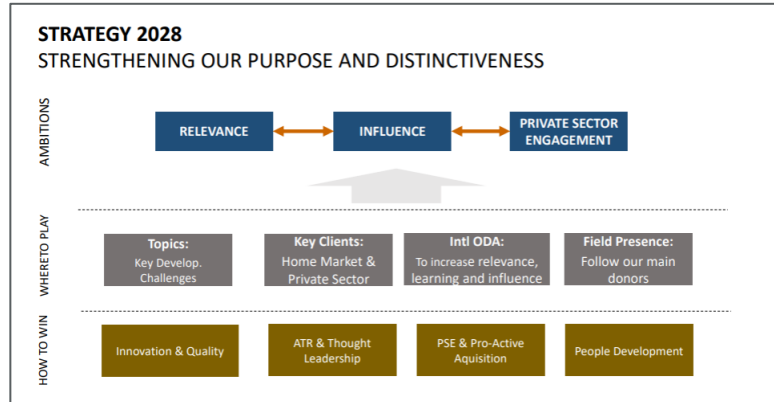# SUSTAINABILITY STRATEGY (2024-2028)

swisscontact

SWISS
FOUNDATION
FOR TECHNICAL
COOPERATION

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 duty to minimise any negative impacts on people and the planet.
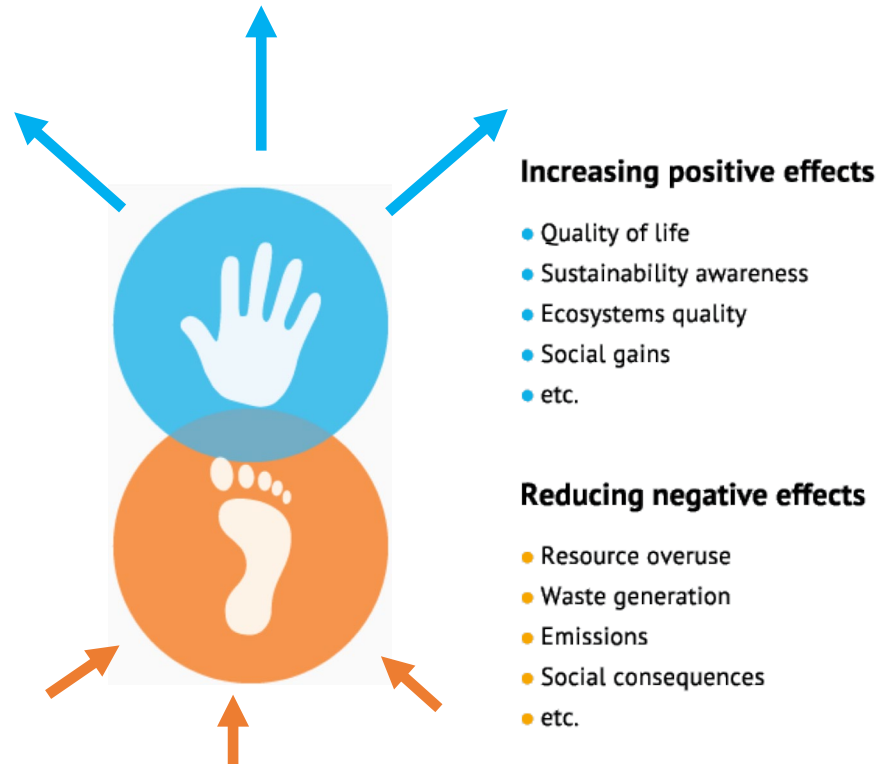
In Strategy 2028, a particular commitment to transparency was made: managing activities and reporting results against KPIs. These measure progress towards the strategy's targets and the fulfilment of Swisscontact's mission. Adding to this, by deciding to report publicly on extra indicators included in the 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 Swisscontact's sustainability strategy matches those of its Strategy 2028.

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

Increasing positive effects

- Quality of life
- Sustainability awareness
- Ecosystems quality
- Social gains
- etc.

Reducing negative effects

- Resource overuse
- Waste generation
- Emissions
- Social consequences
- etc.

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. An organization's handprint is bigger when it takes opportunities.

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

HOW DID SWISSCONTACT CHOOSE WHICH ISSUES TO TACKLE IN THE STRATEGY? TO START WITH, IT IDENTIFIED A LIST OF "MATERIAL" TOPICS.

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.
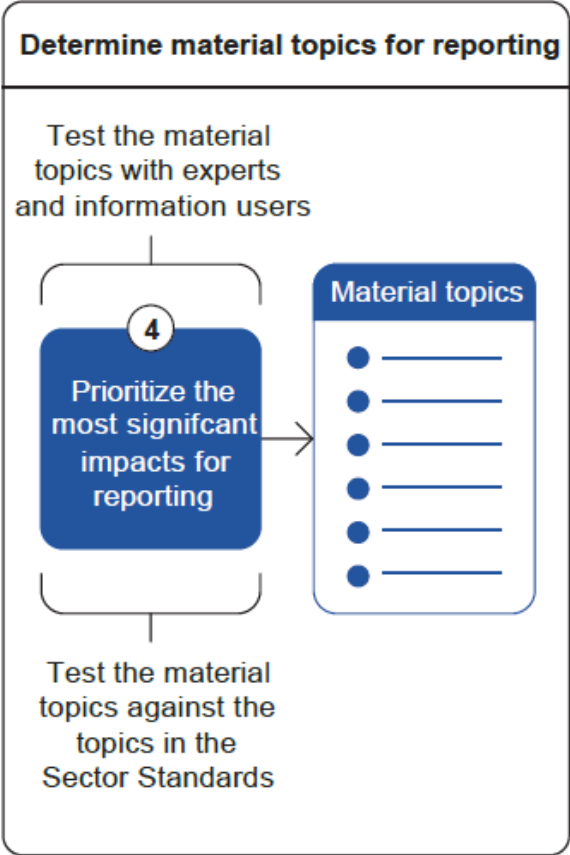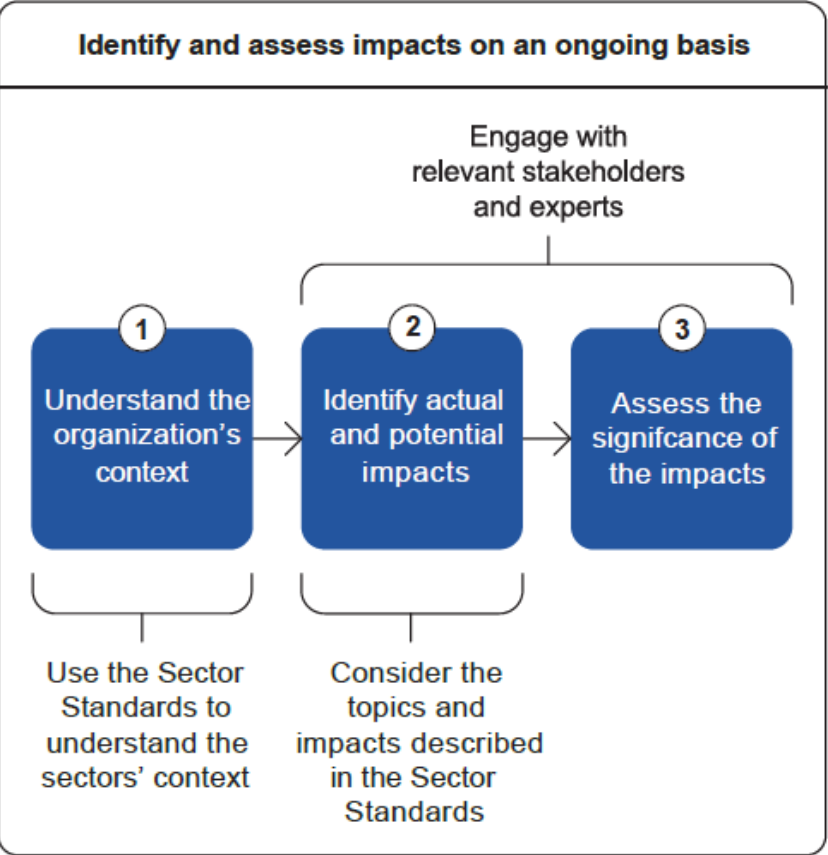

Figure from GRI

December 2022 to August 2023
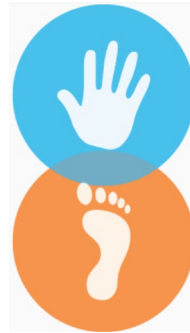
September to December 2023 and 2024

WHICH IMPACTS WILL SWISSCONTACT FOCUS ON? INTERNAL AND EXTERNAL STAKEHOLDER CONSULTATIONS HELPED IT TO DETERMINE 9 MATERIAL TOPICS
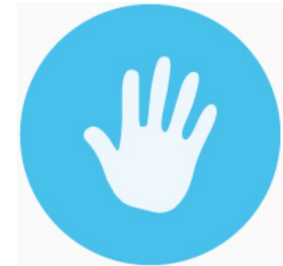
Negative impacts / risks

- 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 ITS MATERIAL TOPICS? FOR EACH MATERIAL TOPIC INDICATORS WERE DEFINED AND TARGETS SET

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)
• # of people trained in green skills (as a % of people accessing skills services)	• 50%. Aim to reach by 2028	• Gain practical experience of integrating GSJ into an existing project (Pascal)
• % of projects promoting green skills or green jobs	• To be set in 2024	

The selected indictors are, in most cases, either already in Swisscontact's reporting systems or data can be collected using existing systems, like the annual MRM data aggregation or Project Quality and Risk Assessment. In a few cases, separate data collection or tracking has been set up.

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

Implementation of the strategy started in earnest in 2024, although by the end of 2023 some important activities (e.g. climate change strategy, net zero road map, anti-fraud guidelines, good governance policy) were already underway.

HOW WILL SWISSCONTACT REPORT ON PROGRESS ? INFORMATION WILL BE PROVIDED IN THE ANNUAL REPORT AND VIA A GRI CONTENT INDEX.

Swisscontact commits to reporting annually on progress against the targets in the sustainability strategy.

In the Annual Report 2023, the strategy is announced. In subsequent Annual Reports, Swisscontact 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, Swisscontact will produce a short GRI Content Index: a table with links to webpages, references to existing documents or short text answers. This will be used 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 a sustainability strategy remains relevant. Swisscontact will keep up to date on trends and developments in sustainability reporting and practises. It will do regular checks of progress against targets and, if necessary, add new actions.

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

swisscontact

TARGETS IN AREA OF ENVIRONMENT

Topics	Indicators	Target to be set in 2023	Target to be set in 2024	Notes
Environmental topics				
Greenhouse gas emissions	Direct (Scope 1) GHG emissions (GRI 305-1)		X	
	Energy indirect (Scope 2) GHG emissions (GRI 305-2)		X	
	Other indirect (Scope 3) GHG emissions (GRI 305-3)		X	
	Reduction of GHG emissions in tons CO2 equivalent (Swisscontact's own; GRI 305-5)		X	
	Avoided GHG emissions or captured GHG emissions in tons CO2 equivalent (project impact)		X	
	Negative GHG emissions in tons CO2 equivalent (carbon sequestration)		X	
Biodiversity	% of projects that have a positive impact on biodiversity		X	
	% of projects that put biodiversity at risk		X	
Green skills and green jobs	# of green jobs created/retained (as a % of the total of jobs created and retained) thereof # jobs created in carbon sequestration		X	
	% of people trained in green skills (as a % of people accessing skills services)	50% annually (expecting a gradual increase until end 2028)		Aim to reach by 2028
	% of projects promoting green skills or green jobs		X	

TARGETS IN AREA OF SOCIAL (1/2)

Topics	Indicators	Target to be set in 2023	Target to be set in 2024	Notes
Social topics				
Jobs	# 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 implementation agreements with project implementation partners that reflect human rights commitments	100% annually		
	% of new private sector partners that 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 that encourage private sector partners to promote decent working conditions		X	
Gender, equality, and social inclusion	% of project beneficiaries who are women	50% annually		
	% of project beneficiaries who belong to LNOB groups (or an alternative indicator for social inclusion at project level)		X	
(LNOB = "leave no one behind" = people from particularly marginalized groups)	% of project beneficiaries who are women belonging to LNOB groups (or an alternative indicator for women's social inclusion at project level)		X	
	% of projects which are gender-sensitive (DAC gender-significant)	100% annually		
	% of projects which are either gender-positive or gender-transformative (DAC gender-principal)		X	

TARGETS IN AREA OF SOCIAL (2/2)

Topics	Indicators	Target to be set in 2023	Target to be set in 2024	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) (Global Office middle management)	Min. 30% men/women		Aim to reach by 2028
	Gender diversity two levels below the CEO (GRI 405-1) (Regional Directors)	Min. 30% men/women		Aim to reach by 2028
	Gender diversity three levels below the CEO (GRI 405-1) (Country Directors)	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 the Global South		Aim to reach by 2028
	Diversity of nationality two levels below the CEO (GRI 405-1) (Regional Directors)	Min. 50% from the Global South		Aim to reach by 2028
	Diversity of nationality three levels below the CEO (GRI 405-1) (Country Directors)	Min. 50% from the Global South		Aim to reach by 2028
	Ratio of basic salary of women to men (GRI 405-2)		X	

TARGETS IN AREA OF GOVERNANCE

Topics	Indicators	Target to be set in 2023	Target to be set in 2024	Notes
Governance topics				
Compliance and anti-corruption	% of employees trained on the CoC per year (including anti-corruption, GRI 205-2e)	100% annually		
	% of partners who sign to say they will comply with the CoC	100% annually		
	# of breaches of CoC reported (thereof corruption (GRI 205-3), thereof SEAH)	N/A		No target. Reporting only
	# 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, to which the partnership management policy is applied	100% annually		
	% of new private sector donor relationships established, to which the policy on cooperation with donors from the private sector is applied	100% annually		
	# of partners Swisscontact is supporting in the area of corporate governance		X	
	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		

MATERIAL TOPIC SLIDES WITH DETAILS OF ACTIONS

swisscontact

THE ANATOMY OF THE MATERIAL TOPIC SLIDES

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

Which SDG(s) does it link to?

13 CLIMATE ACTION

Is this an environmental, social or governance topic?

Topic description and Swisscontact's contribution

A brief description of what this topic is about and how it relates to Swisscontact's 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 Swisscontact's 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. There is a risk that some project topics (e.g. support for livestock farming) contribute to increased emissions. Swisscontact aims to reach net zero by 2050. Swisscontact's progress towards this goal will be monitored using the indicators below.

Indicators

- Direct (Scope 1) GHG emissions in tons CO_2 equivalent (GRI 305-1)
- Energy indirect (Scope 2) GHG emissions in tons CO_2 equivalent (GRI 305-2)
- Other indirect (Scope 3) GHG emissions in tons CO_2 equivalent (GRI 305-3)
- Reduction of GHG emissions in tons CO_2 equivalent (Swisscontact's own; GRI 305-5)
- Avoided GHG emissions or captured GHG emissions in tons CO_2 equivalent (project impact)
- Negative GHG emissions in tons CO_2 equivalent (carbon sequestration)

Targets

- To be set in 2024
- To be set in 2024
- To be set in 2024
- To be set in 2024
- To be set in 2024
- To be set in 2024

Actions in 2024

- Calculation of 2023 baseline (scope 1, 2 and 3) with support from a carbon consultant
- Definition of net zero road map
- Drafting a sustainable travel policy
- Guidance to projects on how to report their avoided GHG emissions project impact
- Partnership with TREEO

BIODIVERSITY
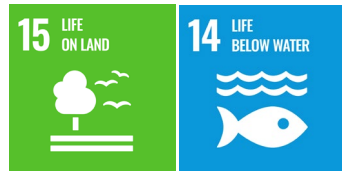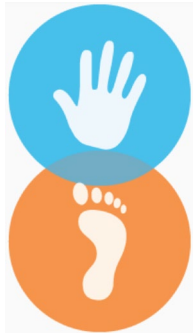
Topic description and Swisscontact's contribution

There is increasing international focus on biodiversity. This is a relevant topic for us. In our projects, we have the potential either to boost biodiversity or to harm it. If we promote practises such as replacing intercropping with monoculture, or the promotion of non-native seeds, or pesticide use, we may contribute to harm. Boosting tourism in biodiversity hotspots may damage fragile ecosystems. In contrast, the promotion of agroecological farming methods has potential to restore or protect biodiversity.

Indicators

- % of projects that have a positive impact on biodiversity

- % of projects that put biodiversity at risk

Targets

- To be set in 2024

- To be set in 2024

Actions in 2024

- Review new GRI guidance on biodiversity indicators / how TNFD is integrated
- Inclusion of project level indicators in Project Quality and Risk Assessment
- Calculation of baselines
- Setting of targets

GREEN SKILLS AND GREEN JOBS (GSJ)

Topic description and Swisscontact's 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 look 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

- # of green jobs created/retained (as a % of the total of jobs created and retained) thereof # jobs created in carbon sequestration

- # of people trained in green skills (as a % of people accessing skills services)

- % of projects promoting green skills or green jobs

Targets

- To be set in 2024

- 50%. Aim to reach by 2028

- To be set in 2024

Actions in 2024

- GSJ guideline, technical support offer and MRM guidance communicated to all regions
- Develop e-learning course on GSJ
- Gain practical experience of integrating GSJ into an existing project

JOBS AND INCOME

Topic description and Swisscontact's contribution

Swisscontact's work helps to create jobs and boost income. 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 in which we work.

Indicators

- # jobs created or retained

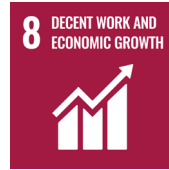- Additional net income generated (CHF)

Targets

- 50,000 jobs by end 2028 (this is the total of five years' jobs added together)

- CHF 300M by end 2028 (this is the total of five years' income added together)

Actions in 2024

- Continuation of existing projects/mandates
- Acquisition of new projects/mandates

DECENT WORK

Topic description and Swisscontact's contribution

We aim to promote better working conditions and the creation of the most decent jobs that the country contexts permit. While we cannot ensure the creation of jobs that meet all 10 ILO indicators, through Swisscontact's partnerships we are able to influence the quality of jobs created, according to four criteria: income, safe working, equal opportunity and skills improvement.

Indicators

- % of projects that encourage private sector partners to promote decent working conditions*

*Decent work in the context of Swisscontact projects means working conditions with these attributes (the minimum number of which is still to be decided):
- Adequate earnings and productive work (ILO)
- Safe work environment (ILO)
- Equal opportunity and equal treatment in employment (e.g. workplaces free of discrimination, harassment, and abuse; ILO)
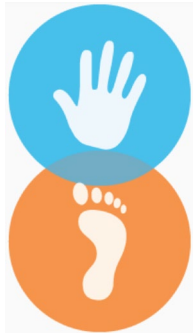- Opportunity for skills improvement (internal)

Targets

- To be set in 2024

Actions in 2024

- Inclusion of project level indicator in Project Quality and Risk Assessment
- Calculation of baseline
- Setting of target

GENDER, EQUALITY AND SOCIAL INCLUSION

Topic description and Swisscontact's contribution

Gender equality refers to the equal rights, responsibilities and opportunities of women and men and girls and boys. Work to promote equality 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

- Diversity of governance body and employees (GRI 405-1)
- Ratio of basic salary and remuneration of women to men for each employee category (GRI 405-2)
- % of project beneficiaries who are women (benefit outreach)
- % of project beneficiaries who belong to LNOB groups (or an alternative indicator for social inclusion at project level)
- % of project beneficiaries who are women belonging to LNOB groups (or an alternative indicator for women's social inclusion at project level)
- % of projects which are gender-sensitive (DAC gender-principle)
- % of projects which are gender-positive or gender-transformative (DAC gender-significant)

Targets

- Several targets with an achievement date of 2028
- To be set in 2024

- 50% annually

- To be set in 2024

- To be set in 2024

- 100% annually

- To be set in 2024

Actions

- Implement People & Learning strategy
- Calculate ratio of basic salary women to men and propose target
- Continue focus on gender balance
- Make the (currently voluntary) reporting on LNOB* compulsory for projects
- Propose target for gender-positive or gender-transformative projects

HUMAN RIGHTS

Supports many SDGs

Topic description and Swisscontact's 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 <u>cause</u> 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 <u>contribute to</u> human rights infringements due to negative consequences of joint/partner-led programmes. There is a risk that we are <u>linked to</u> human rights abuses if one of our corporate donors does not respect human rights (e.g. by recruiting migrant labourers through agencies where there is a risk of bonded labour).

Indicators

- % of implementation agreements with project implementation partners that reflect human rights commitments
- % of new private sector partners that have been screened for their human rights track record (including child and forced labour, adapted from GRI 412-3)
- % of employees trained on human rights policies or procedures (GRI 412-2)

Targets

- 100% annually

- 100% annually

- 100% annually

Actions

- Integration of SEAH policy in implementation agreement
- Human rights aspects, including child labour and forced labour integrated into private sector due diligence tool
- Inclusion of human rights module in Code of Conduct

COMPLIANCE AND ANTI-CORRUPTION

Topic description and Swisscontact's contribution

Recognising that we work in fragile contexts with increased risks of non-compliance with the Code of Conduct (CoC) and/or corruption, we wish to strengthen our systems in 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.

Indicators

- % of employees trained on the CoC each year (including anti-corruption, GRI 205-2e)
- % of new partners who sign to say that they will comply with the CoC
- # of breaches of CoC reported (thereof corruption (GRI 205-3), thereof SEAH)
- # of breaches of CoC substantiated (thereof corruption (GRI 205-3), thereof SEAH)

Targets

- 100% annually

- 100% annually

- No target to be set. Reporting only

- No target to be set. Reporting only

Actions

- Rollout of anti-fraud guideline

- Set up global case recording system for CoC breaches reported and substantiated

CORPORATE GOVERNANCE

Topic description and Swisscontact's 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. 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

- % of new project partnerships signed, to which the partnership management policy is applied
- % of new private sector donor relationships established, to which the policy on cooperation with donors from the private sector is applied
- # of partners Swisscontact is supporting in the area of organisational governance
- Retention of Zewo certification
- The statutory auditor expresses an unqualified opinion on the consolidated financial statements
- The statutory auditor expresses a positive opinion on the internal control system

Targets

- 100% annually

- 100% annually

- To be set in 2024

- Certification retained
- Unqualified opinion

- Positive opinion

Actions

- Satisfy auditors and Zewo
- Rollout of good governance policy
- Inclusion of corporate governance question relating to partner support in MRM data aggregation
- Calculation of baseline
- Setting of target

**DETAILED DESCRIPTION OF THE PROCESS**

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WE USED A VARIETY OF INFORMATION SOURCES TO UNDERSTAND THE ORGANIZATION'S CONTEXT AND TO IDENTIFY ACTUAL AND POTENTIAL IMPACTS
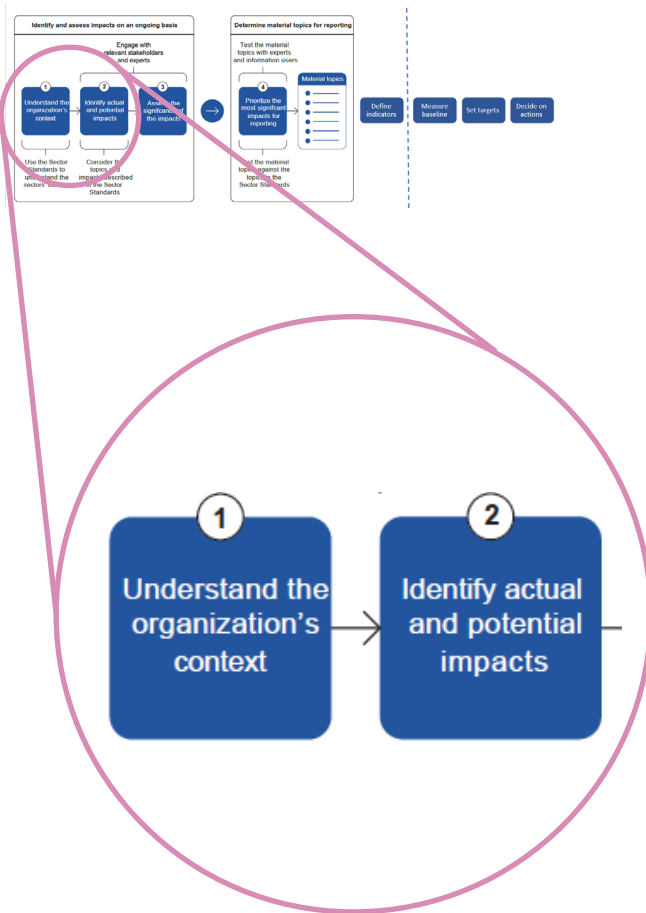
- GRI Universal Standards
- GRI Sector Standards (for NGOs – past edition)
- GRI Topic Standards
- SASB Standards
- SDGs
- Sustainability reports from other organizations
- Internal consultation
- External consultation with sustainability experts

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
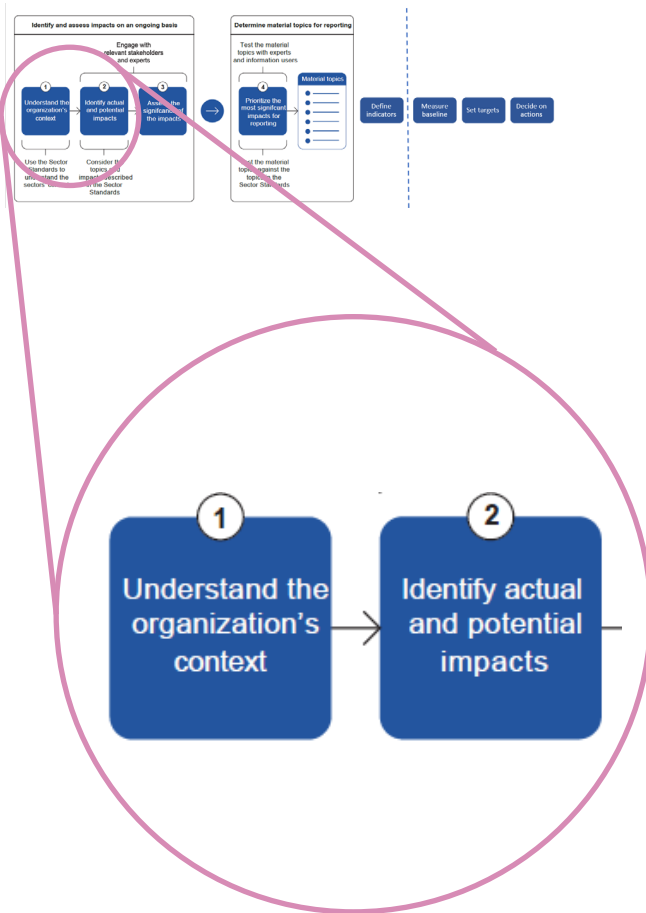
1. Greenhouse gas emissions
2. Biodiversity
3. Waste and pollution
4. Land use changes
5. Green skills and green jobs
6. Decent work
7. Gender, diversity, and social inclusion
8. Staff training and education
9. Human rights
10. Child labour
11. Community cohesion
12. Resilience and adaptive capacity

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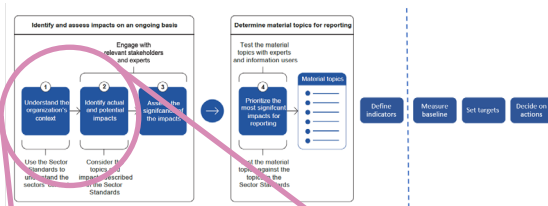
We prepared explanations of each topic for the internal stakeholders. We want to make sure that everyone understood:

- 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
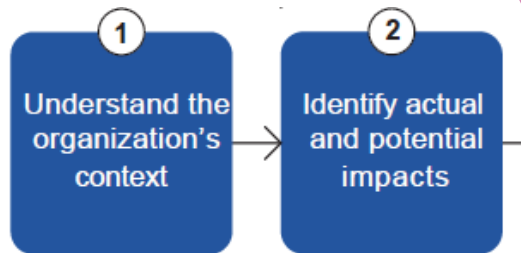
1. GREENHOUSE GAS EMISSIONS

- **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)
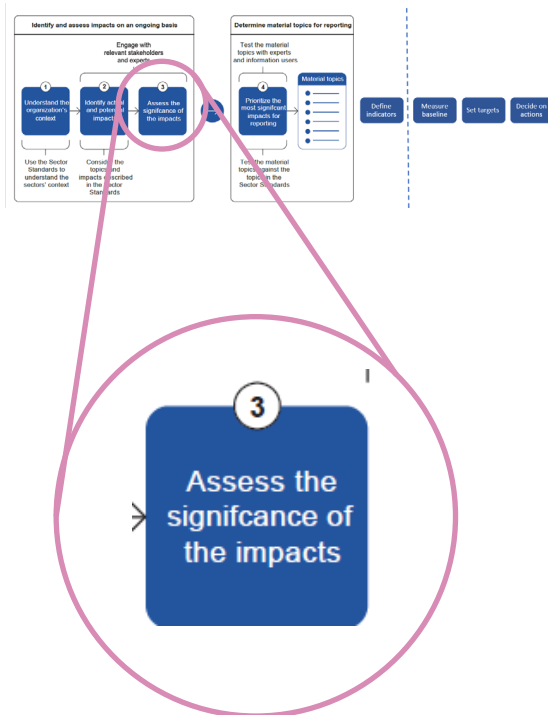
Of our 23 identified topics, some topics are broadly:
- negative (e.g. Greenhouse gas emissions)
- positive (e.g. Digitalization)
- neutral/both/it depends (e.g. Investment strategy)

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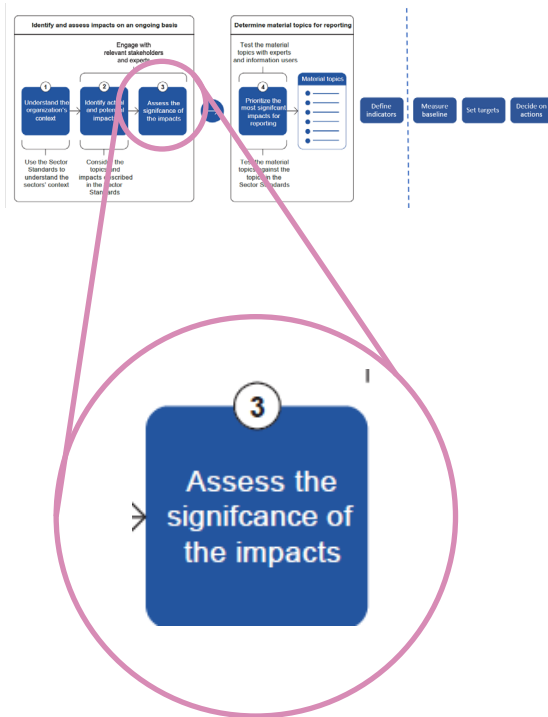
We chose to look at these risks through a reputation lens as it is through reputational damage that our ability to raise funds or attract partners would be negatively affected.

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

Double Materiality Matrix
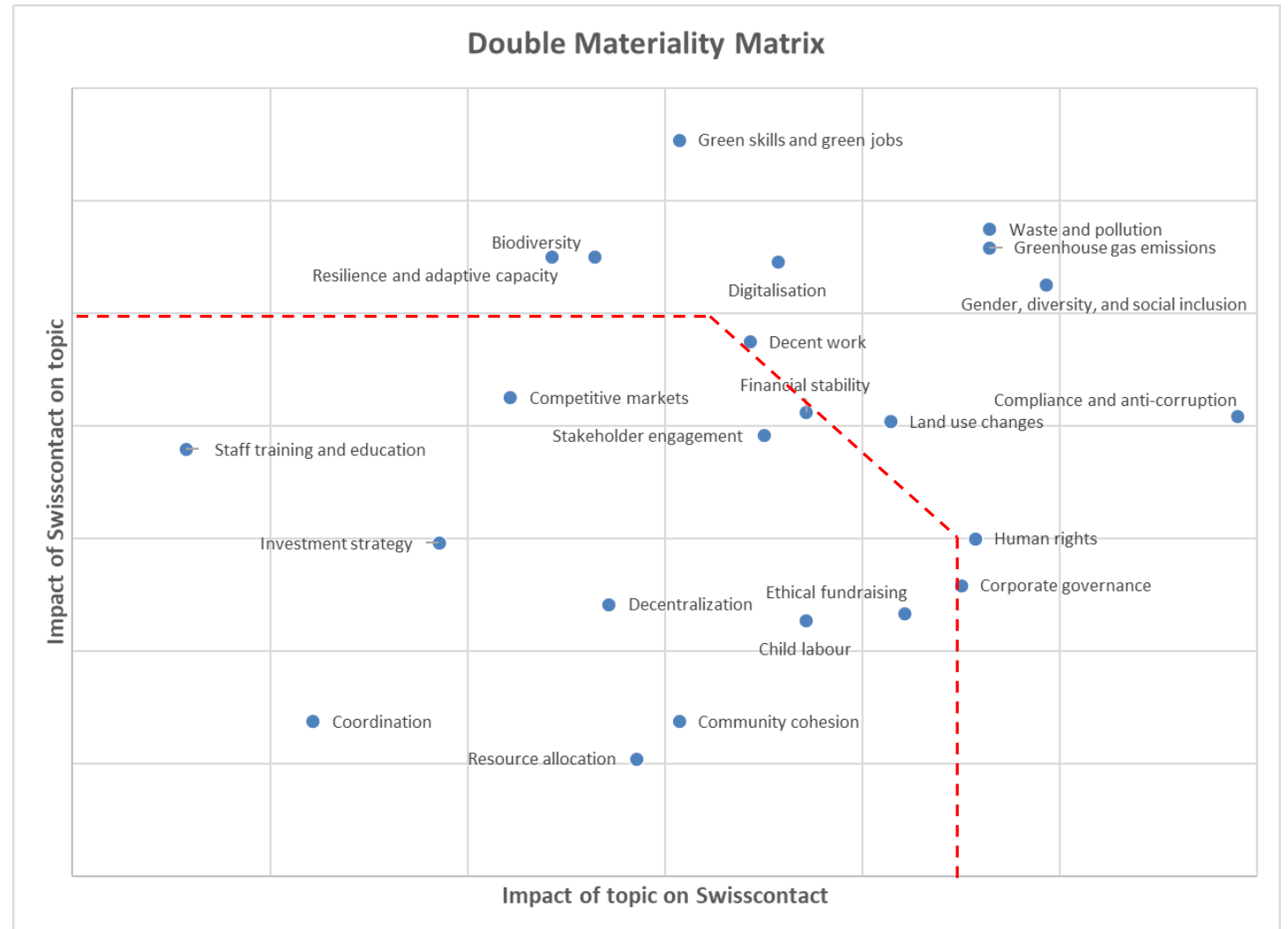
MOVING ON TO EXTERNAL STAKEHOLDER CONSULTATION, WE INTERVIEWED PARTNERS TO TEST THE RELEVANCE OF THE 12 HIGH SCORING TOPICS WITH THEM
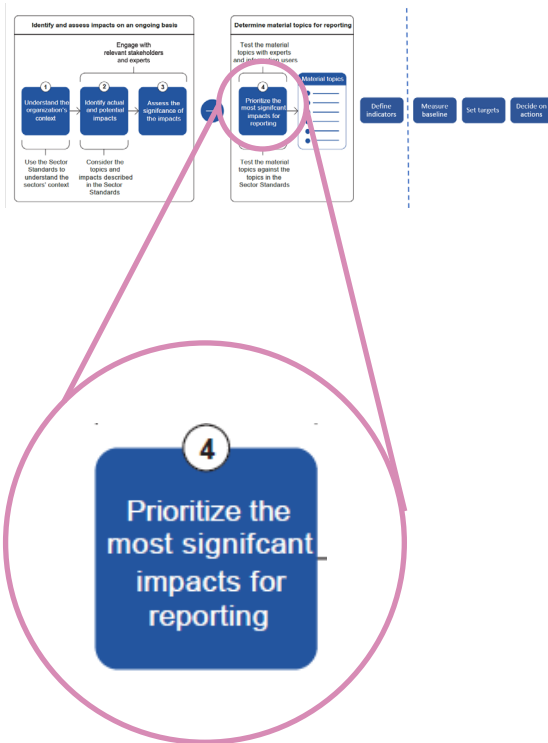
We carried out 8 interviews with representative of:
- Institutional donors
- Private foundations
- Corporate partners
- Academic partners

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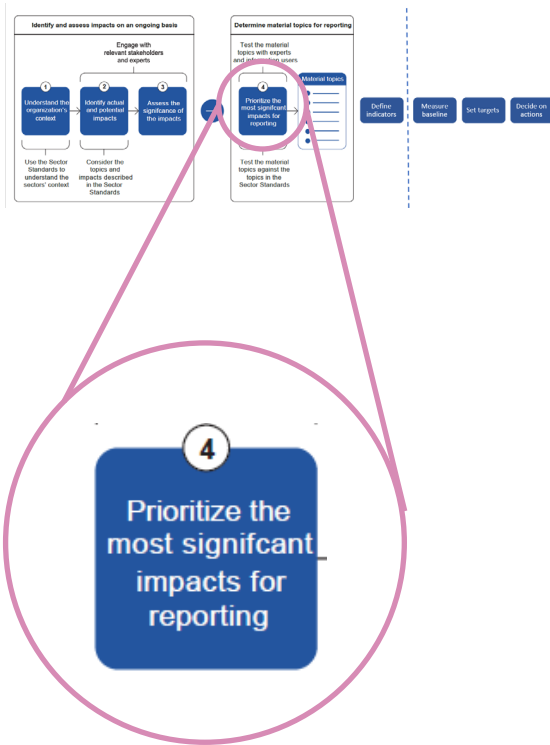
"Can you come at it from a competence perspective? These are the challenges: This is what we're good at. Here we can make a difference. Focus!"

"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!"

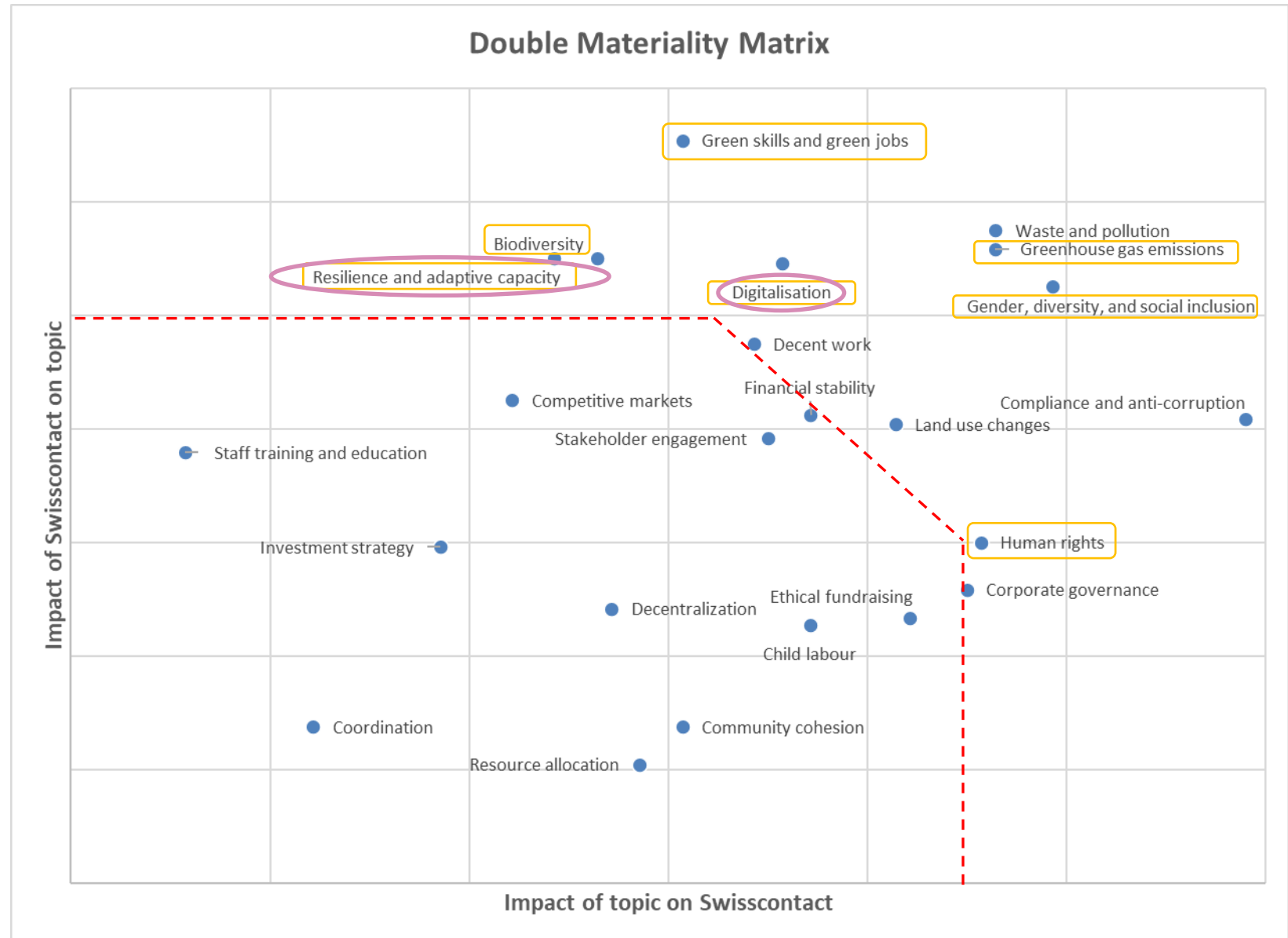# PARTNERS INDICATED THE TOPICS THAT WERE MOST RELEVANT FOR THEM

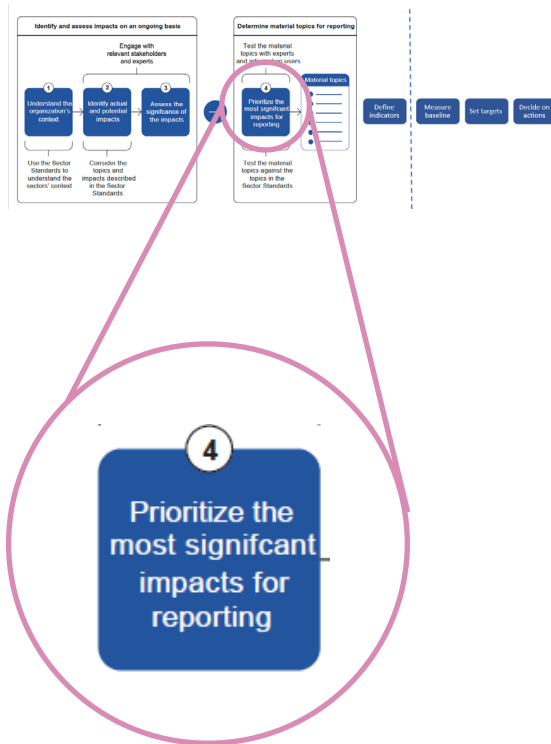Priorities for external stakeholders (topics scoring 4+)

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

Double Materiality Matrix

Impact of Swisscontact on topic (y-axis)
Impact of topic on Swisscontact (x-axis)

- Green skills and green jobs
- Waste and pollution
- Greenhouse gas emissions
- Biodiversity
- Resilience and adaptive capacity
- Digitalisation
- Gender, diversity, and social inclusion
- Decent work
- Financial stability
- Competitive markets
- Compliance and anti-corruption
- Stakeholder engagement
- Land use changes
- Staff training and education
- Investment strategy
- Human rights
- Ethical fundraising
- Corporate governance
- Decentralization
- Child labour
- Coordination
- Community cohesion
- Resource allocation

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)
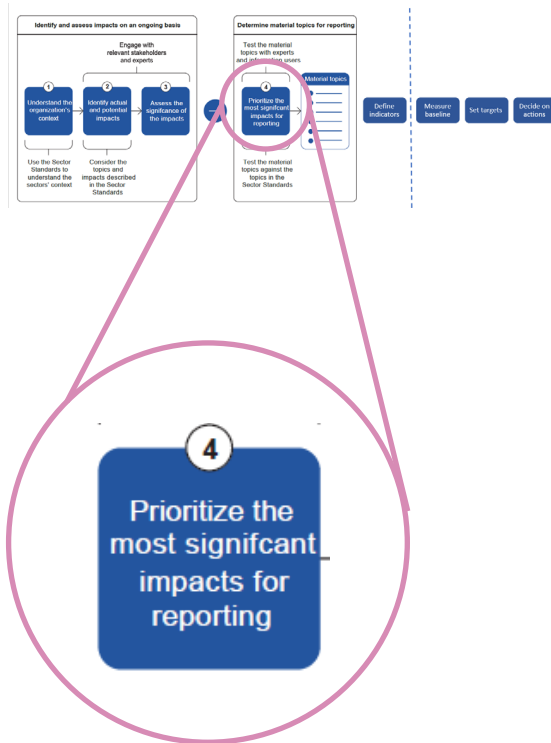
- **Land use changes**, meaning deforestation, was moved down the priority list as our impact was judged to be only "linked to" rather than "causing" and not significant in scale. It was deemed **not material**.
- **Jobs and income** was inserted after the materiality analysis was completed. We had not 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

Positive and negative impacts
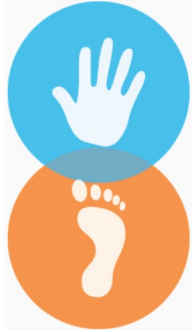
Positive impacts / opportunities

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

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

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

- Land use changes

- 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