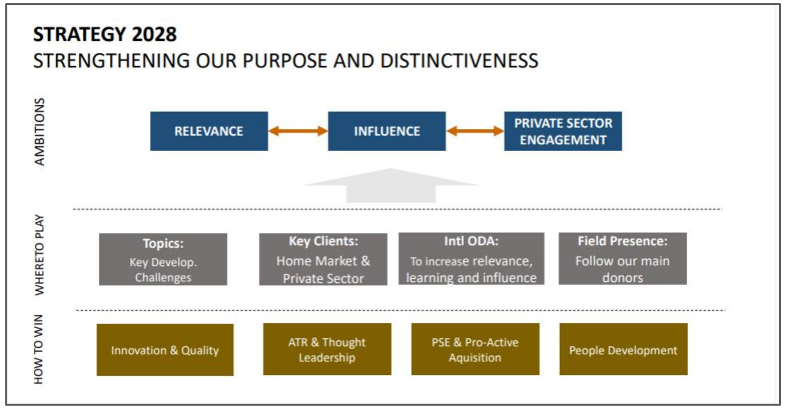
SUSTAINABILITY STRATEGY 2024-2028

swisscontact

WHY DID SWISSCONTACT DEVELOP A SUSTAINABILITY STRATEGY? TO SUPPORT THE DELIVERY OF ITS STRATEGY 2028.



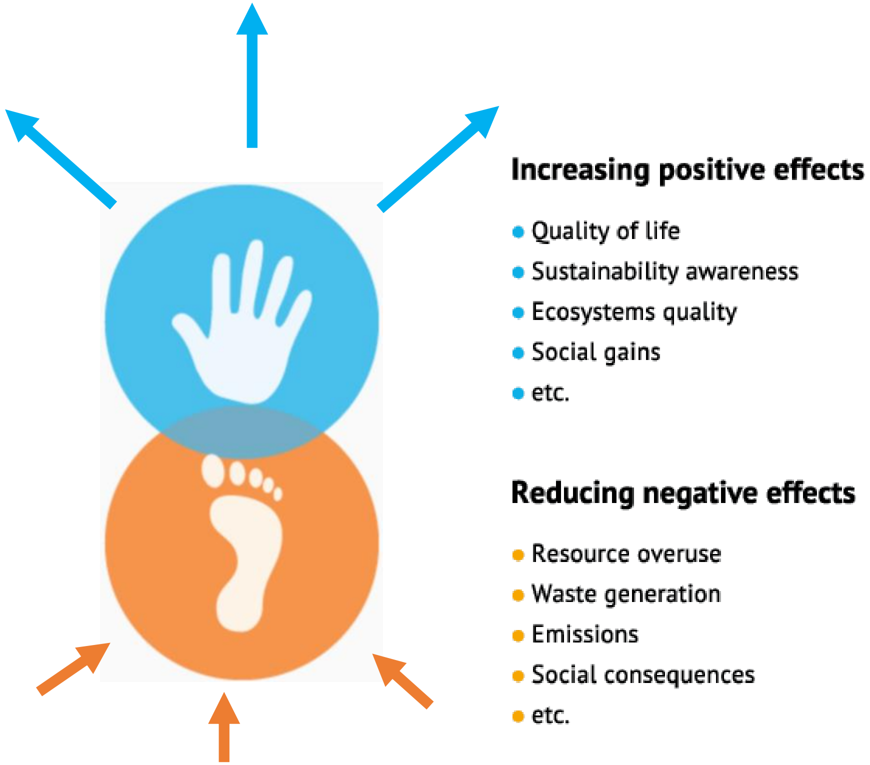
As an NGO, Swisscontact wants to maximise its positive contribution. At the same time, it has a duty to minimise any negative impacts that we have on people and the planet.

In Strategy 2028, a commitment to transparency was made: managing our activities and reporting against KPIs. These measure progress towards the strategy's targets and the fulfilment of the organization's mission. By reporting on the additional indicators included in this sustainability strategy, Swisscontact will be even more transparent.

This sustainability strategy and associated commitment to reporting follows similar initiatives by private sector entities, for example, those with whom Swisscontact cooperates.

The time period for the targets in the sustainability strategy matches those of Swisscontact's Strategy 2028.

HOW ARE RELEVANT SUSTAINABILITY TOPICS CATEGORIZED? THERE IS A NEED TO DISTINGUISH BETWEEN POSITIVE AND NEGATIVE IMPACTS



The concept of an organizational footprint originated to describe negative impacts on the environment (e.g. CO_2 emissions → carbon footprint). The idea has since been expanded to be used for social and governance topics too. A footprint is smaller when an organization behaves responsibly and manages risks.

The contrasting handprint concept is the sum of an organization's positive impacts on the environment, society and governance. A handprint is bigger when opportunities are taken.

In structuring its sustainability strategy, Swisscontact make use of this framework. It seeks to maximise its handprint, while minimising its footprint.

HOW DID SWISSCONTACT CHOOSE WHICH TOPICS TO INCLUDE IN THE STRATEGY? TO START WITH, IT IDENTIFIED THE TOPICS THAT WERE "MATERIAL".

Material topics are those that represent the organization's most significant impacts on the economy, environment, and people, including impacts on their human rights. These impacts may be positive or negative.

In order to determine a list of material topics that has legitimacy, a standard process involving stakeholder engagement needed to be followed and documented.

The final decision about which topics are material rests with the highest governing body of an organization, in Swisscontact's case, the Foundation Board.

SWISSCONTACT’S PROCESS FOR DETERMINING MATERIAL TOPICS FOLLOWED A STANDARD APPROACH. STAKEHOLDER CONSULTATION IS ESSENTIAL.

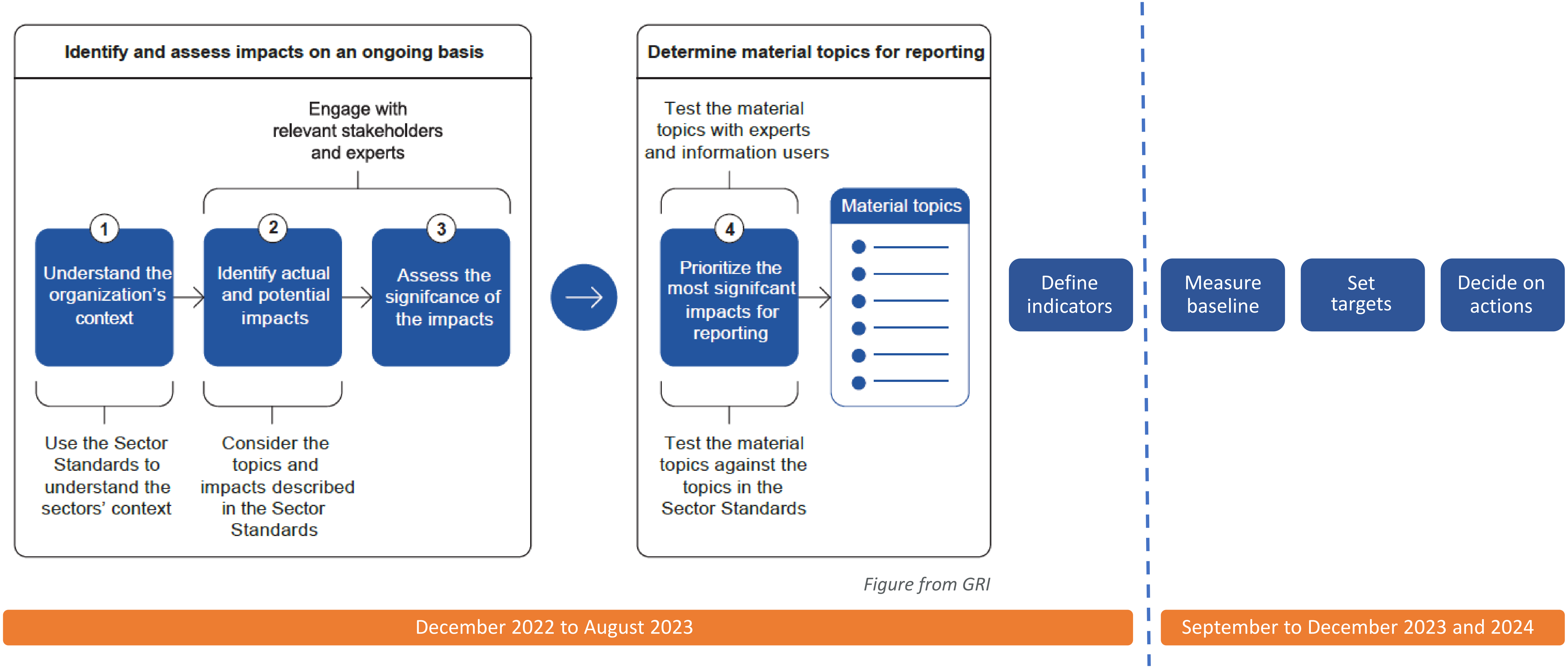


Figure from GRI

WHICH IMPACTS WILL SWISSCONTACT FOCUS ON? INTERNAL AND EXTERNAL STAKEHOLDER CONSULTATIONS HELPED IT DETERMINE 9 MATERIAL TOPICS.

Negative impacts / risks

- Compliance and anti-corruption
- Greenhouse gas emissions
- Human rights

Positive and negative impacts

- Gender, equality, and social inclusion
- Corporate governance
- Biodiversity

Positive impacts / opportunities

- Jobs and income
- Green skills and green jobs
- Decent work

HOW ARE THESE TOPICS GROUPED? THE 9 TOPICS CAN BE SPLIT INTO THREE CATEGORIES: ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Environmental

- Greenhouse gas emissions
- Biodiversity
- Green skills and green jobs

Social

- Jobs and income
- Decent work
- Gender, equality, and social inclusion
- Human rights

Governance

- Compliance and anti-corruption
- Corporate governance

HOW WILL SWISSCONTACT MANAGE THE MATERIAL TOPICS? FOR EACH IT DEFINED INDICATORS AND SET TARGETS FOR STEERING AND REPORTING.

GREEN SKILLS AND GREEN JOBS (GSJ)

Topic description and our contribution

Green skills and green jobs are a prerequisite to make the transition to a greener economy happen. Today, skills gaps are already recognized as a major bottleneck in several sectors, such as renewable energy, energy and resource efficiency, renovation of buildings, climate sensitive construction, environmental services, and manufacturing. We help to fill those skills gaps. By supporting innovators in carbon capture, we will contribute to the development of the carbon sequestration market. By 2050, many companies will need to offset their residual emissions in this way.

* Green jobs are jobs that contribute to preserve or restore the environment, be they in traditional sectors such as manufacturing and construction, or in new, emerging green sectors such as renewable energy and energy efficiency (adapted from ILO 2011).

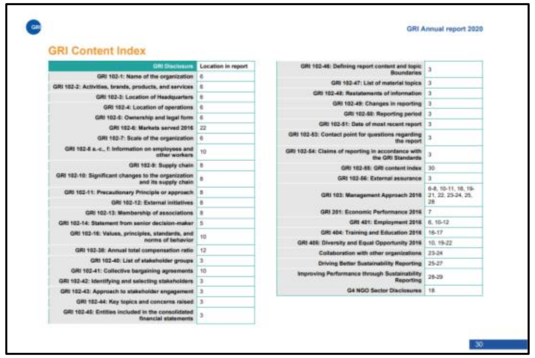
Indicators	Targets	Actions
# of green jobs created/retained (as a % of the total of jobs created and retained) thereof # jobs created in carbon sequestration	To be set in 2024	GSJ guideline, technical support offer and MRM guidance communicated to all regions (Niklaus); Develop e-learning course on GSJ (Niklaus); Gain practical experience of integrating GSJ into an existing project (Pascal)
# of people trained in green skills (as a % of people accessing skills services)	50%. Aim to reach by 2028	
% of projects promoting green skills or green jobs	To be set in 2024	

The selected indicators are either in Swisscontact's reporting systems already or data can be collected using existing systems, like the annual results aggregation or project quality and risk assessment (PQRA). In a few cases, separate data collection was set up.

The targets for each indicator were set either in Autumn 2023 or Autumn 2024, depending on baseline availability. At those times, the actions required to reach the targets were determined.

Implementation of the strategy started in 2024 and will continue in 2025.

HOW WILL SWISSCONTACT REPORT ON PROGRESS? INFORMATION WILL BE PUBLISHED IN THE ANNUAL REPORT AND AN ADDITIONAL GRI CONTENT INDEX.



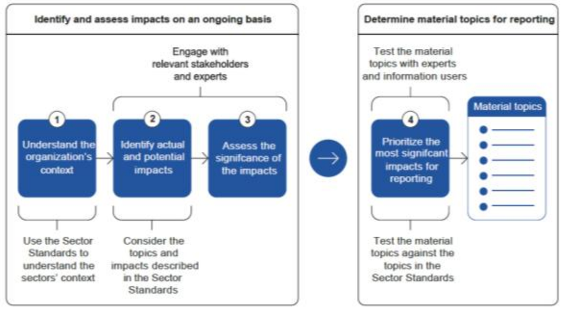
We commit to reporting annually on our progress against the targets in the sustainability strategy.

In the Annual Report 2023 we will announce the strategy. In subsequent Annual Reports, we will report newsworthy highlights:

- Handprint achievements
- Early/over-achievement of any targets
- Case studies and stories

In addition, for each reporting period from 2024 onwards, we will produce a short GRI Content Index: a table with links to webpages, references to existing documents or short text answers. We will use this to report against all targets for all material topics, both handprint and footprint.

HOW WILL SWISSCONTACT ENSURE THAT ITS STRATEGY REMAINS RELEVANT AND FIT FOR PURPOSE UNTIL 2028? IT WILL CONDUCT REGULAR REVIEWS.



The development cooperation and sustainability landscapes change. New topics emerge, and existing ones increase or decrease in importance.

It's important that the sustainability strategy remains relevant. Through networking and reading staff will keep up to date on trends and developments in sustainability reporting and practises. Swisscontact will do regular checks of progress towards targets and, if necessary, take remedial action.

In 2026, Swisscontact will do a repeat of the materiality analysis exercise with internal and external stakeholder consultation. This ensures that any new impacts, particularly negative impacts, are proactively identified and managed. Any changes to the list of material topics would need to be approved by the Foundation Board.

SUMMARY OF INDICATORS AND TARGETS

TARGETS IN AREA OF ENVIRONMENT

Topics	Indicators	Target	Notes
Environmental topics			
Greenhouse gas emissions	Direct (Scope 1) GHG emissions (GRI 305-1)	N/A	No target. Reporting only. See target below
	Energy indirect (Scope 2) GHG emissions (GRI 305-2)	N/A	No target. Reporting only. See target below
	Other indirect (Scope 3) GHG emissions (GRI 305-3)	N/A	No target. Reporting only. See target below
	Reduction of GHG emissions (Swisscontact's own; GRI 305-5) Scope 1 and 2	-30%	Aim to reach by 2028
	Reduction of GHG emissions (Swisscontact's own; GRI 305-5) Scope 3	-18%	Aim to reach by 2028
	Avoided GHG emissions or captured GHG emissions (project impact)	150 000 t	Mandate-dependent. Five years' results (2024-2028) added together
	Negative GHG emissions (carbon sequestration)	2000 t	Aim to reach by 2028
Biodiversity	% of projects having scope to make a positive impact on biodiversity that do so	100% annually	
	% of projects that put biodiversity significantly at risk	0% annually	
Green skills and green jobs	% of jobs created/retained that are green or greener	30% annually	Aim to reach by 2028
	% of people trained in green skills	50% annually	Aim to reach by 2028
	% of projects promoting green skills or green and greener jobs	50% annually	Aim to reach by 2028

TARGETS IN AREA OF SOCIAL (1/2)

Topics	Indicators	Target	Notes
Social topics			
Jobs	Number of jobs created or retained	50,000 in total by 2028	Mandate-dependent. Five years' results (2024-2028) added together
Income	Additional net income generated (CHF)	CHF 300M in total by 2028	Mandate-dependent. Five years' results (2024-2028) added together
Human rights	% of new implementation agreements or contracts signed that included a human rights clause	100% annually	
	% of new private sector donor relationships established where donors have been screened for their human rights track record (including child and forced labour, adapted from GRI 412-3)	100% annually	
	% of employees trained on human rights policies or procedures (GRI 412-2)	100% annually	
Decent work	% of projects having an employment objective that encourage private sector partners to promote decent working conditions	100% annually	
Gender, equality, and social inclusion (LNOB = "leave no one behind" = people from particularly marginalized groups)	% of project beneficiaries who are women	50% annually	
	% of project beneficiaries who are women belonging to LNOB groups	20% annually	
	% of projects that target LNOB	60% annually	
	% of projects which are gender-sensitive	100% annually	
	% of projects that implement gender-positive or gender-transformative interventions	75% annually	

TARGETS IN AREA OF SOCIAL (2/2)

Topics	Indicators	Target	Notes
Gender, equality, and social inclusion	Gender diversity of all employees (GRI 405-1)	Min. 40% men/women	Aim to reach by 2028
	Gender diversity of the Foundation Board (GRI 405-1)	Min. 40% men/women	Aim to reach by 2028
	Gender diversity of the Executive Board (including CEO) (GRI 405-1)	Min. 40% men/women	Aim to reach by 2028
	Gender diversity two levels below the CEO (GRI 405-1)	Min. 40% men/women	Aim to reach by 2028
	Gender diversity of country directors (GRI 405-1)	Min. 40% men/women	Aim to reach by 2028
	Age diversity of the management team (CEO and the three levels below) (GRI 405-1)	Min. 40% are either under 50 or over 50	Aim to reach by 2028
	Diversity of nationality of the Executive Board (including CEO) (GRI 405-1)	Min. 15% from Developing and Emerging Economies	Aim to reach by 2028
	Diversity of nationality two levels below the CEO (GRI 405-1) (Regional Directors)	Min. 50% from Developing and Emerging Economies	Aim to reach by 2028
	Diversity of nationality three levels below the CEO (GRI 405-1) (Country Directors)	Min. 50% from Developing and Emerging Economies	Aim to reach by 2028
	Ratio of basic salary of women to men (GRI 405-2) - Unadjusted gender pay gap globally	See targets above	Reporting only. The unadjusted gender pay gap is heavily influenced by the gender distribution at different management levels.
	Ratio of basic salary of women to men (GRI 405-2) - Adjusted gender pay gap for Swiss contracts	< 4% annually	

TARGETS IN AREA OF GOVERNANCE

Topics	Indicators	Target	Notes
Governance topics			
Compliance and anti-corruption	% of employees trained on the CoC* per year (including anti-corruption, GRI 205-2e)	100% annually	
	% of new partners who sign to say that they will comply with the CoC*	100% annually	
	Number of breaches of CoC* reported (thereof corruption (GRI 205-3), thereof SEAH)	N/A	No target. Reporting only
	Number of breaches of CoC* substantiated (thereof corruption (GRI 205-3), thereof SEAH)	N/A	No target. Reporting only
Corporate governance	% of new project partnerships signed that complied with the partnership management policy	100% annually	
	% of new private sector donor agreements signed that complied with the policy on the cooperation with the private sector	100% annually	
	Number of partners supported to strengthen their corporate or organizational governance	100 annually	
	Retention of Zewo certification	Certification retained	
	The statutory auditor expresses an unqualified opinion on the consolidated financial statements	Unqualified opinion	
	The statutory auditor expresses a positive opinion on the internal control system	Positive opinion	

*CoC = Code of conduct

MATERIAL TOPIC SLIDES

THE ANATOMY OF THE MATERIAL TOPIC SLIDES

Is this primarily a handprint or footprint topic, or both?

Is this an environmental, social or governance topic?

Which SDG(s) does it link to?

Topic description and our contribution

A brief description of what this topic is about and how it relates to our work

Indicators

Bullet points detailing which indicators we will use to set targets and measure progress

Targets

Targets are timebound. They are either annual targets or have a planned achievement date of 2028, in line with Strategy 2028.

Some targets have been set in 2023. Others will be set in 2024.

Actions

Actions will be checked to make sure that they are sufficient to reach the targets.

The necessary investments will be calculated and included in the annual planning process.

GREENHOUSE GAS EMISSIONS

Topic description and our contribution

If more and very rapid action to curb greenhouse gas emissions is not taken, catastrophic climate breakdown is predicted to lead to severe human costs, including the loss of many lives and conflict over natural resources. Environmental degradation would be inevitable. Swisscontact emits greenhouse gases. We have company vehicles, we purchase heating and electricity, and we fly. We recognise the need to limit our emissions according to the 1.5C pathway. Through our project work, we have the opportunity to help others reduce greenhouse gas (GHG) emissions e.g. through improving agricultural practices or waste management.

Indicators	Targets	Monitoring
Direct (Scope 1) GHG emissions (GRI 305-1)	No target. Reporting only	Carbon reporting exercise
Energy indirect (Scope 2) GHG (GRI 305-2)	No target. Reporting only	Carbon reporting exercise
Other indirect (Scope 3) GHG (GRI 305-3)	No target. Reporting only	Carbon reporting exercise
Reduction of GHG emissions (Swisscontact's own; GRI 305-5) Scope 1 and 2	-30% vs baseline by 2028	Carbon reporting exercise
Reduction of GHG emissions (Swisscontact's own; GRI 305-5) Scope 3	-18% vs baseline by 2028	Carbon reporting exercise
Avoided GHG emissions or captured GHG emissions (project impact)	150,000 t (cumulative 2024-2028)	Annual results aggregation
Negative GHG emissions (carbon sequestration)	2000 t (cumulative 2024-2028)	External source: TREEO

BIODIVERSITY

Topic description and our contribution

There is increasing international focus on biodiversity. This is a relevant topic for us. Through our projects, we have the potential either to boost biodiversity or to harm it. Some projects have scope to have a positive impact on through the promotion of agroecological practices, sustainable natural resource management, environmental education activities or reduced pollution. Other projects need to be designed carefully to avoid detrimental land or sea use changes or increasing the quantity of natural resources that are exploited.

Indicators

- % of projects having scope to make a positive impact on biodiversity that do so
- % of projects that put biodiversity significantly at risk

Targets

- 100% annually
- 0% annually

Monitoring

- Project Quality and Risk Assessment (PQRA)
- Project Quality and Risk Assessment (PQRA)

GREEN SKILLS AND GREEN JOBS (GSJ)

Topic description and our contribution

Green skills and green jobs are a prerequisite to make the transition to a greener economy happen. Today, skills gaps are already recognized as a major bottleneck in several sectors, such as renewable energy, energy and resource efficiency, renovation of buildings, climate sensitive construction, environmental services, and manufacturing. We help to fill those skills gaps.

* Green jobs are jobs that contribute to preserve or restore the environment, be they in traditional sectors such as manufacturing and construction, or in new, emerging green sectors such as renewable energy and energy efficiency (adapted from ILO 2011).

Indicators

- % of jobs created or retained that are green or greener
- % of people trained in green skills
- % of projects promoting green skills or green jobs

Targets

- 30% annually. Aim to reach by 2028
- 50% annually. Aim to reach by 2028
- 50% annually. Aim to reach by 2028

Monitoring

- Annual results aggregation
- Annual results aggregation
- In 2024, annual results aggregation. From 2025, Project Quality and Risk Assessment (PQRA)

JOBS AND INCOME

Topic description and our contribution

Sustainable economic development depends on creating the conditions for people to engage in productive work that provides a living income. Our work to create jobs and boost income is front and centre of this sustainability strategy. We strengthen the competitiveness of individuals so they can improve their opportunities for employment. We enhance the competitiveness of companies to support their growth. We promote socio-economic systems that favour comprehensive development in the regions we work in.

Indicators	Targets	Monitoring
Number of jobs created or retained	50,000 jobs (cumulative 2024-2028)	Annual results aggregation
Additional net income generated (CHF)	CHF 300M (cumulative 2024-2028)	Annual results aggregation

HUMAN RIGHTS

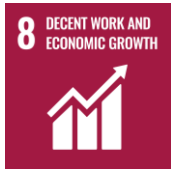
Supports many SDGs

Topic description and our contribution

Human rights are rights inherent to all human beings, regardless of race, sex, nationality, ethnicity, language, religion, or any other status. Human rights include the right to life and liberty, freedom from slavery and torture, freedom of opinion and expression, the right to work and education, and many more. Everyone is entitled to these rights, without discrimination. The upholding and promotion of human rights can act as a catalyst for social and economic development. Swisscontact may cause human rights abuses in that employees are in positions of influence within local communities. There is a risk that this dynamic could set up the potential for abuses of power (e.g. sexual exploitation). Swisscontact may contribute to human rights infringements due to negative consequences of joint/partner-led programmes. There is a risk that we are linked to human rights abuses if a corporate donor is guilty (e.g. by recruiting migrant labourers through agencies where there is a risk of bonded labour).

Indicators	Targets	Monitoring
• % of new implementation agreements or contracts signed that included a human rights clause	• 100% annually	• Annual results aggregation & assurance from Acquisitions
• % of new private sector donor relationships established where donors have been screened for their human rights track record (including child and forced labour, adapted from GRI 412-3)	• 100% annually	• Annual results aggregation
• % of employees trained on human rights policies or procedures (GRI 412-2)	• 100% annually	• Code of conduct e-learning statistics

DECENT WORK



Topic description and our contribution

It is not only the quantity of jobs that is important, the quality of those occupations is also very relevant. We aim to promote better working conditions to the extent that the country contexts permit. While we cannot ensure the creation of jobs that meet all 10 ILO indicators, through our partnerships we are able to influence the quality of jobs according to three of those criteria. Decent work in the context of Swisscontact projects means: adequate earnings and productive work, safe work environment, equal opportunity and equal treatment in employment (e.g. workplaces free of discrimination, harassment, and abuse.

Indicators

- % of projects having an employment objective that encourage private sector partners to promote decent working conditions

Targets

- 100% annually

Monitoring

- Project Quality and Risk Assessment (PQRA)

GENDER, EQUALITY AND SOCIAL INCLUSION

*LNOB = leave no one behind = particularly marginalized groups

Topic description and our contribution

Gender equality refers to the equal rights, responsibilities and opportunities of women and men and girls and boys. Work to promote equality in general is not limited to gender but covers race, ethnicity, age, sexual orientation, socio-economic status and religion. Social inclusion is defined as a process which leads individuals and groups to taking part in society by benefiting from its opportunities and developing their abilities. We consider the promotion of diversity within Swisscontact and our projects to be part of social inclusion.

Indicators	Targets	Monitoring
% of project beneficiaries who are women	50% annually	Annual results aggregation
% of project beneficiaries who are women belonging to LNOB* groups	20% annually	Annual results aggregation
% of projects that target LNOB*	60% annually	Project Quality and Risk Assessment (PQRA)
% of projects that are gender-sensitive	100% annually	Project Quality and Risk Assessment (PQRA)
% of projects that implement gender-positive or gender-transformative interventions	75% annually	Project Quality and Risk Assessment (PQRA)
Diversity of governance body and employees (GRI 405-1)	9 separate internal targets for gender, age and nationality at various management levels. Aim to reach by 2028.	Staff statistics
Ratio of basic salary of women to men (GRI 405-2) - Unadjusted gender pay gap globally	No target. Reporting only.	External source: calculated for us by a consultant
Ratio of basic salary of women to men (GRI 405-2) - Adjusted gender pay gap for Swiss contracts	< 4% annually	External source: LOGIB tool

COMPLIANCE AND ANTI-CORRUPTION

Topic description and our contribution

Recognising that we work in fragile contexts with increased risks of abuse of power or corruption, we wish to dedicate extra attention to this area. Sexual abuse and harassment (SEAH) is particularly an issue where there is an actual or perceived imbalance of power. We have a duty of care of employees, partners and beneficiaries. Procurement decisions need to be free from corruption. We have a duty to ensure project spend is allocated appropriately.

Indicators	Targets	Monitoring
• % of employees trained on the CoC* each year (including anti-corruption, GRI 205-2e)	• 100% annually	• Code of conduct e-learning statistics
• % of new partners who sign to say that they will comply with the CoC*	• 100% annually	• Annual results aggregation and assurance from Acquisitions
• Number of breaches of CoC* reported (thereof corruption (GRI 205-3), thereof SEAH)	• No target. Reporting only	• Code of conduct log
• Number of breaches of CoC* substantiated (thereof corruption (GRI 205-3), thereof SEAH)	• No target. Reporting only	• Code of conduct log

*CoC = Code of conduct

CORPORATE GOVERNANCE

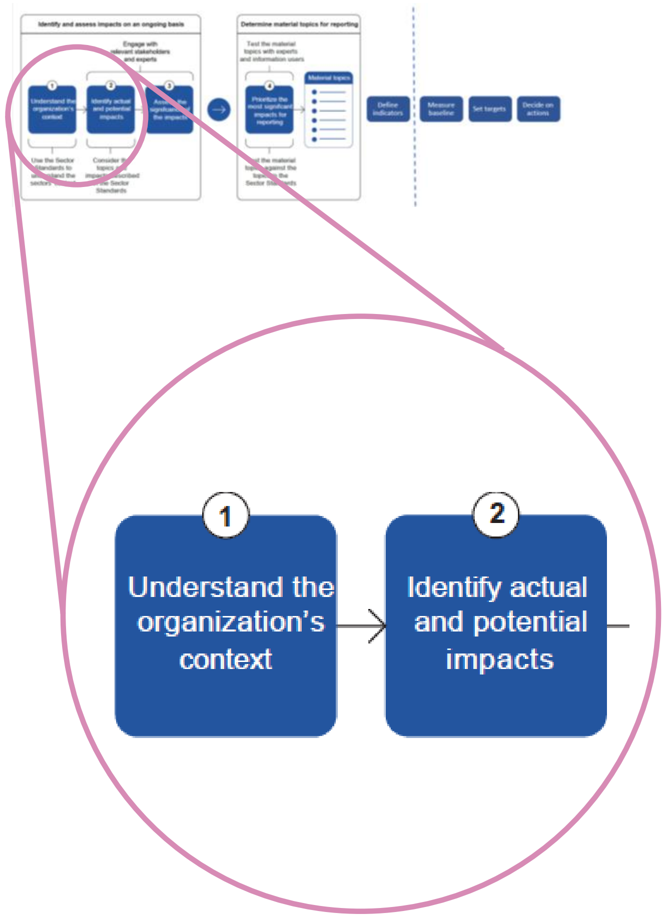
Topic description and our contribution

Corporate governance is the combination of rules, processes and laws by which an organization is operated, regulated and controlled. Good corporate governance is a collection of practices which seek to ensure that the organization achieves its purpose. Keywords are accountability, transparency, efficiency, inclusivity and rule of law (including regulations). We work in fragile contexts. Sometimes we work with partners who we know have weak governance structures. Through our partnership management policy, we offer them support.

Indicators	Targets	Monitoring
% of new project partnerships signed that complied with the partnership management policy	100% annually	Annual results aggregation
% of new private sector donor agreements signed that complied with the policy on the cooperation with the private sector	100% annually	Assurances from Partners & Clients domain
Number of partners supported to strengthen their corporate or organizational governance	100 annually	Annual results aggregation
Retention of Zewo certification	Certification retained	External source: ZEWO
The statutory auditor expresses an unqualified opinion on the consolidated financial statements	Unqualified opinion	External source: Audit report
The statutory auditor expresses a positive opinion on the internal control system	Positive opinion	External source: Audit report

DETAILED DESCRIPTION OF THE PROCESS

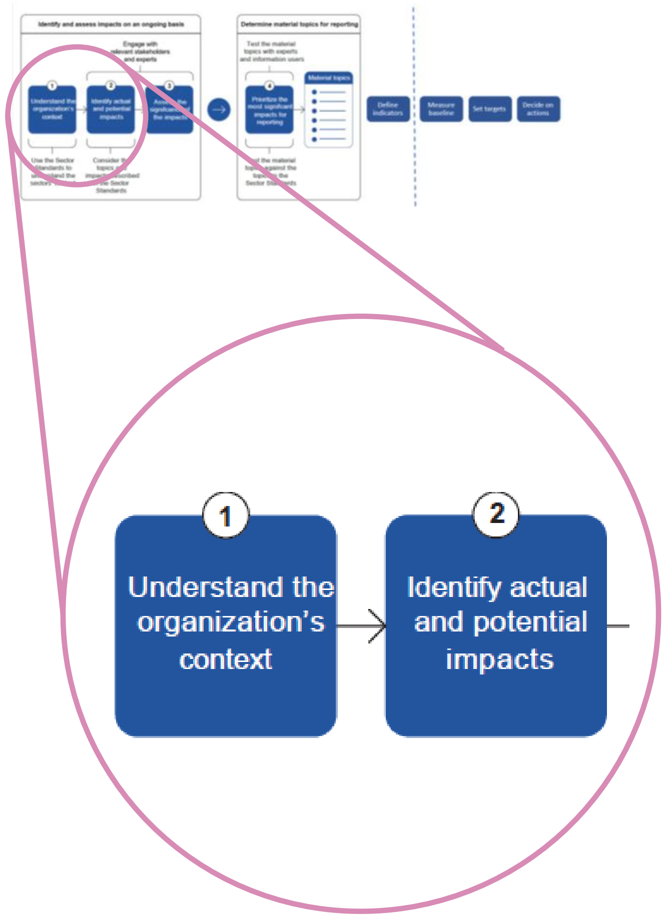
WE USED A VARIETY OF INFORMATION SOURCES TO UNDERSTAND THE ORGANIZATION'S CONTEXT AND TO IDENTIFY ACTUAL AND POTENTIAL IMPACTS



- GRI Universal Standards
- GRI Sector Standards (for NGOs – past edition)
- GRI Topic Standards
- SASB Standards
- SDGs
- Sustainability reports from other organizations
- Internal consultation
- External consultation with sustainability experts

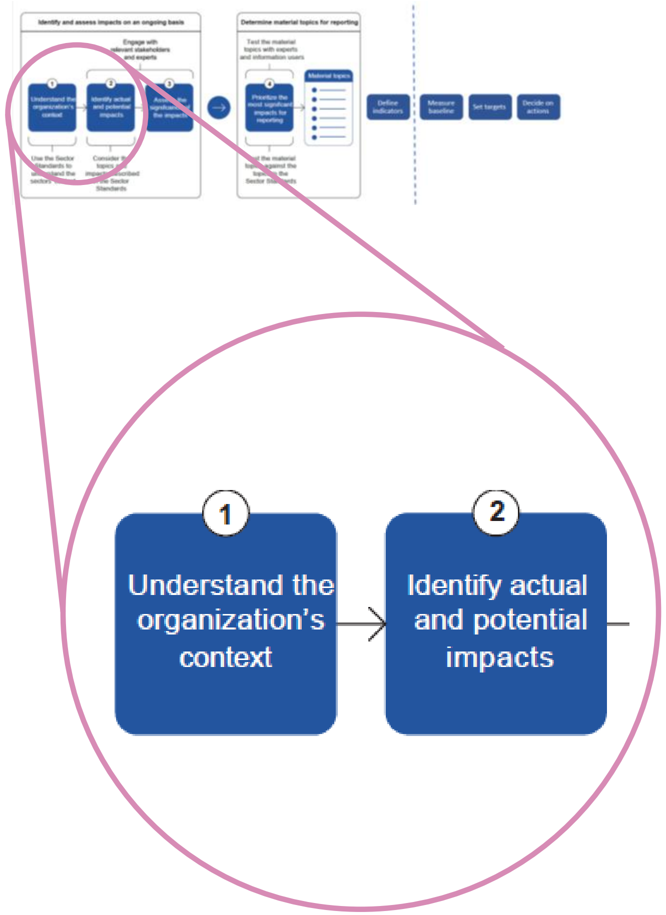
From these sources, we compiled a longlist of **50+ impacts**, which we then grouped into **23 topics** to make assessment manageable.

THE LIST OF 23 TOPICS WHICH WE TOOK FORWARD FOR DETAILED ASSESSMENT



1. Greenhouse gas emissions
2. Biodiversity
3. Waste and pollution
4. Land use changes
5. Green skills and green jobs
6. Decent work
7. Gender, diversity, and social inclusion
8. Staff training and education
9. Human rights
10. Child labour
11. Community cohesion
12. Resilience and adaptive capacity
13. Competitive markets
14. Compliance and anti-corruption
15. Ethical fundraising
16. Resource allocation
17. Stakeholder engagement
18. Coordination
19. Decentralization
20. Digitalization
21. Investment strategy
22. Corporate governance
23. Financial stability

EXPLAINING THE RELEVANCE OF EACH TOPIC



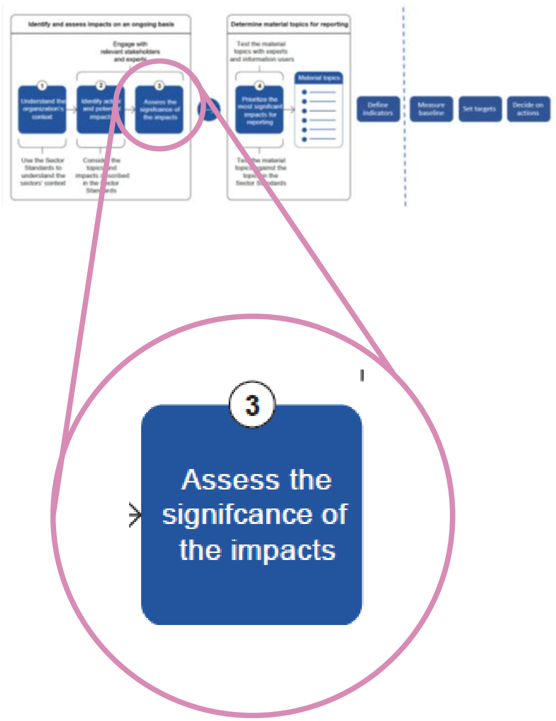
We prepared explanations of each topic for the internal stakeholders. We want to make sure that everyone understood:

- The topic definition
- What Swisscontact's actual and potential impacts could be
- What we are doing already in this topic area to mitigate risks or take advantage of opportunities

1. GREENHOUSE GAS EMISSIONS

- **Definition**: The emission of greenhouse gases (GHG), primarily CO_2, causes climate change. The burning of fossil fuels for heating, electricity generation, manufacturing and transportation is the major driver of emissions, along with agriculture. China, the USA, and other developed countries emit the most. However, the effects of climate change are disproportionately experienced by people in developing countries.
- **Negative impact**: If more and very rapid action to curb greenhouse gas emissions is not taken, catastrophic climate breakdown is predicted to lead to severe human costs, including the loss of many lives and conflict over natural resources. Environmental degradation would be inevitable.
- **Possible Swisscontact examples**: Swisscontact is responsible for the emission of greenhouse gases. We purchase heating and electricity, and we use transport - most notably air travel. We do not offset our corporate CO_2 emissions. Our travel policy does not mention CO_2. There is a risk we could be linked to corporate partners whose business model is carbon intensive (e.g. processing of dairy products). There is a risk that some projects (e.g. support for livestock farming) contribute to more GHG.
- **Existing mitigation measures**: Our environmental responsibility policy outlines how we can contribute to emissions reductions by supporting traditional sectors to be greener or by promoting green sectors. Our policy on cooperation with donors from the private sector compels us to do due diligence before working with carbon-intensive businesses.

TO ASSESS THE SIGNIFICANCE OF THE TOPICS, FIRST, INTERNAL STAKEHOLDERS ASSESSED THE IMPACT OF SWISSCONTACT ON EACH TOPIC (SALIENCY)



Of our 23 identified topics, some topics are broadly:

- negative (e.g. Greenhouse gas emissions)
- positive (e.g. Digitalization)
- neutral/both/it depends (e.g. Investment strategy)

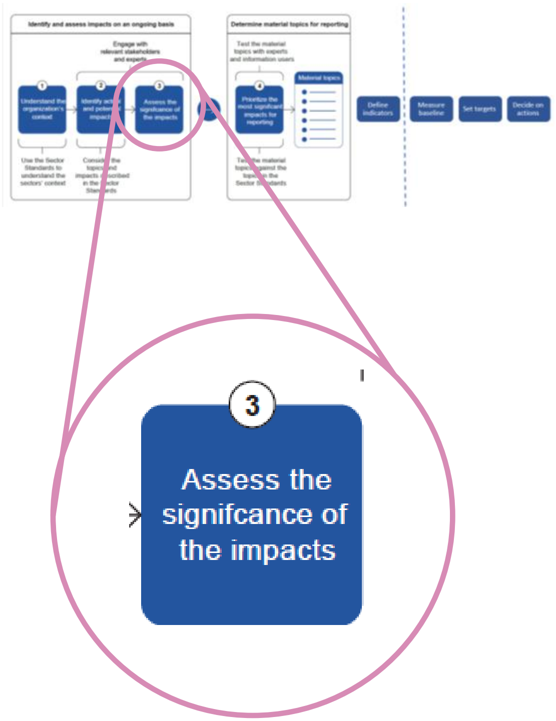
Where colleagues were assessing the saliency of **positive or neutral** topics, we asked them to think about them in terms of potential **missed opportunities**.

Saliency is a concept borrowed from human rights due diligence.
It comprises two dimensions:

- **Severity** (scale, scope and remediability) of a negative impact or missed opportunity
- **Likelihood** of that negative impact or missed opportunity occurring

24 colleagues (RDs, CDs, working area leads, sustainability criteria advisors, project teams) completed the survey and some were interviewed as well.

SECOND, WE CONDUCTED INTERVIEWS WITH MEMBERS OF THE EB AND COMMS TO ASSESS HOW SWISSCONTACT’S BUSINESS IS IMPACTED BY THE TOPICS (RISK)



We chose to look at these risks through a reputation lens as it is through reputational damage that our ability to raise funds or attract partners would be negatively affected.

The level of reputational risk inherent in each topic varies. This is determined in large part by how **emotive** the topics are and how **closely they are connected to our core purpose**.

23 topics were rated for:

- **How damaging** a negative news story or report would be
- **How likely** that it to happen

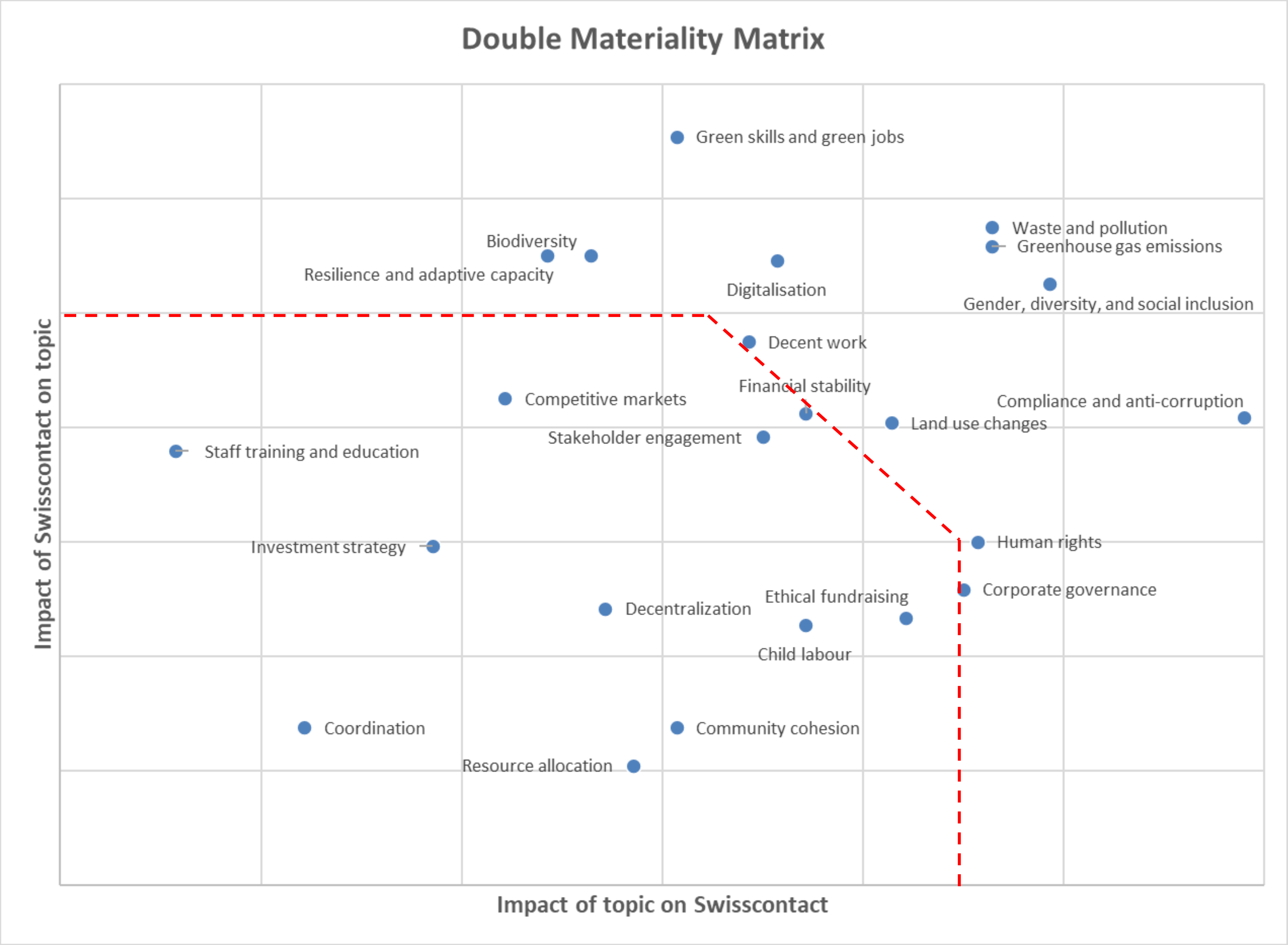
8 senior colleagues were interviewed and completed a rating exercise.

WE COMBINED THE SURVEY RESULTS IN A DOUBLE MATERIALITY MATRIX. IT SHOWS OUR IMPACT ON EACH TOPIC AND EACH TOPIC'S IMPACT ON US.

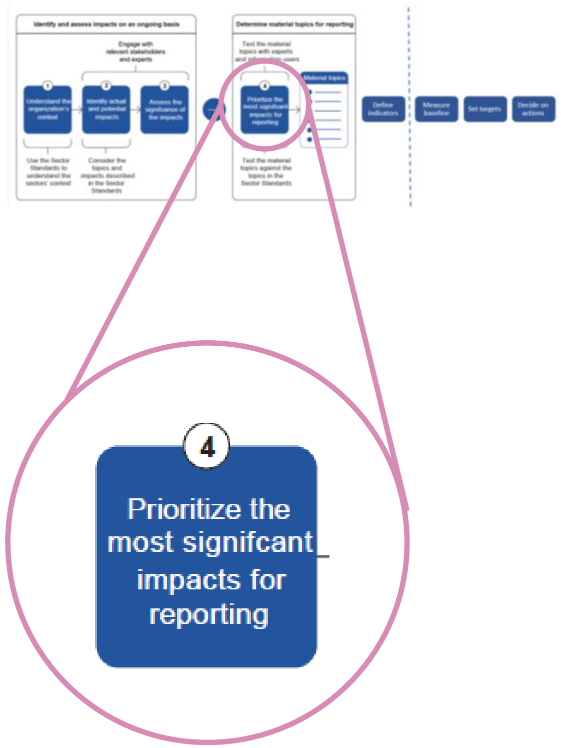
The materiality matrix was useful because it showed us which topics we needed to discuss in detail with external stakeholders.

12 high scoring topics for discussion: - - - -
The 9 highest scoring topics overall plus the 3 which scored at least 6.5/10 in any dimension.

1. Compliance and anti-corruption
2. Gender, diversity, and social inclusion
3. Waste and pollution
4. Greenhouse gas emissions
5. Digitalisation
6. Land use changes
7. Green skills and green jobs
8. Human rights
9. Corporate governance
10. Decent work
11. Biodiversity
12. Resilience and adaptive capacity



MOVING ON TO EXTERNAL STAKEHOLDER CONSULTATION, WE INTERVIEWED PARTNERS TO TEST THE RELEVANCE OF THE 12 HIGH SCORING TOPICS WITH THEM



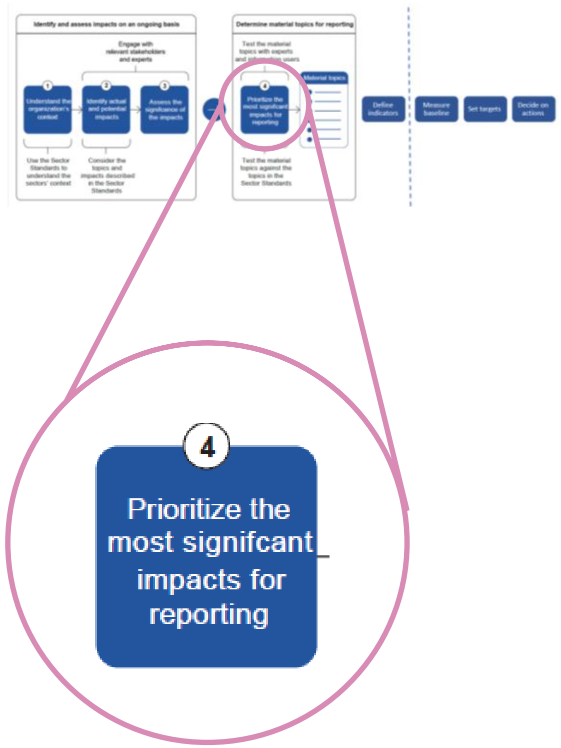
We carried out 8 interviews with representative of:

- Institutional donors
- Private foundations
- Corporate partners
- Academic partners

Among other things, we asked:

- Which of the 12 topics are most relevant?
- Do any of the topics need to be addressed urgently?
- Do any topics present big opportunities for us?
- Are there topics that we could address to increase your trust in us?

WE ALSO INVITED PARTNERS TO GIVE GENERAL FEEDBACK AND ADVICE



“Can you come at it from a competence perspective? These are the challenges: This is what we're good at. Here we can make a difference. Focus!”

“When you consider risks/footprint, you can streamline and document existing risk management policies and procedures.”

“Stakeholder consultation is key. It is really important to involve external stakeholders.”

“I got a bit confused. When you display these topics, can you show more clearly what is what? Some of these are what you do. And others are how you do it.”

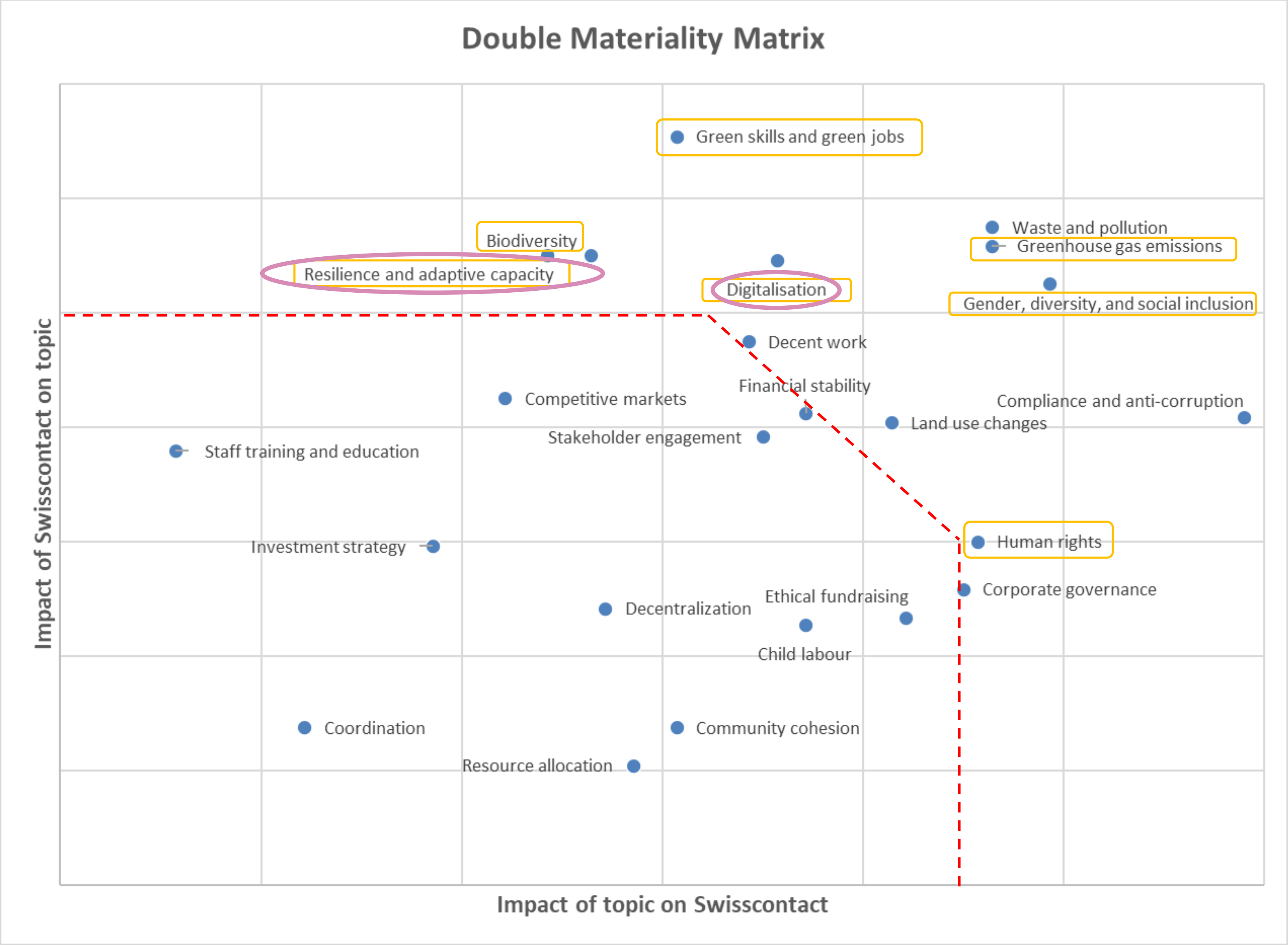
“Do no harm is a must!”

PARTNERS INDICATED THE TOPICS THAT WERE MOST RELEVANT FOR THEM

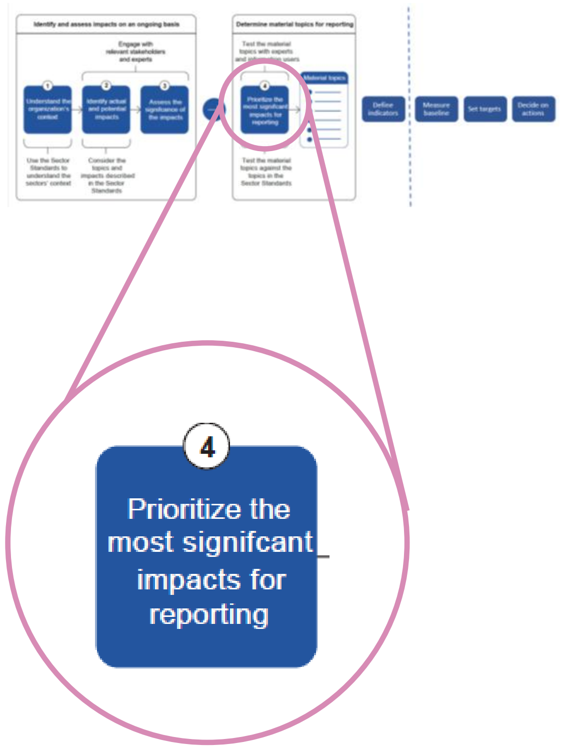
Priorities for external stakeholders (topics scoring 4+)

Despite being prioritised by external stakeholders, topic was not deemed to be material (reasoning on next two slides)

Topic	Frequency of mentions
Biodiversity	6
Resilience and adaptive capacity	6
Greenhouse gas emissions	5
Digitalization	4
Gender, diversity and social inclusion	4
Green skills and green jobs	4
Human rights	4
Compliance and anti-corruption	3
Land use changes	3
Corporate governance	1
Decent work	1
Waste and pollution	1



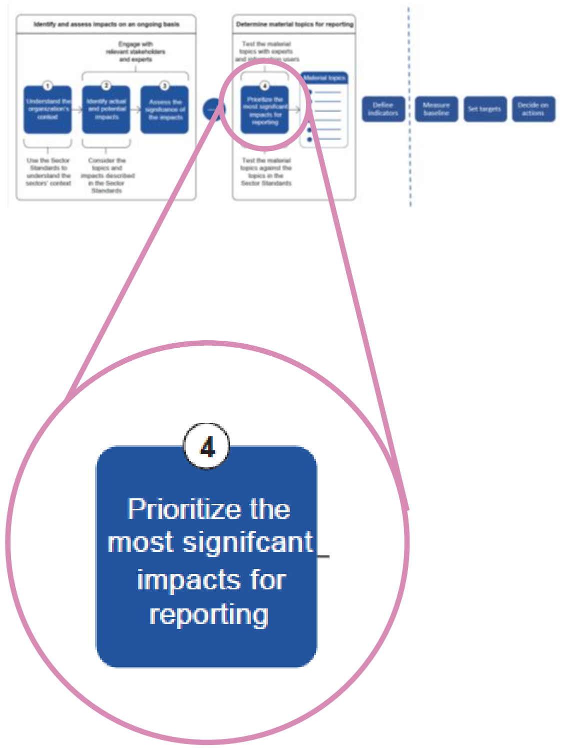
TAKING THIS FEEDBACK AS WELL AS OTHER CONSIDERATIONS INTO ACCOUNT, AT A MEETING ON 15TH JUNE THE TOPICS WERE PRIORITIZED AND A THRESHOLD SET.



The wider working group met on 15th June 2023 to discuss the materiality matrix and external stakeholder feedback. It prioritized the topics and set a threshold for materiality.

- **Digitalization** presents important opportunities for us and our beneficiaries. As an organization, we are well underway with digital tools and e-learnings. Data security is a big concern but we will handle it as a corporate governance issue. Although digitalization is important it is less urgent than others. It is **not material**.
- **Waste and pollution** scored very high on the double materiality matrix but it was not mentioned often by external stakeholders. Swisscontact recommends the minimal amount of agrochemicals, an important source of pollution. We do great work in waste reduction but the number of projects is small. Because the handprint potential is small, the topic was deprioritized and is **not material**.
- **Resilience and adaptive capacity** was one of the lowest scoring topics under consideration. However, it was rated high by external stakeholders. Although internally we had defined the topic broadly (e.g. reliance on external support, resilience to all types of shocks), interviewees focused their comments almost exclusively on climate change adaptation. This will be covered in depth by our new climate change strategy, so we judge that the broader topic is **not material**.

NOTES FROM THE DISCUSSION (CONTINUED)



- **Land use changes**, meaning deforestation, was moved down the priority list as our impact was judged to be only “linked to” rather than “causing” and not significant in scale. It was deemed **not material**.
- **Jobs and income** was inserted after the materiality analysis was completed. We had not included this topic at the start because we were looking for additional topics. As jobs and income is our core business, we didn’t consider it. We later realised that it is our biggest handprint topic. It is **material**.
- **Compliance and anti-corruption** is our single biggest reputation risk. While external stakeholders commented that they knew we already had robust systems in place, the size of the risk associated with working in fragile contexts means that we want to do more in this area. It is **material**.
- **Corporate governance**. It is important that we continue to do this well. We have significant handprint potential to support partners in this area. It is **material**.
- **Decent work** was moved up the priority list compared to its position on the materiality matrix because it is so relevant to our core activity of promoting employment. It is not only the quantity of jobs that matters but also the quality. It is **material**.

THIS WAS THE PRIORITY RANKING AFTER THE MEETING OF THE WIDER WORKING GROUP. THE THRESHOLD WAS APPROVED BY THE EXECUTIVE BOARD ON 20TH JUNE.

Negative impacts / risks

- Compliance and anti-corruption
- Greenhouse gas emissions
- Human rights

- Land use changes

Positive and negative impacts

- Gender, equality, and social inclusion
- Corporate governance
- Biodiversity

Positive impacts / opportunities

- Jobs and income
- Green skills and green jobs
- Decent work

- Waste and pollution
- Digitalisation
- Resilience and adaptive capacity

Threshold for materiality – – – –

After ranking the topics by size of impact, an organization may choose where to place the threshold. Although all topics are relevant, this line represents our cutoff for **sustainability reporting**. We set the line here to include **all our footprint topics** (except land use changes; see previous slide). We have resources at this time to actively manage **three handprint topics**, the ones where we see the biggest potential for impact. There is nothing to stop us working on the additional topics. But our strategy will not require us to **report** on them.

IN THIS WAY, WE REDUCED A LONGLIST OF 50+ IMPACTS WAS REDUCED TO 9 MATERIAL TOPICS, APPROVED BY THE FOUNDATION BOARD IN DECEMBER 2023