strategic level: focus on a set of (10) key SDGs closest to CEB’s mandate and lines of action: i) cross-sector relevance and ii) sector-based relevance.
  - Operational level: (i) adopt a portfolio approach for assessing the CEB’s SDG contribution; (ii) to this end, also pre-identify/earmark the relevant SDGs at project appraisal; (iii) while maintaining the existing screening, monitoring and evaluation methodologies.
<table>
<thead>
<tr>
<th>Category</th>
<th>Issue</th>
<th>Definition</th>
<th>Boundaries (GRI)</th>
<th>SDGs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees</td>
<td>Gender equality &amp; incl. workplace</td>
<td>Diverse workforce free of discrimination.</td>
<td>GRI 405: Diversity &amp; Equal Opportunity</td>
<td>Goal 5: Gender equality</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Goal 10: Reducing inequalities</td>
</tr>
<tr>
<td>Employees</td>
<td>Talent recruitment, develop. &amp; retention</td>
<td>Professional growth and training to attract and retain talent.</td>
<td>GRI 404: Training &amp; Education</td>
<td>Goal 8: Decent work &amp; economic growth</td>
</tr>
<tr>
<td>Employees</td>
<td>Working conditions</td>
<td>Overall well-being of employees at work</td>
<td>GRI 403: Occupational Health &amp; Safety</td>
<td>Goal 8: Decent work &amp; economic growth</td>
</tr>
<tr>
<td>Governance &amp; Ethics</td>
<td>Ethics, compliance &amp; anti-corruption</td>
<td>Sound organisational standards, principles, values and norms: compliance, anti-corruption, codes of conduct, etc.</td>
<td>GRI 205: Anti-corruption GRI 206: Anti-competitive Behavior</td>
<td>Goal 16: Peace, justice &amp; strong institutions</td>
</tr>
<tr>
<td>Governance &amp; Ethics</td>
<td>Governance &amp; accountability</td>
<td>Governance structure and independence, executive compensation, accountability, corporate policies, and audits.</td>
<td>GRI 102: General Disclosures GRI 103: Mgmt Approach</td>
<td>Goal 16: Peace, justice &amp; strong institutions</td>
</tr>
<tr>
<td>Governance &amp; Ethics</td>
<td>Reporting &amp; transparency</td>
<td>Disclosure of labour, health and safety, environmental and business practices through reporting tools and frameworks.</td>
<td>GRI 419: Socioeconomic Compliance GRI 415: Public Policy</td>
<td>Goal 17: Partnerships for the goals</td>
</tr>
<tr>
<td>Operations</td>
<td>Community &amp; stakeholder engagement</td>
<td>Engagement with local stakeholders to resolve risks and advance opportunities associated with CEB’s projects.</td>
<td>GRI 413: Local Communities</td>
<td>Goal 17: Partnerships for the goals</td>
</tr>
<tr>
<td>Operations</td>
<td>Information security &amp; privacy</td>
<td>Protection of staff and project information from unauthorized access, use, disclosure, disruption, etc.</td>
<td>GRI 418: Customer Privacy</td>
<td>NA</td>
</tr>
</tbody>
</table>
## Material issues and their definitions II

<table>
<thead>
<tr>
<th>Category</th>
<th>Issue</th>
<th>Definition</th>
<th>Boundaries (GRI)</th>
<th>SDGs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project impact</td>
<td>Inclusive economic growth</td>
<td>Support for local communities’ development goals on education, housing, and social infrastructure.</td>
<td>GRI 203: Indirect Economic Impacts</td>
<td>Goal 1: No poverty Goal 3: Good health &amp; well-being Goal 8: Decent work &amp; economic growth Goal 10: Reducing inequalities Goal 11: Sustainable cities &amp; communities</td>
</tr>
<tr>
<td>Project impact</td>
<td>Support of vulnerable &amp; human rights</td>
<td>Access to quality jobs and essential goods and services for traditionally excluded groups, such as migrants, refugees, persons with disabilities.</td>
<td>GRI 412: Human Rights Assessment GRI 413: Local Communities</td>
<td>Goal 1: No poverty Goal 3: Good health &amp; well-being Goal 8: Decent work &amp; economic growth Goal 10: Reducing inequalities</td>
</tr>
<tr>
<td>Project impact</td>
<td>Gender &amp; women’s empowerment</td>
<td>Promotion of diversity, inclusion and equal opportunity for women.</td>
<td>GRI 405: Diversity &amp; Equal Opportunity</td>
<td>Goal 5: Gender equality</td>
</tr>
<tr>
<td>Project impact</td>
<td>Climate mitigation &amp; adaptation</td>
<td>Considering GHG emissions during projects’ design, implementation and operation. Management of projects’ climate change risks.</td>
<td>GRI 305: Emissions</td>
<td>Goal 13: Climate action</td>
</tr>
<tr>
<td>Project impact</td>
<td>Biodiversity &amp; pollution</td>
<td>Considering impacts on ecosystems &amp; biodiversity through pollution, use of raw materials and land.</td>
<td>GRI 304: Biodiversity</td>
<td>Goal 12: Responsible consumption &amp; production Goal 14: Life below water Goal 15: Life on land</td>
</tr>
<tr>
<td>Project impact</td>
<td>Project safety, durability &amp; affordability</td>
<td>Compliance of CEB financed projects with applicable quality and safety standards. Affordable access of beneficiaries to service provided.</td>
<td>GRI 416: Customer Health &amp; Safety GRI 417: Marketing &amp; Labeling GRI 203: Indirect Economic Impacts</td>
<td>Goal 3: Good health &amp; well-being Goal 6: Clean water &amp; sanitation Goal 7: Affordable &amp; clean energy</td>
</tr>
<tr>
<td>Project impact</td>
<td>Capacity building &amp; skills</td>
<td>Diversification and enhancement of skills and capacity in local communities and project partners.</td>
<td>GRI 203: Indirect Economic Impacts</td>
<td>Goal 4: Quality education Goal 17: Partnerships for the goals</td>
</tr>
</tbody>
</table>
**Survey questions**

**Two mandatory questions**
1. Among the following issues listed, in your opinion, what are the sustainability issues that CEB should focus on?
   - Top 5 ‘most important’ issues
   - Bottom 5 ‘less important’ issues

2. In your opinion, what are the issues CEB can have a significant impact on?
   - Top 5 issues CEB can have the ‘most impact’ on
   - Bottom 5 issues CEB can have ‘least impact’ on

**Two optional questions**
3. How do you see the financial sector change over the medium term (3 to 5 years) with regards to sustainability?
   - a) Business as usual – No big changes to the current market practices
   - b) Gradual change – Progressive integration of sustainability issues and risks by financial actors
   - c) Large transformation – Strong commitment of the financial sector to contribute to the sustainability transition

4. The UN SDGs should be a strategic framework for CEB action on sustainability matters:
   - a) Strongly agree
   - b) Agree but it is sufficient to loosely align to SDGs
   - c) Strongly disagree
   - d) I don’t know