



## Partnership

Swissgrid groups the material topics of «Governance, compliance, anti-corruption and risk minimisation», «Supply chain sustainability» «Stakeholder engagement» and «Transparency» together under «Partnership». Responsible corporate governance is a matter of course for Swissgrid as part of its legal mandate. It is also essential for Swissgrid to be able to network effectively to enter into constructive partnerships, and to ensure a sustainable supply chain.

### Supply chain sustainability

#### **Vision and goals**

Swissgrid strives to ensure high-quality, innovative and sustainable public procurement of its required products, work and services. To this end, Swissgrid has made the following strategic directions part of its Strategy 2027:

- Swissgrid is constantly developing the procurement management system in order to strengthen due diligence along the value chain;
- Swissgrid is expanding the mandatory sustainability criteria for suppliers;
- Swissgrid is systematically integrating life cycle assessments into the procurement of various product groups.

As part of its corporate objectives for 2023, Swissgrid also aims to take sustainability into account for

the majority of public procurement contracts and develop new sourcing strategies that include reductions in CO<sub>2</sub>.

## GRI 203-1

### Management approach

The Swiss transmission grid is one of the most secure and stable electricity grids in the world. Swissgrid can only ensure that this remains the case thanks to its suppliers, who support the company in various ways. Suppliers therefore play a particularly important role for Swissgrid. The main selection criteria are high quality and reliability, innovative ability, cost-effectiveness and a focus on sustainability.

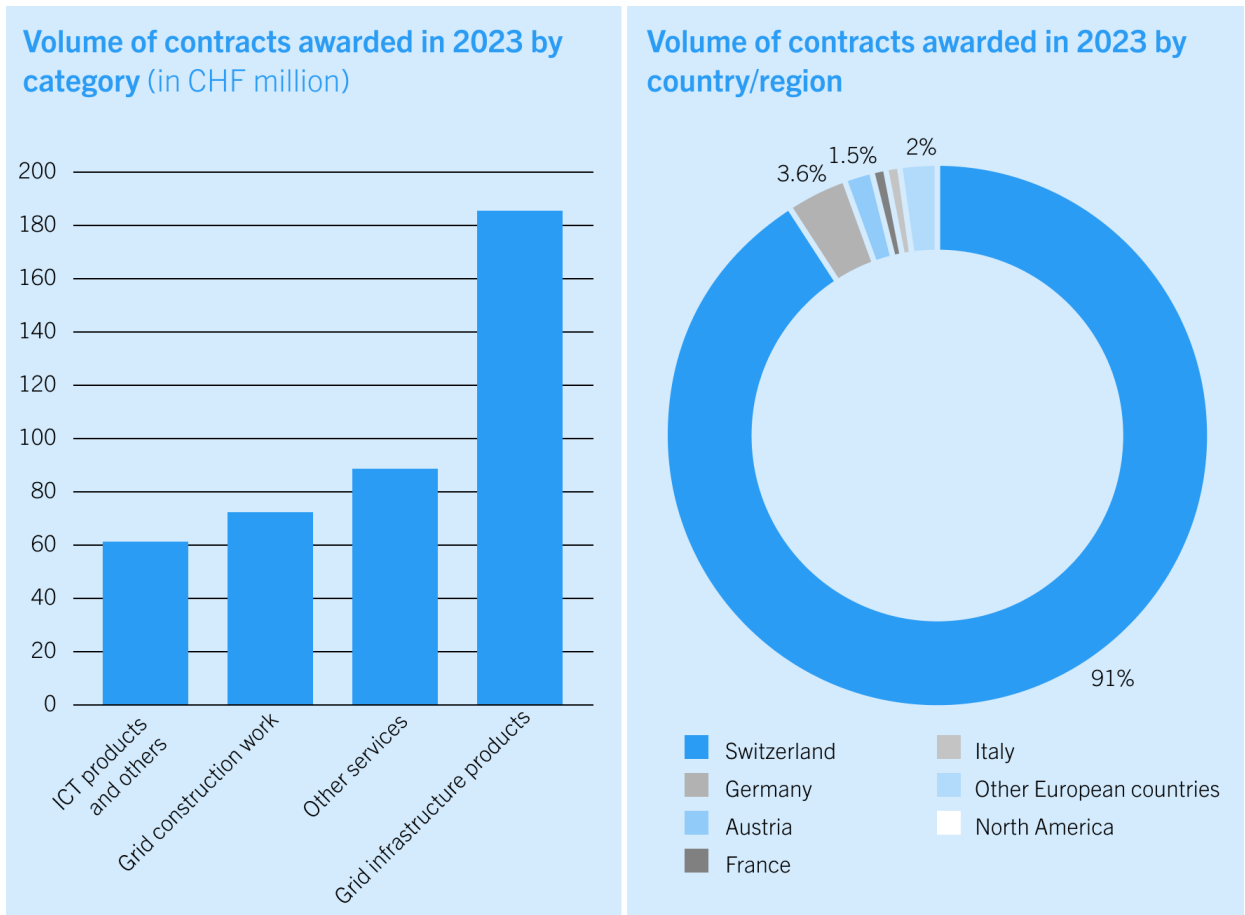
As the national grid company, Swissgrid is subject to Swiss procurement law. When issuing tenders, Swissgrid takes into account the objectives of public procurement, which include in particular the economically, ecologically and socially sustainable use of resources. As an awarding authority with a total procurement volume of over CHF 400 million in 2023<sup>1</sup>, Swissgrid is aware of its special economic responsibility and therefore also promotes effective and fair competition among providers. Swissgrid fully digitalised its procurement process in January 2023 and, in accordance with the regulatory requirements, provides information once a year on contracts subject to public procurement law that are worth in excess of CHF 50,000 (see Swissgrid website).

<sup>1</sup> All key figures for procurement given in this section relate to the period January – November 2023, except for the key figures that were explicitly collected as at 31 December 2023.

## GRI 2-6, 203-1, 204-1

### Swissgrid's supplier portfolio

Swissgrid procures a wide range of products and services. In 2023, work in building construction and civil engineering represented a contract volume of CHF 257 million. This also included the provision of technical components for the grid infrastructure such as transformers, high-voltage switching substations and components, conductors, high-voltage cables and steel for pylons. The remaining expenditure relates to IT, other operating products (15%) and various services (22%). Around CHF 371.6 million, which corresponds to over 90% of the contracts awarded by Swissgrid, was attributable to local suppliers headquartered in Switzerland, followed by suppliers from Germany and Austria (5%).



In total, Swissgrid awarded contracts to 282 suppliers in 2023. Of these, around 30 suppliers were categorised as critical in the past financial year in terms of order volume, the importance of the products and/or services procured, and the scope and complexity of the relationship with the supplier.

**GRI 2-23, 2-24, 205-2**

**Sustainability Charter for Suppliers**

Sustainability is a major consideration for Swissgrid in the supplier selection process. In 2022, the Executive Board adopted the Sustainability Charter (see Swissgrid website), which is a central component of the qualification process and is mandatory for all suppliers whose contract threshold value exceeds CHF 150,000. The charter comprises 13 sustainability principles – including respect for human rights, the prohibition of child labour, forced labour and discrimination, freedom of association, fair remuneration, employee health and safety, the implementation of anti-corruption measures and environmental protection. Swissgrid also requires its suppliers to oblige their subcontractors to comply with these sustainability principles.

The Sustainability Charter also stipulates that suppliers must report any incidents, behaviour or other circumstances that constitute, could be regarded as or could potentially lead to a breach of the sustainability principles. Accidents, near-accidents and environmental incidents in connection with service fulfilment etc. must be reported to Swissgrid. Compliance with the Sustainability Charter can be verified by Swissgrid or by third parties commissioned by Swissgrid by various means, including on-site inspections (see table on «Supplier inspections»). In the event of a breach of the principles of the

Sustainability Charter, Swissgrid may also take the steps as outlined in the contractual provisions.

## GRI 308-1, 308-2, 414-1, 414-2

### Risk analysis and assessment

Supply chain risks are recorded as part of the company-wide Enterprise Risk Management (ERM) System. Occupational safety risks due to potential personal accidents on installations were generally categorised as «very high» – both for Swissgrid employees and for external employees. A detailed description of the risks and the management approach in the area of occupational health and safety can be found in the corresponding section.

Other risks identified under ERM with regard to Swissgrid’s supply chain include delays to grid projects due to poor-quality deliveries or significant excess costs, reduced grid capacity caused by bottlenecks in material deliveries and the provision of services, and reputational risks due to inadequate sustainability practices on the part of suppliers. The latter also include risks in the area of human rights and environmental protection (see subsections within the report). These three risk categories are classed as «low» to «medium», taking into account their probability of occurrence, the extent of damage and the risk mitigation strategies implemented. In order to recognise risks of this kind at an early stage, Swissgrid regularly monitors price trends, congestion risks and other elements for all procurement criteria.

In addition, Swissgrid has had the sustainability performance of its suppliers and providers assessed by an independent, specialised agency since the beginning of 2023. Participation is voluntary. In the past financial year, 72 suppliers and providers were assessed by Swissgrid to rate their sustainability with regard to the environment, labour and human rights, ethics and sustainable procurement. More than 86% of the companies assessed have a good or advanced sustainability performance on average. For 10 companies (around 14%), the sustainability assessment was only partially satisfactory. Seven of these ten companies are small to medium-sized service providers from the IT sector and have a need to catch up, particularly when it comes to the sustainability management of their own supply chain. This may be due to a lack of guidelines and risk analyses for sustainable procurement, or to a lack of verification mechanisms along the supply chain, such as audits, for instance.

Evaluation of environmental and social impacts <sup>1</sup>	Number
<b>Potential environmental impacts<sup>2</sup></b>	
Total suppliers and providers screened for environmental impacts	72
of which with a good, progressive or above-average environmental sustainability rating	58
of which with a partially satisfactory environmental sustainability rating	14
of which with an unsatisfactory environmental sustainability rating	0
Areas identified with a need to catch up (examples)	Lack of environmental and biodiversity guidelines, lack of ISO 14001 certification, no meaningful reporting
<b>Potential social impacts in the area of labour and human rights<sup>2</sup></b>	
Suppliers and providers screened for social impacts with regard to labour and human rights	72

of which with a good, progressive or above-average sustainability rating	70
of which with a partially satisfactory sustainability rating	2
of which with an unsatisfactory sustainability rating with regard to labour and human rights	0
Areas identified with a need to catch up (examples)	Lack of guidelines on working conditions, social dialogue and/or human rights, no meaningful reporting

<sup>1</sup> As at 31 December 2023.

<sup>2</sup> The assessment of the potential impact is based on a sustainability assessment by an independent agency and takes various aspects into account. These include guidelines, implementation programmes and key figures, as well as non-financial public reporting.

In order to provide a more detailed analysis of the medium and long-term risks and challenges associated with a resilient supply chain, Swissgrid, in collaboration with five other European transmission system operators, also commissioned a risk study in 2023 focusing on five critical grid components (transformers, pylons, conductors and high-voltage cables, switchgears and power electronics). It assessed risks relating to the international gap in supply and demand, competition with other sectors, market concentration, bottlenecks in the downstream value chain, critical dependence on raw materials, technical expertise and sustainability. The results of the study are expected to be available in 2024.

**GRI 308-1, 308-2, 414-1, 414-2**

### **Measures for a sustainable supply chain**

## Sustainability as a suitability or award criterion

In order to address the risks identified in its supply chain and to promote sustainability in its procurement processes, Swissgrid systematically integrates environmental and/or social aspects as suitability and/or award criteria in the procurement of products, work and services. The specific criteria and their weighting are defined depending on the procurement category, taking into account the market situation, volume and potential risks, and include requirements in one or more of the following areas:

- **Certifications:** When it comes to the relevant procurement of construction work, grid components and/or engineering services, Swissgrid requires internationally recognised certifications, for example in the areas of quality management (ISO 9001), occupational health and safety (ISO 45001, Safety Culture Ladder and/or environmental protection (ISO 14001); for the procurement of IT equipment, internationally recognised energy efficiency and management certificates are required (e.g. ISO 50001, TCO certifications, Energy Star or Blue Angel).
- **Capitalisation of quantitative sustainability criteria for products:** When procuring selected grid components, such as transformers, Swissgrid requires the capitalisation of active power losses as standard. These are taken into account by adding them to the bid price as self-constructed assets. The calculated losses are checked on-site by Swissgrid during factory acceptance tests. If the contractually agreed loss values are exceeded or undercut, a contractually agreed monetary penalty or bonus is applied. In this way, the capitalisation of active power losses ensures and combines the legal requirements with regard to economic efficiency and sustainability in procurement. A similar approach is adopted in relation to noise emissions from products.
- **Sustainable business practices:** Swissgrid uses award criteria to promote sustainable business practices, which vary depending on the type of product group. Examples include the proportion of renewable energy used in the manufacture of the product to be procured (conductors, underground cables or high-voltage cables); the existence of sustainability ratings and/or strategies, including measures to reduce emissions, social inclusion and/or the well-being of employees; the existence of calculations of greenhouse gas emissions and/or emission reduction targets; and life cycle assessment calculations in accordance with ISO 14004:2006 or ISO 14040:2006 of at least one component to be procured.

In 2023, Swissgrid took at least one sustainability criterion into account in more than 98% of tenders carried out in accordance with public procurement law (i.e. contracts worth over CHF 150,000). Providers were evaluated according to environmental sustainability criteria in 143 of these tenders, while social sustainability criteria were used to evaluate providers in 135 tenders. In several tenders, both ecological and social requirements were demanded as suitability and/or award criteria.

Application of sustainability criteria	Number
Total tenders carried out (contract value > CHF 150,000)	165
Of which tenders <sup>1</sup> with environmental sustainability criteria	143

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Of which tenders<sup>1</sup> with social sustainability criteria

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135

<sup>1</sup> At least one supplier is awarded the contract for each tender. However, depending on the type and volume of the tender, more than one supplier may be selected.

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### **Procurement strategies that take sustainability into account**

Swissgrid regularly develops and updates its procurement strategies for specific product groups in order to proactively counter procurement risks and capitalise on opportunities. Sustainability risks, opportunities and options have also been included since the beginning of 2021, and have even been systematically integrated into procurement strategies since 2023. In 2023, Swissgrid developed an updated procurement strategy for air-insulated switchgears, taking into account the CO<sub>2</sub> reduction potential over the entire life cycle of the systems. The company has also started updating its procurement strategies to include sustainability aspects in four other product groups (pylons, construction, own requirements and firefighting). The updated procurement strategy in the construction sector includes options for strengthening the circular economy in addition to the CO<sub>2</sub> reduction potential (see chapter «Environmental protection, biodiversity and circular economy»).

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### **Partnership with other transmission system operators**

Along with five other European transmission system operators, Swissgrid is a member of an initiative to support the industrial strategy for a green and digital Europe. One of the strategic objectives of this partnership is to strengthen sustainable procurement practices and methods by adopting a harmonised approach. Swissgrid and three members of the initiative developed a joint catalogue of social and ecological criteria for products and services in 2023, and undertook to introduce these criteria in future procurements. Based on a comprehensive exchange of experience, the transmission system operators have also developed recommendations to harmonise the procedure and requirements for suppliers with regard to life cycle assessment of critical grid components.

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### **Risk-based review during the implementation phase**

For contract management purposes, Swissgrid also carries out a risk-based review of sustainability principles and focuses accordingly on the areas of occupational safety and environmental protection (see subsections within the report). In 2023, Swissgrid had a total of 357 HSE inspections carried out by suppliers' employees, including inspections of structural and civil engineering work and work involving substances hazardous to the environment and health. In addition, Swissgrid organises training programmes on occupational safety for its grid system operators at least once a year.

Supplier inspections <sup>1</sup>	Number
HSE inspections carried out	357
Suppliers audited	105
Suppliers with whom corrective measures were agreed upon	40
Suppliers whose contracts were cancelled due to violations	0

<sup>1</sup>As at 31 December 2023.

## Respect for human rights

### GRI 2-23

#### Vision and goals

Swissgrid is committed to respecting human rights in all its business activities in accordance with Article 35 of the Swiss Federal Constitution and internationally recognised standards. These include, in particular, the UN Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work and the associated ILO core labour standards, as well as the ten principles of the UN Global Compact.

Swissgrid's commitment to respecting human rights is in accordance with the principles of the Code of Conduct adopted by the Board of Directors, the Sustainability Charter for Suppliers (see Swissgrid website) and internal directives on occupational health and safety, environmental protection and the protection of personal integrity. It includes the following fundamental principles in particular:

- Swissgrid rejects all forms of child labour, forced labour, human trafficking and illegal employment.
- Swissgrid recognises the right to freedom of assembly, collective bargaining and freedom of expression.
- Swissgrid is committed to fair and non-discriminatory remuneration.
- Swissgrid recognises the right to fair, healthy and safe working conditions.
- Swissgrid protects the personal integrity of its employees.
- Swissgrid rejects all forms of discrimination, bullying, sexual and non-sexual harassment.

Swissgrid recognises its obligation to respect human rights throughout the company. This applies to all internal employees, members of the Executive Board and the Board of Directors, and to external employees and suppliers of Swissgrid.

### GRI 2-23

#### Management approach

Swissgrid updated its risk analysis with regard to compliance with human rights in 2023. This took place in accordance with the Enterprise Risk Management System and considers the following aspects:

- Probability of occurrence and extent of risk due to Swissgrid's business activities and direct suppliers («Tier 1» suppliers). This area focused on compliance with the human rights listed in the



guiding principles, i.e. child labour, forced labour, human trafficking, illegal employment, freedom of assembly, collective bargaining and freedom of expression, fair and non-discriminatory remuneration, working conditions, personal integrity and discrimination.

- Risk analysis of potentially vulnerable groups, especially women, children, indigenous population groups, migrants and local population groups. The analysis was also carried out for Swissgrid employees.
- Identification and evaluation of existing measures to reduce potential human rights risks.
- Analysis of any need for further action.

## **GRI 2-24, 3-3, 407-1, 408-1, 409-1, 410-1, 411-1, 414-1**

### **Results of the risk analysis and definition of measures**

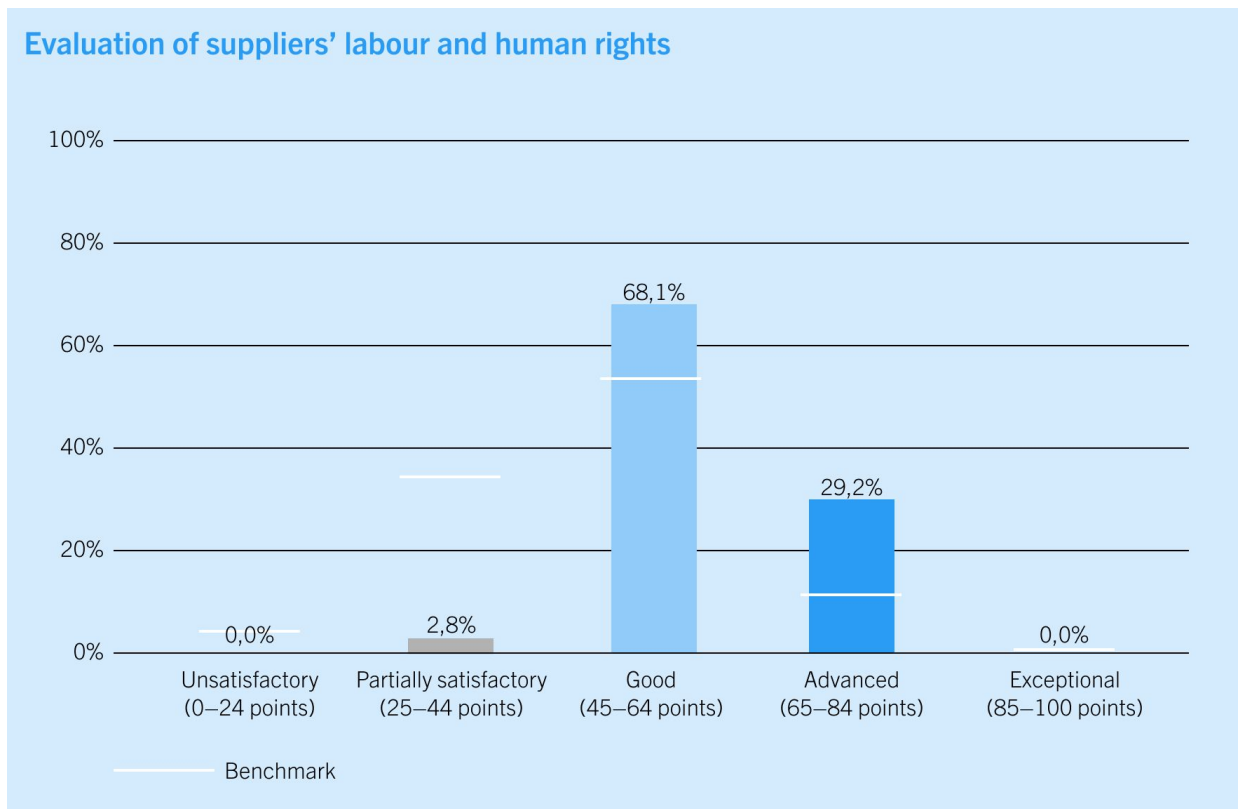
The analysis revealed a very low risk of human rights violations due to the company's own business activities. There are several reasons for this: as the national grid company, Swissgrid only operates in Switzerland, except when cooperating with other grid operators in Europe to ensure grid-related security of supply. Swissgrid does not pursue any activities in areas with recognised indigenous populations whose rights may be violated. In addition, Swissgrid carries out targeted risk assessments and measures in the areas of occupational health and safety, diversity and inclusion, as well as human resources and remuneration policy (see subsections within the report), to ensure that the rights of employees are guaranteed in accordance with the human rights principles.

Risks relating to violations of human rights in connection with the activities of direct suppliers are rated as low, while risks relating to fair remuneration and appropriate working conditions are rated as medium. The following aspects have a significant influence on the risk assessment:

- Over 95% of Swissgrid's procurement volume is provided by companies based in Switzerland (>91%), Germany (3.6%) and Austria (1.5%). These countries have a high level of regulatory protection with regard to the human rights and potentially vulnerable groups analysed. There is therefore also a low risk potential as far as child labour is concerned.
- «Tier 1» suppliers of Swissgrid are not directly involved in the extraction of minerals and other raw materials. In 2023, Swissgrid tested the requirements for Copper Mark certification as an additional criterion for the procurement of selected electricity conductors. The aim of the certification is to ensure that suppliers of end products containing copper encourage and demand responsible social and environmental operating practices along their value chain.
- In order to reduce the identified risks, Swissgrid systematically uses specific suitability and award criteria in its procurement processes (see chapter «Supply chain sustainability»). In particular, it sets out requirements for suppliers in accordance with the Sustainability Charter, ISO 45001 certifications and Safety Culture Ladder certifications, and demands proof of strategies and measures for the well-being and participation of employees. Swissgrid also carries out occupational safety inspections during the contract implementation stage (see key figures on «Supplier inspections» in the «Measures for a sustainable supply chain» sections).
- Swissgrid's security personnel, who are employed through a third-party company, receive training on ethical principles and human rights as part of their basic training. This applies to 100% of the security staff permanently employed by Swissgrid.

The results of the risk analysis are validated by the sustainability assessments available for 72 «Tier

1» Swissgrid suppliers. These assessments are carried out by an independent, specialised agency and confirm that over 97% of the Swissgrid suppliers surveyed have management approaches in the area of labour and human rights that are rated as good or advanced. Only two suppliers (3%) have only partially satisfactory management approaches: this shows potential for improvement, particularly with regard to the adoption of human rights guidelines and meaningful reporting. The two suppliers with the poorest performance operate in the IT sector in Austria and in cable production in Italy. As a result of the assessment, both suppliers are implementing additional measures on labour and human rights in the areas that require further improvement. Overall, the Swissgrid suppliers evaluated perform better than the reference portfolio (benchmark), which consists of all service providers evaluated by the third-party provider.



Due to the low exposure and the measures in place, all the identified risks are clearly within Swissgrid’s risk appetite. Consequently, no further need for action was identified for 2023.

## GRI 406-1, 407-1

### Outcome and process for complaints

Swissgrid employees have various internal and external channels available to them for reporting violations of their human rights. These include an external reporting centre, the «RiskTalk» smartphone app and the Compliance department, in addition to line managers or internal contact persons from the HR department. Swissgrid’s direct suppliers have a duty to report violations of human rights in accordance with the mandatory Sustainability Charter for Suppliers. Suppliers’ employees also have the opportunity to report violations of labour and human rights via the RiskTalk app or via Swissgrid contact offices. Direct dialogue with employees of service providers is also proactively sought in the course of occupational safety inspections. Whistleblowers of potential violations of labour and human rights are

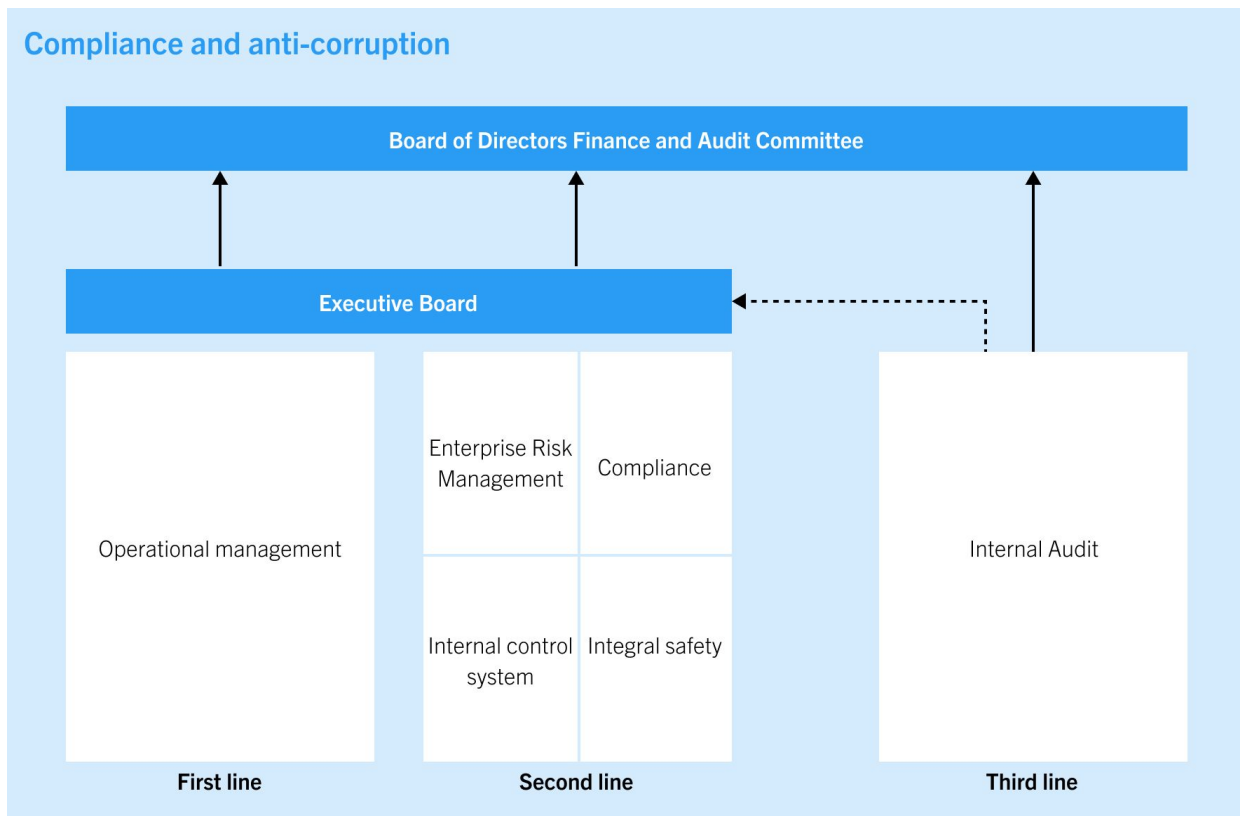
protected against retaliation by Swissgrid's Whistleblowing Policy (see [swissgrid.integrityline.app/](https://swissgrid.integrityline.app/)). In 2023, no human rights violations were reported via the internal and external channels available.

## Compliance and anti-corruption

GRI 2-16, 2-23, 2-24, 2-25

### Compliance

Swissgrid's corporate governance is based on compliance with legal provisions, the Articles of Incorporation, internal regulations and directives. The Board of Directors is responsible for overall supervision and, as part of the company's corporate governance structure, has various monitoring, control and audit functions to ensure compliance with regulatory and internal provisions. The «three-line model»<sup>1</sup> serves as a framework for defining structures and processes in areas including compliance, and divides responsibilities into three lines:



<sup>1</sup>This visualisation of the «three-line model» represents a simplification that focuses on compliance-relevant functions at Swissgrid.

**First line:** compliance with internal and external regulations in day-to-day work is the responsibility of all Swissgrid employees. They are all ambassadors for exemplary and ethical conduct.

**Second line:** the second line helps employees to implement compliance requirements. This also

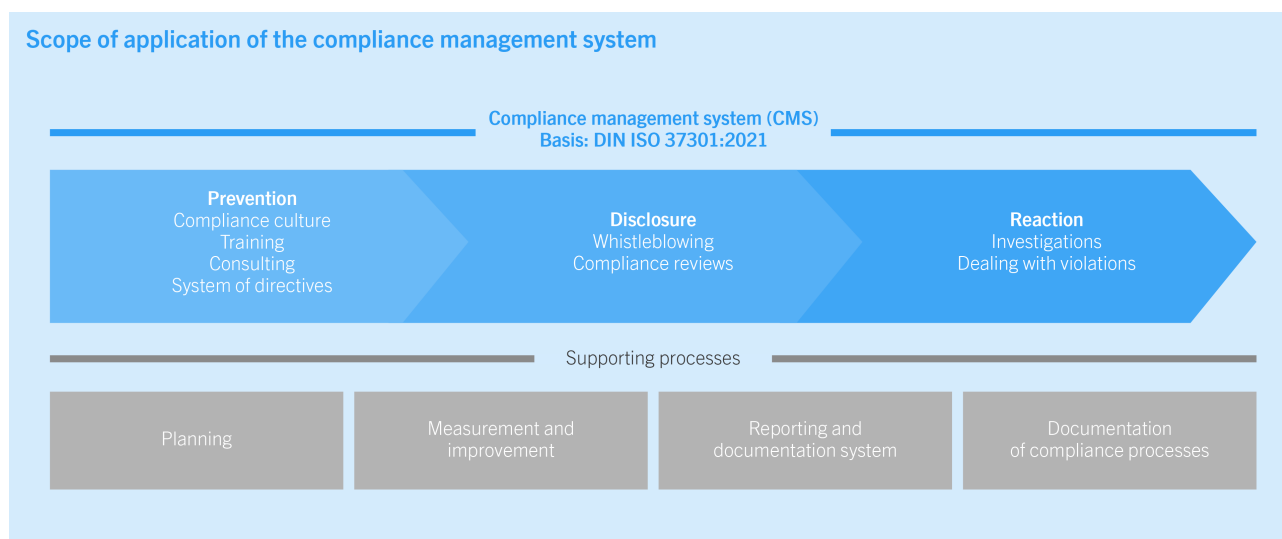
applies to company-wide governance domains that issue requirements, define the methodology and structure for operational business activities and monitor implementation. By establishing and operating a compliance management system, the Compliance function helps the Board of Directors and the Executive Board to ensure that the applicable legal framework is complied with and that ethical principles are adhered to. In addition, the HSE management system (see chapter «Occupational health and safety»), which is a component of integral safety, and the internal control system (see chapter «Corporate Governance») support compliance with legal and internal requirements in the areas of occupational health and safety, health protection, the environment, corruption and bribery. The Enterprise Risk Management System (see chapter «Risk assessment») also serves to identify and mitigate compliance-relevant risks.

**Third line:** Internal Audit supports the Board of Directors, its committees and the Executive Board by providing independent and objective auditing services to ensure compliance with legal and internal regulations, among other things.

### Scope of application of the compliance management system

The Board of Directors sets out the basic principles of second-line compliance management in an annex to the organisational regulations. At a strategic level, the CEO firms up these requirements in the compliance concept. The Head of Compliance is responsible for the operational implementation of compliance management in accordance with the requirements of the Board of Directors and the CEO.

Swissgrid’s compliance management system is based on ISO 37301:2021-11. It comprises activities and measures in the three main areas of prevention, detection and response. Based on a regular compliance risk assessment, the compliance concept defines the responsibilities and focal points (legal areas). The Compliance function also reports regularly on its activities and measures to the Executive Board and the Board of Directors’ Finance and Audit Committee.



### GRI 2-23, 2-24, 2-26

#### Prevention

Prevention includes measures to strengthen the compliance culture and the directive system, as well as

training and advisory services.

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### **Code of Conduct lays the foundations**

The Code of Conduct (see Swissgrid website) issued by the Board of Directors lays the foundations for an active compliance culture. It summarises the most important compliance obligations governing Swissgrid and its employees. It also applies to staff leasing employees and members of the Board of Directors and Executive Board.

The Code includes provisions in relation to ethical principles, compliance with requirements, conflicts of interest, confidentiality of company information, internal and external information, professional and financial integrity, bribery and corruption, occupational health and safety, sustainability and social responsibility, as well as reporting and dealing with misconduct. The principles and values set out in the Code of Conduct form an integral part of Swissgrid's corporate culture. Violations of the principles of the Code of Conduct and the guidelines are not tolerated, are viewed as misconduct and are penalised by Swissgrid. The Code of Conduct was revised in 2023 and adapted to current standards.

A comprehensive guide to the Code of Conduct is available to employees that explains the meaning and organisation of compliance at Swissgrid. In 2023, all Swissgrid employees received training on the revised Code of Conduct.

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### **Internal directives and training on new or amended directives:**

Swissgrid's compliance management system comprises a standardised and legally compliant system of directives. These requirements are made available to all employees on a centralised basis. When new directives are introduced or changes are made, the Compliance function and/or the employees responsible for the directive hold training sessions. These sessions are prepared in such a way as to ensure that information is conveyed to participants in an easy-to-understand manner.

New employees are informed about the applicable standards, including the Code of Conduct and internal directives, as part of the onboarding programme. Acknowledgement of existing, new or amended directives is confirmed by the employees concerned using an electronic tool.

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### **Personal advisory services for specific directives and standards**

The Compliance function advises employees on internal and external standards relating to compliance. The unit also organises personal compliance training for individual teams on the directives and topics that are particularly relevant to them. Around 15% of employees attended these specific team training courses in 2023. When developing its training sessions, the Compliance function applies a training concept that it reviews and improves on an ongoing basis.

## GRI 2-26

### Detection

The detection process utilises various tools for identifying misconduct, including compliance reviews. The revised Whistleblowing Policy lays the foundations for reporting violations more easily.

#### Revision of the Whistleblowing Policy

The Board of Directors of Swissgrid revised the Whistleblowing Policy in 2023 to make it easier to report serious breaches of regulations. The Whistleblowing Policy is based on DIN ISO 37002:2021 in particular. The Whistleblowing Policy ensures that employees can report any serious offences to a confidential reporting office without fear of any negative consequences. It also stipulates that the investigative body will follow up and investigate these leads in a structured and confidential manner. In particular, an external anonymous reporting channel for violations was created in 2023 and announced throughout the company.

#### Implementation of compliance reviews

The Compliance function conducts regular compliance reviews on behalf of the CEO. To this end, it prepares an annual risk-based plan. These reviews verify compliance with legal requirements and directives and ensure that measures to prevent violations are in place and function effectively. Swissgrid conducts an average of one to two compliance reviews per year.

## GRI 2-25

### Response

The Compliance function is obliged to respond to reports of serious violations or to indications of violations that emerge from compliance reviews.

#### Following up on reports or tips

The Compliance function is obliged to investigate all whistleblowing reports. It also examines indications of violations from the compliance reviews. Together with the Head of Legal, Regulatory & Compliance, it conducts a preliminary investigation to assess whether there is sufficient initial suspicion and whether the mandate for an investigation shall be requested from the CEO or the Chairman of the Board of Directors. All information in connection with investigations must be treated confidentially, and the work carried out and the results of the investigation must be documented.

## Processing of violations

Violations must be dealt with after an investigation. This encompasses two aspects.

- Violations have consequences that depend in particular on the seriousness of the offences and the degree of fault of the offender or the employee. The extent of the consequences is determined by the HR department in consultation with the supervisor on a case-by-case basis.
- In order to prevent identical or similar violations, directives must be adapted, additional control measures introduced, processes revised and/or additional training carried out, depending on the case. In this way, compliance management is continuously developed and adapted to the latest needs and risks.

GRI 2-16, 2-25, 2-27, 206-1, 406-1, 416-2

### Violations in 2023

In 2023, there were no significant judgements against Swissgrid due to compliance violations. This includes judgements in connection with negative environmental or social impacts caused by Swissgrid or unfair business activities. No significant monetary fines were paid out during this period. An amount of CHF 25,000 was defined as the materiality threshold for reporting.

Each year, the Compliance function prepares a comprehensive report for the CEO on its activities, significant observations and the resulting recommendations. The report also covers potentially critical matters that are brought to the attention of the Board of Directors' Finance and Audit Committee in the annual compliance report. No critical matters due to legal judgements were identified in 2023.

Furthermore, the CEO is provided with a report and outlook in relation to compliance activities on a quarterly basis. The Head of Compliance is obliged to inform the CEO immediately if facts or circumstances are discovered that significantly jeopardise Swissgrid and/or the achievement of its objectives. The Head of Compliance reports to the CEO and the Finance and Audit Committee on material misappropriations or cases of fraud. The Head of Compliance is also obliged to inform the Chairman of the Board of Directors immediately of any whistleblowing reports concerning the behaviour of the CEO and/or members of the Executive Board.

GRI 2-16, 2-25, 2-27, 406-1, 416-2

### Overview of compliance key figures

The effectiveness of Swissgrid's compliance management system is reflected in the compliance key figures for 2023 and 2022.

Compliance key figures	2023	2022
Significant <sup>1</sup> violations of laws and ordinances (including monetary and non-monetary sanctions)	0	0
Fines paid or deferred for significant <sup>1</sup> violations committed in previous years	0	0

Compliance key figures	2023	2022
Whistleblowing reports	2	1
Reports concerning discrimination	0	0
Reports concerning harassment	0	0
Reports concerning conflicts of interest	1	0
Reports concerning confidentiality of information	1	0
Reports concerning financial integrity	0	1
Reports concerning other areas	0	0
Number of cases in which an investigation was initiated <sup>2</sup>	0	0
Number of cases confirmed	0	0
Number of whistleblowing cases in which disciplinary measures were taken	0	0

<sup>1</sup> An amount of CHF 25,000 was defined as the materiality threshold for reporting. This includes significant violations in connection with environmental and social issues.

<sup>2</sup> Investigations were not initiated because there was no initial suspicion of a serious breach of the law by employees.

## GRI 205

### Anti-corruption

Swissgrid takes decisive action against corruption. Corruption is incompatible with the ethical principles of the company. Since Swissgrid, as the owner of the Swiss transmission grid, awards significant contract volumes, great importance is attached to combating corruption. Swissgrid has an appropriate anti-corruption concept and assesses the risk of corruption in accordance with ISO 37001:2016.

Swissgrid has assessed its corruption risk as part of its company-wide Enterprise Risk Management System (see chapter «Risk assessment»). The effectiveness of Swissgrid's internal control system is reviewed annually as one of the company's risk mitigation measures. Compared to the other corporate risks, corruption is not one of Swissgrid's significant risk factors and is therefore not dealt with separately in the publicly available risk assessment. The risk of corruption and compliance with the relevant requirements are also regularly verified as part of risk-based compliance reviews. A compliance review on corruption was also carried out in 2023.

Swissgrid has taken various measures to combat corruption.



## Stricter anti-corruption regulations

In accordance with the Code of Conduct, Swissgrid does not tolerate bribery or any other form of corrupt business behaviour. Employees avoid conflicts of interest and bias and safeguard the company's assets. Following the revision of the Code of Conduct in 2023, these requirements were defined in more detail, and employee awareness was raised about corruption.

## Revision of the directive on gifts

The directive on gifts and invitations was also revised in 2023 and adapted to current standards. A number of principles, such as the value, timing and frequency of gifts, must be taken into account. This directive represents the central measure for combating corruption.

## Compliance training on corruption

All employees are trained in corruption prevention via an e-learning course. Compliance training for all new employees includes information on situations in which conflicts of interest arise and on how they can be recognised and avoided. Correct behaviour in an observed case of corruption is clearly explained using examples. As part of the revision of the Code of Conduct in 2023, a training course was held for employees that also covered this topic. In addition, Swissgrid organises personal compliance training sessions for individual teams in which forms of corruption are discussed and the limits for gifts and invitations are explained using examples.

Awareness and training on corruption	2023		2022	
	Number	%	Number	%
Members of the Board of Directors and employees who have been informed of anti-corruption policies and procedures <sup>1</sup>	862	100 %	745	100 %
– Board of Directors	9	100 %	9	100 %
– Executive Board (EB)	5	100 %	5	100 %
– Managers excl. EB	112	100 %	93	100 %
– Employees without a management function	681	100 %	597	100 %
– Employees in training or paid by the hour	55	100 %	41	100 %
Members of the Board of Directors and employees who have received anti-corruption training <sup>2</sup>	727	84 %	117	16 %
– Board of Directors <sup>3</sup>	0	0 %	2	22 %
– Executive Board (EB) <sup>3</sup>	0	0 %	0	0 %
– Managers excl. EB	97	87 %	4	4 %
– Employees without a management function	592	87 %	106	18 %
– Employees in training or paid by the hour	38	69 %	7	17 %

<sup>1</sup> This includes the total number of employees and members of the Board of Directors who were informed up to and including the reporting year. This means that the time of acknowledgement is not limited to the reporting year.

<sup>2</sup> The date of training relates to the reporting year 2023 or 2022; this is in contrast to the acknowledgement (see 1).

<sup>3</sup> Anti-corruption training courses planned for 2024.

### **Whistleblowing as a proven measure against corruption**

The revision of the relevant policy and the new external reporting channel will make whistleblowing easier, including with regard to corruption. The new measures were also announced throughout the company. No reports of corruption were made via the whistleblowing channel in 2023.

### **Awarding of high-value contracts**

The awarding of high-value contracts (CHF 50,000 or more) is jointly reviewed by evaluation teams, and the parties involved must declare their impartiality. Employees must avoid conflicts of interest or, if necessary, disclose them and step aside. The placing of high-value orders, including follow-up orders, is supervised by specially trained procurement managers. In addition to price criteria, Swissgrid's tenders always include quality criteria. Price negotiations (bidding rounds) are not permitted under federal law. The signature regulations provide for the collective signature of the employees and also link the authority to sign to the order value. A dual control principle, at a minimum, applies to the placing of orders and the initiation of payments.

**Violations:** In 2023, there were no judgements on corruption cases at Swissgrid. The measures taken are considered to be effective.

## **Stakeholder engagement and transparency**

### **Stakeholder engagement**

#### **GRI 2-29**

#### **Stakeholder engagement and transparency**

Swissgrid relies on active relationship management and dialogue with stakeholders. The company communicates openly and transparently with the public, media, politicians, authorities, associations and industry partners, as well as with neighbouring transmission system operators.

Swissgrid uses various in-house platforms for networking. These are tailored to the specific needs of stakeholders, and include personal discussions, digital channels, media work, industry events and information events in regions where Swissgrid is implementing grid projects. Possible collaboration with

partners and references on third-party platforms are systematically examined.

The transmission system is one of Switzerland's most critical infrastructures and makes a significant contribution to a functioning society and economy. Swissgrid communicates with the public, the economy, politicians and authorities to keep them informed of its tasks and the challenges it faces. Swissgrid sees itself as a provider of knowledge and a trustworthy source of information.

The further development of stakeholder dialogue was incorporated into Strategy 2027. Swissgrid intends to invest even more in its relationships with stakeholders in the future. Swissgrid considers it particularly important to raise awareness of the need for good cooperation with European partners and for regulatory action in Switzerland. Further priorities will be set in this area in the future.

### **Management approach**

As a transmission system operator in Switzerland and Europe, Swissgrid carries out activities covering a wide range of interests. Due to its legal mandate, the company is also affected by corresponding political and regulatory changes in the EU. European and Swiss energy policy and the regulatory environment are becoming increasingly complex, ambitious and dynamic, resulting in a greater need for action by transmission system operators.

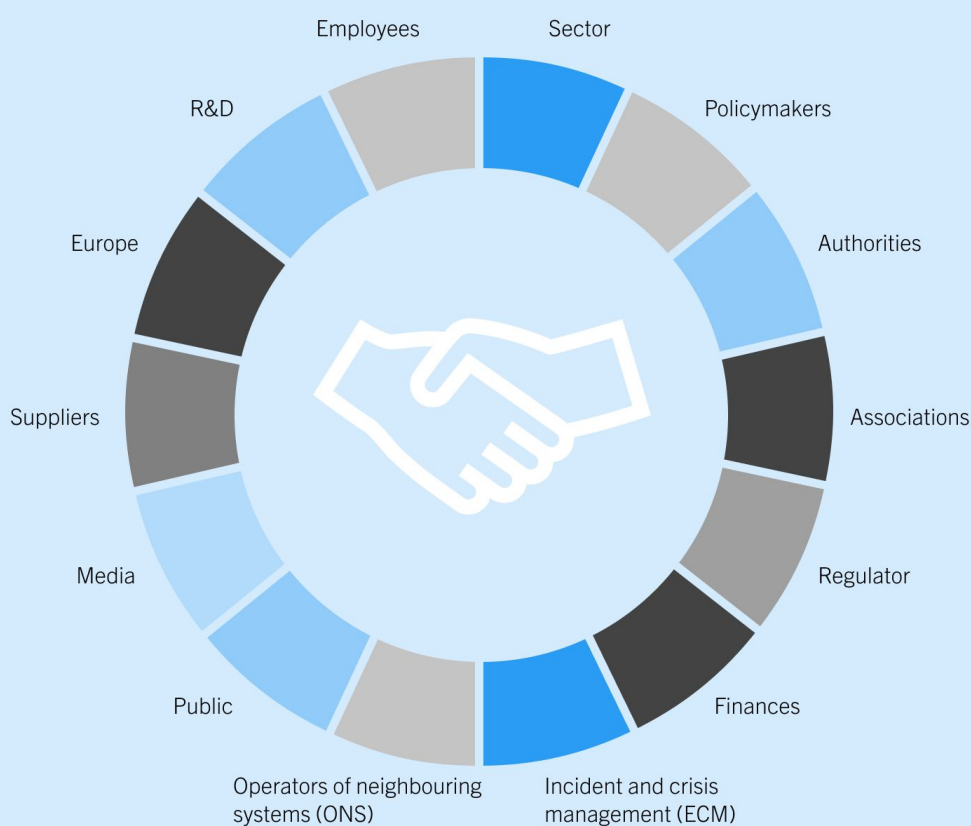
The transformation of the energy system initiated by policymakers requires close cooperation between all players in the electricity system. Sustainable restructuring of the system is only possible if everyone works together. Close dialogue with Swiss and European stakeholders from politics, authorities and industry is therefore crucial for Swissgrid.

Swissgrid endeavours to create broad acceptance for construction projects in the Swiss transmission grid. To this end, Swissgrid not only works closely with the authorities at federal, cantonal and municipal level, but also engages in dialogue with the affected population, interest groups, associations and the media.

Swissgrid has carried out a comprehensive stakeholder analysis to identify and prioritise relevant players and groups, and to define corresponding approaches for engaging with them. This analysis incorporated various aspects, including the extent to which stakeholders are affected by a specific Swissgrid topic or project, and how much influence the stakeholders have on Swissgrid with regard to a specific topic or project.

An engagement concept forms the basis for achieving the strategic objectives for stakeholder relationships. It defines material topics for Swissgrid and corresponding measures specifically intended for the various stakeholder groups. The concept takes into account the 2027 corporate strategy and the 2023 corporate objectives. It is reviewed as part of the annual planning process to ensure that it is up to date and in line with objectives, and is then adapted accordingly.

## Swissgrid's stakeholder groups



Group	Description
<b>Employees</b>	Centrally important for the successful fulfilment of Swissgrid's legal mandate
<b>Sector</b>	Owners and operators of grid and power plant facilities, grid users of Swissgrid, shareholders, market players
<b>Policymakers</b>	National, cantonal and municipal decision-makers
<b>Authorities</b>	National, cantonal and municipal offices and supervisory authorities such as the Swiss Federal Office of Energy (SFOE) or the Federal Inspectorate for Heavy Current Installations (ESTI)
<b>Associations</b>	Associations that are directly or indirectly active in the Swiss energy sector, such as the Association of Swiss Electricity Companies (VSE); environmental organisations that Swissgrid liaises with on issues including grid projects
<b>Regulator</b>	The Federal Electricity Commission (ElCom) monitors Swissgrid's costs and tariffs
<b>Finances</b>	Creditors, lenders, investors and insurance companies
<b>Research &amp; development (R&amp;D)</b>	Universities, universities of applied sciences, companies and start-ups
<b>Suppliers</b>	Manufacturers and suppliers of grid components and service providers in the field of IT and consulting
<b>Public</b>	Residents living in the vicinity of existing installations and grid projects, landowners
<b>Media</b>	Major specialist media in Switzerland, mass media
<b>Operators of neighbouring systems (ONS)</b>	Owners and operators of grid systems in the rail, gas and telecommunications sectors (e.g. SBB)

<b>Europe</b>	Foreign transmission system operators and European bodies such as the European Network of Transmission System Operators for Electricity (ENTSO-E), the European Commission and the Agency for the Cooperation of Energy Regulators (ACER)
<b>Incident and crisis management (ECM)</b>	Crisis teams from partner companies and national crisis organisations such as the Organisation for Power Supply in Extraordinary Situations (OSTRAL)

## GRI 2-25, 2-26, 415, 201-4

### Measures

Swissgrid has defined various priorities that require particular attention in terms of stakeholder engagement.

#### Focus on Europe

ENTSO-E and the European transmission system operators are the most important stakeholders at a European level, followed by the EU authorities (EU Commission, ACER).

There is currently no electricity agreement between Switzerland and the EU. This is resulting in the progressive exclusion of Switzerland from European processes, platforms, committees and cooperation. Swissgrid is committed to close cooperation with the European transmission system operators in order to mitigate the negative effects for Switzerland. The company has taken various measures: Swissgrid is implementing all the regulatory requirements stipulated by the European authorities for secure system operation. In addition, the company has concluded contracts under private law with the transmission system operators from the «Italy North» capacity calculation region in order to be included in the cross-border capacity calculation. However, these contracts under private law are not an adequate long-term substitute for an electricity agreement, partly because they can be overridden by changes in EU law and concern issues of a political nature that are outside Swissgrid's area of expertise. Adoption of EU law is crucial in order to be able to participate in processes such as regional operational security coordination (ROSC) and in the various control energy platforms – TERRE, MARI and PICASSO<sup>1</sup>. Switzerland is currently under threat of exclusion from some of these cooperations and platforms for political reasons. Swissgrid has lodged an appeal in the EU courts concerning its participation in the above-mentioned control energy platforms. Swissgrid is represented in numerous European technical committees and working groups (see chapter «Swissgrid committee memberships») in order to remain in constant dialogue with its European partners and to represent Switzerland's interests, although there is also a risk of exclusion from these committees if no electricity agreement is reached.

<sup>1</sup> MARI, PICASSO and TERRE are three digital platforms that will be used for auctioning, billing and monitoring control energy within the European internal electricity market in the future. These are standard products covering a defined time in the control energy segment.

## Focus on the Swiss electricity industry

Power plant and distribution system operators are among the most important stakeholders in Switzerland. Swissgrid is implementing the EU regulatory requirements necessary for secure grid operation in Switzerland in association with these industry partners. The new Transmission Code, the Balancing Concept and other contracts such as operating agreements and the operational management interface manual have therefore been or will be revised and relaunched. By implementing the monitoring area, Swissgrid and the distribution system operators are endeavouring to set up data interchange processes for grid operation planning and management.

Swissgrid also works closely with the industry to implement Swiss laws and regulations. For instance, the «Electricity Network Strategy» gradually introduced by the federal government between 2019 and 2021 calls for closer cooperation between grid operators in long-term grid planning. In 2023, Swissgrid and an industry working group were able to complete the regionalisation process, which forms the basis for Swissgrid's Strategic Grid 2040 (see Swissgrid website).

Swissgrid is also carrying out various projects with the industry, for example on the integration of decentralised energy resources into grid and ancillary services (see chapter «2027 Strategy»). Close cooperation also takes place in day-to-day business activities, be it the planning of grid operations, real-time operation or the procurement and utilisation of control reserves. In order to maintain contact outside of day-to-day business, the company organises various industry events such as the Grid Forum, the Balance Group Management Partner Meeting and the grid usage conference (see Swissgrid website).

## Focus on authorities and politics in Switzerland

As the national grid company with a legal mandate, Swissgrid is in contact with authorities at federal level, including the SFOE, the Federal Office for the Environment (FOEN), the ESTI and EICOM. Cooperation often takes place when new legal and regulatory requirements are prepared and introduced. This was the case during the operational implementation of the power reserve, for instance. Another example is the planning of the Strategic Grid 2040, which Swissgrid will continue to develop in 2024. This is partly based on the SFOE's scenario framework for Switzerland.

The most important stakeholders in the Swiss Parliament include the members of the two environment, spatial planning and energy committees (ESPEC), as well as the two foreign affairs committees (FAC) and the EFTA/EU delegation. Swissgrid has maintained active and transparent dialogue with political representatives for many years. Swissgrid is committed to winning over members of parliament in favour of its concerns and to recognising areas of political tension at an early stage. Swissgrid is also keen to gain alliance partners in order to represent common interests. In 2023, Swissgrid once again organised a session event with partners from the electricity industry.

Swissgrid does not make any financial contributions to political parties or organisations. As a legally created monopolist, Swissgrid has a special responsibility with regard to independence and reputation. Swissgrid therefore does not receive any subsidies from the public sector.

Swissgrid adopts an approach to the planning and implementation of grid expansion that involves comprehensive dialogue and participation. The involvement of the relevant stakeholder groups plays an important role in sustainable grid expansion. Swissgrid is in close contact with the responsible authorities at federal, cantonal and municipal level as part of grid project communication throughout all the phases of each construction project. Information on dialogue with and the involvement of the authorities and politicians is given in the overview of the approval process.

## Focus on the Swiss public

In the course of grid projects, Swissgrid seeks close contact not only with the authorities and politicians, but also with the public, interest groups and environmental organisations. It is important for Swissgrid to involve stakeholder groups and to provide them with comprehensive information during the approval process, which comprises several phases. To this end, the company has developed special guidelines for systematically implementing the applicable measures. In 2023, the following events were held as part of grid projects: information events to present the planning corridor in the Maggia Valley, a groundbreaking ceremony at the Bonaduz substation and an open day for cabling in the Gotthard Road Tunnel. Swissgrid was also present at public fairs in important grid construction regions in the canton of Valais and Central Switzerland.

The modernisation of the transmission system is a vital issue that is perceived as important and necessary by the public. Swissgrid is keen to create an even greater understanding of its important role in ensuring security of supply and of its contribution to the transformation of the energy system. Swissgrid has taken various measures to address new topics: in 2023, the company established a newsroom and expanded the content on its digital channels. In order to strengthen personal dialogue, Swissgrid has increased its attendance of various events and, in addition to its own visitor exhibitions, now also presents its activities at the «Experience Energy» exhibition at the Swiss Museum of Transport in Lucerne.

## GRI 413-1

### The approval process at a glance – involving and informing the authorities and the general public

Grid expansion – in particular for grid construction projects from the strategic grid – follows a legally prescribed procedure (see Swissgrid website) consisting of several phases. The authorities and the public are kept informed and can participate actively during each phase.

Phase	Details	Involvement of various stakeholders in the legally prescribed procedure	Stakeholders from authorities and politics	Public stakeholders	Swissgrid measures: authorities/politicians	Swissgrid measures: the public
<b>Needs analysis</b>	Future grid development requirements are analysed as part of the planning for several years, known as the strategic grid. The planning of the strategic grid is based on the needs of the Swiss population, underground cable and overhead line corridors for the area in which a line is planned for each grid projects.	Swissgrid and the cantons affected by the project conclude a coordination agreement during this phase. It ensures that the interests of the cantons are incorporated into the planning process early on.	Authorities at federal level, national and cantonal politicians	Environmental organisations, interest groups, researchers, the media, the public		<ul style="list-style-type: none"> <li>Industry working group on regionalisation under the leadership of Swissgrid</li> </ul>
<b>Preparation</b>	Swissgrid submits the application for the SUL procedure. This is the federal government's overarching planning and coordination tool for the expansion and new construction of transmission lines. At the end of this phase, the Federal Council determines the corridor for the line and the technology (overhead line, underground cable or a combination of the two).	A monitoring group appointed by the SFOE with representatives of the Swiss government, cantons, environmental protection organisations and Swissgrid discusses the proposed options and submits a recommendation. Stakeholders can make their views known as part of a public consultation procedure organised by the SFOE (in accordance with Art. 19 of the Spatial Planning Ordinance).	Authorities and politicians at cantonal level, municipal councils, local politicians	Environmental organisations, interest groups, directly affected parties, the media	<ul style="list-style-type: none"> <li>Information from the SFOE on the procedure and the planned submission of the application for the sectoral plan for transmission lines (SUL)</li> <li>Presentation to parliamentarians of the cantons involved</li> <li>Events with local councillors and interest groups along the line under discussion</li> </ul>	<ul style="list-style-type: none"> <li>Publication of current information on the grid project website</li> </ul>
<b>Inclusion in the federal sectoral plan for transmission lines (SUL)</b>	Swissgrid submits the application for the SUL procedure. This is the federal government's overarching planning and coordination tool for the expansion and new construction of transmission lines. At the end of this phase, the Federal Council determines the corridor for the line and the technology (overhead line, underground cable or a combination of the two).	A monitoring group appointed by the SFOE with representatives of the Swiss government, cantons, environmental protection organisations and Swissgrid discusses the proposed options and submits a recommendation. Stakeholders can make their views known as part of a public consultation procedure organised by the SFOE (in accordance with Art. 19 of the Spatial Planning Ordinance).	Authorities at federal, cantonal and municipal level, local politicians		<ul style="list-style-type: none"> <li>Before submitting the application: personal discussions with the municipalities</li> </ul>	<ul style="list-style-type: none"> <li>Personal discussions with the organised public (interest groups, associations)</li> <li>Initial communication when submitting the application via various channels</li> <li>Media releases and flyers distributed to households</li> <li>Information events when making decisions in favour of a planning area and a corridor</li> </ul>
<b>Construction project</b>	Swissgrid prepares the specific construction project within the planning corridor defined by the Federal Council.	During this phase, negotiations on easements are held and the exact line route is determined. Swissgrid appoints a project advisory council, which ideally also includes representatives of the affected municipalities. The project advisory council has the task of raising the concerns of the population and other stakeholders and identifying options for action in order to make the best possible use of the design latitude of the project.	Municipalities, local politicians	Environmental organisations, interest groups, directly affected parties, the media	<ul style="list-style-type: none"> <li>Organisation of the project advisory council and regular meetings</li> <li>Ongoing information about the activities of the project advisory council</li> </ul>	<ul style="list-style-type: none"> <li>Organisation of the project advisory council and regular meetings</li> <li>Flyers distributed to households</li> </ul>
<b>Planning approval procedure</b>	Swissgrid submits an application for planning permission to the relevant authorities. At the end of this phase, the authorities – either the ESTI or the SFOE – issue Swissgrid with the planning approval decision, and may impose additional conditions that must be included in the project planning.	During this phase, the project is presented to the public, and stakeholders and affected parties can lodge complaints. If the differences cannot be resolved by the ESTI, the SFOE continues the negotiations. Responsibility for the negotiations lies with the authorities. Complaints can be referred to the courts.	Authorities at federal level	Environmental organisations, interest groups, directly affected parties, the media	<ul style="list-style-type: none"> <li>Information on the start of the planning approval procedure</li> </ul>	<ul style="list-style-type: none"> <li>Media and information events at the start of the planning approval procedure</li> <li>Flyers distributed to households</li> <li>Attendance of trade fairs</li> </ul>



Construction	Once the legally binding planning approval has been granted, the construction work can begin. Swissgrid procures the necessary supplies and services in accordance with the provisions of public procurement law.		Municipalities, local politicians	Environmental organisations, interest groups, directly affected parties, the media	<ul style="list-style-type: none"> <li>• Information events for local and regional authorities</li> </ul>	<ul style="list-style-type: none"> <li>• Media events and visits to mark important milestones</li> <li>• Flyers distributed to households about the status of work</li> <li>• Extensive information on the grid project website</li> <li>• Attendance of trade fairs</li> <li>• Construction signs on site</li> </ul>
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## GRI 2-28

### Memberships

In order to fulfil its legal mandate, Swissgrid represents its concerns and interests in around 120 Swiss and European bodies<sup>1</sup>. Certain committees are classified as highly relevant by the Executive Board and coordinated by committee management. Annual committee targets are defined for these committees on the basis of Swissgrid's corporate objectives. In addition, briefings and debriefings are held for meetings where Swissgrid's position is presented, along with all the technical, economic, legal, regulatory and strategic aspects, and pending tasks are assigned internally. Currently, 18 committees are classified as highly relevant by the Executive Board (see chapter «Swissgrid committee memberships»).

<sup>1</sup>Swissgrid considers a «committee» to be any collaboration in a defined group (consisting of several internal and external stakeholders) that is established for the purpose of discussion, consultation or reaching decisions on a specific and clearly defined range of topics over an extended period of time (generally at least six months) and requires internal coordination.

## GRI 418

### Transparency

Transparency is the basis for Swissgrid's credibility and therefore represents an important pillar in its communication with the various stakeholders. Swissgrid sees it as its mission to provide the general public with precise, easily accessible and comprehensible information on its business activities. Swissgrid fulfils its legal obligations in financial and non-financial matters by publishing an Annual Report.

Swissgrid also meets the requirements for transparency in its activities on the financial and power markets, for instance by complying with all the requirements of the Financial Market Infrastructure Act (FMIA). The rules laid down in the FMIA are intended to ensure that the financial markets function fairly and transparently for all investors and that the stability of the financial system is guaranteed. The rules prohibit activities such as insider trading and market manipulation, and stipulate reporting and risk minimisation obligations in derivatives trading. Swissgrid also ensures fair behaviour and transparency on the European wholesale energy markets. The relevant legal standards, in particular Regulation (EU) No. 1227/2011 (REMIT Regulation) and Regulation (EU) No. 543/2013 (Fundamental Data Ordinance), prohibit activities such as insider trading and market manipulation, and oblige Swissgrid to publish certain information.

In the current reporting year, Swissgrid updated the internal company principles for the implementation of the new Federal Act on Data Protection (nFADP). The purpose of the nFADP is to protect the privacy and fundamental rights of natural persons whose personal data is processed. In the past reporting year, no complaints about breaches of data protection or cases of data theft or loss in connection with customer data were reported to or identified by the data protection officer.

Swissgrid pursues a high degree of transparency when publishing its grid data. Key figures and data, such as frequency, imports and exports, as well as wide area monitoring and the Swiss energy overview, are available on its website. The monitoring area is implemented with the aim of achieving greater transparency in data interchange with distribution system operators for grid operation planning and management purposes, and to ensuring even greater operational security as a result. Swissgrid is currently putting this major project into practice with the industry.