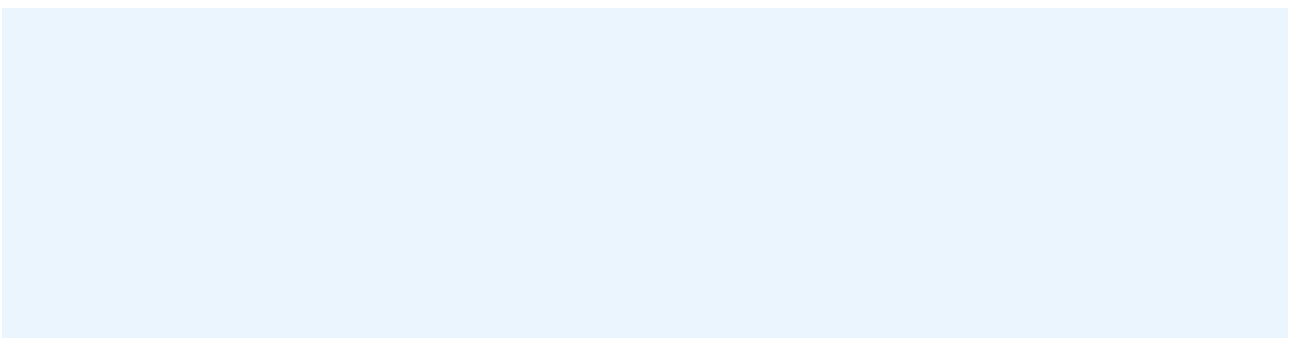


# Sustainability at Swissgrid

## GRI 2-22

Swissgrid ensures the secure, effective and efficient transmission of electrical energy on behalf of the Swiss public and the electricity industry. The company's legal mandate is geared towards the short and long term in order to ensure grid-related security of supply both now and in the future. Swissgrid plays a key role in implementing Switzerland's Energy Strategy 2050 by ensuring the efficient networking of increasingly decentralised and renewable energy resources. For Swissgrid, sustainability is a crucial consideration when planning the transmission system of the future and is therefore part of its responsibility towards society and the environment.

Consequently, sustainability is one of the main priorities of Strategy 2027, which was approved by the Board of Directors at the end of 2022. As part of its strategy development, Swissgrid has decided to systematise and consolidate the social, ecological and economic measures already in place in its various business areas, and to anchor sustainability even more firmly throughout the company.



**Yves Zumwald, CEO**



«A reliable, efficient and ecologically sustainable supply of electricity is the basis for economic prosperity and social coexistence in Switzerland and Europe. A smoothly functioning transmission system plays a vital role in ensuring a secure supply of electricity. To ensure that this remains the case in the future, we must act responsibly and in a goal-orientated manner. This applies not only to the safe operation, expansion and renovation of the grid, but also to our commitment to people, the environment and society.

By establishing sustainability in our Strategy 2027, we reaffirmed our intention to integrate sustainable, responsible actions even more strongly within the company and to systematise and take a more holistic view of the associated activities. Swissgrid is guided by the UN Sustainable Development Goals 2030.»

## Basis of the sustainability commitment: materiality analysis

Swissgrid's sustainability commitment is summarised under «Corporate Social & Environmental Responsibility» (CSER). Swissgrid laid the foundations for this commitment by conducting a materiality analysis with reference to the standards of the Global Reporting Initiative (GRI). The analysis shows the relevance of social, ecological and economic issues from the perspective of Swissgrid and its stakeholders, categorised into the four fields of action Purpose, Planet, People and Partnership. The results of this analysis, including the most important sustainability topics identified, are presented as a materiality matrix.

### GRI 3-1

#### Procedure for determining material topics

In 2022, Swissgrid carried out a materiality analysis approved by the Executive Board. From now on, the definition of material topics will be reviewed and updated every two years and approved by the Board of Directors. This will ensure that Swissgrid's assessment of the actual and potential impact of its business activities on society, the environment and the economy remains up to date. The process for determining and reviewing the material sustainability topics comprises four steps:

Process step	Description
<b>Analysis of the company context – basis for determining potential impacts and topics</b>	<ul style="list-style-type: none"><li>• Review of Swissgrid's corporate activities, business relationships and stakeholders with a view to sustainability</li><li>• Analysis of trends, challenges and regulatory developments in the electricity and sustainability sectors from a corporate, national and international perspective</li></ul>

**Identification of actual and potential impacts on society, the environment and the economy**

- Identification of sustainability risks based on technical expertise and factoring in existing risk analyses
- Analysis of the sustainability performance indicators recorded (e.g. occupational health and safety, environmental protection, HR policy, complaints procedure and supplier portfolio)
- Inclusion of external expert opinions and benchmark comparisons regarding the actual and potential impact of grid operators on society, the environment and the economy

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**Evaluation of the significance of impacts; prioritisation of topics for reporting**

- Evaluation of the significance of the actual and potential impact on the company («outside-in» perspective) and on society, the environment and the economy («inside-out» perspective), taking into account the extent and probability of occurrence of risks
- Strategic evaluation of actual and potential challenges, opportunities and impacts under Strategy 2027 and its operational development
- Grouping of the topics in the materiality analysis on a scale from very low to very high, based on the significance of the impact for and by Swissgrid and from a stakeholder perspective
- Prioritisation and consolidation of reporting topics, focusing on topics classed as at least «high» in terms of materiality, either from the perspective of Swissgrid and/or of stakeholders

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**Internal and external validation of results**

- Internal validation process as part of multi-stage workshops with participants from all business areas
- Comparison with materiality matrices of other European transmission system operators and Swiss electricity supply companies
- Direct involvement of external stakeholders (planned for 2024/2025) to validate the relevant topics, impacts and prioritisation; the 2022 materiality analysis was prepared with the help of external consultants, without direct consultation with other external stakeholders

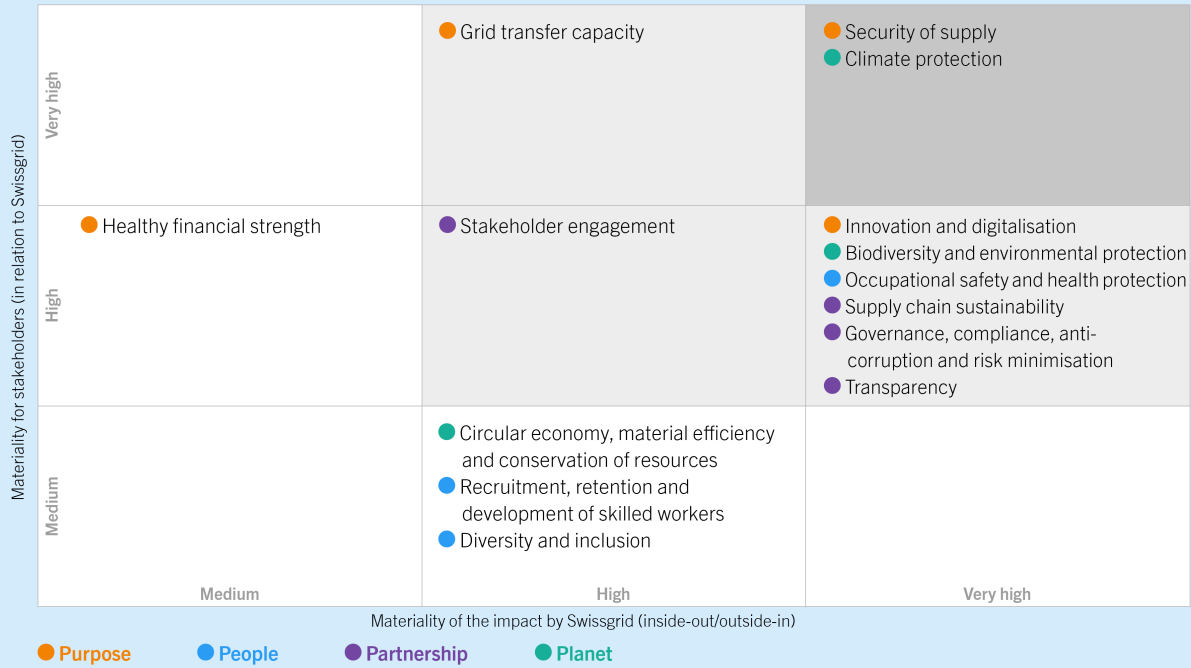
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## GRI 3-2, 3-3

### Swissgrid materiality matrix

Swissgrid's comprehensive analysis revealed 14 topics that are of particular relevance to the company. These are shown in the form of a materiality matrix – with topics allocated to the four fields of action Purpose, Planet, People and Partnership. Topics classified as immaterial are not listed.

### Swissgrid materiality matrix



In the matrix, the vertical axis represents the topics that are important for the company in the opinion of Swissgrid’s stakeholders. The horizontal axis illustrates on the one hand how the company is affected by certain issues (outside-in) and, on the other hand, the potential impact of the company’s business activities on society, the environment and the economy (inside-out).

The 2023 Annual Report presents the most important material topics and the associated objectives, the positive and negative effects and risks, as well as the measures taken and their effectiveness. The topics are unchanged from the previous year, but are now part of Swissgrid’s integrated Annual Report.

Material topics	Summary of materiality and potential impacts <sup>1</sup>
<b>Purpose</b> Security of supply Grid transfer capacity Innovation and digitalisation Healthy financial strength	Swissgrid guarantees grid-related security of supply and therefore makes a significant contribution to Switzerland’s economic and social development. By providing a needs-based grid infrastructure, Swissgrid is also laying the foundations for the integration of renewable energies and a sustainable energy future. Innovative, digital modernisation of the grid and a healthy financial strength to enable necessary investments also play a crucial role.
<b>Planet</b> Climate protection Biodiversity and environmental protection Circular economy, material efficiency and resource conservation	Swissgrid is making a significant contribution to the energy transition and is helping to decarbonise the Swiss economy. At the same time, Swissgrid generates greenhouse gas emissions along its value chain in the fulfilment of its legal mandate, which must be reduced under its climate policy and social obligations.  The expansion of the nationwide grid infrastructure can have a negative impact on biodiversity and the environment. In line with its environmental mission statement, Swissgrid is striving to avoid or minimise these impacts and to optimise the use of materials.
<b>People</b> Occupational health and safety Attracting, retaining and developing skilled workers Diversity and inclusion	Safety is a top priority for Swissgrid. Occupational safety and health protection are essential for Swissgrid in order to avoid negative effects on the well-being of internal and external employees. In addition, the company is reliant on highly qualified, diverse and motivated employees in order to develop into an innovative, highly digitalised and sustainable company. The shortage of skilled labour poses new challenges for the company in the medium and long term.

<b>Partnership</b>	Governance	Responsible corporate governance and constructive partnerships are essential for Swissgrid as the operator of a critical infrastructure. Compliance with regulatory requirements, the appropriate handling of risks, integrity and transparency in business activities and good governance structures are important basic principles for the company. It is also crucial for Swissgrid to ensure that it has a sustainable supply chain in order to guarantee the economically, ecologically and socially sustainable use of resources and to recognise potential negative effects along the value chain, for example on human rights, at an early stage.
	Compliance	
	Anti-corruption	
	Risk minimisation	
	Supply chain sustainability	
	Stakeholder engagement	
	Transparency	







<sup>1</sup>The potential and actual impacts described in this table and in the corresponding thematic sections of the report mainly relate to the impacts of Swissgrid’s business activities on society, the environment and the economy and/or the impacts of external factors on Swissgrid’s business activities.

**GRI 2-23, 2-24, 3-3**

## Strategic foundations: sustainability goals and principles

Swissgrid is committed to making a positive contribution to achieving the UN Sustainable Development Goals (SDGs). To underscore this goal, Swissgrid has affirmed its commitment to the ten principles of the UN Global Compact (UNGC) and is now also a member of the UNGC Network Switzerland & Liechtenstein. Sustainability is an integral part of Swissgrid’s corporate culture and is actively practised in all of its activities.

Taking Swissgrid’s Strategy 2027 as a basis, the Executive Board has defined overarching goals in all four fields of action of its sustainability commitment, taking into account the material topics. For each of the four fields of action, the Executive Board has also set operational sustainability goals for 2023 that will have an impact on the variable remuneration of the Executive Board and that of senior and specialist managers.

Field of action and contribution to the SDGs	Overarching goals
<p><b>Purpose</b></p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">  <p>7 BEZAHLBARE UND SAUBERE ENERGIE</p> </div> <div style="text-align: center;">  <p>8 MENSCHENWÜRDIGE ARBEIT UND WIRTSCHAFTSWACHSTUM</p> </div> <div style="text-align: center;">  <p>9 INDUSTRIE, INNOVATION UND INFRASTRUKTUR</p> </div> </div>	<p><b>Swissgrid is helping to shape the energy future – safely, innovatively and sustainably</b></p> <ul style="list-style-type: none"> <li>• Swissgrid guarantees a high level of grid-related security of supply and supports Switzerland’s energy strategy.</li> <li>• Swissgrid constructs and manages the grid efficiently and increases its capacity in line with demand.</li> <li>• Swissgrid is developing into a highly digitalised, innovative company.</li> </ul>
<p><b>Planet</b></p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">  <p>12 NACHHALTIGE/R KONSUM UND PRODUKTION</p> </div> <div style="text-align: center;">  <p>13 MASSNAHMEN ZUM KLIMASCHUTZ</p> </div> <div style="text-align: center;">  <p>15 LEBEN AN LAND</p> </div> </div>	<p><b>Swissgrid fulfils its social mandate to protect the environment</b></p> <ul style="list-style-type: none"> <li>• Swissgrid is preparing the grid to pave the way for the energy transition in Switzerland.</li> <li>• Swissgrid is helping to achieve Switzerland’s net-zero climate target by reducing emissions along its value chain.</li> <li>• Swissgrid avoids or minimises harmful effects on the environment.</li> <li>• Swissgrid is committed to preserving biodiversity and making responsible use of natural resources.</li> </ul>

## People



## Swissgrid offers a safe, diverse and inclusive working environment

- The safety and health of employees, contractors, residents and partners is a top priority for Swissgrid.
- Swissgrid offers modern working conditions and establishes the necessary framework conditions to enable skilled workers to develop and enhance their expertise.
- Swissgrid ensures a working environment in which all employees feel comfortable and can perform to their full potential, regardless of their ethnic origin, sexual orientation, religion, age, gender or disability.

## Partnership



## Swissgrid creates added value for society through close and respectful cooperation with its stakeholders

- Swissgrid is perceived by its stakeholders as a credible, professional and solution-orientated partner.
- Swissgrid practises transparent corporate governance with integrity, stands for ethical, law-abiding behaviour and takes decisive action against corruption.
- Swissgrid respects human rights in its own operations and along its value chain.
- Swissgrid is committed to a sustainable supply chain.

In addition to the overarching sustainability goals for the material topics, Swissgrid is guided by the following principles for the implementation and strategic development of these goals:

- Swissgrid complies with laws and regulations as a matter of course.
- Swissgrid defines clear and ambitious sustainability goals and measures in line with its strategy. The achievement of these goals and the effectiveness of measures are regularly reviewed using internationally recognised sustainability indicators.
- Swissgrid endeavours to continuously strengthen and develop its sustainability goals and the management system to address the material topics. To do so, Swissgrid consults internal and external stakeholders, including employees, industry partners, authorities and other interest groups.
- In order to embed sustainability even more firmly into the corporate culture and to raise employee awareness, Swissgrid regularly organises training courses and initiatives in connection with the material topics.
- Once a year, Swissgrid publishes a transparent and comprehensive Sustainability Report in accordance with nationally and internationally recognised reporting standards.

## Responsibilities in relation to sustainability

Responsibilities in relation to sustainability are integrated into Swissgrid's corporate governance structure. The responsibilities of the Board of Directors, the Executive Board and the operational business area are defined in the legal requirements, the Articles of Incorporation and the organisational regulations approved by the Board of Directors. The 2023 Corporate Governance Report gives details of the composition of the Board of Directors and the Executive Board, of the provisions and processes relevant to corporate governance and of the corresponding areas of responsibility.

## GRI 2-9, 2-12, 2-13, 2-14, 2-16, 2-17, 2-23

### The role of the Board of Directors in the area of sustainability

The Board of Directors is responsible for defining Swissgrid's vision and mission. In addition, the Board



of Directors has set sustainability goals as part of the strategic management of the company. The Board of Directors is also responsible for non-financial reporting, the Code of Conduct and the Whistleblowing Policy. The annual non-financial reporting is discussed in advance by the Finance and Audit Committee, approved by the Board of Directors and submitted to the General Assembly for approval in accordance with the provisions of the Swiss Code of Obligations.

The Board of Directors oversees due diligence to identify and manage the impact of Swissgrid's activities on the environment, society and the economy. The Board of Directors has various tools available for this purpose:

- Internal Audit reports to the Board of Directors, carrying out risk-oriented, independent audits and providing advisory services on its behalf. In particular, its tasks include regular auditing of internal supervision, control and risk management processes. In accordance with the internal audit regulations, these services are provided in partnership with internal and, in some cases, external stakeholders. After each audit, the Chairman of the Board of Directors and the Finance and Audit Committee are informed of the findings and recommendations and their implementation. Internal Audit carried out a health check on sustainability reporting in 2023.
- Sustainability risks, including potential negative effects on society, the environment and the economy, are monitored as an integral part of the company-wide Enterprise Risk Management System (see chapter «Risk assessment»). In the course of semi-annual risk assessments and regular risk updates, the Finance and Audit Committee and the Board of Directors are informed about the main risks, their management and the measures implemented.
- When submitting proposals, the Board of Directors considers the impact of Swissgrid's planned activities on the four fields of action Purpose, Planet, People and Partnership. Since 2023, the positive and/or negative effects of each proposal must be presented. This applies to strategic and operational activities as well as to investments that are submitted to the Board of Directors for approval, acknowledgement or resolution.
- Programme management ensures the continuous development of CSER projects and activities within Swissgrid's business operations, monitors the achievement of the ambition level, and adjusts it if necessary.
- In addition, the Board of Directors discusses current topics of relevance to the company in greater depth at ordinary meetings or at extraordinary events such as workshops and tours. It regularly consults with both internal and external experts for this purpose. New members of the Board of Directors are familiarised with company-specific topics in an onboarding session.

## GRI 2-13, 2-23

### **The role of the Executive Board in the area of sustainability**

The Executive Board is responsible for Swissgrid's operational business activities. Its tasks include implementing and achieving the sustainability goals set by the Board of Directors. To this end, operational implementation plans are drawn up, including programmes of measures and adequate indicators to monitor their effectiveness. The Executive Board also sets medium and long-term sustainability goals as part of its corporate objectives. Using established reporting processes with regard to corporate risks, compliance and sustainability, the Executive Board informs the Board of Directors at least once a year about the risks, opportunities and implementation progress in the area of

sustainability.

To ensure sustainability management, the Executive Board created a Sustainability unit in 2023, which reports directly to the Head of Corporate Services & Chief Financial Officer. The Head of Sustainability ensures the preparation of sustainability goals in close cooperation with the Executive Board and in line with the corporate strategy; is responsible for sustainability management and for the supervision and further development of corporate activities in the area of sustainability; supports the operationalisation of sustainability goals, the coordination of measures and their implementation in the business units; and coordinates the preparation of annual reporting for approval by the Executive Board and the Board of Directors. The operational implementation of sustainability measures and data processing to check their effectiveness takes place in Swissgrid's respective business areas.