Greening Mercy Corps 2024

OUR PATHWAY TO ENVIRONMENTAL SUSTAINABILITY

Photo: Mercy Corps / Syria / Ezra Millstein / 2023

MERCY CORPS

Table of Contents

FIGURES

Glossary

GHG	Greenhouse gasses, like carbon dioxide and methane, are gasses that absorb and emit radiant energy within the thermal infrared range, causing the greenhouse effect
Greening	The act of transforming places and processes into more environmentally sustainable versions of their former selves.
INGO	International Non-Governmental Organization
Scope 1	Direct GHG emissions that occur from sources that are controlled or owned by an organization.
Scope 2	Indirect GHG emissions associated with the purchase of electricity, steam, heat, or cooling.
Scope 3	GHG emissions that occur as a result of activities from assets not owned or controlled by an organization, but that the organization indirectly impacts via its value chain.
SBTi	Science Based Target Initiative
tCO2e	Tonnes (t) of carbon dioxide (CO2) equivalent (e)
MC	Mercy Corps
C2C	Climate Smart Commitments
P2P	Pathway to Possibility
EV	Electric vehicles
FTE	Full time employee
kWH	Kilowatt-hour
ISO 14083	International standard for quantification and reporting of greenhouse gas (GHG) emissions arising from the operation of transport chains of passengers and freight.
COVID-19	Corona Virus Disease 2019
USAID	United States Agency for International Development
SIDA	Swedish International Development Cooperation Agency

About this Report

Our Approach to Sustainability Reporting

Welcome to the third edition of our Greening Mercy Corps report, covering the financial year (FY) 2024 (July 2023 – June 2024). As an organization, we acknowledge how we contribute to climate change through our global operations and programs across over 40 countries. This report builds on our inaugural report in 2022 and subsequent report in 2023, where we disclosed our carbon emissions from FY2019 to FY2022 and pledged to regularly measure progress towards our goal of reducing direct and indirect emissions in all our operations. We also made a commitment to achieve a 25% reduction in our carbon footprint by the end of FY2024 and a 50% reduction by FY2030. In addition, as signatories to the Climate Charter and the NGO Climate Compact 2.0 under Inter Action, we are committed to "advancing the global agenda to drastically reduce greenhouse gas emissions and alleviating the effects of climate change on people with the least power and fewest resources.

This report provides insight into our progress and continued journey towards fostering environmental sustainability, and making a positive impact on the environment, society, and the communities we partner with. It also highlights our commitments, significant accomplishments, and strategies over the past year, reflecting on the challenges encountered and the future direction of our environmental sustainability initiatives. Our reporting covers our operational boundaries, which include programmatic elements such as procurement, which are managed by our in-country operations and logistics teams.

This year, we established an Environmental Compliance and Safeguarding team focused on developing compliance and safeguarding tools and resources to guide our operations and programmatic efforts. These efforts will be elaborated upon within the new environmental safeguarding and compliance section of this report.

Message from the Chief Executive Officer

Dear Mercy Corps Team and Partners,

I am delighted to welcome you to the third edition of our annual Greening Mercy Corps report. This report has become an essential annual milestone that allows us to pause and reflect on our progress and the challenges we face in living up to our commitment to minimize our environmental impact. The past year was turbulent. Devastating humanitarian crises persist across the world, and a record setting number of elections globally have contributed to a dynamic and unpredictable operating and funding environment for Mercy Corps as well as our peers. Alongside this, the climate crisis continues to accelerate, with extreme events impacting millions of people and undermining development progress.

Our Pathway to Possibility strategy remains our north star as we strive to maximize our impact with communities around the world through these many challenges. Our Climate-Smart Commitment is a key element of this strategy, and we remain dedicated to meeting the goals we set for ourselves, and to being a leader in environmental stewardship across our sector. We also recognize that we must find the right balance between the short and long term and invest our resources with care as we navigate the current context. I want to offer a huge thank you to all the teams across Mercy Corps, from our country 'Green Teams,' to our global support teams such as travel and procurement, who are working hard to find solutions and drive our progress.

This report serves as a testament to our collective and ambitious commitment to greening Mercy Corps and being a climate-smart organization.

Sincerely,

Tjada D'Oyen McKenna

CEO, Mercy Corps

Message from the Chief Climate Officer

It is almost four years since we completed our first carbon footprint baseline exercise and set our vision for environmental sustainability at Mercy Corps. Since those initial steps we have learned a lot and have a lot to be proud of. There is no question that the goals we set are bold, and in some areas, we were probably a little naive. It is harder to get accurate information from across our operations than we anticipated, and the ecosystem of funders and policy makers we operate within have been slower than we hoped to create systems to enable sector-wide change. These are some of the headwinds that caused us to miss our interim target of a 25% reduction in total global emissions by the end of FY2024 (July 1st, 2024).

Despite this, Mercy Corps has made a remarkable shift in the last four years, and we remain confident in our ability to meet our 50% reduction target by 2030. In FY24, our year-on-year emissions declined substantially on an absolute and per capita basis, and we are optimistic this trend will continue. This report lays out many of these reasons for optimism.

One highlight from the past year includes rapid uptake and measurable action from our growing network of country-level Green Teams. For us, environmental sustainability is a journey, and we are still learning together, sharing knowledge, and experimenting. Our Green Teams are vital vehicles for change, and you will read about examples like Mercy Corps Nigeria, who have embraced this role fully.

We have also seen real progress in our energy transition efforts, with 18 offices transitioning from diesel generators to solar and battery systems, plus a shift to clean energy services in the US. Following a natural lag as we worked out new procurement approaches, we now have more highly efficient vehicles across our fleet. Together, these efforts will drive down emissions in the coming years.

Our year-on-year emissions declined substantially on an absolute and per capita basis, and we are optimistic this trend will continue. This report lays out many of these reasons for optimism.

–David Nicholson

We still have some big issues to solve. Our energy transition will be too slow without a centralized financing solution. This is not about costs, as we project real savings over time. It is about upfront capital. We also saw another year of growth in our air travel emissions, which we now must address head on. I am proud of the work of our small but mighty global sustainability team and grateful for the engagement and commitment from many operations managers, country leaders and other colleagues across Mercy Corps.

I hope you enjoy this report, and we welcome all feedback!

Sincerely,

David Nicholson,
Chief Climate Officer

Photo: Mercy Corps, Ethiopia/J. Martin, 2024

Our Approach to Environmental Sustainability

Mercy Corps is committed to shifting our programming and operations to meet our ambitious climate commitments. By 2030, we aim to reduce our carbon emissions by 50% (from our baseline amount), inclusive of both per capita and absolute emissions to account for any growth or reduction in our size over this period. To achieve these goals over the past year, we undertook action in these key areas:

1. **Increasing Accountability and Transparency**
   Now in our fourth year of tracking and reporting on our operational carbon footprint, refining our data collection system was of paramount importance. We created an internally available Power Bi carbon tracker dashboard to provide a global and country-level overview of our carbon emissions. This has not only increased transparency in our reporting but also enabled country teams to take ownership of their emissions and create internal initiatives to reduce the impact they have on the environment. We also improved our data collection process and validation system through the standardization of our processes and the introduction of a completeness metric/score. Now, country teams are actively participating in the process to ensure the data they share is accurate and reflective of their operational activities. These efforts have resulted in higher accountability and engagement.

2. **Beyond Carbon Vision**
   We refined our reporting processes this year and are now in the position to expand our reporting capabilities to provide more oversight on our environmental impact. In the upcoming year (FY2025), we will begin baselining our water and waste data to understand our consumption amounts, and areas for improvement.
3. **Cross-organizational collaboration**
   We need robust internal engagement to be successful in reaching our targets. This past year we increased our collaboration with stakeholders, working closely with the Procurement, Fleet, Travel, and Energy (Energy 4 Impact) teams to create cross-cutting initiatives that support our environmental sustainability goals.
4. **Resource Development, Capacity Building & Insight Sharing**
   Developing resources and engaging in capacity building was a key priority for this past year. We redrafted our Green Team commitment letter and updated our Green Team resources to better support Green Teams. We introduced 'sustainability nuggets' into ongoing, internal communications, helped created a Mercy Corps climate week facilitator training, launched a greenest office challenge, conducted multiple Carbon Tracking training sessions for in-country operations managers, hosted office hours to provide support to country teams, and mapped out the key resources needed to train the wider Mercy Corps workforce on sustainability and climate change topics which will be rolled out in the coming financial year.

Our Approach to Environmental Compliance & Safeguarding

At Mercy Corps, we strive to have a positive impact through our programming. Yet, we are also aware that, despite our best efforts, our programming may lead to unintended negative environmental impacts. To ensure this is as limited as possible, and in recognition of our role in a rapidly changing climate, over the last year, Mercy Corps made critical investments in our institutional environmental compliance capacity.

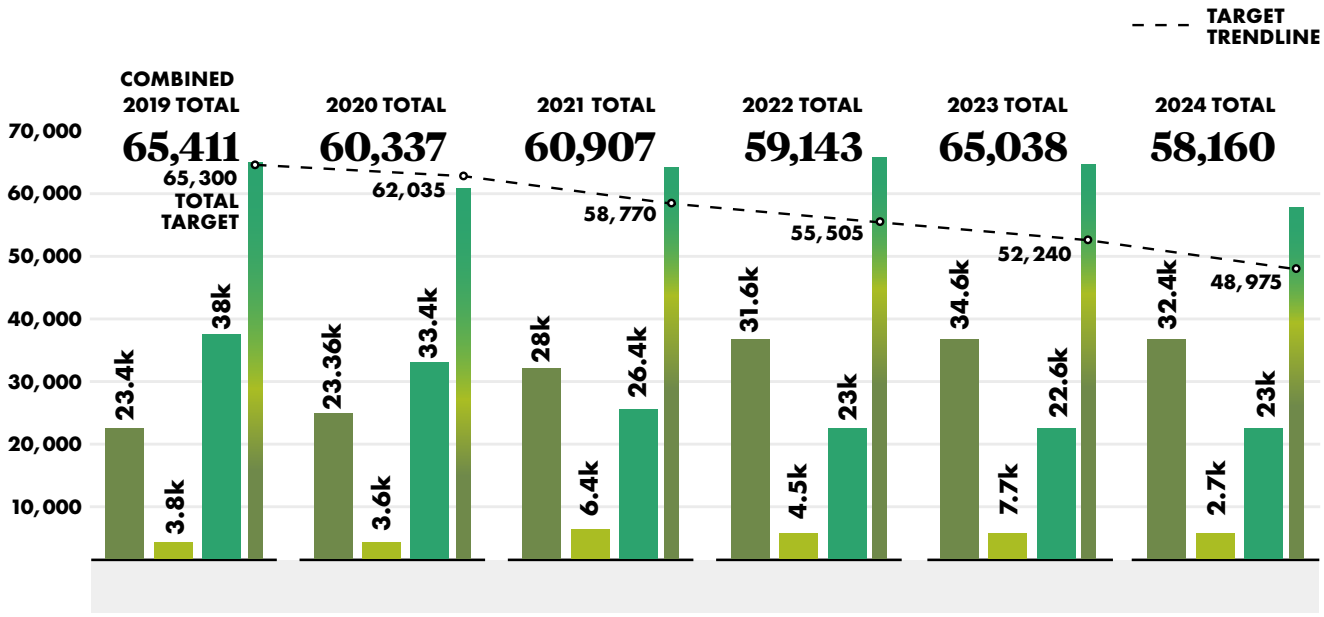
In FY2023, we developed Mercy Corps' first standardized environmental compliance and safeguarding tools to guide our operations and programmatic efforts. These tools help establish limits on the environmental impact of our programs, provide environmental management plans to monitor the implementation of mitigation measures, and ensure adherence to donor and host-country environmental and social standards. Additionally, we developed Mercy Corps' first ever training package to ensure our staff, grantees, subcontractors, and partners are aware of the environmental compliance standards of our donors and governments around the world as well as our own organizational principles and approaches. The standards and expectations of our donors have been growing in complexity and scope, and we know this will continue. We believe this capacity-building effort provides the capacities we need to be compliant with donor requirements while ensuring our programs have the greatest possible positive impact on the places we work.

SECTION 1:

Global Emissions Audit

Mercy Corps measures and reports on all emissions within our direct span of control (Scope 1 and 2) as well as those outside our direct scope (Scope 3). This section outlines our global emissions from 2019 to 2024, including trends, insights, and factors impacting our carbon footprint and performance metrics. The chart below (figure 1) highlights our emissions from FY2019 to FY2024 and our performance to date against our set targets.

FIGURE 1: ANNUAL GLOBAL EMISSIONS TOTALS (tCO2e)



SCOPE 1

These are direct emissions from agency-owned and controlled resources such as emissions from onsite fuel combustion.

Common sources for Mercy Corps

– Combustion of fuel in buildings
– Fuel for leased or owned vehicles

SCOPE 2

These are indirect emissions from the generation of purchased energy, from a utility provider.

Common sources for Mercy Corps

–Electricity consumption

SCOPE 3

All indirect emissions not included in Scope 2 that occur as a result of activities from assets not owned or controlled by the reporting organization.

Common sources for Mercy Corps

– Business travel
– Purchased goods and services

Data completeness:

This year, we implemented a new process to ensure complete monthly data collection from each of our field offices. Due to the multitude of data collection streams, a data validation system was introduced to evaluate the completeness of the data quality submitted by our country teams. In FY2025, we will focus on developing further mechanisms to improve accuracy, including cross-referencing data with our utility billing, to provide clearer insights moving forward.

Global Data Analysis: How are we doing and why are we here?

At the end of FY2024, our total emissions amounted to 58,161tCO2e, down from 65,042[1] tCO2e in FY2023 as well as our 65,411 tCO2e baseline in FY2019 (-11%). Despite this achievement, we missed our FY2024 target by 19% (9,185 tCO2e). This year, our per capita emissions decreased from 10.20 tons per staff member to 9.84 tons (-4%), which can be attributed to a 6.8% reduction in full-time employees.

FIGURE 2: YEAR-ON-YEAR EMPLOYEE EMISSIONS

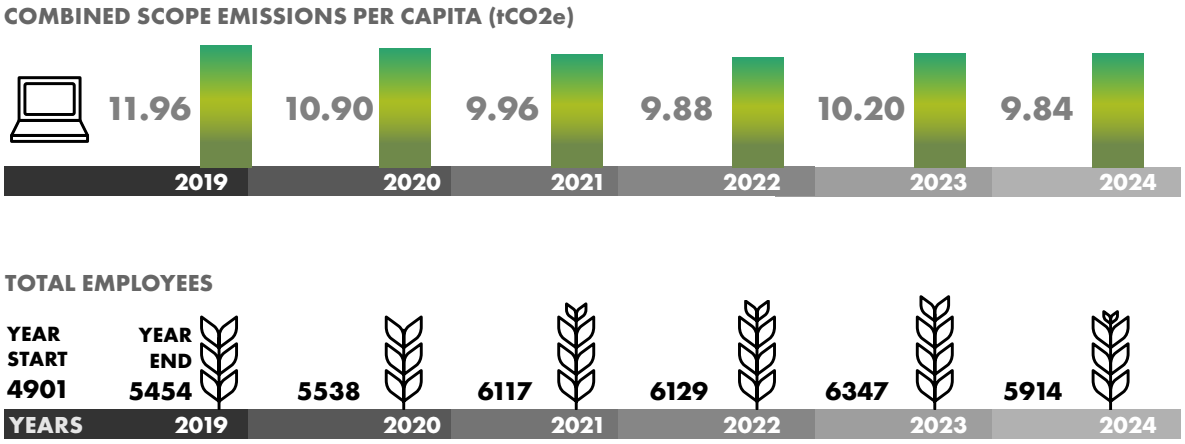
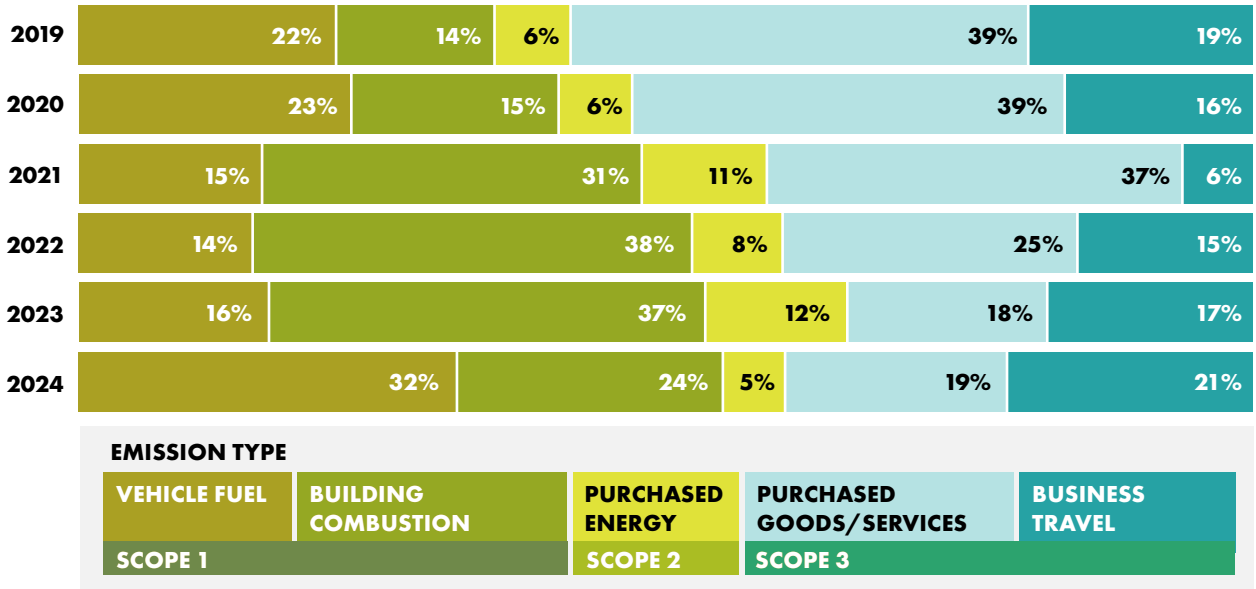


FIGURE 3: OVERALL YEAR-ON-YEAR EMISSIONS



1 Difference in figures from Greening Mercy Corps FY 23 report is due to inclusion of historical data from country teams that did not report in during that operating year.

Global Emissions Insight

Scope 1: Since FY2019, Scope 1 emissions have increased 38%, in part due to employees returning to the office post-COVID as well as our humanitarian response efforts in Ukraine and Palestine. However, in FY2024, we saw a 7% reduction in Scope 1 emissions (32,373 tCO2e), netting a 56% reduction in total emissions. Vehicle fuel accounted for 32% (18,470 tCO2e) of total FY2024 emissions and over half (57%) of Scope 1 emissions while building combustion (generators plus heating/cooling) accounted for 13,903 tCO2e, 24% of total FY2024 emissions and 43% of Scope 1 emissions in FY2024.

Vehicle fuel consumption rose by 73% in FY2024, primarily due to increased fleet size in countries with large programs and far-reaching operations (e.g., Ethiopia). Diesel generator usage directly contributed to 7% of our total emissions in FY2024, a 1% decrease from FY2023. Although 36% of our offices utilize solar PV and battery systems and have been scaling fuel efficiency in our fleet, overall, we missed our FY2024 Scope 1 target by 14,668 tCO2e, highlighting the considerable gaps between the actions that we are taking and our decarbonization performance.

Scope 2: Our FY2024 Scope 2 emissions totaled 2,742 tCO2e, a 65% decrease from FY2023. One major driver in this reduction was the shift of purchasing grid electricity to local clean energy suppliers for the Portland, Oregon office. In FY2023, this purchased grid-electricity accounted for 42% of total US emissions and 7% of total MC emissions. There was also a 33% reduction in the amount of purchased grid electricity across our countries of operation. Although usage will vary as global operations fluctuate, our Green Teams' energy efficiency initiatives continue to make a positive impact.

Scope 3: Scope 3, accounting for 39% of total emissions in FY2024 (23,045 tCO2e), includes business travel and purchased goods and services. Scope 3 emissions have steadily declined since FY2019 – down by 39%, driven by a large decrease (58%) in emissions from purchased goods and services. Purchased goods can vary significantly from year to year and are dependent on our humanitarian response activity (e.g., whether we are providing large amounts of physical goods as opposed to cash and vouchers). Our new procurement system enables Mercy Corps to better classify more products in relation to their emissions, this is also being reflected in the decline.

Amidst this downward trend, our global travel emissions, which accounted for 21% of total emissions in FY2024 (12,196 tCo2e), experienced a 9% year-on-year increase. The total number of international flights booked through our global travel services in the U.S. and Europe increased by 16% from 9,569 flights in FY2023 to 11,220 flights in FY2024. We do not have data on the number of domestic flights in program countries, but this data suggests international travel is the main driver of our travel emissions.

Country Level Data

Our top emitters significantly influence our overall emissions profile, but they also provide us with the opportunity to learn from their experiences and develop mechanisms to assist our country teams in overcoming decarbonization barriers. This section outlines the country offices with the highest total (Figure 4) and per capita emissions (Figure 5) and the lessons we can learn from their journey.

FIGURE 4: TOP 5 COUNTRIES: TOTAL EMISSIONS

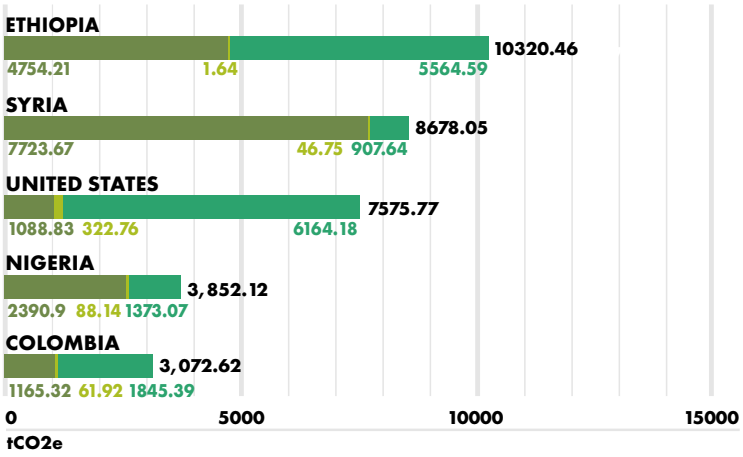


FIGURE 5: TOP 5 COUNTRIES: PER CAPITA EMISSIONS

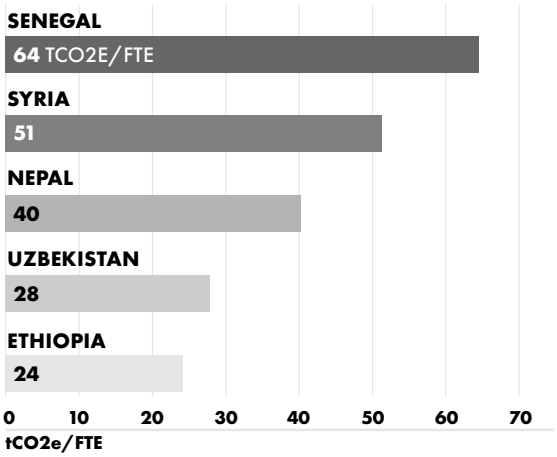


Photo: Mercy Corps, Ethiopia/Ezra Millstein, 2023

Ethiopia: *The Nuance of Program and Operational Expansion*

Over the past year, due to new, multi-year programs funded through USAID and SIDA, Mercy Corps Ethiopia has doubled its office locations from 6 to 12, increased its fleet size from 57 to 63 vehicles, and expanded its headcount by 4%. Our programs are the heart of what we do, and, as such, they have a direct influence on operations. Mercy Corps Ethiopia's expansion over the past year resulted in a 318% increase in emissions compared to FY2023, with total emissions reaching 10,320 tCO2e. Ethiopia's per capita emissions are now 2.5 times higher than Mercy Corps' average (9.8tCO2e/FTE), amounting to 24.46 tCO2e/FTE.

By the end of FY2024, Scope 1 emissions increased 323% (3,600 tCO2e) and Scope 3 emissions rose an additional 314% (4,219 tCO2e). Expansion in fleet size and fuel consumption (+321%) impacted Scope 1 emissions. Aside from operational increases due to program expansion, activities implemented within our programming influenced our carbon footprint. Even if items procured are program-specific, these centrally procured purchases are categorized as Scope 3 purchased goods and services emissions. Scope 3 accounts for 54% of total Mercy Corps Ethiopia's emissions, primarily driven by program start-up materials and also from the procurement of livestock for our Resilience in Pastoral Areas (RIPA) program and the Crisis Modifier program, both funded by USAID.

To reduce these emissions, Mercy Corps' Ethiopia team is scaling Green Teams in field offices, introducing a digital fleet management system to replace existing manual processes, and exploring further solarization of their field offices. As of the end of FY2024, two of the offices (Jijiga and Dollo) introduced solar PV systems with plans to scale through our HumEn - Humanitarian Energy Activities. Going forward, it will be vital to establish frameworks for operational expansion that align with our environmental commitments.

Photo: Mercy Corps, Syria/Ezra Millstein, 2023

Syria: *The operational footprint of sustaining Humanitarian response*

Mercy Corps Syria, with its challenging context and cold winters, relies heavily on fossil fuels which produce some of the higher absolute and per capita emissions across our programming areas. In FY2024, total emissions were 8,678 tCO2e, a 19% year-on-year reduction, while per capita emissions rose substantially to 51 tCO2e/FTE, the second highest across our country portfolio. Scope 1 sources, including diesel generator fuel, vehicle fuel, and propane, accounted for 89% of emissions.

Operating within a humanitarian context is often dynamic and unpredictable, especially with short-term project grants. FY2024 saw a significant downsizing of our activities with the closure of the International Rescue Committee (IRC) and USAID's Bureau for Humanitarian Assistance (BHA) projects. This led to a 26% reduction in team size (231 to 170 staff), along with the closure of an office in the Derik Region, with commensurate reductions in heating fuel (-42%) and generator fuel (-60%) use. However, the continued need to access the area for other activities saw an increase in vehicle fuel use of 330%, leading to a major increase in per capita emissions. Situations of this nature are common in humanitarian contexts and illustrate the need to track trends over the long term and accept year-on-year fluctuations as our teams adapt to changing program portfolios and contexts on the ground.

Photo: Mercy Corps, USA/N. Behring, 2019

USA: *Global Travel Driving Emissions*

Our U.S. offices in D.C. and Portland continue to generate large-scale emissions due to robust HQ staffing (506 in 2024) and the high volume of international travel by team members in global roles. However, U.S. emissions fell 28% from FY2023 to 7,575 tCO2e, which is largely attributed to the reclassification of our electricity providers, particularly with our Portland office which utilizes 100% renewable energy. Although Mercy Corps owns the Portland office, our growing D.C. office is rented, and we do not control the electricity provider, making it more challenging to shift to a renewable provider.

Our offices also generate Scope 1 emissions from using natural gas for heating, at 1,088 tCO2e in FY2024. The current main driver of emissions in the U.S. is Scope 3, specifically the volume of business travel amounting to 6,164 tCO2e, 80% of total U.S. emissions, and 10% of the total of Mercy Corps emissions in FY2024. U.S.-based teams took 4,176 flights in FY2024, representing 37% of global trips (11,140)[1]. This is a 20% increase from FY2023, and a 3% increase from pre-COVID levels. Looking forward, we need to assess how HQ-based teams can better support our country teams while decreasing the amount of associated travel.

Photo: Mercy Corps, Nigeria/Ezra Millstein, 2024

Nigeria: *Evolution of Greening Mercy Corps from Green Team to Integrations*

Mercy Corps Nigeria, despite being a high emitter globally, has achieved remarkable success in reducing both total and per capita emissions over the past 5 years. Total emissions for Nigeria peaked in FY2019 at 20,978 tCO2e and have steadily declined since. As of the end of FY2024, Mercy Corp Nigeria's emissions totaled 3,852 tCO2e, (-35%), with a 31% decrease in per capita emissions (8.56 tCO2e/FTE), year-on-year.

1 These are trips for HQ and Global team members and does not include travel in countries with programmatic teams

As our pioneer green team, Nigeria has made tremendous efforts to embed sustainability into its operations. This has been reflected in the substantial reduction across Scopes 1, 2 and 3, since FY2019 (87% in Scope 1, 91% in Scope 2, and 36% in Scope 3). This impressive record stems directly from the country leadership team, who have made this a clear and visible priority for the country team.

Nigeria installed solar PV and battery systems, migrating away from diesel generators in 6 locations. These efforts were combined with energy efficiency measures across all offices, including Maiduguri, Bama, Damboa, Dikwa, Gwoza and Ngala. In addition to other sustainability initiatives, such as hosting an in-country "Green Week" and promoting environmentally responsible procurement strategies, Nigeria also introduced a new fleet and business travel management system to enable efficient route planning, which led to a 10% decrease in vehicle fuel consumption between FY2023 and FY2024. Despite this software being specifically designed by the Nigerian team, it has been shared with other country teams for adaptation.

Recognizing the need to improve high emissions associated with generator fuel (40% of total emissions) and business travel (28% of total emissions), Nigeria is at a pivotal transition period with embedding sustainability into their country strategy. Due to limited financial resources, the solar PV and battery systems only covered part of the team's electricity needs, while air travel used considerable resources to get to remote, often insecure locations. Vehicle fuel and purchased goods and services contributed 23% and 8% of total emissions, respectively. Acknowledging this transition, the leadership team engaged our environmental sustainability team to develop a tailored Nigeria-specific environmental sustainability strategy scheduled for implementation in FY2025.

Photo: Mercy Corps, Colombia/Ezra Millstein, 2015

Colombia: *Greening Decentralized offices*

Mercy Corps Colombia has remained one of the highest emitters over the last two years. Emissions peaked in FY2023 at 3,590 tCO2e and fell to 3,072 tCO2e (-14%) in FY2024. During this time, per capita emissions also declined (11.4 tCO2e/FTE in FY2023 to 10.78 tCO2e/FTE in FY2024).

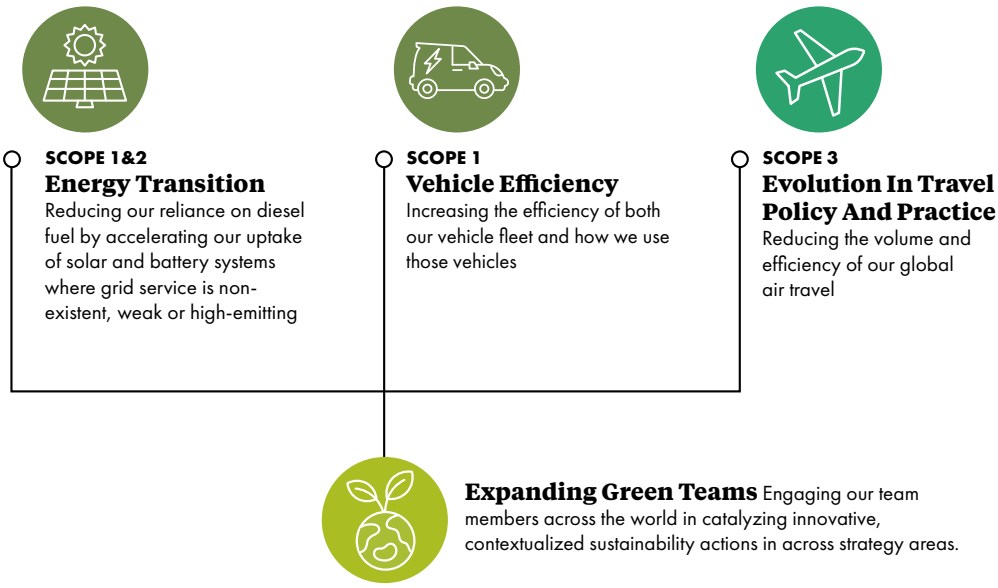
In FY2024, Colombia saw a 51% reduction in emissions from purchased goods and services (2,586 tCO2e in FY2023 to 1,268 tCO2e in FY2024). This major reduction can be attributed to the rollout of a new digital procurement system, which has reclassified and expanded procurement categories and improved data quality. Implementing Colombia's humanitarian assistance, early recovery, and rural development initiatives spread across six regions necessitates extensive logistics and travel between our offices and the implementation sites, heavily impacting fuel and travel emissions. Given its decentralized nature, Colombia leases vehicles for inter-city travel as well as transportation from field offices to program areas. These vehicles contribute 739 tCO2e in fuel emissions, representing 63% of the total Scope 1 emissions (1,165 tCO2e). Air travel has reduced by 36% over the last financial year (576 tCO2e) even with the mandate for team members to fly to specific regions to mitigate safety concerns amidst volatile contexts.

This year, Colombia formed a green team in the Bogota office that functions as the central base of the other Green Teams in the country in addition to Venezuela and Guatemala. This past year, the Colombian green team implemented a battery recycling initiative, kitchen gardens, composting, and recycling programs.

SECTION 2:

Our Journey to a Greener Mercy Corps

Looking forward, our sustainability efforts will focus on four strategies critical for achieving our climate goals and commitments.



Energy Transition

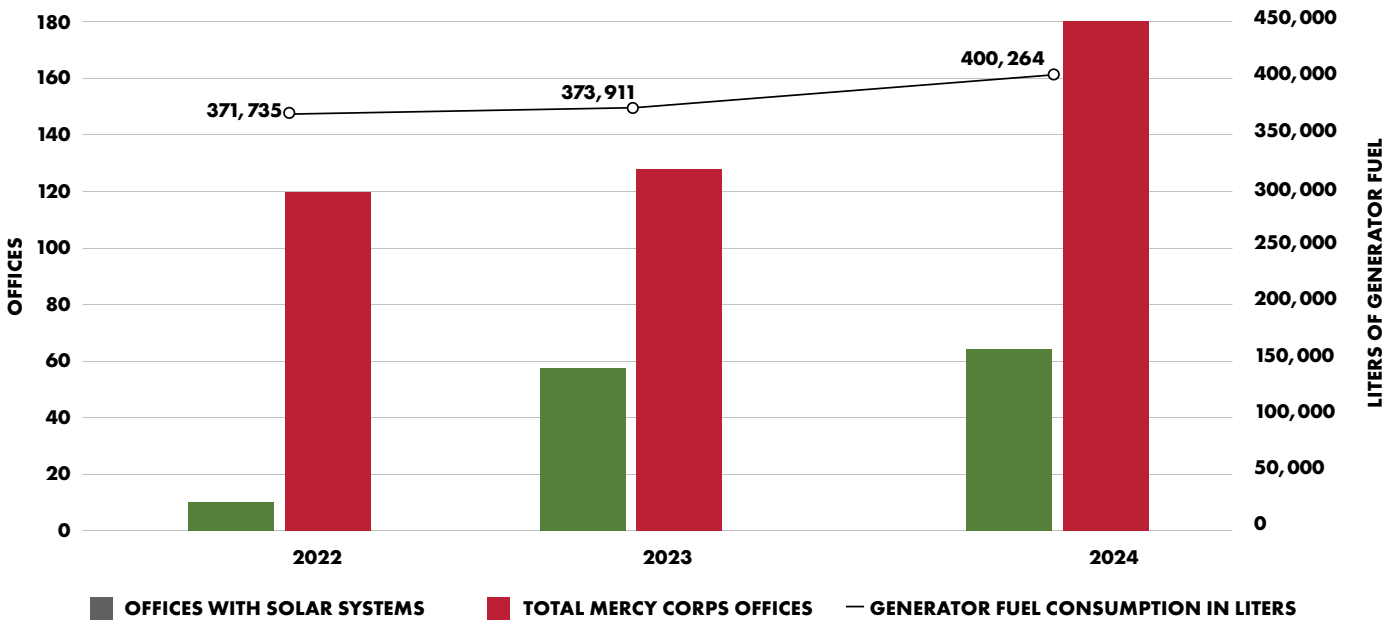
As of the end of FY2024, 65 of our 180 physical offices have installed solar PV and battery systems to utilize clean energy sources to meet at least some of the electricity needs. Many of our global offices are off-grid or unable to access reliable grids. In the past, we purchased diesel generators to ensure reliable electricity, but these generators represent 7% of our total carbon emissions and often provide sub-par service as they age. Eliminating these generators would make a substantial contribution our overall goals

Recently, several country teams, including Ethiopia, Pakistan, Kenya, Liberia, Uganda and the Democratic Republic of Congo, have replaced diesel generators with solar PV and battery systems. Over the past year, project-specific funds enabled us to install solar PV and battery systems in 18 offices, upgrade 5 PV systems, repurpose 1 and purchase an additional system ready for installation, all aiming to reduce our reliance on traditional energy sources. Despite this progress, our diesel emissions only decreased by 1%. This plateau suggests a lag in recording the benefits from systems installed near year-end with an expectation to see significant decline in FY2025.

Our country-level Green Teams as well as our global supply chain teams are helping in streamlining solar PV procurement efforts. This, along with growing interest from some of our larger donors, has translated to a greater willingness to support the upfront costs of renewable energy systems in large multi-year project budgets. However, much of Mercy Corps' program portfolio consists of shorter-term funding agreements and smaller-scale projects, which cannot alone sustain the cost of solar PV and battery systems for the relevant office spaces. A portfolio-level financing solution is needed to eliminate the remaining generators.

This year, we established an internal energy transition working group, tasked with facilitating the organization's transition to clean energy solutions. Made up of representatives from across the organization as well as specialists from our Energy Teams, we undertook a scoping exercise to understand the viability and cost of transitioning priority countries. We investigated 55 sites and found that solar PV systems with batteries would

FIGURE 6: TOTAL GLOBAL OFFICES SOLAR UPTAKE AND GENERATOR FUEL CONSUMPTION SINCE FY2022



be viable in 61% (34) sites, with a payback period under 10 years. Through this analysis, we now have a clear path forward for eliminating a significant portion of operational diesel generators. The challenge ahead is to secure the funding for a centralized financing solution that can provide the upfront capital for systems, with the capacity to be repaid through energy costs savings, allowing the fund to distribute money to other sites.

Raising this funding amidst competing key organizational demands and commitments during a period of uncertainty for the humanitarian sector is a daunting prospect. Looking forward, the internal working group will explore viable funding avenues, and, given the range of locations we work in, we aim to create a more holistic approach by expanding our energy transition planning to include sustainable heating solutions to ensure a holistic approach.

Vehicle Efficiency

Mercy Corps' fleet is central to our program delivery and vital given the nature of the locations of where we work. With a global fleet size of approximately 600 cars and 1,038 motorbikes, and vehicle fuel accounting for 32% of our total emissions, improving fleet efficiency is a key priority.

The uptake of EVs and hybrid vehicles within our country teams has lagged due to cost constraints around the cost, and availability. Hybrids and EVs are unavailable in some of our areas of operation, requiring us to source from global vendors. This not only increases purchase price due to additional logistical and supply chain costs but also discourages country teams from purchasing these vehicles. On average, the cost of hybrid and EVs is 1.2 to 1.6 times the average price of the current fleet options available in our Master Purchase Agreements (MPAs).

This year, we collaborated with the procurement team to centralize our fleet database, create an internal vehicle catalogue featuring fuel-efficient hybrid and EV options, and introduce a fleet management system with telematics to track the efficiency of our driving, which will be rolled out in FY2025. Additionally, after evaluating our baseline performance efficiency, we plan to explore eco-driving courses for our drivers after evaluating our baseline performance using vehicle telematics.

Global Travel

Air travel is an essential component of Mercy Corps' work. In some countries of operation, including Indonesia and DRC, we work in remote regions that necessitate air travel for program delivery. Our global support teams' occasional presence within these locations is also a critical component of our work. Although our travel emissions have now returned to pre-Covid levels, sitting at 21% of our total emissions, we aim to make substantial reductions.

In FY2025, Mercy Corps will develop a new travel policy and set of tools that can help our teams improve travel decisions and provide alternatives. We have formed a working group with members from the environmental sustainability team and the travel team to assess internal travel data and identify solutions that will decrease travel volume and increase travel efficiency. High-quality data is essential when addressing travel emissions, and in FY2025, we will utilize Thrust Carbon, the first ISO 14083 assured travel sustainability platform that is aligned to our internal travel booking system. This service will provide carbon emissions data at the point of sale to aid decision makers in selecting more efficient options as well as compile monthly travel reports to use with our internal carbon reporting. Thrust Carbon will help us understand our travel behavior at a more granular level from Q2 FY2025 to better inform our policy development and provide clearer oversight on our travel to balance our needs with our sustainability commitments.

Expanding Green Teams

Our Green Teams are key components of our global sustainability strategy. The office-based teams are formed by team members on a voluntary basis to promote sustainability within our country, field, and support offices. We now have 22 Green Teams established or in the formation process, with 16 fully active, and aim to have a team in every country program by the end of FY2026.

Over the past year, we have seen these teams implement innovative ideas and drive impact in their country offices and wider communities. In Indonesia, our green team introduced online learning sessions on waste segregation to help shift behavior across a network of remote offices. Our team in Liberia banned the use of plastic bottles for both internal and external meetings, while our team in Colombia introduced a battery recycling and composting initiative.

This year, we organized our first annual Mercy Corps Climate Week (MCCW), an opportunity for teams to connect and share progress toward our climate-smart commitment. MCCW held a "greenest office challenge," where teams showcased their initiatives to increase environmental awareness and reduce environmental impact. Initiatives included hybrid or EV vehicle purchases, introducing waste segregation to community tree planting initiatives, litter picks, digitalization, office greening (through the introduction of plants), and reusable water bottles. We commend all participating teams, with special mention of our winner, the Zimbabwe team, followed by our teams in Iraq and Ethiopia.

Although Green Teams are still voluntary, they are a central driver in our sustainability initiatives in our country offices. To gain support from country leaders, we have provided numerous engagements to showcase the potential impact of Green Teams. These engagements also highlighted the challenges of forming country teams and implementing sustainability plans, including resource constraints and competing priorities.

Amidst these challenges, we are committed to strengthening our green team network. This network serves as the connective tissue between our country teams, acting as decentralized drivers of sustainability and our global, centralized efforts to facilitate change through policies, guidelines, and financing solutions. We will also ensure that further resources and capacity building take place at the

country level to ensure sustainability is embedded at all levels, empowering team members to act and encourage the innovation necessary to reach our ambitious targets.

Our goal is for each country team and global support office location to have a green team in place by the end of FY24

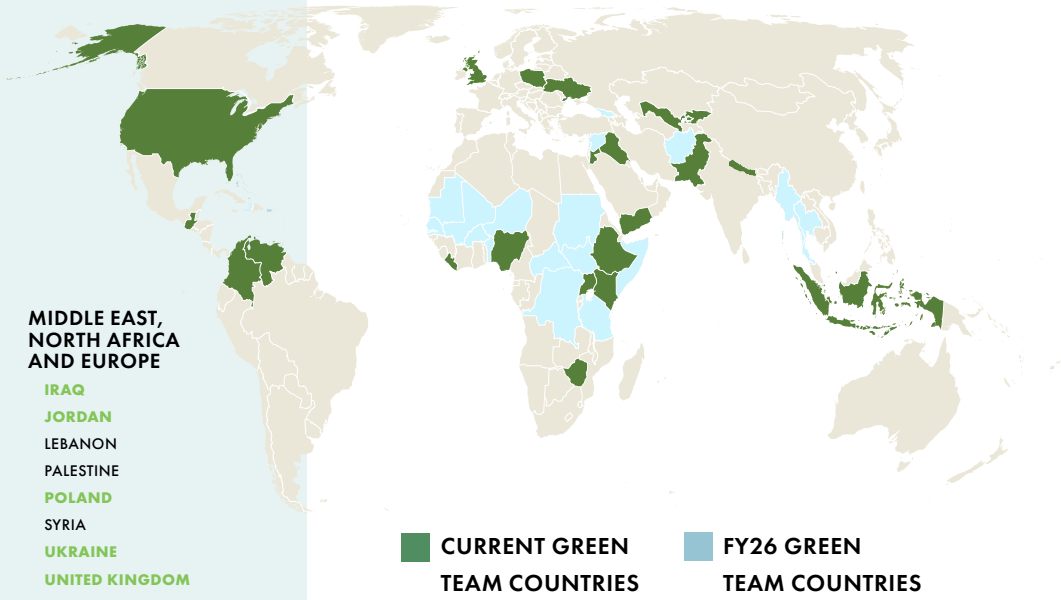
AFRICA - EAST AND SOUTHERN
- DR CONGO
- ETHIOPIA
- KENYA
- SOMALIA
- SOUTH SUDAN
- SUDAN
- TANZANIA
- UGANDA
- ZIMBABWE

AFRICA - WEST AND CENTRAL
- BENIN
- BURKINA FASO
- CENTRAL AFRICAN REPUBLIC
- LIBERIA
- MALI
- MAURITANIA
- NIGER
- NIGERIA
- SENEGAL

ASIA
- AFGHANISTAN
- GEORGIA
- INDONESIA
- KYRGYZSTAN
- MYANMAR
- NEPAL
- PAKISTAN
- THAILAND (PARTNER AGENCY)
- TIMOR-LESTE
- UZBEKISTAN

LATIN AMERICA AND THE CARIBBEAN
- BAHAMAS
- CARIBBEAN
- COLOMBIA
- GUATEMALA
- HAITI
- UNITED STATES
- VENEZUELA

MIDDLE EAST, NORTH AFRICA AND EUROPE
- IRAQ
- JORDAN
- LEBANON
- PALESTINE
- POLAND
- SYRIA
- UKRAINE
- UNITED KINGDOM
- YEMEN



SECTION 3

Environmental Compliance

Our environmental compliance toolkits provide detailed guidance for continuous assessment and monitoring of environmental impacts throughout each project's lifecycle. To ensure that communities have a voice in directing our environmental safeguarding priorities, these tools prioritize community engagement processes. In FY2023, we published the following tools and guidance:

- **Terms of Reference for Environment & Social Management Tools:**

  Guidance Document: This document provides a collection of templates and terms of reference (ToRs) for environmental and social risk assessment and management studies that may be required for Mercy Corps projects or programs, depending on the nature and scale of the identified environmental and social risks.

- **Environmental Assessment & Compliance:**

  Budgetary Considerations Guidance Note: This note serves as a resource for Mercy Corps staff during the iterative process of developing and refining program or project budgets, ensuring that environmental compliance requirements are identified early in the project design and integrated throughout the project cycle.

- **Environmental Assessment & Compliance:**

  Budget for Programs Tool: This guidance provides a budget allocation tool for programs, including costs for thematic environmental safeguard assessments, management plans, and climate risk studies.

- **Environmental & Social Risk Screening Procedure:**

  Guidance Document: provides guidance on conducting an initial questionnaire to determine whether a project should be exempted or excluded. The initial screening should occur during the program design phase and is used to establish if the project is exempt from further screening or if it includes any activities that warrant exclusion.

- **Environmental & Social Risk Screening Tool:**

  Screening Tool: This tool offers guidance on Environmental & Social Risk screening sheets (both initial and full), featuring a series of questions and prompts to assess a program's risk rating.

The environmental safeguarding team within the Technical Resources and Quality (TRaQ) Unit is dedicated to securing humanitarian and development outcomes by enhancing the agency's capacity to implement effective strategies that promote climate adaptation and natural resource management. This team works collaboratively with Mercy Corps' country offices, as well as regional and global leadership, to ensure that environmental compliance remains a core strategic priority across all our operations and programs.

Looking ahead, this team is focused on advancing Mercy Corps' environmental compliance capacity through the following:

- **Rolling out an environmental policy that underscores our commitment to consistency, transparency, and accountability in our decision-making and actions.** This policy is designed to drive continuous improvement in our environmental performance and to achieve sustainable development outcomes. It provides principles which set expectations for our staff, partners, and all responsible parties to effectively manage the environmental and social risks and impacts associated with our programs.
- **Incorporating environmental compliance and safeguard guidance into Mercy Corps' program management policies.** This integration—within program planning, implementation, monitoring, and evaluation processes—will help establish consistent practices for identifying, managing, and mitigating environmental and social risks, fostering a culture of sustainability, and ensuring compliance with both internal and external environmental standards and regulations. By embedding these toolkits into our policy framework, we aim to enhance the overall effectiveness and impact of our programs while promoting responsible stewardship of natural resources and safeguarding communities.
- **Organizing a series of training workshops and webinars for regional and country-level teams to enhance understanding of various donor environmental compliance requirements.** The goal is to equip our teams with the knowledge and skills needed to ensure full compliance with donor requirements, effectively integrate environmental safeguards into program activities, and strengthen our overall capacity to manage environmental risks.

By embedding environmental compliance into our programmatic framework, Mercy Corps is committed to not only minimizing negative environmental impacts but also contributing positively to the resilience and well-being of the communities we serve.

SECTION 4

Conclusions

Lessons learned and the way forward

We have made significant progress and still have ample work ahead to achieve our environmental sustainability commitments. Some of the lessons learned include:

Prioritize high impact actions: Over the past few years we have evolved our actions to achieve our goals. Now, four years later, most low hanging fruit have been picked and thus, we are prioritizing high impact actions to advance our commitments. Office energy remains one of these high impact areas, with potential for significant reductions. We learned the limitations of the current funding model and have prioritized solving the financing question centrally to enable more rapid uptake. We have also learned that heating accounts for a large portion of emissions. This is a harder challenge to abate that requires a different solution to electricity. Global travel and local vehicle use represent the other clear levers for change, and we need to stay focused to drive progress.

Accountability leads to action and impact: Accountability is a core value of Mercy Corps. Our Pathway to Possibility strategy commits us to bold action to meet the urgency of the climate crisis. Holding ourselves accountable to the progress achieved against our commitments is vital and requires leadership across the organization. When country teams have leaders who prioritize and support robust Green Teams, we see the most impressive reductions in emissions at the office level. Leadership from key departments has been vital in our progress on data management and procurement. With only six years left to achieve our goal of a 50% reduction in our carbon footprint, leaders at all levels of the organization must help us stay accountable to how our actions, choices and operational processes impact the environment and our commitments.

The importance of data & digitalized processes: Data is vital for performance measurement and tracking as well as decision making. Data quality has not only been a constant echo throughout this report but moreover, the underpinning force for our actions over the past year. To make evidence-based decisions, we need complete and accurate data. However, that is only one side of the coin. We also need digitalized processes to enhance the efficiency in our data capturing and processing. Many country teams still use paper-based processes, which is environmentally costly due to the significant paper consumption and prone to higher errors and delays. To ensure we can make timely evidence-based decisions to support our climate commitments, we need country teams to adopt digitalized processes.

Stand on the shoulders of giants: Mercy Corps has a phenomenal range of experts across fields. We need to harness our human capital and increase collaboration across teams (both globally and at the country level) to develop innovative solutions to the problems we face. MC Nigeria, who developed their own in-house fleet and travel management system, or the various other Green Teams who have come up with creative solutions to the problems they face are inspiring examples of how innovative thinking can spur significant impact. Whilst we understand further training and capacity building is needed in the areas of climate change and environmental sustainability, we also acknowledge that we need to also draw upon the wealth of internal knowledge and skills to find creative low-cost solutions to the challenges we face considering our commitments.

Incorporating Environmental Compliance: At Mercy Corps, "Walking the Talk" reflects our commitment to holistic thinking, which extends from operational processes to program implementation. Through our journey to strengthen environmental compliance, several valuable lessons have emerged, shaping our approach to achieving sustainable development outcomes. These are:

- **Policy as a Foundation:** Developing our environmvental policy has demonstrated the importance of having a clear framework to guide compliance efforts and promote accountability at all levels.
- **Integration Matters:** Embedding environmental safeguards into program management policies has shown how proactive integration can enhance program outcomes and reduce risks to both natural resources and communities.
- **Capacity Building is Key:** Training workshops and webinars have revealed the critical need for continuous learning opportunities to equip staff with the skills to navigate complex environmental challenges effectively.
- **Collaboration Drives Success:** Engaging teams across functions has underscored the value of collaboration in fostering innovation and alignment in environmental compliance efforts.

By embracing these lessons and advancing these priorities, Mercy Corps reaffirms its dedication to building resilient programs that not only meet donor requirements but also ensure the protection of natural resources and the well-being of communities. This commitment positions us to lead by example in creating lasting, positive environmental and social impacts.

CONTACT

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About Mercy Corps
Mercy Corps is a leading global organization powered by the belief that a better world is possible. In disaster, in hardship, in more than 40 countries around the world, we partner to put bold solutions into action — helping people triumph over adversity and build stronger communities from within. Now, and for the future.

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Annexes

Methodology

1. **Data collection and inventory process**

   The methodology for the data within this report is the result of close collaboration between our country operations teams and the global support teams including travel, global supply chain and finance).

   Country focal points ensure completeness and accuracy of the data collection within their country, and that the procedures and measures align with Mercy Corps' carbon tracker standard operating procedure. Every year, focal points and colleagues in various country offices receive training on data collection. After the data is gathered, the sustainability team analyses and assesses the outcomes for reporting and also carries out an overall completeness check and rating.

2. **Reporting completeness**

   The criteria for completeness within Mercy Corps are determined by the rate of each country team's reporting for every month of the financial year it operates. The ranges are divided into 3 coloured categories, as follows:

   - Green: The country team fully reported on their carbon data for the reporting year.
   - Amber: The country team partially reported on their carbon data for the reporting year.
   - Red: The country team did not report on their carbon data for the reporting year.

Country Greenhouse Gas Emissions FY 2024

FY 24 Carbon emissions and data Country Analysis.xlsx