Materiality & stakeholder engagement

In the second half of 2019, the CEB actively engaged with a large number of its internal and external stakeholders in order to better understand their expectations with regard to the Bank, especially concerning numerous specific sustainability topics. This approach, often referred to as a materiality assessment, helps the CEB to tailor its reporting and disclosure but also its future actions on these sustainability issues.

What is a materiality assessment?
A materiality assessment is one in which stakeholders are asked to map out different pre-defined sustainability issues according to their importance – issues potentially material range from gender equality, to climate mitigation and governance to information security. For the CEB’s materiality assessment, participants had to rate each issue for two different aspects: first, importance according to their own view (‘Importance to Stakeholders’) and second, their perception of where the CEB can be most impactful (‘CEB’s Impact’).

What is the CEB doing with the results?
Overall, the exercise helps the CEB to better:
• Understand stakeholder groups’ expectations on sustainability,
• Prioritise sustainability issues and a business-centric sustainability approach,
• Build an internal consensus on the CEB’s key sustainability priorities,
• Fine-tune the CEB’s disclosure and reporting, focusing on the most material issues.

The exercise also helped the CEB to reaffirm and systematically think about which groups of stakeholders to actively engage with, i.e. CEB’s Governing Board, Administrative Council and Auditing Board (all three representing the CEB’s member states), management, staff representatives, Council of Europe6, business partners (e.g. borrowers and suppliers), EU institutions, other international public organisations (financial and non-financial), financial sector associations, civil society representatives and researchers.

Further details on the methodology of the assessment

The assessment took place between June and October 2019 and was supported by Deloitte France at all stages; this was particularly important to guarantee the anonymity of the participants’ answers and an unbiased review of the findings in order to define the room for improvement and derive recommendations.

The project followed good practice and a robust materiality methodology, along the following steps:

1. Issue list:
   A list of 16 potentially material issues was developed based on a desk review, e.g. SASB, GRI, SDGs, ISS-ESG and Sustainalytics, and Deloitte expertise. The 16 identified issues were grouped into four categories: Operations, Employees, Governance & Ethics and Project Impact.

2. Insights gathered:
   In July 2019, an online survey was sent to internal and external stakeholders. A similar set of questions was discussed during interviews with the CEB’s top management. Overall, 79 stakeholders shared their insights with the CEB.

3. Materiality analysis:
   The data was collected with Deloitte’s survey tool, and converted into a materiality tool customised to the CEB that allows for the mapping of these issues (see the figure on page 29). Based on the findings, the consultant developed recommendations.

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6 For instance, the Council of Europe Secretariat of the Partial Agreement & Secretariat to the Committee on Social Affairs, Health and Sustainable Development.
The CEB’s Development Plan and materiality assessment are well aligned

<table>
<thead>
<tr>
<th>CEB Development Plan’s lines of action</th>
<th>CEB Materiality’s top priorities</th>
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<tbody>
<tr>
<td>Inclusive growth</td>
<td>Inclusive economic growth</td>
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<tr>
<td>Environmental sustainability</td>
<td>Climate mitigation &amp; adaptation</td>
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<tr>
<td>Support for vulnerable groups</td>
<td>Support for vulnerable groups &amp; human rights</td>
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The key message from this stakeholder outreach was that the CEB’s strategy and reporting are closely aligned with stakeholder expectations. The Bank’s three lines of action, as set forth in the CEB’s new Development Plan (see above ‘Strategy: the new Development Plan 2020-2022’), were mentioned by stakeholders as ‘top priorities’ (see the table below). As the Development Plan has been drafted in parallel with the Materiality, the following top three material issues find their expression in the Plan’s three lines of actions:

In addition, the exercise also shed light on the important role of issues related to governance and ethics, e.g. compliance, anti-corruption, reporting and transparency, gender, and women’s empowerment.

Moreover, the CEB’s new framework on SDG’s comes at a very timely moment as the stakeholders underlined the importance of the UN goals and want the CEB to contribute to them. In this regard, it was found that the Bank’s prioritisation of key SDGs aligns well with the issues identified by the materiality assessment.

In terms of the potential improvements that became clear from the assessment, stakeholders would like the CEB to disclose even more information on key material issues, the CEB’s specific impact on them, and the Bank’s related frameworks and approaches, e.g. project screening and monitoring approaches, environmental strategy and related KPIs, and the scope of human rights covered.

To learn more about the CEB’s materiality assessment and stakeholder engagement, visit our website.

“For this year’s materiality assessment, we have received feedback from a wide range of nearly 80 stakeholders. Their priorities and perception of the impact the CEB can make resonated with the Bank’s new Development Plan, which places emphasis towards inclusive growth, support for vulnerable people and the fight against climate change.”

Jérôme Halb, Deputy Director for European Cooperation & Strategy, Head of Corporate Responsibility & Studies Division
The CEB’s materiality matrix

**Important**
- Sustain / Communicate

**Strategic**
- Prioritise
  - Inclusive economic growth
  - Climate mitigation & adaptation
  - Support for vulnerable groups & human rights
  - Environmental impact of CEB

**To be Monitored**
- Comply / Manage

**CEB Impact**

**Importance to stakeholders**
- CEB Impact
  - Project impact
  - Governance & Ethics
  - Employees
  - Operations

- Community
  - Gender equality & incl. workplace
  - Reporting & transparency

- Governance & accountability
  - Project safety, durability & affordability
  - Talent recruitment, development & retention

- Ethics, compliance & anti-corruption
  - Support for vulnerable groups & human rights
  - Environmental impact of CEB

- Biodiversity & pollution
- Governance & accountability
- Information security & privacy

- Gender
  - & women’s empowerment

- Capacity building & skills
- Project impact
- Reporting & transparency
- Operations

- Working conditions
- Project impact
- Governance & Ethics
- Employees
- Operations

- Environment impact of CEB
- Information security & privacy

The impact of the CEB’s own operations