



FOR THE YEAR ENDED 30TH JUNE 2025

Annual Report

MERCY CORPS EUROPE

LEGAL & ADMINISTRATIVE INFORMATION

INFORMATION

REGISTERED OFFICE AND PRINCIPAL OPERATING ADDRESS

Mercy Corps Europe
96/3 Commercial Quay
Edinburgh, EH6 6LX

COMPANY INFORMATION

Registered company number
SC208829 (Scotland)

Registered charity number
SC030289 (Scotland)

Cover: October 2024, Ngilai, Kenya.
Selina Leshongoro, 25, waters vegetables in her communal garden.

PRINCIPAL PROFESSIONAL ADVISORS

AUDITOR

Grant Thornton
8 Finsbury Circus
London EC2M 7EA

LAWYERS

Morton Fraser MacRoberts
Level 5
9 Haymarket Square
Edinburgh, EH3 8RY

Squire Patton Boggs
60 London Wall
London, EC2M 5TQ

BANKERS

Bank of Scotland
Community Banking
2nd Floor
38 St Andrew Square
Edinburgh EH2 2YR

Barclays
Level 11
1 Churchill Place
London, E14 5HP

NatWest

Edinburgh Commercial Banking Office
2nd Floor, The Gemini Building
24/25 St Andrew Square
Edinburgh, EH2 1AF

LEGAL & ADMINISTRATIVE INFORMATION

EXECUTIVE LEADERSHIP TEAM

Tjada D'Oyen McKenna
Chief Executive Officer

Harpinder Collacott
Executive Director - MCE
Until October 2024

Jennifer Sime
Chief Operating Officer

Chad Snelgar
Chief Financial &
Administrative Officer

Alexandra Angulo
Vice President
Strategy Realization &
UK Legal Representative

Kim Keating
Chief People Officer
Until Jan 2025

Clare Condillac
Interim Chief People Officer
From Jan 2025

Alexa Holmes
General Counsel

Kate Phillips-Barrasso
Vice President Policy
& Advocacy

Mary Stata
Chief Development
Officer

Steve Linick
Chief Ethics &
Compliance Officer

Pete Lewis
Chief Marketing &
Communications Officer
Until July 2025

TRUSTEES

MCE BOARD OF DIRECTORS

Kito de Boer
Chair
Resigned October 2024

Lesley Ndlovu
Interim Chair
Appointed November 2024

Vijaya Gadde
*Appointed June 30, 2024,
Term starts July 1, 2024*

Alan Hartley

MCE MEMBERS AND JOINT BOARD EXECUTIVE COMMITTEE (JBEC)

**Melanie Thomas
Armstrong**

Kito de Boer
Resigned October 2024

Tjada D'Oyen McKenna

Vijaya Gadde
Term starts July 1, 2024

Alan Hartley

Emmanuel Lulin

John Makinson

Linda McAvan
*Appointed June 30, 2024,
Term starts July 1, 2024*

Stanley Njoroge

Kendi Ntwiga

Cecily Joseph

Emmanuel Lulin

Lesley Ndlovu

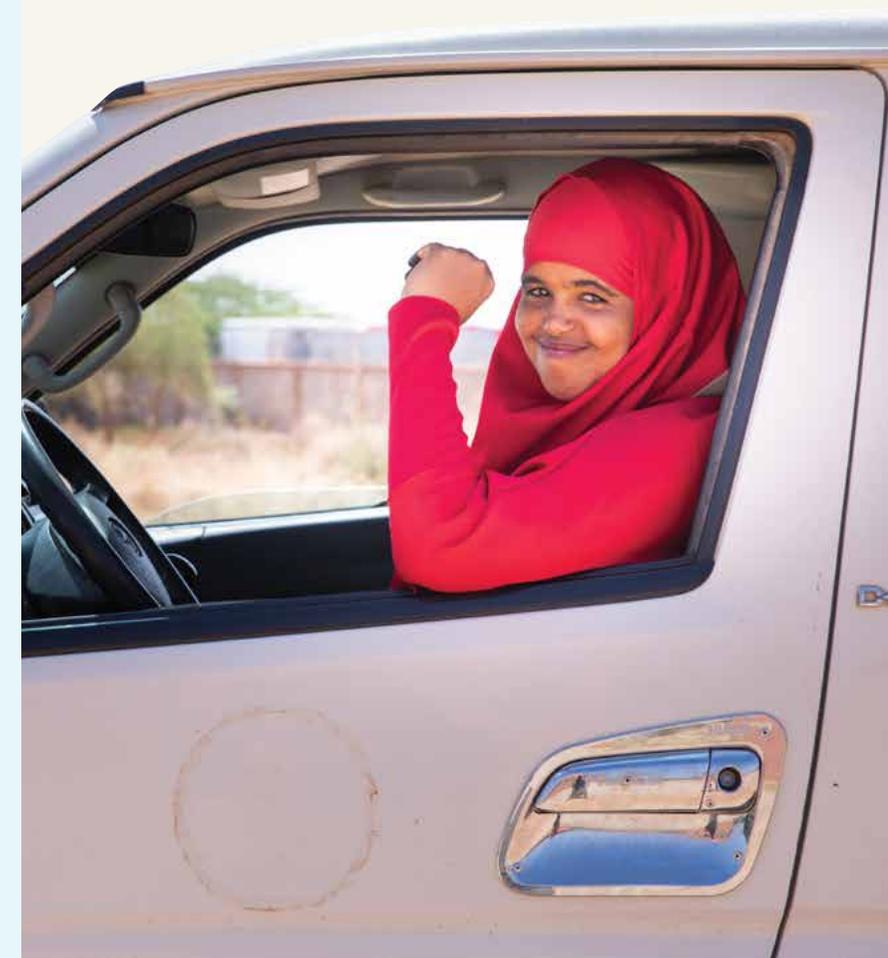
Ludovic Subran

Rebecca van Dyck
Appointed December 2024

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March 2023, Degehabur, Ethiopia. Kawsar Muhumed Yusuf, 30, drives a van at the training center where she learned how to drive. She is the mother of 4 children, a licensed driver, and is now working towards her mechanics certification.



1 | LETTER FROM CHAIR OF THE BOARD

Dear Friends, Supporters, and Partners,

As we present this Annual Report & Accounts, we do so against the backdrop of an extraordinary year – one marked by uncertainty, crisis, and the reverberations of seismic changes in our operating landscape. The abrupt and significant funding cuts resulting from the termination of US Government foreign assistance programmes forced our Leadership to make difficult yet essential decisions: closing country offices and reducing our global workforce. These decisions were not taken lightly, but swiftly and compassionately, to ensure the survival and future stability of Mercy Corps.

The impact of these changes was globally profound. At a time when more than 305 million people worldwide are in need of humanitarian assistance, the withdrawal of support could not be more acutely felt. Conflict, climate disasters, and economic instability continue to displace millions, driving food insecurity to crisis levels. Our mission—to alleviate suffering, poverty, and oppression by helping foster secure, productive, and just communities—has never been more urgent.

Despite these formidable challenges, our commitment remains resolute. Our teams have worked tirelessly to aim to ensure that the

communities we serve do not bear the brunt of shifting political tides. While some government funding has diminished, our long-standing partnerships with European donors have enabled us to maintain both life-saving and longer-term support to communities across the globe. Through adversity, Mercy Corps reached over 36 million people this past year, across 251 programmes in 38 countries. This impact was possible thanks to the steadfast support and intervention of European partners, whose generosity enabled us to achieve meaningful progress in the hardest-hit regions. For example, funding and partnership from the UK Government’s Foreign, Commonwealth and Development Office (FCDO) through the Strategic Assistance for Emergency Response (SAFER) programme has provided lifesaving support to over 3 million vulnerable people in Democratic Republic of Congo, through the provision of emergency cash and water, sanitation, and hygiene (WASH) services. Our longstanding partnership with the Swiss Agency for Development and Cooperation (SDC) and Agence Française de Développement (AFD) has enabled Mercy Corps to provide partnership and support to smallholder farmers in Kenya, Somalia and Ethiopia via our Regional Livestock Programme. This programme is bringing transformative change to pastoralist areas of the Horn of Africa,

Mercy Corps reached over 36 million people this past year, across 251 programmes in 38 countries.



July 2025, Shareek Elneel, Sudan. Three young members of a neighborhood committee are seen passing a box of food supplies to each other. The supplies are being offloaded for a community kitchen initiative serving residents in Sharq Elneel locality.

1 | LETTER FROM CHAIR OF THE BOARD

helping communities achieve a more productive, climate-resilient, inclusive and competitive livestock sector.

Looking ahead, Mercy Corps is taking deliberate steps to prepare for future challenges and opportunities. Over the past year, we have seen a continuation of a trend of increased revenue from European donor governments – for which we are deeply grateful. Our enduring collaboration with the UK Government has resulted in a more than twofold increase in our funding over the last three fiscal years. A comparable trend is also evident in support from SDC. However, there are significant headwinds on the horizon for FY26 and beyond, with announcements of a planned reduction in aid spending from key European governments – including the UK. As we re-orient ourselves to meet the moment and prepare to pivot as needed in the future, we know we need to pursue key strategic pathways that both enable us to deliver on our mission today, and adapt for long-term sustainability and growth. We have identified three interconnected, mission-critical organisational priorities for FY26: to define our programmatic identity and value-add, to re-envision our operating model and cost structure, and to actively pursue new and innovative revenue streams. Much of the

work reflected in these priorities is already underway across teams and regions, and these priorities will guide our evolution and strengthen our ability to deliver on our mission.

In recognition of the importance of leadership in times of uncertainty, the Leadership Team has set a Leadership Intention for the coming fiscal year. We are committed to nurturing a unified and engaged Mercy Corps, capable of moving forward with clarity and purpose. Our leaders understand that, above all, how we care for and support our people in times of change is paramount.

No matter how daunting the future may appear, we must hold firm to our belief in what we can accomplish together through bold and collective action. I am confident in Mercy Corps’ enduring ability to have a significant impact, having witnessed firsthand the remarkable dedication of our teams during my time on the Board. Their commitment and resilience—often demonstrated in the face of personal hardship, displacement, and insecurity—are the driving force behind our lifesaving work. The courage of our staff continues to inspire us all, enabling Mercy Corps to deliver vital support amid unprecedented adversity.

I wish to extend our deepest gratitude to our donors and supporters for your unwavering dedication over the past year. Your trust and generosity have been instrumental in allowing us to deliver tangible impact in the communities we serve. Thank you for believing in Mercy Corps and for standing by our side every step of the way.

It is only through the collective commitment and resolve of our global teams, partners, and donors that we have been able to achieve the impact we have seen in FY25. Where conflict has uprooted lives, we have provided shelter, food, and livelihood support. We have helped communities build resilience to recurring disasters, such as flooding and drought, preparing for recovery and future threats. We have connected people to clean water, nutritious food, new opportunities, and a path to peace. None of this would have been possible without your unwavering support.

With deep thanks and appreciation,



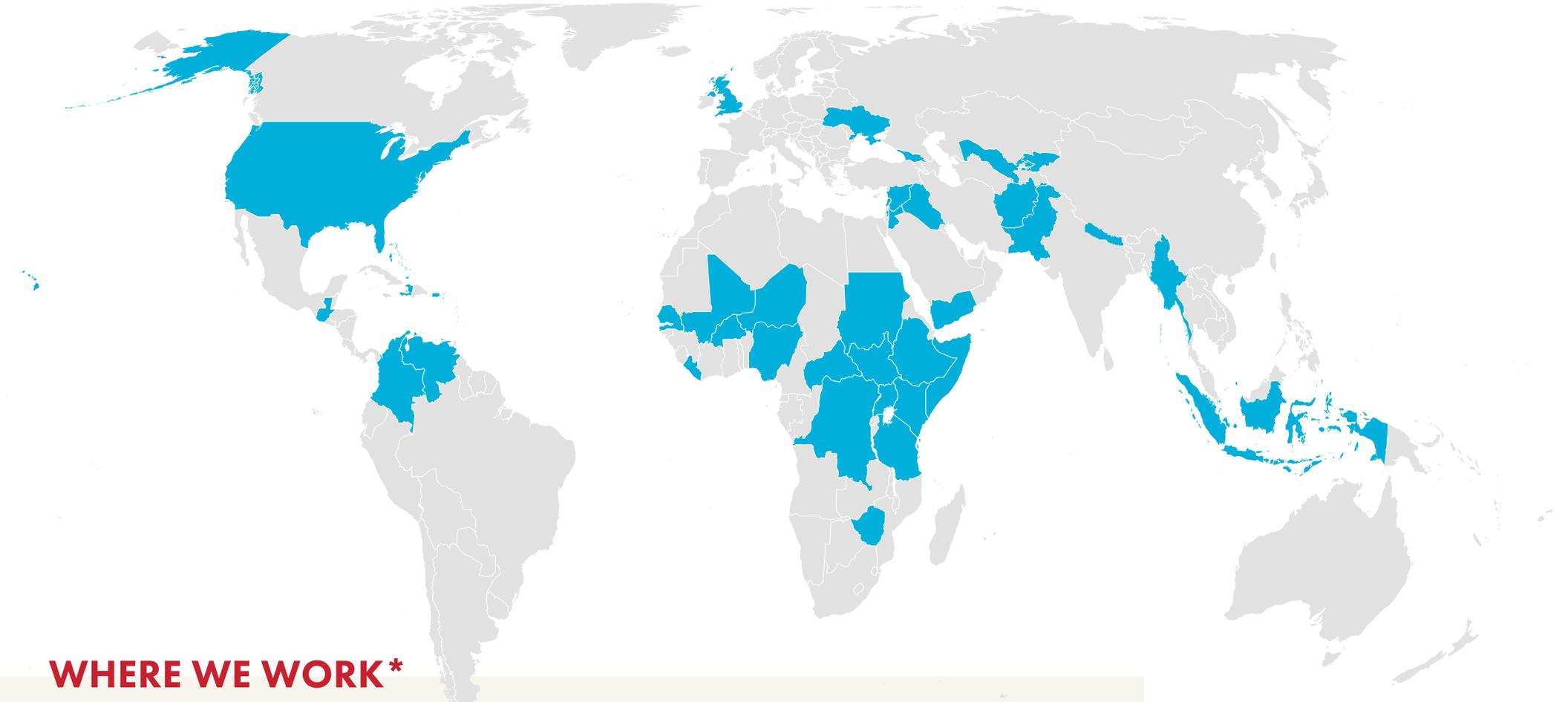
Lesley Ndlovu
Board Chair

Trustees' and Strategic Report

MERCY CORPS EUROPE

Kanchanpur, Nepal, June 2024. Rambeti Chaudhary, who received cash and voucher assistance, shares her light movement with her son at her residence

2 | OUR WORK THIS YEAR | WHERE WE WORK



WHERE WE WORK*

- | | | | | | |
|--------------------------|-----------|------------|-----------|-------------|-------------------|
| AFGHANISTAN | DR CONGO | JORDAN | NEPAL | SOUTH SUDAN | USA / PUERTO RICO |
| BURKINA FASO | ETHIOPIA | KENYA | NIGER | SUDAN | UZBEKISTAN |
| CENTRAL AFRICAN REPUBLIC | GEORGIA | KYRGYZSTAN | NIGERIA | SYRIA | VENEZUELA |
| COLOMBIA | GUATEMALA | LEBANON | PAKISTAN | TANZANIA | YEMEN |
| CRI / SAINT LUCIA | HAITI | LIBERIA | PALESTINE | TIMOR-LESTE | ZIMBABWE |
| | INDONESIA | MALI | SENEGAL | UGANDA | |
| | IRAQ | MYANMAR | SOMALIA | UKRAINE | |

*as of 30 June 2025

2 | TRUSTEES' AND STRATEGIC REPORT

TRUSTEES' AND STRATEGIC REPORT

The trustees present their statutory report together with the financial statements of Mercy Corps Europe (MCE) for the year ended 30th June 2025 (Financial Year '25).

In this report, we use 'Mercy Corps Europe' when referring to the UK-based organisation, 'Mercy Corps in Europe' to reflect our global support operations across Europe, and 'Mercy Corps' to refer to the global organisation.

Mercy Corps has existed in Europe through our UK entity since the mid-1990s, with our Netherlands entity opening in 2017. These offices are essential to undertake policy and advocacy in Europe, lead institutional and private market fundraising, and donor engagement and award management, as well as expand our employment pool for technical expertise and talent, all in service of our programmes carried out in countries around the world.

October 2024, Wajir, Kenya. Florine Jepkoech Kaino (27, red shirt) Geospatial Advisor for Mercy Corps' ASAL Adapts, works with Halima Abdi Abdullahi (black abaya), Land Surveyor for Wajir County. Florine studied GIS at university, and is very passionate about using the tool to help her fellow Kenyans.

Mercy Corps Europe shares the global organisation's mission, vision, core values, and charitable objectives, as well as operational resources for the implementation of programme activities. Mercy Corps Europe maintains an independent governance structure and decision-making in relation to those programmes for which it is directly responsible. Mercy Corps Europe contributes to the strategic objectives as a global organisation through effective stewardship and management of resources, raising income, building influence, and delivering impact.



Mercy Corps Europe is part of a unified global organisation, Mercy Corps, which consists of:

- **Mercy Corps Global (MCG)**, a US entity registered in Washington State and its field operations, including branches and local organisations located in 38 countries;
- **Mercy Corps Europe (MCE)**, a UK entity registered in Scotland with offices in Edinburgh and London;
- **Mercy Corps Netherlands (MCNL)** a Dutch entity registered in the Netherlands with an office in The Hague and Brussels; and
- Other affiliated entities of the global organisation¹.

¹ Consolidated affiliates include but are not limited to: Kompanion Bank Closed Stock Corporation, MC Sudan, MC Nigeria LTD/GTE (Nigeria) LLC, Mercy Corps Development Holdings LLC, Yayasan Mercy Corps Indonesia, Humenergi Uganda Limited, Humanitarian Energy PLC, Energy 4 Impact (Dissolved 28 August 2025). Affiliates in process of dissolution include: MC India, MC Egypt, Mercy Corps International Jordan, MiCRO Insurance Catastrophe Risk Organisation SCC (MiCRO)

2 | TRUSTEES' AND STRATEGIC REPORT | STRATEGY

OUR STRATEGY

Mercy Corps' **Mission** – the reason we exist – is to **alleviate suffering, poverty and oppression by helping people build secure, productive, and just communities**. Lasting solutions to the complex and dynamic challenges posed by conflict and climate change require action on multiple fronts. That's why we are a multi-mandate organisation that provides access to humanitarian aid, development, and peace assistance in places affected by fragility and crisis. We partner with and support those who are systemically marginalised because of their gender, age, ethnic, religious, or other identities, those living in or at risk of extreme poverty, and those most affected by conflict and climate change. Mercy Corps' 10-year strategy, Pathway to Possibility, reflects our ambitions to not only meet the basic needs of communities affected by conflict and climate change, but to achieve widespread, transformational change that has lasting impact.

Our **Vision** is to **support communities – and the most marginalised within them – to emerge from crisis and build towards a more inclusive, resilient future**. No matter the context, we believe in the power of human potential and the ability of communities to grow stronger and more resilient. **Resilience** means that people and systems can improve and protect their wellbeing in the face of shocks and stresses such as political upheaval, recession, violence, failed rains, or drought. Often, these shocks occur simultaneously, repeatedly, or continuously – overwhelming the abilities of communities

April 2024, Leutelo, Timor-Leste. Farmers dig terraces on a demonstration plots, and mix grass, green tree leaves, and manure to make compost. The work is part of Mercy Corps's M-RED programme, which supports climate-sensitive agriculture design.



2 | TRUSTEES' AND STRATEGIC REPORT | STRATEGY

November 2024, Kassalla State, Sudan. Woman from a local initiative stands among bags of essential supplies, including oil, flour, and kitchen utensils, funded by the CCS GCTs programme and implemented by local partners in Kassalla State.



to sustain progress, putting them at risk of further backsliding, and negatively impacting their ability to prosper. This is why enhancing resilience is at the heart of what Mercy Corps does and how we work. We make it easier for affected communities to access resources, services, and opportunities that support them to cope, adapt, and ultimately thrive. We foster inclusive and resilient communities that positively impact and protect the physical, social, and economic wellbeing of all their members – even in the face of adversity. Mercy Corps’ programmes, partnerships, and influence focus on strengthening sources of resilience, enhancing the capacities of people, markets, and institutions to handle shocks, reduce risk, build more equitable and responsive systems, and improve wellbeing.

Humanitarian Response

Approach: Driven by a humanitarian imperative, Mercy Corps responds rapidly to meet the immediate needs of those most impacted by conflict

and climate change. We prioritise the delivery of lifesaving humanitarian assistance during times of acute need – even as we look for ways to help communities prevent, mitigate, or adapt to future shocks and stresses. We are agile and nimble, with the operational readiness and the adaptive management capacities, skills, and structures to pivot our approaches as the context requires. We partner with communities to anticipate and respond to urgent needs as they arise – enhancing resilience even in the most extreme humanitarian contexts.

The MCE Board of Directors confirm that they have considered public benefit when reviewing Mercy Corps goals, objectives and activities and in planning future activities.

Our Outcomes

Through our programmes, partnerships and influence, we work towards four connected and reinforcing outcomes that determine people's wellbeing: greater economic opportunities, food security, peace and good governance, and water security. Within each outcome area, Mercy Corps has defined distinctive areas of focus that we believe lead to the greatest impact for the resilient, inclusive communities we work with. They articulate what people can expect of Mercy Corps and set the programming standards to which we hold ourselves accountable.



Economic Opportunities: People grow and sustain their assets and income.



Food Security: People are well-nourished at all times, with access to sustainably produced, safe, and nutritious food.



Peace and Good Governance: People experience less violence, build more cohesive and peaceful communities, and participate meaningfully in inclusive, responsive governance systems.



Water Security: People have equitable and sustained access to clean and safe water to meet their everyday needs.

Within each outcome area, Mercy Corps has defined distinctive areas of focus that we believe lead to the greatest impact for the resilient, inclusive communities we work with.

Our Commitments

For Mercy Corps, five reinforcing practices are foundational to driving greater and more sustained impact for and with those affected by crisis. These five commitments underpin all that we do – regardless of programming interventions or context – and challenge us to be more accountable and to continuously push the boundaries of what is possible:



Climate Smart: We take bold action to meet the urgency of the climate crisis.



Evidence Driven: We use data, evidence, and analytics to drive impact, scale what works, and influence others.



Innovative and Creative: We innovate and work with change-makers to test, co-create, and scale more effective solutions.



Locally Led: We are intentional about sharing and ceding power, building meaningful partnerships, and centring communities' voices in all we do.



Safe, Diverse, and Inclusive: We help create a culture of inclusion for all people that protects, enables, and elevates diverse community members and groups.

OUR GLOBAL IMPACT

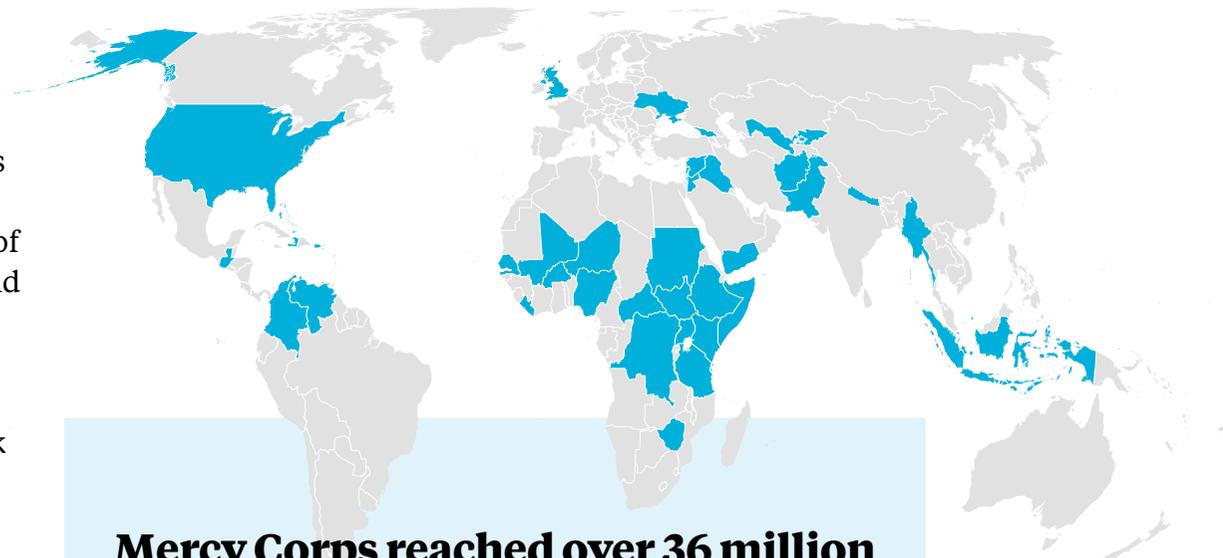
Conflict, climate shocks, and economic fragility have converged to create unprecedented humanitarian needs, with over 305 million people in over 70 countries around the world in need of humanitarian assistance. In this context, Mercy Corps has remained steadfast in its mission to support vulnerable communities on their journey from crisis to resilience. Over the past year, Mercy Corps continued to deliver transformative change across 38 countries, reaching over 36 million people through programmes designed to meet urgent needs and build long-term resilience.

Responding amid emergencies

As conflict and extreme weather upended communities across the globe, our team responded with supplies and support to help people survive in emergencies. Violence forced millions of people from their homes and wreaked havoc on livelihoods and communities, and our teams and partners in Gaza, Ukraine, and Sudan delivered relief to those who are surviving day-to-day. In addition to providing food, shelter supplies, and cash assistance so people can meet their immediate needs, we work to support communities recover and reclaim their hopes for the future.

Building lasting resilience

Instability and disaster weaken critical infrastructure, threaten lives and livelihoods, and force millions of people to leave their homes in search of safety and better opportunities. That's why Mercy Corps partners with communities to innovate and implement long-term solutions and prepare for extreme weather emergencies.



Mercy Corps reached over 36 million people this past year, across 251 programmes in 38 countries.



September 2024, Mykolaiv, Ukraine. Hanna* (6, pink shirt) and her mother Yulia* (36, right) attend an art therapy session during a blackout, in the basement of Mercy Corps' partner organisation, Prospektyva. Yulia and her two youngest daughters recently began attending classes at Prospektyva's community center. The children feel safe and happy while participating in the art therapy programme, a respite from the fear they experience at home due to air raid sirens and explosions. *Name has been changed

MERCY CORPS EUROPE | ANNUAL REPORT FY 2025

SPOTLIGHT ON UKRAINE

Ukraine is now in its fourth year of full-scale war, and the humanitarian situation remains dire and unpredictable. Waves of indiscriminate attacks and vast aerial assaults, marked by a persistent pattern of civilian death and destruction, have defined the last three years, creating significant humanitarian needs across Ukraine. Over 14.6 million people, including 3.3 million in front-line communities and 3.6 million internally displaced people across the country, require humanitarian assistance.

In front-line communities, the humanitarian situation is reaching severe and catastrophic levels. Access to water, food, adequate shelter, fuel to heat their homes and cook, health, protection, and other essential services and supplies, as well as employment and livelihoods is extremely limited, forcing people to depend on humanitarian aid to meet their needs.

Since 2022, Mercy Corps has supported more than **1 million people** affected by the conflict in Ukraine and neighbouring countries. To meet the specific needs of those whose lives have been upended, Mercy Corps partners with local organisations most familiar with these communities to provide urgent aid

2 | TRUSTEES' AND STRATEGIC REPORT | OUR GLOBAL IMPACT | SPOTLIGHT : UKRAINE

to those in active conflict zones, while also offering more long-term support to those building toward self-sufficiency.

Mercy Corps helps to provide shelter for internally displaced people through a multipurpose cash assistance programme, which allows families to prioritise what they need most, whether it is food, medicine, clothing, basic household items, or housing expenses. To help communities affected by the conflict, Mercy Corps supports entrepreneurs, business owners, and farmers to rebuild economic resiliency through grant programmes. By growing their businesses and earning stable incomes, grant recipients are able to decrease their reliance on aid while also supporting the recovery of their larger communities.

Through partnerships with local organisations, Mercy Corps fills the gaps in aid for the most vulnerable communities across Ukraine. Tapping into the local knowledge of on-the-ground organisations deeply informs our work – ensuring that humanitarian aid is tailored to the specific needs of those most affected by the conflict. By directly supporting both urgent needs and long-term self-sufficiency for

individuals and communities, Mercy Corps is helping Ukrainians regain autonomy. As they wait for an end to the conflict, continued international assistance is crucial for Ukrainian families and small businesses who are working hard to stay safe, sheltered, and financially secure while adapting to new surroundings and circumstances. Together, we are implementing and scaling the solutions that war affected communities need to rebuild toward a peaceful and more resilient future.

Example of immediate humanitarian aid provided by Mercy Corps Europe:

- Since the escalation of the war in 2022, Mercy Corps Europe has supported nearly **515,000** people in Ukraine.
- Mercy Corps Europe’s Locally led, Inclusive and Versatile Emergency Support to Conflict Affected Populations in Ukraine (LIVES) programme, funded by the FCDO, has delivered significant humanitarian impact. Over the course of LIVES 3.0 (Apr 24 - Mar 25), Mercy Corps and its partners reached **88,895** conflict-affected individuals with multi-purpose cash assistance (MPCA), in-

kind assistance, winterisation activities, psychosocial support, evacuation, temporary shelter, legal support, and other forms of aid.

515k

people supported by MCE in Ukraine.

25,910

Individuals have been reached by MCE with cash assistance

- During LIVES 3.0, **25,910 individuals** were reached with MPCA, and **2,575 individuals** were reached with winterisation cash to address increased needs during colder months. These figures indicate a substantial reach and responsiveness to seasonal and acute needs.

- LIVES has continuously built the capacities of Ukraine’s civil society to implement a rapid, locally driven, accountable and transparent humanitarian response, while also recognising the need for early recovery interventions to transition away from humanitarian response.
- Mercy Corps provided capacity support, strategic trainings, and peer learning workshops to Ukrainian Civil Society Organisations (CSOs), transferring greater ownership and decision-making. **100%** of partners self-reported improvements in their capacity, including developing new Standard Operating Procedures (SOPs), indirect cost recovery policies, and rapid response mechanisms. This approach strengthened governance structures and enhanced localisation in the humanitarian response.
- Mercy Corps facilitated tailored capacity strengthening for **15** implementing partners, including training in protection mainstreaming, Gender Equality and Social Inclusion (GESI) minimum standards, Monitoring, Evaluation and Learning (MEL), and needs

assessment. Partners reported increased organisational capacity, improved strategic planning, visibility, financial stability, and better communication.

- LIVES prioritised locally led, inclusive targeting, informed by a Gender Equality and Social Inclusion (GESI) analysis to ensure that the specific needs of women, girls, boys, and men at risk were considered. For example, partners were consulted on programme design, and interventions were tailored to the needs of diverse groups, including persons with disabilities and older persons.
- The LIVES programme, through its locally led approach, strategic partnership with Ukrainian CSOs, and a blend of cash, in-kind, and protection modalities, has delivered substantial impact for conflict-affected populations in Ukraine. Its results go beyond numerical reach, demonstrating improved local capacity, sectoral coordination, gender and social inclusion, and high participant satisfaction—while maintaining strong value for money and adaptability in a dynamic crisis environment.

88,895

> Conflict-affected individuals were assisted by Mercy Corps and partners with:

- Multi-purpose cash assistance
- In-kind assistance
- Winterisation
- Psychosocial support
- Evacuation
- Temporary shelter
- Legal support
- Other forms of aid

SPOTLIGHT ON GAZA

Mercy Corps has operated in Gaza since 1986, supporting Palestinians access critical services and improve their economic resilience. Deliberate restrictions on aid delivery into Gaza, along with the destruction of Gaza's food, health, and water systems through relentless military bombardment has resulted in catastrophic shortages for the people of Gaza.

Military offensives have endangered civilians and restricted the limited humanitarian access and aid infrastructure that remains. The economy has collapsed under the blockade, leaving families unable to afford or access food. They face unimaginable hardship as the deepening conflict-driven hunger crisis tightens its grip, worsened by ongoing displacement, a collapsed health system, and unrelenting violence. We are on the precipice of widespread starvation and death. People in Gaza need an immediate end to hostilities, meaningful humanitarian access, and a clear pathway to rebuilding their lives in safety and dignity.

Since the onset of the crisis, Mercy Corps, alongside our local partners, has reached nearly 400,000 with critical aid and support including hygiene materials, and food kits. We have



June 2025. Mercy Corps is working with a local partner organisation, Palestine Environmental Friends, to provide WASH services to communities in Gaza. Clean water is delivered via truck, from which families can fill their personal containers.

2 | TRUSTEES' AND STRATEGIC REPORT | OUR GLOBAL IMPACT | SPOTLIGHT : GAZA

also provided psychosocial support to 8,600 youth, parents, and caretakers.

The emergency food kits (including items such as canned beans, olive oil, tuna, rice, lentils), provide households with nutritional, ready-to-eat food. Inside Gaza, the fear of starvation and desperate need for food remains high, and a recent World Food Programme (WFP) assessment finds that nearly one in three people is not eating for days, 470,000 people are facing catastrophic hunger (IPC Phase 5), and the entire population is experiencing acute food insecurity.

Working with our local partners, Mercy Corps has delivered more than 3,100 shelter kits, reaching nearly 18,000 people. Current shelter needs in Gaza are staggering; an estimated 1.3 million people lack emergency shelter items and household essentials.

Since the onset of the crisis in October 2023, Mercy Corps has reached over 74,000 individuals with emergency hygiene materials such as soap, shampoo, detergent, nappies, and feminine hygiene products. Providing these materials plays an important role in curbing the spread

of disease and helps maintain a sense of normalcy and human dignity.

Mercy Corps has been advocating at the highest levels with key governments to ensure that essential and lifesaving assistance can get into Gaza. Despite having critical supplies ready, including 73 truckloads of food, hygiene, and emergency shelter kits, Mercy Corps has not received the necessary clearances from Israeli authorities to distribute these supplies in Gaza.

Mercy Corps remains deeply committed to upholding a principled response and ensuring assistance reaches those most in need, safely and without discrimination. At the centre of our work is the vision of a resilient Gaza where lives are saved, basic needs are met, human dignity is upheld, and communities are empowered to recover, rebuild, and thrive amidst crises.

400,000

> Gazans assisted by Mercy Corps and partners since the beginning of the crisis.

470,000

> Gazans currently face catastrophic hunger, the entire population is experiencing food insecurity.

18,000

> Gazans provided with 3,100 emergency shelter kits.



April 2025, Tungoli, Sudan. Residents of Al-Hilu IDP camp work together to dig a trench from nearby Tungoli town to the camp to lay a water pipe so people no longer need to walk all the way to the town for water where 12,000 people displaced by the war in Sudan now live in Tungoli on April 23, 2025.

SPOTLIGHT ON SUDAN

Sudan is one of the worst hunger crises of the 21st century. Over 25 million people in Sudan are now going hungry—three times more than in 2021. That’s more than half the country—and it’s only getting worse. Two years of intense and unrelenting conflict in Sudan have pushed over 30 million people, two-thirds of the population, into dire need of humanitarian assistance. Famine conditions have been confirmed in multiple regions and are spreading. Rising levels of severe malnutrition are expected to increase hunger-related deaths in the coming months.

Since conflict erupted in Sudan in April 2023, more than 12 million people have been forced to flee their homes—half of them children—making this the world’s largest displacement crisis. Among those displaced are people who were already internally displaced or refugees who had previously sought safety in Sudan. Over 4 million have fled to neighbouring countries, often arriving traumatised, malnourished, and with nothing but clothes on their backs. One in three Sudanese are now displaced, and even if the fighting slows, millions will remain in limbo—without homes, security, or a clear path forward.

2 | TRUSTEES' AND STRATEGIC REPORT | OUR GLOBAL IMPACT | SPOTLIGHT : SUDAN

Mercy Corps has provided life-saving humanitarian assistance to almost 1.5 million people across 14 of Sudan's 18 states since the start of the conflict, supporting civilians facing violence, displacement, and economic collapse. We are providing emergency cash and voucher assistance for nearly 100,000 people so that they can buy essentials like food, water, medicine, and hygiene supplies. Additionally, we are supporting over 76,000 smallholder farmers impacted by conflict by providing high-quality seeds and cash across eight states to ensure farmers can plant in time for the planting season. In Central and South Darfur, Mercy Corps is working in partnership with Sudan's Ministry of Health to prevent malnutrition among young children. Our teams operate nutrition sites, screen children under five for malnutrition, provide essential nutritional supplements, refer severe cases for treatment, and train caregivers on healthy infant and young child feeding practices. So far, we have directly supported approximately 5,700 children under five, pregnant women, and nursing

mothers with these life-saving services. In North and South Kordofan, Mercy Corps is actively responding to urgent needs by providing cash assistance, distributing quality seeds, training farmers in climate-smart practices, supporting small businesses through grants and mobile finance, and operating village hubs to strengthen local markets. As lead agency of the Cash Consortium of Sudan, we work with 20 partner organisations to provide coordinated cash assistance and recovery support.

Our programmes help people meet urgent needs while restoring food security, rebuilding local markets, and expanding long-term economic opportunities. Mercy Corps has worked in Sudan since 2004, and we are committed to supporting the people of Sudan through this crisis.

100,000

➤ **People in crisis provided with emergency cash and voucher assistance.**

1.5M

➤ **People in 14 states provided life-saving humanitarian assistance**

76,000

➤ **Smallholder farmers provided with high-quality seeds and cash in time for planting season.**

OUR PROGRAMMES AND THEIR ACHIEVEMENTS

In the past year we have seen a continued increase in needs across the globe, as complex crises compounded by climate change and conflict, worsen the already catastrophic humanitarian impacts on many of the world's most vulnerable populations. Mercy Corps responded to these crises along with long-term, climate-resilient programming in our four outcome areas.

Mercy Corps has detailed Goals and Objectives for capturing how the organisation is progressing on the Pathway to Possibility (P2P) strategy. The Organisational Outcome Measurement (OOM) is a centralised summary of participant-facing results which helps Mercy Corps understand how and to what extent we are contributing to the four P2P outcome areas: Economic Opportunities, Food Security, Peace and Good Governance, and Water Security.

Mercy Corps' programme portfolio consists of 38% of programmes that contribute to two or more outcome areas. This is because interventions are often layered to achieve sustainable impact.

The OOM captures results from across Mercy Corps' global portfolio. For the purposes of this Annual Report, we refer to examples of programmes that are funded by Mercy Corps Europe's donors to demonstrate progress towards achieving the Goals and Objectives outlined in the OOM.

Our key performance indicators represent the participant reach of programmes in the four key outcome areas.

During the year as part of our operations Mercy Corps Europe had:





Food Security

To achieve the **goal** that people are *well-nourished with access to sustainably produced, safe, and nutritious food*, Mercy Corps works across five key **objectives**:

Objective 1: Sustainable and climate-resilient farming systems produce safe, diverse and nutritious foods

- This objective focuses on the physical *availability* of food. It tackles climate change and environmental degradation as drivers of vulnerability, focuses on climate-resilient crop and livestock production, as well as regenerating the natural resource base to sustainable support production.

Objective 2: Crisis-affected and food insecure populations access nutritious foods to meet acute and year-round food and nutrition needs

- This objective emphasises the economic and physical *accessibility* of food. It focuses on food-insecure populations' ability to access nutritious food, both in emergencies (for crisis-affected communities) and throughout the year (for chronically vulnerable and underserved communities) - with the aim

of achieving more stable and equitable access for all.

Objective 3: Crisis-affected and food insecure populations consume and utilise nutritious foods year-round

- This objective is crucial for achieving food security because it goes beyond the availability (Objective 1) and accessibility (Objective 2) of food to emphasise the importance of *dietary intake* and the effective *utilisation of nutrients*.

Objective 4: Women, adolescent girls, and other marginalised populations increase their agency, access, power, and safety to improve food security

- Systemic inequalities – especially for women, girls, and other marginalised groups – create significant barriers to food and nutrition security. This objective therefore focuses on *creating equitable access, control, and decision-making power* for women and girls to address and overcome these barriers.

Objective 5: A supportive and inclusive enabling environment drives food systems transformation in conflict and climate-affected contexts

- This objective recognises that achieving sustainable food and nutrition security requires a *strong enabling environment*. This means that policies, institutions,

On average, Mercy Corps food security programmes have contributed to a 73% increase in households meeting basic needs.

governance systems, and coordination mechanisms work together to support long-term food system resilience, particularly in fragile contexts affected by climate change and conflict.

Measurement

For FY25, 126 programmes were classified as attempting to deliver the Food Security goal

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of people are well-nourished with access to sustainably produced, safe, and nutritious food. These interventions reached over 19 million people across 36 countries. Mercy Corps monitors progress towards delivering this **goal** by monitoring standard indicators which signal improvements in food security status and ability to meet basic needs.

Achievements

On average, in the communities where Mercy Corps has programming related to food security, these programmes have contributed to an **increase in meeting basic needs for 73% of households**. Multi-Purpose Cash Assistance (MPCA) is the predominant modality for delivering the food security goal in crisis-related settings across all regions where Mercy Corps operates (Objective 2). **Additionally, 97% of participants report that humanitarian aid is delivered in a safe, accessible, accountable and participatory manner.** Our programmes also report a 335% increase in the proportion of women of reproductive age consuming a diet of minimum diversity (Objective 4) (a low baseline value contributes towards this large increase).

Example:

In Sudan, Mercy Corps Europe works in collaboration with eight international partners and 12 local partners as part of the Cash Consortium of Sudan (CCS). The aim of the CCS is to address critical needs through the delivery of multi-sectoral emergency assistance to populations affected by conflict, displacement, natural hazards and epidemic outbreaks – with a focus on hard-to-reach areas in Sudan. Since 2023, the CCS has created a common, unified approach that has enabled the delivery of support to affected populations and civil society groups across all 18 states of Sudan. In FY25, the CCS received funding from the UK Government’s Foreign, Commonwealth & Development Office (FCDO), the European Commission’s Civil Protection and Humanitarian Aid Operations department (DG ECHO) and USAID’s Bureau for Humanitarian Assistance (BHA).

Looking to the future, the CCS aims to reach an additional 1.5 million individuals with targeted cash assistance, continuing to prioritise the most vulnerable populations.

- In 2024, the CCS partners reached over 1.9M individuals through multi-purpose cash assistance and group cash transfers
- 86% of participants reported that humanitarian assistance is delivered in a safe, accessible, accountable and participatory manner (target exceeded to 107% based on FCDO-funded targets)



March 2024 - Al Qadarif State, Sudan. Mercy Corps Sudan is providing cash assistance to community members in several states across the southern area of Sudan. Many programme participants are using the cash to support small businesses like vegetable farms.

- Compared to a baseline of 36.6%, the percentage of households with poor, borderline, and acceptable Food Consumption Score (FCS) increased to 54% with Acceptable FCS
- 38% of participants reported being able to meet basic needs (most and all) (47% of the target met) (FCDO-funded targets)
- The programme contributed to increase households’ food consumption score, with an improvement of 13% of people reporting ‘poor’ food consumption (FCDO-funded targets)
- The programme was efficient in distributing cash, with the consortium spending on average £0.60 for each £1 delivered (read the report on our [website](#)).



Economic Opportunities

To achieve the **goal** of *people grow and sustain their assets and income*, Mercy Corps works across three key objectives:

Objective 1: Economically marginalised people become customers, employees, or business leaders

- This objective aims to make people ready to participate fully in the economy. This can involve activities such as providing tailored financial or digital products, improving access to market information, or providing mentorship services.

Objective 2: Equitable and accessible market systems grow and offer improved products, services, and jobs adapted to include the economically marginalised

- This objective addresses the barriers that prevent marginalised people thriving within the market system. This can be achieved by providing adaptable, accessible, and affordable inputs, digital solutions, and access to financial services.

Objective 3: Businesses, institutions and market systems cope and adapt to conflict and climate-related shocks and stresses

- This objective is designed to reinforce the resilience of market systems to conflict and climate-related natural disasters, so that markets can continue functioning and respond effectively to various shocks. To achieve this, Mercy Corps works to create an environment where rules and norms promote cooperation across conflict lines, market functions enhance risk management and response, and financial systems provide accessible and inclusive climate finance.

Measurement:

For FY25, 129 programmes were classified as attempting to deliver the Economic Opportunities **goal** of *people grow and sustain their assets and income*. These interventions reached over 19 million people across 38 countries. Mercy Corps monitors progress towards delivering this goal by monitoring standard indicators and results which signal improvements in how individuals gain wage employment and access better economic opportunities..

Achievements:

Overall, Mercy Corps programmes demonstrated strong progress in promoting inclusivity, market preparedness, and crisis response in FY25. Our work with youth showed good progress, with 47% of

50% of individuals who were impacted by Mercy Corps' programming gained new or better employment – including starting a business

individuals (on average) reporting increased confidence in the future. On average, Mercy Corps' programmes that focus on job creation create, support or improve, 319 jobs. Additionally, on average, 50% of individuals who were impacted by Mercy Corps' programming gained new or better employment – including starting a business.

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Example:

Since 2008, Mercy Corps Europe has implemented the Alliances Caucasus Programme (ALCP), which provides market systems development activities for rural producers in Georgia. ALCP Phase 2 runs from 1st May 2022 to 30th April 2027 and is funded by the Swiss Development Agency (SDC), Swedish International Development Agency (SIDA), and the Austrian Development Agency. The programme is focused on enhancing rural livelihoods through interventions in honey, dairy, meat, wool, wild botanicals, and silk value chains, with strong attention to inclusion, resilience, and systemic change. Some examples of the achievements of this programme over the past fiscal year are:

- ALCP interventions resulted in 9,169 rural households increasing their income from agricultural production and natural resource-based livelihoods, totalling 11,385,387 Georgian Lari (GEL) - far exceeding the total income target of 9,000,000 GEL.
- ALCP-supported products like honey are now sold in diverse, advanced markets as distant as Japan as premium organic products.

- Key indicators measured include number of active bee colonies, honey productivity, sales prices, adoption of good practices, and disease/mortality rates. Beneficiaries showed more advantageous positioning compared to non-beneficiaries, especially in resilience and adaptation to climate change.
- In the past year ALCP2 has established the groundwork for revitalising further value-added industries dormant since Georgia's independence in the early 1990s, such as silk. In June 2025, members of the ALCP2-supported Georgian Silk Association successfully harvested almost 83 kg of raw silkworm cocoons.
- Direct job creation reached 164 jobs (target: 150).

The ALCP2 programme has delivered strong, measurable impacts in rural Georgia through increased incomes, improved productivity and market access, job creation, sector formalisation, and enhanced inclusion of women and minorities. The programme's adaptive approach, focus on systemic change, and resilience-building have enabled it to exceed many targets, even amidst significant external challenges such as climate adversity.

September 2013 - Tsalka, Georgia, Mercy Corps co-funded the construction of a new cheese factory for Tsezari Kakhadze in the KK region of Georgia. This intervention allowed the factory to expand its production, buy milk from a further 170 farmers and provide full-time employment for 10 staff.





Peace & Good Governance

To achieve the **goal** of *people experience reduced violence, foster more cohesive and peaceful communities, and engage meaningfully in inclusive and responsive governance systems*, Mercy Corps works across five key objectives:

Objective 1: People live free from the threats of violence and physical and psychosocial insecurity

- This objective recognises that reducing violence is essential for peace and allowing other development outcomes to succeed. The approach involves managing immediate needs and triggers of violence through early warning, early response, and peaceful dispute resolution, while also addressing long-term structural drivers of conflict.

Objective 2: Youth participate in social, civic and economic opportunities as viable alternatives to violence

- Foundational to Peace and Good Governance is engaging youth in positive activities to prevent their involvement in violence. Marginalised youth are at high risk of participating in violence due to various grievances and challenges. This objective supports the overall goal by addressing the root causes of youth violence and fostering their potential as agents of peace.

Objective 3: People across diverse identity groups and (formal and informal) governance institutions experience increased social cohesion to cooperatively prevent, respond, and adapt to conflict and climate-related shocks

- Social cohesion is the “glue” that holds together the various outcomes in the Peace and Good Governance framework, promoting stable and cooperative relationships across society. This objective focuses on enhancing social cohesion among diverse identity groups and governance institutions to cooperatively prevent, respond to, and adapt to conflict and climate-related shocks.

Objective 4: Inclusive and effective governance processes and institutions – including civil society – enable engagement and collective decision-making

- This objective highlights the importance of collectively addressing the drivers

of conflict and climate change through participatory decision-making and action. It emphasises community-led development, good governance, and the inclusion of traditionally marginalised voices to strengthen social cohesion

➤ ***These interventions reached over 8 million people across 30 countries.***

and reduce tensions. If civil society strengthens its capacity, local governance institutions become more accountable and responsive, and mechanisms for democratic deliberation are improved.

Objective 5: Women and youth meaningfully contribute to formal and informal governance and peace processes

- This objective is seen as foundational for achieving inclusive and sustainable peace and governance outcomes. The deep and

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meaningful inclusion of women, youth, and other marginalised groups is essential for sustained peace and governance. Decision-making and peace processes should reflect the voices and needs of all community members to ensure long-term stability and fairness.

Measurement

For FY25, 87 programmes were classified as attempting to deliver the Peace and Good Governance **goal** of *people experience reduced violence, foster more cohesive and peaceful communities, and engage meaningfully in inclusive and responsive governance systems*. These interventions reached over 8 million people across 30 countries.

Achievements

Capacity-building at the institutional and system level – particularly within the area of inclusive and effective governance processes and institutions – demonstrated the strongest progress across all Peace and Good Governance outcome areas.

Example:

In the Sahel, Mercy Corps Europe partners with FCDO on the Justice and Stability in the Sahel (JASS) programme, which aims to prevent the spread of insecurity and fragility by strengthening community resilience to both conflict and climate change. The programme targets fragile areas of Mali and Niger with a focus on inclusive land governance, climate resilience, conflict management, and social cohesion. By combining technical support and policy-level action, JASS addresses the overlapping challenges of terrorism, environmental stress, and intercommunal tensions. In a region where weak governance struggles to manage disputes or allocate resources fairly, these issues fuel fragility and open space for armed groups to take hold. JASS interventions have collectively enhanced the systems, norms and behaviours that promote peaceful co-existence and reduce violent competition for resources, strengthen adaptive capacities, and improve the legitimacy and faith in state institutions. These results enhance the wellbeing and resilience of communities and reduce the drivers of fragility, de-risking these complex environments and creating the foundations for financing, development and investment.

- JASS worked with local leaders, women, youth, and government institutions to prevent disputes from escalating, and strengthen local resolution systems.

Two years into implementation, 95% of people in target communes believe local authorities are able to manage land-related conflicts. Land Commissions are now addressing over 63% of registered cases of conflicts, a sign of renewed trust in community-based conflict resolution.

- With additional support from the Resilience and Adaptation Fund of FCDO, JASS helped communities turn climate-related stress into opportunities for cooperation. Through training in climate-smart agriculture, rehabilitation of water points, and support to sustainable pastoral practices, 6,165 people were supported to better adapt to the effect of climate change. In San (commune in Mali), these techniques led to a 26% increase in yields, easing pressure on pastoral zones and reducing farmer-herder tensions. Thanks to these efforts, 53% of participants say they feel better able to cope with future shocks.
- To offer dignified alternative to migration and recruitment by armed groups, JASS supported vulnerable groups to develop viable, non-resource-dependent businesses, with participants receiving targeted support to launch enterprises in areas such as beauty, dairy, climate innovation, and non-timber forest products. As a result, 91% of youth involved in JASS reported improved life prospects.

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- Research and evidence generated by JASS supported wider policy change through advocacy efforts and coalition building. In Mali, collaboration with the National Judicial Training Institute led to the inclusion of land tenure training module into official justice curriculum. In Niger, JASS helped establish a multi-actor framework now working to secure 35% land access for marginalized people.
- 94% of respondents believe their community is peaceful, safe, and secure – up from 58% at baseline.
- 88% of communities report reduced water-related tensions, previously flagged as an issue in 78% of focus group discussions.

Looking ahead, JASS will continue to deepen its work in 24 communes across Mali and Niger, with a growing focus on ensuring that young people, especially those at risk of marginalization, are included in governance and peacebuilding processes. The final year of the programme will also reinforce national-level efforts to embed successful approaches into public policy and local development plans. Ultimately, JASS aims to leave behind not just stronger institutions, but stronger social bonds between communities living through crisis.



March 2025 – Mali To offer dignified alternative to migration and recruitment by armed groups, JASS supported vulnerable groups to develop viable, non-resource-dependent businesses, with participants receiving targeted support to launch enterprises in areas such as beauty, dairy, climate innovation, and non-timber forest products. As a result, 91% of youth involved in JASS reported improved life prospects.



Water Security

To achieve the **goal** of *marginalised groups have functioning, reliable, and resilient water supply and sanitation services and the sustainable availability of high-quality freshwater to meet domestic, economic, and environmental demands*, Mercy Corps works across five key objectives:

Objective 1: Marginalised groups (in both crisis and more stable environments) have safe access to equitable, reliable, and safe drinking water, sanitation, and hygiene services

– This objective aims to ensure safe access to reliable and equitable water, sanitation, and hygiene (WASH) services for marginalised groups. The alignment between this objective and Food Security objectives underscores Mercy Corps' commitment to emergency response and the fulfilment of basic needs – with WASH playing a central role. The integration of WASH and Food Security programmes often entails addressing basic needs, promoting hygiene, and ensuring water access – highlighting the interconnected nature of these sectors in enhancing overall community well-being and resilience.

Objective 2: Effective sector governance, institutions, and sufficient finance exist to enable equitable service delivery and

sustainable water resource management for the most marginalised

– This objective works towards more effective sector governance, institutions, and sufficient finance to enable equitable service delivery and sustainable water resource management to those most marginalised. This includes creating inclusive and effective governance processes and institutions that enable collective decision-making.

Objective 3: Adequate water supplies are available for sustainable and equitable economic development and food security

– This objective works towards making sure that adequate water supplies are available for sustainable and equitable economic development and food security. There are strong links with Economic Opportunities and Food Security, particularly in terms of meeting basic needs in times of crisis.

Objective 4: Freshwater ecosystems are protected and restored to maintain essential ecosystem services – including freshwater availability – upon which both humans and nature rely

– Objective 4 recognises that improving the resilience of raw water supplies through improved water quality, sustainably managed water quantity, and increased biodiversity and habitat health will drive the achievement of the other objectives under this goal.



The integration of WASH and Food Security programmes often entails addressing basic needs, promoting hygiene, and ensuring water access.

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Objective 5: Marginalised groups are resilient to acute climate-driven, water-related hazards such as floods, droughts, and landslides to mitigate adverse effects on human well-being, the economy, and the environment

- Programmes under this objective promote climate-resilient agriculture and aquaculture to mitigate water-related hazards like floods and droughts. They improve seeds, vegetable gardens, and grain banks to help communities maintain food production. Early warning systems provide timely information for preventive measures, and community-based adaption strategies include landscape restoration and water storage systems.

Measurement

For FY25, 61 programmes were classified as attempting to deliver the Water Security **goal of marginalised groups have functioning, reliable, and resilient water supply and sanitation services and the sustainable availability of high-quality freshwater to meet domestic, economic, and environmental**

demands. These interventions reached over 10 million people across 29 countries. Mercy Corps monitors progress towards delivering this goal by monitoring standard indicators which show improvements in access to water, sanitation and hygiene services, especially in emergency context.

Achievements

Mercy Corps' Water Security programmes have a strong emphasis on household water, sanitation, and hygiene (WASH). WASH components are almost always integrated together in Mercy Corps' programmes. This holistic approach ensures that interventions are more effective, as improvements in one area often strengthen the others. There is a clear link between WASH interventions and the fulfilment of basic needs, and this is often addressed in conjunction with Food Security programmes. Meeting the immediate needs for water and sanitation is essential for maintaining health and wellbeing, which in turn also supports food security.

Example:

Mercy Corps Europe has partnered with FCDO, SDC, and ECHO on the DRC Strategic Assistance for Emergency Response (SAFER) Programme for over five years, providing lifesaving support through emergency cash and water, sanitation, and hygiene (WASH) services to over 3 million vulnerable people. Specifically relating to Water Security, some examples of how SAFER has delivered progress towards the Water Security goal are:

- The number of individuals with access to sufficient quantities of clean water for domestic use was 291,283, surpassing the target of 92,500 individuals (FCDO-funded target)
- 69,107 individuals were given access to dignified, safe, clean and functional excreta disposal facilities, against a target of 12,132 (FCDO-funded target)
- The number of people with access to sufficient drinking water for domestic use was 40,264, outperforming the target of 19,950 (SDC-funded target)

August 2022, Tchomia, Democratic Republic of the Congo.



Governance, Structure and Management

MERCY CORPS EUROPE

November, 2023, Safiya, Syria.
Abdullah*, 42, slides manaqeesh into the oven at his bakery. He has been a baker since 2017.

The economic crisis has made it difficult for him to operate his business. Escalating prices has reduced his ability to acquire the equipment he needs, while surging fuel prices pose a considerable hurdle. *Name has been changed

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MERCY CORPS EUROPE – OUR STRUCTURE

Mercy Corps Europe is a Scottish registered charity and company limited by guarantee. Our charity and company numbers, and our principal address can be found on page 2. The objects of the charitable company, as set out in our Memorandum and Articles of Association are, the relief of poverty, the advancement of health, the advancement of community development, the saving of lives, the advancement of human rights, conflict resolution or reconciliation, and the advancement of environmental protection. The relationship between Mercy Corps Europe, Mercy Corps Global and Mercy Corps Netherlands is governed by a Governance Agreement (GA), Memorandum of Understanding (MOU) and Treasury Agreement (TA). These agreements cover matters relating to programmes, funding, governance, intellectual property, costs sharing and other legal affairs. The GA, MOU and TA, as well as the organisation’s legal and operational structure, indicate that the relationship between Mercy Corps Global and Mercy Corps Europe is a parent subsidiary relationship for accounting purposes.

Mercy Corps Netherlands

Mercy Corps Netherlands is registered in The Hague, Netherlands as an Association under the Dutch Trade number 70333564 and came into operation on 19 December 2017. Mercy Corps Netherlands is an affiliated entity; Mercy Corps Europe has consolidated Mercy Corps Netherlands. The abbreviated results for the year end for MCNL can be found at note 22.

Board of Directors

The Directors of Mercy Corps Europe are the statutory Charity trustees, collectively known as the Board of Directors. The Mercy Corps Europe Board of Directors meets twice annually to review several standing agenda items that ensures the entity is complying with the UK jurisdiction’s regulatory requirements.

The Joint Board of Mercy Corps refers to the collective boards of the three Mercy Corps headquarters entities: Mercy Corps Global (MCG), Mercy Corps Europe (MCE), and Mercy Corps Netherlands (MCNL). The Joint Board meets four times per year to oversee the stewardship of Mercy Corps assets in furtherance of its

charitable purpose and ensure systems and procedures are in place to carry out these functions.

Mercy Corps Europe, Mercy Corps Netherlands and Mercy Corps Global are all Membership entities and all three have nine members in common. These members also sit on the Joint Board Executive Committee (JBEC) as described below. The Members appoint the Directors of Mercy Corps Europe based on nominations from the Mercy Corps Europe Board at the Annual General Meeting.

Board Committees

There are seven standing Board Committees made up of Board Directors of Mercy Corps Europe, Mercy Corps Netherlands and Mercy Corps Global and other independent individuals with relevant experience, under specific charters approved by the Board. Each Committee reports to the Boards of Mercy Corps Europe, Mercy Corps Netherlands and Mercy Corps Global at the quarterly Joint Board meetings.

Joint Board Executive Committee (JBEC): The JBEC has the authority to act on behalf of the Board of Mercy Corps Europe between meetings.

Joint Audit and Risk Committee (JARC): The JARC provides assistance to the management and to the Boards in fulfilling their oversight responsibility to donors, potential donors, the non-governmental organisation (NGO) community and other stakeholders regarding Mercy Corps’ financial statements and the financial reporting process. It assists with ensuring the integrity of the Mercy Corps consolidated annual statements; the selection, engagement and dismissal of Mercy Corps’ independent auditors; and the performance of the Mercy Corps internal audit function. The JARC has oversight of Mercy Corps’ enterprise risk and entity-specific risk management frameworks.

Each new Board Director participates in an onboarding process which includes the following:

- Administrative setup and signposting to key strategic, financial, and operational documentation, including access to Board and Committee meeting minutes
- A series of onboarding meetings with key stakeholders
- Mandatory trainings

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Joint Finance Committee (JFC): The JFC provides assistance to the management and to the Boards in fulfilling their oversight responsibility with respect to the financial stability, financial strategy and the long-term economic health of Mercy Corps. It reviews the financial condition, policies, and practices of Mercy Corps and provides reports and recommendations with respect to these to the JBEC and as appropriate to the Boards.

The Joint Ethics and Safeguarding Committee (JESC): The Joint Ethics and Safeguarding Committee (JESC) is chartered to oversee the management and advise the Boards on all ethical matters. The Committee oversees ethics-related policies, including safeguarding, and management's implementation of ethics systems (reporting, investigation, training, accountability, case resolution and annual ethics reporting to the board). The Committee also considers annual processes such as the Modern Slavery Statement and specific topic areas that may arise, such as safeguarding; diversity and inclusion; philanthropy ethics; ethics of technology; ethics in human resources; and ethical challenges in crisis management.

Joint Nominating and Governance Committee (JNGC): The JNGC is responsible for making recommendations for Board membership, as well as providing advice and recommendations regarding corporate governance practices to the respective Boards of Directors of Mercy Corps.

Joint Development Committee (JDC): The JDC helps the Boards to fulfil their responsibility for the organisation's fiscal health by ensuring Mercy Corps has an effective private resource development programme.

Joint Compensation Committee (JCC): The JCC provides advice and recommendations regarding human resources functions and the compensation of Mercy Corps officers.

Delegation of authority and board governance

The Mercy Corps Europe Board delegates the running of Mercy Corps Europe via a detailed Scheme of Delegation of Authority. This delegates most operational decisions to the functional leadership, who are responsible for managing Mercy Corps Europe in accordance with the Board approved strategic, planning, and budgetary parameters and the risk management strategy. The functional leadership includes the Executive Leadership Team (of which the Mercy Corps Europe legal representative is part) and senior leaders based in Europe.

The Mercy Corps Europe Board of Directors comprises a minimum of six and a maximum of twenty Directors. Board Directors have term limits of two three-year terms, with a possible extension for a third term of three years in exceptional circumstances, for a maximum of nine years.

When the opportunity arises, new Board Directors are encouraged to participate in a programme visit to meet with Mercy Corps teams, partners, and programme participants in one of our countries of operation.

The balance and diversity of Board Directors is closely reviewed by the Boards and the Joint Nominating and Governance Committee, with an emphasis on ensuring that Board Directors provide the specific mix of skills that have been identified as important to the charity's objectives and activities. All new Directors receive briefings, including on governance and conflicts of interest, as part of their onboarding process. Training sessions occur on at least an annual basis and are developed in consultation with the Joint Board Chair, Joint Nominating and Governance Committee, CEO and internal and external experts.

Section 172 Statement

As a large charitable company, Mercy Corps Europe is required to report on how the Board of Directors has discharged its duty to promote the best interests of the Charity, with regard to the matters in section 172(1)(a) to (f) of the Companies Act 2006. The Board of Directors considers that it has fulfilled these obligations, as detailed below.

The likely consequences of any decision in the long term

The Board of Directors remains committed to promoting the long-term success of Mercy Corps Europe. All decisions are made with a view to sustaining the organisation's mission: to alleviate suffering, poverty and oppression by helping people build secure, productive and just communities. In support of this, the Board reviews strategic reports and organisational impact measurement on a quarterly basis, ensuring that decisions are informed by evidence of effectiveness. The Board continues to ensure that Mercy Corps Europe has appropriate leadership and accountability including through the executive leadership roles for each functional area across the organisation. Financial sustainability, liquidity, and reserves are monitored closely as part of the organisation's risk management framework, ensuring that Mercy Corps Europe remains resilient and capable of delivering its mission over the long term.

The interest of the charity's employees

The Board of Directors recognises that team members are central to delivering Mercy Corps' mission. Communications on organisational strategy, operations and performance are regularly shared through various channels to the team. New team members go through a formal onboarding process to instil the organisation's vision and values. Employee wellbeing is a key consideration for the Board, supported by a comprehensive benefits package that

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enables team members to care for themselves and their families. The Board provides oversight of the global human resources policies and 'All Voices' employee engagement survey, from time to time.

Diversity and inclusion are embedded in governance practices, with Board diversity goals and commitments to safety, inclusion, and equity outlined in the Joint Governance Handbook. Directors hold themselves accountable to Mercy Corps' values, actively seek diverse perspectives, and foster psychologically safe environments for all stakeholders.

The need to foster the charity's business relationships with suppliers, customers and others

Mercy Corps Europe's work is dependent on strong, ethical partnerships. The Board oversees Mercy Corps' key organisational policies or 'tier 1' policies; these policies require robust control over expenditure and the promotion of sustainable and ethical relationships. Compliance and due diligence are central to these processes, with ethical fundraising guidelines in place to guide decision-making. Directors may engage both individually and collectively as a member of the Joint Development Committee to strengthen and support the delivery of Mercy Corps' partnership approach, including through oversight of the development strategy and by supporting high-level engagement with new potential partners. Through the delegated responsibility to the Joint Ethics and Safeguarding Committee, the Board reviews the organisation's Modern Slavery Statement and oversees responses to any material violations of ethics policies, ensuring that Mercy Corps Europe maintains integrity and trust in all its external relationships.

The impact of the charity's operation on the community and the environment

The Board is committed to minimising environmental impact and maximising community benefit. Climate is a core focus of the organisation's Pathway to Possibility strategy, with community impact

considerations embedded in both strategic planning and operational policies. The Board of Directors conducting regular reviews of 'tier 1' organisational policies and through designated Board committees (dedicated to ethics and risk), provides oversight of key material investigations and risks.

Mercy Corps Europe promotes the responsible environmental impact of its office operations and encourages individual responsibility for recycling and environmental awareness. The organisation has implemented a carbon reduction plan and supports internal Green Teams across headquarters and in country locations to drive environmental initiatives. Board travel is limited to two out of four meetings per year, with those meetings focused on strategic decisions and engagement with the communities Mercy Corps Europe serves.

Maintaining a reputation for high standards of business conduct

The Board of Directors upholds the highest standards of ethics and professionalism, which is pivotal to our mission of delivering impactful programmes, correlating with the long-term success of Mercy Corps. This is reflected in its leadership, governance, and engagement with stakeholders. The Private Sector Engagement Ethics Policy provides a framework for responsible engagement with the private sector, with high-risk cases requiring consultation with the Joint Ethics and Safeguarding Committee. The Board of Directors is committed to ethical standards consistent with applicable law and the humanitarian principles of humanity, impartiality, neutrality, and independence. These values are embedded in the recruitment, onboarding, and evaluation processes for Board Directors and are outlined in the Board's Governance Handbook. All Board Directors are subject to the Code of Ethics, with training provided at the start of their tenure.

The need to act fairly as between members of the charity

Mercy Corps Europe is governed in the interests of its charitable objectives rather than its members. The Board of Directors ensures that all decisions are made fairly and transparently, with a focus on the charity's mission and values.

Trustees' Responsibility Statement

The trustees (who are also Directors of Mercy Corps Europe for the purposes of company law) are responsible for preparing the Trustees' Annual Report (including the Strategic Report) and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law, the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently
- Observe the methods and principles in the Charities SORP (FRS 102)
- Make judgements and estimates that are reasonable and prudent

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- State whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the charitable group will continue in business

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees confirm that:

- So far as each trustee is aware, there is no relevant audit information of which the charitable company's auditor is unaware
- The trustees have taken all the steps that they ought to have taken as trustees to make themselves aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information

The trustees are responsible for the maintenance and integrity of the charity and financial information included on the charitable company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

- Governance and oversight of funding and country office operations

The Mercy Corps Europe Board of Directors fulfils its governance and oversight responsibilities of Mercy Corps country office operations and implementation of programme funding through controls, governance and reporting arrangements, including through the Board and Committees structure outlined above. The responsibility for Mercy Corps' country office operations which implement the awards signed by Mercy Corps Europe, is formally transferred to Mercy Corps Global through the MOU and integrated global governance arrangement. Mercy Corps' Joint Board receives briefings on active programmes, as well as business development strategy and future funding opportunities. Mercy Corps Europe provides programmatic and financial monitoring, support and oversight for implementation and is responsible for donor engagement and award management, including the review and submission of all reports to donors and the implementation of high-quality programmes. The financial and management systems for Mercy Corps Europe programmes are subject to external review by auditors acting on behalf of funding partners/donors, and internal audits conducted by the Mercy Corps Internal Audit team. Internal audit reports are shared with management and the Joint Audit and Risk Committee, along with a report on significant external audit reports. The Mercy Corps Ethics and Compliance Department reports to the Joint Audit and Risk Committee at least three times per year.

Remuneration and pay philosophy

Mercy Corps Europe promotes a workplace that emphasises employee wellbeing, holistically supported through a comprehensive benefit package that helps team members care for themselves and their families.

Our compensation package – competitive pay and comprehensive benefits – is designed to both attract and retain high-calibre, diverse, high-performing individuals at all levels. Mercy Corps Europe evaluates external market data and internal organisational context on a regular basis to ensure that our compensation packages are competitive, equitable and represent responsible

stewardship of organisational resources. Mercy Corps Europe maintains a banded pay structure that has been established with input by third-party compensation consultants, which reflects differences in the employment markets of our office locations and respects the level of responsibility for each team member. A compensation review takes place every two years to maintain our competitiveness with the external market.

Our people and culture

Our people are our greatest assets. We endeavour to create a safe and secure environment for them to work and support their wellbeing and professional development through our People function.

Mercy Corps has twelve Code of Ethics policies. This policy framework applies agency-wide to the Board, management, all team members, and partners. The policies are available to all staff in Arabic, English, French and Spanish through our Mercy Corps' digital library. Mercy Corps' approach to Ethics and Code of Ethics policies are also publicly available on our website: <https://europe.mercycorps.org/en-gb/who-we-are/ethics-policies>. The Code of Ethics policies clearly identify the types of prohibited conduct and state that staff must refrain from any acts of misconduct and include the consequences of engaging in conduct that breaches the Code of Ethics policies. Mercy Corps has a zero-tolerance approach for abuse, harassment or exploitation and is committed to ensuring physical and psychological safety within our teams and our programmes. Mercy Corps Europe's internal documents contain commitments to ensure equal treatment and non-discrimination based on race, gender, age, religion, sexuality, culture, or disability.

Commitment to Safety, Diversity and Inclusion

Our Code of Ethics and efforts to strengthen our organisational culture are key parts of Mercy Corps' commitment to Safety, Diversity, and Inclusion (SDI) in our operations and programmes.

3 | GOVERNANCE, STRUCTURE AND MANAGEMENT

Ensuring safety, diversity, and inclusion across Mercy Corps' global operations and programmes is critical for contributing to resilient and inclusive communities. Mercy Corps believes that it is essential that we model the change we want to see in communities worldwide, and that each Mercy Corps team member plays a role in upholding Mercy Corps' commitment to SDI.

Mercy Corps' SDI commitment affects all our global team members and all aspects of our organisation and work. Our Safeguarding, Safety and Security, People, Engagement and Effectiveness, Social Inclusion, Community Accountability, and Localisation teams are responsible for equipping our global team members with the knowledge, standards, and practices to be safer, more diverse, and inclusive in our operations and programmes. These teams also help the organisation track progress towards this commitment. Leaders across Mercy Corps are accountable for prioritising and modelling SDI. All team members are responsible for embracing SDI knowledge, practices, and behaviours to bring this commitment to life.

Statement on modern slavery

We are committed to the prevention of modern slavery and human trafficking in our supply chains. In accordance with the requirements of the Modern Slavery Act 2015, we publish an annual modern slavery statement which reports on the steps we continue to take to aim to ensure modern slavery and human trafficking do not take place in any part of our business or supply chain. Our Modern Slavery Statement 2024-2025 is published on our website: <https://europe.mercycorps.org/sites/default/files/2025-09/modern-slavery-statement-2024-2025.pdf>. We also submit to the UK Government portal.

Statement on safeguarding

As a global humanitarian organisation working with some of the world's most vulnerable communities, we have an immense

responsibility to our programme participants, donors and team members across the countries in which we work. At Mercy Corps, we strive to create an inclusive and safe work environment, where everyone is treated with dignity and respect, free of exploitation, harassment and bias. Central to this commitment is our emphasis on protecting our programme participants, community members, and team members from all forms of harm, including any physical, emotional or sexual abuse or exploitation. We take this responsibility seriously and we continue to invest in and strengthen our approach to safeguarding. Mercy Corps Europe aligns with Mercy Corps' global safeguarding approach and code of ethics policies.

The Chief Ethics and Compliance Officer (CECO) leads the Ethics and Compliance Department (ECD) that supports Mercy Corps' global operations. Regarding Safeguarding, the ECD includes the Intake and Investigations Team which is responsible for overseeing all investigations relating to safeguarding allegations and the Safeguarding Prevention Team which supports safeguarding prevention efforts across all countries where Mercy Corps operates and includes a UK based Director of Safeguarding Support and Regional Safeguarding advisors.

In January 2024, Mercy Corps launched the Safeguarding Core Standards Policy, available here: <https://dldocs.mercycorps.org/SafeguardingCoreStandardsPolicy.pdf>. The Core Standards Policy pulls all our safeguarding commitments – at programme and operational levels - into one global framework. Our goal is to more fully operationalise our safeguarding commitments, clarify responsibilities and ensure every team member at Mercy Corps understands their role and is empowered to prevent and respond to exploitation, abuse, trafficking and harassment, leading to a more safe, diverse and inclusive Mercy Corps. There are ten core standards, which outline specific minimum requirements. Each standard is accompanied by field-tested tools and guidance to support their implementation. We are continuing to sensitise country teams on the implementation of the Core Standards Policy and

aim to monitor progress via a Core Standards Implementation Dashboard. The Dashboard allows us to identify gaps and areas for ongoing support by the global and regional safeguarding teams where possible.

Mercy Corps' policies related to safeguarding can be found at: <https://europe.mercycorps.org/en-gb/who-we-are/ethics-policies>

Mercy Corps' annual Global Safeguarding Report can be found at: <https://europe.mercycorps.org/en-gb/who-we-are/ethics-policies#safeguarding-approach>

Code of Fundraising Practice Statement

Mercy Corps relies on the generosity and commitment of our donors to deliver our mission. In the past year, our fundraising programme combined support from charitable foundations, major donors, corporate partners, and individual contributors. We engaged supporters through online channels, including our website, targeted email campaigns, and social media, as well as offline activities such as networking events and direct mail appeals.

All fundraising was carried out by Mercy Corps Europe staff and volunteers; no third-party professional fundraisers were used. Trustees oversaw these activities, ensuring they were cost-effective, compliant with relevant fundraising regulations and consistent with our values. Donations were used solely for our charitable purposes, with restricted funds applied only to the programmes specified by donors.

In total, these activities generated over £4.2 million, enabling us to fund humanitarian and resilience-building programmes that directly benefit vulnerable communities worldwide

3 | GOVERNANCE, STRUCTURE AND MANAGEMENT

Risk management and principal risks

Mercy Corps operates as a jointly integrated global organisation with shared exposure to financial, operational, reputational and external risks. Mercy Corps Europe therefore works closely with both global support and country and regional teams to identify, mitigate and manage risks across our challenging operating environments in accordance with our global enterprise risk management approach.

Mercy Corps Europe maintains an entity-specific risk register which sets out key business, operational and financial risks facing Mercy Corps Europe, their potential impacts and accompanying risk management strategies (some of which overlap or interconnect with risks applicable for Mercy Corps globally). The European Corporate risk register is reviewed regularly by senior leaders in Europe and global functional leads and discussions take place as part of the global Enterprise Risk Management Committee (ERMC), risk working groups and through focused sessions on the European risk register.

The Board of Directors of Mercy Corps Europe oversees risk management of the European entity. The Board reviews the European Corporate risk register through the Joint Audit and Risk Committee and at Mercy Corps Europe Board meetings. At the end of FY25, the significant risks and key mitigating actions noted by the Mercy Corps Europe Board, are assessed to be the following:

- **The external political environment in the UK and Europe impacting financial stability of the organisation** we are building new private and institutional business development strategies to strengthen the diversity of funding sources. In FY25, we monitored the changes in governments across Europe including the cuts to development funding, including to 0.3% Official Development Assistance (ODA) in the UK. We are also monitoring changes in

European donor priorities, including to channel funding through multilateral organisations. This risk was heightened in FY25 as a result of cuts in United States foreign assistance funding affecting the organisation and broadly the humanitarian and development aid sector.

- **Safeguarding risk** (including physical or sexual exploitation, abuse or harassment of participants or community members, sexual harassment or assault in the workplace): despite resource constraints, we continue to maintain mitigation measures including in relation to safeguarding awareness, prevention, reporting, response and investigation when issues arise, as well as supporting country and regional resource and capacity to the extent possible. Safeguarding risks, including prevention programmes and investigation trends, are reported and overseen by the Joint Ethics and Safeguarding Committee. Further mitigation measures include policy developments. In FY25, the Prevention of Sexual Exploitation, and Abuse and Harassment of Program and Participants and Community Members (PSEAH) Policy and Sexual Misconduct in the Workplace Policy were updated. The Safeguarding Core Standards Policy is in effect globally. See Safeguarding section of this report for further details.
- **People related risks, including team members are placed at risk of harm, including related to mental health and wellbeing and team member turnover** in FY25, the Global Safety and Security Policy and UK Health and Safety Policy were updated. Our global and regional security advisors provide technical support. Hostile Environment Awareness Training (HEAT) is available for team members who travel to high-risk locations. The Mercy Corps Europe people team is fully staffed as part of the global people team. Organisational initiatives currently include mental health first aider training and a global employee assistance programme. People related risk management strategies will be looked at holistically in FY26.

- **Fraudulent activity impacting the financial stability and reputation of the organisation** we have a suite of global policies in relation to anti-fraud and corruption and accompanying procedures and internal controls in place, monitored through internal audit. We have online mandatory training for all team members. We have mechanisms in place for reporting allegations, including an integrity hotline and our Community Accountability and Reporting Mechanisms (CARM) systems in the countries where we work and our Global Ethics department runs investigations. We report incidents to donors and regulators in line with global Donor Notification SOPs.
- **Data Protection and cyber-security related risks** we have data protection policies and procedures in place, which are compliant with UK specific regulations. Mercy Corps Europe hosts a European Data Oversight Group which meets regularly. We have mandatory global responsible data training and in addition we provide specific training on GDPR to Europe-based staff as part of onboarding and refreshers thereafter. We maintain a Mercy Corps Europe data schedule for each department and our Data Protection Officer delegate carries out a quarterly review to monitor compliance and support actions. We are constantly updating and strengthening Information Technology and Information Security policies and cyber security mitigation measures. We have a Cyber Essentials Plus certification.
- **Unexpected disruption of our programme activities** in country or an event materially impacting European donor-funded programmes: measures are in place to closely monitor this risk, including close monitoring of security risks, contingency plans for high-risk contexts, and crisis management planning. We have in place a global working group focused on Business and Administrative Impediments in relation to our countries of operation.

May 2024, Faraba, Senegal. Mouhamadou Dabo, 54, stands next to a solar panel at his banana plantation. He has worked on the same farm since he was 12 years old. As a child, he learned to work the land alongside his parents and several other community members.



Energy and Carbon Reporting

MERCY CORPS EUROPE

4 | STREAMLINED ENERGY AND CARBON REPORTING

REPORTING PERIOD:

1 JULY 2024 – 30 JUNE 2025

QUANTIFICATION AND REPORTING METHODOLOGY

Following the 2013 UK Government environmental reporting guidance, the figures in this report relate to the required elements of Scope 1 and Scope 2 category rather than the optional elements.

We have used 2013 UK Government’s Conversion Factors for Company Reporting and the GWPs used within that were consistent with those used in the 2013 UK Government Conversion Factors. Using the GHG Protocol, specific categories have been included and excluded depending on relevancy and estimated share of emissions.

Our reporting categories cover:



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 organisation. Common sources for Mercy Corps: Business travel; Purchased goods and services, Capital goods.

Employee commuting, waste generated and water usage in operations are not considered in the accounting of our carbon emissions.

Intensity Metric

For Mercy Corps Europe, we use the operational control approach and account for emissions within the operational boundary of

Mercy Corps Europe thus not considering the emissions resulting from programming by the various country teams are implementing.

The Total Emissions for Mercy Corps Europe with the said reporting period is TCO_{2e} which primarily is from scope 1 and scope 2. This is contributed by Mercy Corps Europe consumption of grid-purchased electricity for both the Edinburgh office and the London Office, however both sites now have renewable energy suppliers.

Electricity and Natural Gas

Electricity purchased for own use or consumption for both of our Mercy Corps Europe offices cumulatively is 141.79 MWh which is an increase from last year’s 77.41 MWh and the base year 111.54MWh.

Natural Gas consumption for this reporting period is 2,686kWh compared to 2,200kWh in our last reporting period.

Base Year

We have a fixed base year of 2019/20. This year was chosen because it was the first year for which we had reliable data, and it was typical in respect of our operations.

Our base year recalculation policy is to recalculate our base year and the prior year emissions for relevant significant changes such

as large structural changes, mergers, or monitoring methodology changes.

Intensity Measurement

When looking at our emission intensity, we use the metric of Per Capita emissions; the metric of Tonnes of CO_{2e} per full-time equivalents staff (tCO_{2e}/FTE) for our absolute organisational emissions and with reference to our organisational reporting boundaries.

For the reporting period our Per Capita emissions amounted to 0.17 tCO_{2e}/FTE

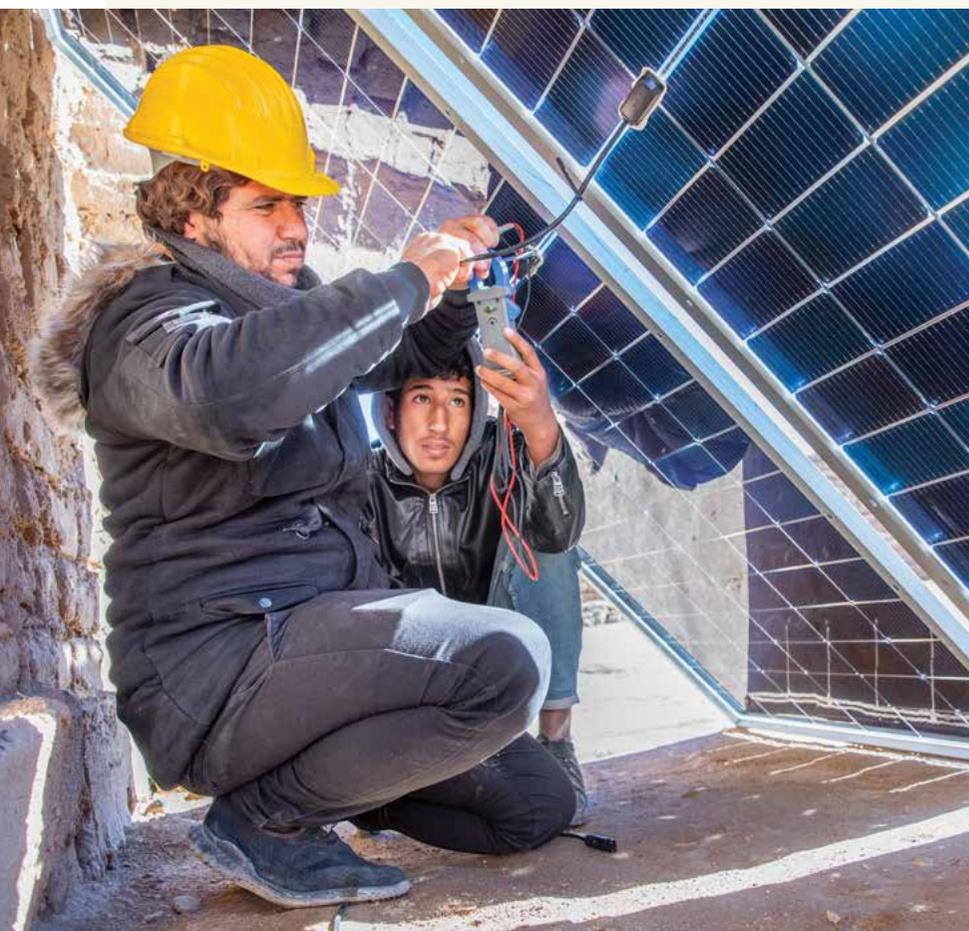
Energy Efficiency Action

In the period covered by the report the organisation continues to follow its Environmental Policy including:

- To comply with all applicable UK and international legislation, regulations and codes of practice on environmental matters relevant to our operations. We monitor any new regulatory developments and guidelines to ensure we remain compliant and that we follow best practice.

4 | STREAMLINED ENERGY AND CARBON REPORTING

November, 2023, Tishreen, Syria. Mohammed* (left) and Ali* (right) practice installing a solar panel during a training course, as part of Mercy Corps' Transitional Assistance to Develop Economic Resilience (TRADER) programme. * Names have been changed.



- To implement the most efficient and sustainable waste management measures available to continually reduce our waste and use recyclable materials wherever possible.
- To monitor our gas and electricity consumption across Mercy Corps Europe offices, using green suppliers where possible.
- To monitor and minimize the environmental impact of road, rail and air travel by:
 - encouraging the use of travel options that minimize environmental impact.
 - exploring new ways of delivering our work sustainably, such as online training platforms and other types of remote work.
 - updating the Mercy Corps Europe Travel Policy (effective, January 8, 2023), expecting staff to travel by rail when travelling domestically, unless specific dispensation from budget holders.
 - being thoughtful as to the necessity and environmental impact of air travel.
- To ensure that consideration is given to purchasing environmentally sustainable products and services and develop sustainable supply chains by using suppliers that have environmental standards compatible with our own.
 - To ensure we are using our office space in a sustainable manner and therefore, downsizing office space when needed. In April 2025 we downsized our London office from a 682 sq. ft (19 desk) office to a 211 sq. ft (6 desk) office.
- To increase staff knowledge and awareness of climate and environmental issues and implications, by:
 - Sharing regular climate-related communication and updates.
 - Publishing an annual sustainability report.

Financial Review

MERCY CORPS EUROPE

March 2022, Ngilai, Kenya. After almost a year without rain, pastoralist men have migrated hundreds of kilometers away from their families to find water for their camels.



5 | FINANCIAL REVIEW

FINANCIAL REVIEW

Mercy Corps Europe's funding portfolio is primarily made up of government awards from ministries, major institutions and fundraising activities. During the year, whilst income continued to grow, the Net assets decreased to £13.3m (FY 2024: £15.9m). There are a variety of factors for this but primarily driven by the newly introduced interagency cross charging from the parent entity Mercy Corps Global, which amounted to £2.9m in the current year. The entity also incurred one-off costs from a reduction in force, that amounted to non-recurring termination payments of £0.6m. Additionally, the group incurred a foreign currency loss in the current year of £0.4m (FY 2024: £1.5m loss).

INCOME

This year was a strong year for revenue growth at Mercy Corps Europe. The consolidated entity generated income, excluding any foreign currency gains and losses, for FY 2025 of £174.2m (FY 2024 £116.5m), which represents a £57.7m or 49.7% increase year-on-year (like-for-like excluding foreign exchange losses of £0.4m in FY 2025 and loss of £1.5m in FY 2024). Included in the total income is £159m (FY 2024: £103.5m) charitable income, all restricted to international programmes. This was £39.8m ahead of budgeted income for FY25 due to increased funding and activity in projects, primarily in Sudan.

The FCDO continues to be our largest donor (36.8% of total programme income (FY 2024 28.4%). The highest concentration of spend on FCDO awards continues to be Ukraine and the Democratic Republic of Congo. The notes to the financial statements provides a detailed breakdown of this spend by region in Note 20. We continue to pursue our strategy of diversifying funding sources with our other key donors: European Commission, Swedish International

Development Cooperation agency (SIDA), AFD and French Embassy, SDC and corporate foundation and trusts. Mercy Corps Europe continues to maintain strong partnerships with other European partners to reduce the dependency across the three main donors (FCDO, EC and ECHO) – contributing 54.6% of programme income in the year (FY 2024: 43.8%).

The Charity unrestricted voluntary donations decreased to £392,000 (FY 2024: £545k), restricted donations also decreased to £73,000 (FY 2024: £217k), this is in part due to a decline in individual donations for specific causes such as Ukraine. Full detail on sources of income by charitable activity and donors are provided in note 2 of the accounts.

CHARITABLE EXPENDITURE

Our total expenditure, excluding fundraising expenditure, was £175.4m, up by £57m, or 48.1% on the previous year. This expenditure was largely used to support programming for our operations in countries around the world.

5 | FINANCIAL REVIEW

The majority of funds went to programming in Ukraine to support the continued displacement of families from Ukraine to neighbouring countries as a result of the Russian invasion, providing cash and other support. In Africa, Mercy Corps Europe was active in 15 countries, most notably the Democratic Republic of Congo (DRC), Nigeria, Kenya, Mali, Ethiopia, South Sudan and Sudan supporting communities with food security, water and sanitation, conflict management and economic development activities, as well as responding to natural disasters, displacement and disease outbreaks. In the Middle East, Mercy Corps Europe increased its direct cash distributions to vulnerable households in the Occupied Palestinian Territory and continued to provide life-saving assistance inside Syria and to Syrian refugees in Lebanon, Jordan and Iraq. Additionally, our work in Asia continued to expand, meeting the needs of vulnerable communities in Afghanistan, Nepal and Myanmar, all of which continue to suffer from significant upheaval in the past year.

Indirect cost recovery practice is consistent with last financial year and is in accordance with the statement of recommended practice for charities' accounting and reporting. It includes the costs of general administration and management. Excluding expenditure of raising funds, the costs incurred have been attributed completely to the charitable activities which they support. Total support costs across the group have increased to £11.9m (FY 2024: £8.5m). The interagency cross charges of £2.9m drove this increase as well as increases in overall prices on goods and services.

FINANCIAL RISK AND CASH

Cash flow risk is managed by continuously monitoring the cash flow sensitivity resulting from timely delivery of international programmes and timely recognition of unrestricted income. We monitor our global risks closely with oversight by the global Enterprise Risk Management Committee and the Boards' Audit and Risk Committee. In addition, Mercy Corps Europe has an entity-specific risk management framework and accompanying corporate risk register. Significant risks are categorised as external, strategic, financial and operational. These are managed through effective collaborations taking a risk-based approach to mitigate them with regular updates to the Board. Exposure to foreign exchange is managed by matching currencies. Such risks arising from funding in GBP, Euros or US dollars is managed by holding restricted donor funds in that currency until transferred or settled to the relevant country operation.

Mercy Corps Europe and Mercy Corps Netherlands hold cash in current and deposit accounts with NatWest Bank, Barclays, Rabobank, Wells Fargo, ABN AMRO and Bank of Scotland. Cash is held in donor currencies and the equivalent GBP holdings stand at £91.7m (FY 2024: £65.5m). Our restricted cash balance is reflective of advances from donors ahead of expenditures, often across multiyear programmatic activity. Mercy Corps Global advances cash for Mercy Corps Europe donor funded programmes and is then subsequently reimbursed by Mercy Corps Europe after the programmatic expenditures for the advances are accounted and reconciled. The Mercy Corps

5 | FINANCIAL REVIEW

Global intercompany balance (see note 9 and 11) was £15.8m (FY 2024: £21.6m).

The monies due from donors stand at £20.8m (FY 2024: £19.6m). A growing number of high value Mercy Corps Europe grants are from government organisations who apply retention payments until satisfactory evidence of financial and programmatic delivery, reporting and acceptance. This can take up to 180 days to clear.

At Mercy Corps Europe, we could not fulfil our mission without the support of generous and committed donors. We employ a diverse range of approaches to raise funds that support our work. This includes working with foundations and major donors, engaging corporate supporters and securing support and donations from individuals both online and offline, including through social media platforms. Mercy Corps Europe does not currently employ any professional third-party agencies or individuals to fundraise on its behalf.

RESERVES AND RESERVES POLICY

Financial and cash flow risk mitigation is further provided by the annual budgeting process along with annual review of the reserve policy and the setting of our core operating costs.

The charity has best practices in place to manage its reserves and aims to hold reserves against the risk of unexpected losses and to help ensure the prudent financial management of the organisation and to mitigate any other unanticipated

financial risks. Our total reserves stand at £13.3m (FY 2024: £15.9m), with the restricted reserve amount at £1.1m (FY 2024: £2.0m), unrestricted reserves at £10.6m (FY 2024: £12.0m) and designated reserves at £1.5m (FY 2024: £1.9m). The designated reserve relates in part to £1.1m (FY 2024: £1.5m) set aside for foreign currency fluctuations, to be utilised as and when foreign currency translation transactions occur, and £0.5m (FY2024: £0.5m) for the European Platform reserve, which is designated to be used for strategic purposes, as and when determined by the Board.

Unrestricted reserves are free from any restriction applied by the donor. These are the general funds of the charity that enable it to meet its objectives. The trustees define free reserves as being total funds less the restricted funds and any designated funds and the value tied up in tangible fixed assets. The Trustees have examined the requirement for free reserves. In arriving at a target figure, they have considered the following points:

- The nature of our work and the vulnerability of grants, contracts, and donation funding flows;
- Quick response to emergencies where immediate mobilisation of funds is needed;
- Adequate working capital to meet cash flow needs;
- Cover for potential long-term commitments relating to staff and leases;
- Funders' viability criteria and other financial risks.

5 | FINANCIAL REVIEW

The Trustees aim to maintain a target of free funds representing at least 6 months' operating expenditure (£5.7m), achieved with our general unrestricted reserves and excluding funds utilised for fixed assets. The free reserves of £10.7m (FY 2024: £12.1m) represents 11 months (FY 2024: 12 months) of core operating expenditure. The excess reserves held at 30 June 2025 will be applied to help fund shortfalls in projects to meet the strategic goals of the organisation, as well as be used to meet any unforeseen changes in the political landscape in Europe as well as abroad that could impact assumptions made in funding opportunities. This is monitored and appropriate actions planned should operating cash flow falls short of the target level.

The aim is to hold free reserves sufficient to protect Mercy Corps Europe against unexpected loss of income, any unanticipated financial risks and provide for investment in the longer-term sustainability of the organisation. The Trustees are mindful of the shifting landscape, impact on global inflation and the UK Overseas Development Assistance (ODA) funding reduction in our sector. Consequently, the Trustees wish to adopt the prudent approach to reserves set out herewith and remain as a going concern knowing the stronger position to cover for uncertainties presented in this annual report going into FY26.

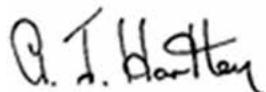
OUTLOOK AND GOING CONCERN

We have prepared our budget for FY26 expecting growth in income linked to higher programme expenditure following a surge of unbudgeted humanitarian funding received in FY25 (most notably in Sudan). Due to the future uncertainty around the size of European foreign aid budgets, we have taken a prudent approach to setting support costs with a focus on limiting discretionary spending such as international travel to return a balanced FY26 budget. We continue to monitor developments and respond accordingly, using our best judgements when information may not be perfect. The cash flow forecast, representing 12 months from the approval of these financial statements considers only the downside impact on its operations and financial resources anticipated above with general reserves providing operating cover at 12 months. This stress test represents what management believes to be the worst-case scenario. These scenarios consider all plausible situations that could occur as part of the charity's operations, and the models showed no potential situations where the charity could not meet their obligations when they become due. The MOU and TA in place with Mercy Corps Global, and the fund advance process where Mercy Corps Global funds the country office and is reimbursed by Mercy Corps Europe when donor funds are available, removes the exposure and risk for cashflow implications and impact on Going Concern.

5 | FINANCIAL REVIEW

We have guidance and governance structures in place to control operations and executive team are continually proactively reviewing, revising and adapting in line with the changing scenarios. Communication with our Board is frequent, full and timely. Considering the cash position and future operating cash scenarios, the Group and Charity will have sufficient funds to meet its liabilities as they fall due, and we have prepared these financial statements on a going concern basis.

The Trustees Annual Report and Strategic Report were approved by the Board of Directors on and signed on their behalf by:



Alan Hartley,
Trustee, Mercy Corps Europe

Date: 7 November, 2025

June 2025, Werdit, Ethiopia. Suma Dele Abdi, 35, is a farmer and mother of 8 children. She and her husband grow sorghum, maize and vegetables. They keep 70% of their harvest for their own consumption, and sell the rest.

Independent Auditor's Report

MERCY CORPS EUROPE

5 | INDEPENDENT AUDITORS REPORT

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF MERCY CORPS EUROPE

OPINION

We have audited the financial statements of Mercy Corps Europe (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 30 June 2025, which comprise Consolidated Statement of Financial Activities and Income and Expenditure Account, Charity Statement of Financial Activities and Income and Expenditure Account, Consolidated and Charity Balance Sheets, Statement of Cash Flows and Consolidated Statement of Cash Flows, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102; The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and parent charitable company's affairs as at 30 June 2025 and of its incoming resources and application of resources, including the group's and the parent income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Statement of Recommended Practice: Accounting and Reporting by Charities, 2019 Edition; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

BASIS FOR OPINION

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts. We conducted our

5 | INDEPENDENT AUDITORS REPORT

audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the ‘Auditor’s responsibilities for the audit of the financial statements’ section of our report. We are independent of the group and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

We are responsible for concluding on the appropriateness of the trustees’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent charitable company and group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor’s opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the parent charitable company or group to cease to continue as a going concern.

In our evaluation of the trustees’ conclusions, we considered the inherent risks associated with the parent charitable company’s and group’s business model including effects arising from macro-economic uncertainties such as inflationary increases and foreign exchange risk, we assessed and challenged the reasonableness of estimates made by the trustees and the related disclosures and analysed how those risks might affect the group’s and parent charitable company’s financial resources or ability to continue operations over the going concern period.

In auditing the financial statements, we have concluded that the trustees’ use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group’s and parent charitable company’s ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

OTHER INFORMATION

The other information comprises the information included in the Trustees’ Annual Report, other than the financial

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statements and our auditor's report thereon. The trustees are responsible for the other information contained within the Trustees' Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors Report, prepared for the purposes of company law, included in the Trustees' Annual Report for the financial

year for which the financial statements are prepared is consistent with the financial statements.

- the Strategic Report and the Directors Report included in the Trustees' Annual Report have been prepared in accordance with applicable legal requirements.

MATTER ON WHICH WE ARE REQUIRED TO REPORT UNDER THE COMPANIES ACT 2006

In the light of the knowledge and understanding of the group and parent charitable company and their environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or the Directors' Report included in the Trustees' Annual Report.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- proper and adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or

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- the parent charitable company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the Trustees' Responsibility Statement set out on page 38, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group and the parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or parent charitable company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- The Group is subject to many laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements. We identified the following laws and regulations as the most likely to have a material effect if non-compliance were to occur; the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of

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Ireland (effective 1 January 2019) ('Charities SORP (FRS 102)), Financial Reporting Standard 102; The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice), Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), Companies Act 2006 and tax legislation.

- We understood how Mercy Corps Europe is complying with those legal and regulatory frameworks by making enquiries of management, those responsible for legal and compliance procedures and the audit committee. We corroborated our enquiries through our review of board minutes; papers provided to the Audit Committee and correspondence received from regulatory bodies.
- We assessed the susceptibility of the group's financial statements to material misstatement, including how fraud might occur and the risk of material override of controls. Audit procedures performed by the engagement team included:
 - Identifying and assessing the design effectiveness of certain controls management has in place to prevent and detect fraud.
 - Challenging assumptions and judgments made by management in its significant accounting policies.
 - Identifying and testing journal entries.
 - Identifying and testing related party transactions.
 - Sampling income which is not directly matched to project expenditure to assess whether income has been recognised appropriately.
 - Inspecting the board minutes.
 - Assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- The assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
 - Understanding of, and practical experience with, audit engagements of a similar nature and complexity through appropriate training and participation

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- Knowledge of the industry in which the group operates, and
- Understanding of the legal and regulatory requirements specific to the group including the provisions of the applicable legislation.
- The team communications in respect of potential non-compliance with laws and regulations and fraud included the potential for fraud in revenue recognition, in particular the risk that income which is not directly matched to project expenditure is incorrectly recognised and the risk that Group management may be in a position to make inappropriate accounting entries.
- We did not identify any matters relating to non-compliance with laws and regulation and fraud.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
 - The group’s operations, including the nature of its revenue sources, to understand the classes of transactions, accounts balances, expected financial statement disclosures and business risks that may result in risks of material misstatement, and
 - The group’s control environment, including
 - Management’s knowledge of relevant laws and regulations and how the group is complying with those laws and regulations
 - The adequacy of procedures for authorisation of transactions and review of management accounts, and
 - Procedures to ensure that possible breaches of laws and regulations are appropriately resolved.
- We communicated via Group audit instructions to component auditors that they communicate on a timely basis significant matters or findings and any other matters that they believe, based on their professional judgment, may be relevant to the audit of the Group financial statements, including identified or suspected fraud. We also require that component auditors confirm if they identify, or otherwise become aware of, fraud or suspected fraud involving Component management, employees who have significant roles in internal control at the Component, or others where the fraud resulted or may result in a material misstatement of the Component Financial Information.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council’s website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor’s report.

USE OF OUR REPORT

This report is made solely to the charitable company’s members and trustees, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006, Section 44(1)(c) of the Charities and Trustee Investment

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(Scotland) Act 2005 and Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members and trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members and trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Stephen Dean

Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

London

Date: 7 November, 2025

Grant Thornton UK LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

June 2025, Addis Ababa, Ethiopia.

Embet Gizzy takes care of children at a daycare center supported by Mercy Corps' Livelihoods Improvement for Women and Youth (LIWAY) program.

Financial Statements

MERCY CORPS EUROPE

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Consolidated Statement of Financial Activities and Income and Expenditure Account for the year ended 30 June 2025

	Note	Unrestricted Funds £000	Restricted Funds £000	Total 2025 £000	Unrestricted Funds £000	Restricted Funds £000	Total 2024 £000
INCOME							
Donations and Legacies	2	392	73	465	545	217	762
Bank interest		689	-	689	418	-	418
Other income		-	-	-	27	-	27
Income from Charitable activities							
Civil Society, Education and Conflict Management	2	3,561	37,839	41,400	3,657	18,720	22,377
Economic Development	2	5,203	36,206	41,409	4,083	27,573	31,656
Public Health, Water and Environment	2	1,985	10,100	12,085	1,777	13,468	15,245
Disaster Risk Reduction and Emergency Response	2	3,452	74,736	78,188	2,442	43,547	45,989
(Loss) on Exchange		(416)	(4)	(420)	(1,446)	(8)	(1,454)
Total income		14,866	158,950	173,816	11,503	103,517	115,020
EXPENDITURE							
Expenditure on Raising Funds	5	1,045	-	1,045	904	-	904
Expenditure on Charitable activities							
Civil Society, Education and Conflict Management	4	3,690	37,928	41,618	3,614	18,759	22,373
Economic Development	4	4,946	36,303	41,249	4,875	27,510	32,385
Public Health, Water and Environment	4	1,749	10,198	11,947	1,888	13,455	15,343
Disaster Risk Reduction and Emergency Response	4	5,164	75,407	80,571	3,264	45,044	48,308
Total expenditure		16,594	159,836	176,430	14,545	104,768	119,313
Net (expenditure) before transfers		(1,728)	(886)	(2,614)	(3,042)	(1,251)	(4,293)
Transfers between Funds	13, 14	29	(29)	-	(22)	22	-
Net movement in funds		(1,699)	(915)	(2,614)	(3,064)	(1,229)	(4,293)
Balances brought forward		13,906	1,997	15,903	16,970	3,226	20,196
Balances carried forward		12,207	1,082	13,289	13,906	1,997	15,903

6 | FINANCIAL STATEMENTS

Charity Statement of Financial Activities and Income and Expenditure Account for the year ended 30 June 2025

	Note	Unrestricted Funds £000	Restricted Funds £000	Total 2025 £000	Unrestricted Funds £000	Restricted Funds £000	Total 2024 £000
INCOME							
Donations and Legacies	2	390	73	463	522	217	739
Bank interest		472	-	472	337	-	337
Other income		-	-	-	69	-	69
Income from Charitable activities							
Civil Society, Education and Conflict Management	2	2,877	23,197	26,074	3,249	12,418	15,667
Economic Development	2	4,629	28,668	33,297	3,663	22,454	26,117
Public Health, Water and Environment	2	1,747	6,822	8,569	1,471	7,343	8,814
Disaster Risk Reduction and Emergency Response	2	2,836	57,116	59,952	1,950	32,280	34,230
(Loss) on Exchange		(505)	-	(505)	(1,326)	-	(1,326)
Total income		12,446	115,876	128,322	9,935	74,712	84,647
EXPENDITURE							
Expenditure on Raising Funds	5	978	-	978	849	-	849
Donation to related entity		950	-	950	-	-	-
Expenditure on Charitable activities							
Civil Society, Education and Conflict Management	4	2,743	23,287	26,030	3,236	12,457	15,693
Economic Development	4	4,459	28,764	33,223	4,547	22,392	26,939
Public Health, Water and Environment	4	1,515	6,920	8,435	1,520	7,329	8,849
Disaster Risk Reduction and Emergency Response	4	4,001	57,423	61,424	2,524	32,693	35,217
Total expenditure		14,646	116,394	131,040	12,676	74,871	87,547
Net (expenditure) before transfers		(2,200)	(518)	(2,718)	(2,741)	(159)	(2,900)
Transfers between Funds	13, 14	29	(29)	-	(22)	22	-
Net movement in funds		(2,171)	(547)	(2,718)	(2,763)	(137)	(2,900)
Balances brought forward		12,676	1,358	14,034	15,439	1,495	16,934
Balances carried forward		10,505	811	11,316	12,676	1,358	14,034

The charity has no recognised gains and losses other than the results for the year as set out above. All of the activities of the charity are classed as continuing. The notes on pages 69 to 92 form part of these financial statements.

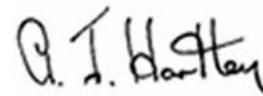
6 | FINANCIAL STATEMENTS

Consolidated and Charity Balance Sheets as at 30 June 2025

	Note	Group 2025 £000	Charity 2025 £000	Group 2024 £000	Charity 2024 £000
Fixed assets					
Tangible assets	8	137	137	177	177
Current assets					
Debtors	9	22,217	14,969	24,437	17,447
Cash at bank and in hand	10	91,691	53,332	65,512	31,880
Total Current Assets		113,908	68,301	89,949	49,327
Creditors: amounts falling due within one year	11	(100,756)	(57,122)	(74,223)	(35,470)
Net current assets		13,152	11,179	15,726	13,857
Net assets		13,289	11,316	15,903	14,034
Funds					
Restricted	14	1,082	811	1,997	1,358
Unrestricted - designated	13	1,522	970	1,938	1,475
Unrestricted - general	13	10,685	9,535	11,968	11,201
Total		13,289	11,316	15,903	14,034

The notes on pages 69 to 92 form part of these financial statements.

These financial statements were approved by the Board of Directors on 7 November 2025 and signed on their behalf by:



Alan Hartley
Trustee, Mercy Corps Europe

Date: 7 November, 2025

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Statement of Cash Flows and Consolidated Statement of Cash Flows for the year ended 30 June 2025

	Group 2025 £000	Charity 2025 £000	Group 2024 £000	Charity 2024 £000
Cash flows from operating activities				
Net expenditure	(2,614)	(2,718)	(4,293)	(2,900)
Income from bank interest	689	472	418	337
Depreciation	48	48	46	46
Decrease in debtors	2,220	2,478	2,666	1,897
Increase in creditors	26,533	21,652	18,619	1,029
Cash provided by operating activities	26,876	21,932	17,456	409
Cash flows from investing activities				
Bank interest (received)	(689)	(472)	(418)	(337)
Purchase of fixed assets	(8)	(8)	(9)	(9)
Cash (used in) investing activities	(697)	(480)	(427)	(346)
Increase in cash and cash equivalents at the end of the year	26,179	21,452	17,029	63
Cash and cash equivalents at the beginning of the year	65,512	31,880	48,483	31,817
Total cash and cash equivalents at the end of the year	91,691	53,332	65,512	31,880
Cash and cash equivalents comprise:				
Cash in hand	-	-	-	-
Bank accounts	91,691	53,332	65,512	31,880
Total	91,691	53,332	65,512	31,880

The notes on pages 69 to 92 form part of these financial statements.

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NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies

Mercy Corps Europe is a company limited by guarantee incorporated in Scotland, United Kingdom. The registered office is 96/3 Commercial Street, Edinburgh, EH6 6LX and company number is SC208829.

The charity is a "Public Benefit Entity".

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards in the United Kingdom, the Companies Act 2006, the Charities and Trustees Investment (Scotland) Act 2005, Regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Statement of Recommended Practice – Accounting and Reporting by Charities (revised 2015) and in accordance with Financial Reporting Standard 102 (FRS 102). The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £1,000.

Going Concern

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The Directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements. These consider new funding due to continued aid alignment with UK foreign policy and the growing diversification of our donor portfolio with Swedish, French, Swiss and Dutch governments, including corporate foundations and trusts, and results in upsides, offsetting

any further reduction with UK government. These scenarios consider all plausible situations that could occur as part of the charity's operations and, based on that assessment, the Group and Charity are considered to have sufficient funds to meet its liabilities as they fall due for that period.

The cashflow forecast considered inflationary increases across people costs, utilities and external services to our base case and scenarios involving the movements above (overall net decrease in revenue to budget) and an increase in expenditure run rate beyond the budget period (Jul-Nov). The forecasts were also subject to stress-tests, including a worst-case scenario. In this scenario, the base model included decreases of unrestricted income from internal cost recovery by 30%, along with a decrease in unrestricted donations by 20%. In this scenario we also decreased cross charges from agency costing by 15%. The entity considers this stress-test of as the worst-case possible downside scenario based on our current portfolio of awards. The directors consider any additional reduction in revenue with static costs as an implausible scenario.

Our exposure to foreign exchange risk is managed by matching currencies. FX arising from funding in GBP, Euros or US dollars is managed by holding restricted donor funds in that currency until settled to the relevant country programme activity. The MOU in place with Mercy Corps Global, and the fund advance process where Mercy Corps Global funds the field and is reimbursed by Mercy Corps Europe when donor funds are available, removes the exposure and risk for cashflow implications and impact on Going Concern.

The Directors also considered where restricted income ceased, and its subsequent impact on the activities of the Charity. Owing to the nature of this restricted income, any cessation or reduction would

be matched by an equal reduction in project expenditure, resulting in no impact on the financial position of the Charity during the normal course of business.

Consequently, the Directors are confident that the Group and Charity will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Fund accounting

The general fund is an unrestricted fund which is available for use, at the discretion of the directors, in furtherance of the general objectives of the charity and which has not been designated for other purposes.

Designated funds comprise unrestricted funds that have been put aside at the discretion of the directors for particular purposes. There are two designated funds:

- a foreign exchange fund used to offset future foreign exchange losses.
- a fund to support the development of the European platform.

Restricted funds are funds to be used in accordance with specific restrictions imposed by donors.

Income

Income is recognised in the period in which there is legal entitlement, any performance conditions attached to the income have been met, the amount can be quantified with reasonable accuracy and there is probability of receipt.

6 | FINANCIAL STATEMENTS

Income is shown within four main categories in the Statement of Financial Activities: donations and legacies, investment income, income from charitable activities and gains on exchange.

Restricted income

Restricted income relates to funds received from sources which are subject to specific conditions imposed by the donor and binding on the company.

Revenue donations

The charity receives donations in cash, which are recognised on receipt in the statement of financial activities and income and expenditure account. Donations in kind are recognised at the value of the gift to the charity, as agreed between the donors and the directors of Mercy Corps Europe.

Income from charitable activities

This comprises grants and contracts which are recognised using the performance model. Funds are recognised as income from charitable activities once there is entitlement, reasonable probability of receipt and the amount can be measured with sufficient reliability. Many projects are funded on the basis of claims made for actual expenditure incurred and are subject to post-project operational and financial reports. There remains the possibility that certain expenditure may be disallowed, and all income may not be spent.

Where grant funding is received in advance of Mercy Corps Europe meeting any performance-related conditions, receipts are credited to deferred income until such times as those conditions have been met. The donors have the right to repayment of disallowed expenditure and/or unused funds. Consequently, such income remains deferred until used or repaid, rather than being treated as unspent funds.

Interest receivable

Interest is recognised in the income and expenditure account and the statement of financial activities in the period in which it is receivable.

Analysis of expenditure

Wherever possible, expenses are attributed to the expenditure on raising funds, or to the charitable activities directly. Where this is not possible, they are apportioned among the functions to which they relate on the basis of time allocation.

Pensions

The company contributes to defined contribution pension schemes on behalf of employees. The assets of the schemes are held separately from those of the company. Contributions are charged to the income and expenditure account and the statement of financial activities in the period in which they are incurred.

Leasing and hire purchase agreements

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their estimated useful lives. The interest element of the rental obligations is charged to the income and expenditure account and the statement of financial activities over the period of the lease. Rentals applicable to operating leases, where substantially all of the benefits and risks of ownership remain with the lessor, are charged against the income and expenditure account and the statement of financial activities as incurred.

Fixed assets

Fixed assets purchased directly by Mercy Corps Europe (MCE) with a cost exceeding £2,500 are included at cost. Donated fixed assets are included at fair market value having regard to the age

and condition of the assets concerned. All assets financed by donor funding for specific projects are written off at the time of purchase through the statement of financial activities because in the majority of cases the projects are of limited duration and at the end of which the assets can be donated to the ongoing project. Therefore, such assets have not been incorporated in the balance sheet.

Depreciation

Depreciation is calculated to write off the cost of tangible fixed assets over their estimated useful lives or lease terms. The rates used are as follows:

Item	Rate
Leasehold improvements – Edinburgh	10% straight line
Equipment	25% straight line
Computers	33% straight line

Overseas operations/Foreign currencies

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date with all foreign currency transactions for the year being translated at the official EC monthly rate.

All transfers between foreign currency bank accounts are reflected in the financial statements at the average monthly rates applicable. Exchange gains or losses are treated as unrestricted except where restricted by contract and taken to the statement of financial activities and income and expenditure account.

Foreign exchange gains and losses are taken to the Statement of Financial Activities in the year in which they arise.

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Debtors

Other debtors are recognised at the settlement amount due. Prepayments are valued at the amount prepaid net of any trade discounts due.

Cash and cash equivalents

Cash and Cash equivalents comprise cash at bank and monies held in short term deposits. Cash and cash equivalents are measured at fair value.

Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in a transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Taxation status

The company is recognised by HM Revenue & Customs as a charity and accordingly is exempt from corporation tax on its charitable activities.

Value Added Tax (VAT)

The company is registered for VAT, and reclaims VAT on a partial exemption basis. Accordingly all expenditure is stated inclusive of VAT, where applicable, net of any partial exemption realised.

Termination Payments

Termination costs incurred during the year primarily relate to a reduction in force undertaken during the year. All termination costs were incurred during the year, with no provision at the end of the year.

Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the company's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

In preparing these financial statements, the directors have made the following judgements:

Tangible fixed assets are depreciated over a period to reflect their estimated useful lives. The applicability of the assumed lives is reviewed annually, taking into account factors such as physical condition, maintenance and obsolescence.

Fixed assets are also assessed as to whether there are indicators of impairment. This assessment involves consideration of the economic viability of the purpose for which the asset is used.

Group financial statements

The financial statements consolidate the results of the charity and its subsidiary Mercy Corps Netherlands on a line-by-line basis.

Mercy Corps Netherlands is an association having its corporate seat in the municipality of The Hague and offices at Fluwelen Burgwal 58, 2511 CJ Den Haag, Netherlands. Mercy Corps Netherlands is registered in The Hague, Netherlands as an Association under the Dutch Trade number 70333564 and came into operation on 19 December 2017. The relationship between Mercy Corps Europe and Mercy Corps Netherlands is governed by a Governance Agreement, Treasury Agreement and Memorandum of Understanding that also includes Mercy Corps Global and which covers matters relating to programmes, funding, governance, intellectual property and other legal affairs. Mercy Corps Netherlands is an affiliated entity, Mercy Corps Europe has consolidated Mercy Corps Netherlands.

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2. Income

Donations and legacies - Group

	Group Unrestricted		Group Restricted		Totals	
	2025 £000	2024 £000	2025 £000	2024 £000	2025 £000	2024 £000
Donations in cash	392	545	73	217	465	762

Donations and legacies - Charity

	Charity Unrestricted		Charity Restricted		Totals	
	2025 £000	2024 £000	2025 £000	2024 £000	2025 £000	2024 £000
Donations in cash	390	522	73	217	463	739

Restricted donations are held in the appropriate fund until they can be spent for the purposes for which they were given. Restricted donations vary from restricted grants in that the donor has placed restrictions on the nature of the spend, but not over the detailed expenditure itself.

During the year unconditional donations of approximately £10,000 (2024: £10,000) were received from trustees.

Income from charitable activities by Donor

	Donor	Group 2025 £000	Charity 2025 £000	Group 2024 £000	Charity 2024 £000
European Commission	European Commission	2,309	(27)	16,123	2,138
	ECHO	27,971	-	1,657	(43)
	Total	30,280	(27)	17,780	2,095
United Nations	UNMHAP	1,022	1,022	871	871
	UNDP	11	11	-	-
	UNOCHA	1,811	1,811	-	-
	UNICEF	326	326	-	-
	UNOPS	1,314	1,314	-	-
	World Food	3,419	3,419	-	-
	World Bank	972	972	-	-
	Total	8,875	8,875	871	871

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Income from charitable activities by Donor

	Donor	Group 2025 £000	Charity 2025 £000	Group 2024 £000	Charity 2024 £000
UK Government	British Council	-	-	52	52
	DFID	-	-	(59)	(59)
	FCDO	63,758	63,758	32,726	32,726
	Scottish Government	55	55	32	32
	Total	63,813	63,813	32,751	32,751
Non-UK Government	French Government (AFD)	4,335	4,335	7,740	7,740
	GIZ	2,611	2,611	3,704	3,704
	Ministry of Foreign Affairs of UAE	-	-	18	18
	Dutch Ministry of Foreign Affairs	5,259	2,108	3,920	3,148
	Swedish International Development Agency (SIDA)	6,232	6,232	4,830	4,830
	Swiss Agency for Development and Cooperation (SDC)	8,216	8,216	8,316	8,316
	ENABEL	-	-	(4)	(4)
	Austrian Development Agency	1,111	1,111	611	611
	French Embassy	3,556	3,556	4,219	4,219
	Jersey Overseas Aid Commission	705	705	508	508
	Kingdom of the Netherlands	727	-	-	-
	Royal Norwegian Embassy in Juba	258	258	-	-
	MOFA (Denmark) DANIDA	648	648	401	401
	Total	33,658	29,780	34,263	33,491
	Foundations, Corporates & CSOs				
	Acted	-	-	147	147
	Action Aid	-	-	115	115
	Bayer Cares Foundation	386	-	263	-
	Carbon Trust	4,080	3,911	1,040	920

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Income from charitable activities by Donor

Donor	Group 2025 £000	Charity 2025 £000	Group 2024 £000	Charity 2024 £000
CARE	6,543	6,543	4,149	4,023
Chellaram Foundation	368	368	-	-
Children's Investment Fund Foundation	152	152	280	280
Cooperazione Internazionale	371	-	173	-
Cowater Sogema International	901	901	692	692
Danish Refugee Council	7,014	5,277	8,060	4,050
Diakonie Katastrophenhilfe DKH	-	-	(5)	(5)
East-West Seed	16	-	33	-
ELRHA	98	98	49	49
European Bank Reconstruction and Development	67	67	142	142
European Institute for Cooperation and Development	36	36	-	-
Financial Sector Deepening Zambia FSDZ	-	-	(8)	(8)
Frankfurt School	-	-	6	6
Finn Church Aid	310	310	-	-
GOAL	714	714	-	-
Google	-	-	14	14
Grundfos	-	-	29	29
Heineken Africa Foundation	-	-	44	-
HIVOS	176	-	344	-
Hollyhock Charitable Foundation	121	121	77	77
Human Dynamics	7	7	-	-
IDH-Sustainable Trade Initiative	(15)	-	36	-
International Organisation for Migration	1,768	113	964	-
ICU	-	-	131	131
IRC	2,609	-	2,163	1

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Income from charitable activities by Donor

Donor	Group 2025 £000	Charity 2025 £000	Group 2024 £000	Charity 2024 £000
Irish Aid	-	-	85	-
Italian Agency for Development Cooperation	8	-	487	-
KFW Development Bank	-	-	(4)	(4)
Kyramis Foundation	394	394	-	-
The Life and Peace Institute	219	-	18	-
Loughborough University	36	36	-	-
Multiconsult Norge	-	-	12	12
Neste OYJ	-	-	16	16
The Netherlands Enterprise Agency (RVO)	21	-	31	-
Norwegian Refugee Council	2,321	-	2,305	-
OVO Foundation	-	-	115	115
Palladium International	996	996	753	753
PATRIP Foundation	1,686	1,686	1,149	1,149
People in Need	47	-	-	-
People Power	-	-	11	11
Play International	83	83	117	117
Premiere Urgence Internationale-PUI	843	843	574	574
Private	-	-	9	9
Proparco	123	123	-	-
Shell	728	-	2,590	-
Silatech	-	-	(4)	(4)
Small Foundation	113	113	85	85
Solana Foundation	10	10	-	-
SNV Netherlands Development Org	360	123	510	319
Soneva	188	188	106	106
SORO Yirwaso	-	-	(6)	(6)

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Income from charitable activities by Donor

Donor	Group 2025 £000	Charity 2025 £000	Group 2024 £000	Charity 2024 £000
Start Network	57	57	122	122
Stop TB	3	3	-	-
Swiss Contact	120	120	-	-
Triangle Generation Humanitaire	132	132	-	-
Twinings	55	55	94	94
Vitol	222	222	196	196
WCDI	320	-	-	-
Welthungerhilfe	-	-	37	37
Women Deliver	-	-	3	3
Zurich	1,649	1,649	1,253	1,253
Total	36,456	25,451	29,602	15,620
Total	173,082	127,892	115,267	84,828

Income from charitable activities by Operating Region

	Group 2025 £000	Charity 2025 £000	Group 2024 £000	Charity 2024 £000
Americas	2,252	55	791	94
Africa	98,053	67,259	47,587	30,682
Middle East	58,843	47,856	50,591	41,331
Asia	9,106	8,557	12,805	9,661
HQ Managed	4,828	4,165	3,493	3,060
Total	173,082	127,892	115,267	84,828

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3. Team Member Numbers and Costs

	2025	2024		
The average monthly number of team members was:	197	198		
Comprising:				
UK based employees	141	136		
Expat employees	15	24		
Continental Europe based employees	41	38		
	Group 2025 £000	Charity 2025 £000	Group 2024 £000	Charity 2024 £000
Wages and salaries:				
Employed by the charity	11,626	9,195	11,132	8,815
Termination payment	652	351	92	78
(Less seconded to MCG & MCNL)	(5,744)	(4,624)	(5,693)	(4,663)
Field team members seconded from MCG	26,033	20,677	19,582	15,678
Total	32,567	25,599	25,113	19,908
Social security				
Employed by the charity	1,584	1,081	1,304	940
(Less seconded to MCG & MCNL)	(722)	(533)	(652)	(494)
Total	862	548	652	446
Other benefits				
Employed by the charity	222	120	144	113
(Less seconded to MCG & MCNL)	(35)	(22)	(53)	(39)
Field team members seconded from MCG	11,269	8,821	6,641	5,335
Total	11,456	8,919	6,732	5,409
Pension costs				
Employed by the charity	884	731	812	689
(Less seconded to MCG & MCNL)	(424)	(352)	(403)	(349)
Total	460	379	409	340
Team Member Costs Total	45,345	35,445	32,906	26,103

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Salary Band	Group 2025 Number of Employees	Charity 2025 Number of Employees	Group 2024 Number of Employees	Charity 2024 Number of Employees
60-70k	34	25	17	15
70-80k	16	14	14	12
80-90k	9	7	8	3
90-100k	8	5	10	7
100 – 110k	4	3	0	0
110 – 120k	4	3	5	5
120 – 130k	2	2	1	1
130 – 170k	4	4	3	3
Total	81	63	58	46

Retirement benefits accrue to these employees under defined contribution schemes.

Contributions made by the company on their behalf to secure benefits totalled approximately £378,000 (2024: £296,000).

Mercy Corps Europe seconded equivalent of 36 team members within salary bands exceeding £60,000 to Mercy Corps Global in 2025 (2024: 36), and the equivalent of 3 team members with salary band exceeding £60,000 to Mercy Corps Netherlands (2024: 3).

Key management remuneration (including National Insurance and Pension contributions) - comprising members of the European executive team:

Salary Band	Group 2025 £000	Charity 2025 £000	Group 2024 £000	Charity 2024 £000
Total Employment Benefits	1,129	899	1,252	1,039

One Mercy Corps Europe Director position was held successively in FY25 who was an employee of Mercy Corps Global, registered in the USA, a related party (see note 16), and received remuneration from Mercy Corps Global in respect of that employment as Global CEO. Their employment income from Mercy Corps Global is not in respect of their role as ex-officio directors of MCE. We recognise the position of Global CEO as Key Management Personnel of MCE, and approximately £16,000 (2024: £17,000) salary as the allocation of the remuneration related to Mercy Corps Europe for this position was paid for by Mercy Corps Global. The Global CEO is occupying multiple roles in the Global organisation therefore the remuneration figure included and relating to Mercy Corps Europe is a proportion of the overall package that they receive. This proportion uses an allocation basis considered reasonable to assign the Global salary based on time spent on Mercy Corps Europe related work of 3% (2024: 3%). Expenditure of £nil (2024: £NIL) relating to all the directors was made during the year, either by the reimbursement of business expenses or payments to suppliers. The charity has third party indemnity insurance on behalf of the directors.

Pension costs relate to defined contribution pension schemes contributed to during the year. The funds in these schemes are held separately from the charity. Contributions of approximately £87,000 (2024: £101,000) were outstanding at the year end.

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4. Analysis of Charitable Resources Expended

Group	Allocation basis	Civil Society, Education and Conflict management £000	Economic Development £000	Public Health, Water and Environment £000	Disaster Risk Reduction and Emergency Response £000	Total 2025 £000	Total 2024 £000
General	Direct	4,828	6,494	2,124	3,220	16,666	12,693
Housing	Direct	396	634	92	413	1,535	1,316
Multipurpose cash assistance	Direct	8,737	3,027	552	18,701	31,017	20,484
Office costs	Direct	996	1,594	360	690	3,640	2,934
Outsourcing	Direct	11,585	8,803	3,280	42,348	66,016	38,523
Procurement	Direct	2,630	2,521	556	1,904	7,611	5,589
Staffing	Direct	9,108	14,125	3,856	7,498	34,587	27,081
Travel	Direct	773	1,498	389	816	3,476	2,242
Support cost	Revenue Share (see note 5)	2,565	2,553	738	4,981	10,837	7,547
Totals		41,618	41,249	11,947	80,571	175,385	118,409
Charity	Allocation basis £000	Civil Society, Education and Conflict management £000	Economic Development £000	Public Health, Water and Environment £000	Disaster Risk Reduction and Emergency Response £000	Total 2025 £000	Total 2024 £000
General	Direct	3,802	5,020	1,471	2,209	12,502	9,657
Housing	Direct	319	530	69	274	1,192	1,066
Multipurpose cash assistance	Direct	4,609	959	376	14,745	20,689	11,952
Office costs	Direct	769	1,346	279	460	2,854	2,360
Outsourcing	Direct	5,612	7,966	2,223	32,580	48,381	27,970
Procurement	Direct	1,737	2,049	248	1,316	5,350	4,583
Staffing	Direct	6,966	11,946	2,988	5,420	27,320	21,681
Travel	Direct	598	1,342	257	602	2,799	1,677
Support cost	Revenue Share (see note 5)	1,618	2,065	524	3,818	8,025	5,752
Totals		26,030	33,223	8,435	61,424	129,112	86,698

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5. HQ Support Costs Allocation – Unrestricted Funds

HQ support costs of £11.9m (2024: £8.5m) comprising Executive, Finance, Programmes, Fundraising, Governance, IT, Human Resources and Office Administration are allocated to the Statement of Financial Activities and Income and Expenditure account as per the following tables.

- Allocate IT, Office Administration and Human Resources to Executive, Finance, programmes and Fundraising on the basis of team members numbers;

- Allocate an element of remaining Fundraising costs to Expenditure on Raising Funds;
- Allocate an element of Fundraising, Executive, Finance and Programmes expenditure to Governance on the basis of time spent by departmental managers on governance matters.

Group	2024 Costs £000	2025 Costs £000	Allocate Office Admin £000	Allocate IT £000	Allocate HR £000	Allocate to Governance (note 6) £000	Remove expenditure on raising funds £000	To be allocated In stage 2 £000
Executive	387	306	17	6	20	(23)	-	326
Finance	2,008	2,214	302	68	342	(193)	-	2,733
Programmes	2,284	5,483	441	94	498	(428)	-	6,088
Fundraising	1,124	1,483	249	76	283	(138)	(1,045)	908
Human Resources	1,352	1,066	65	12	(1,143)	-	-	-
Governance	-	-	-	-	-	782	-	782
Office Administration	1,072	1,091	(1,091)	-	-	-	-	-
IT	224	239	17	(256)	-	-	-	-
Totals	8,451	11,882	-	-	-	-	(1,045)	10,837

Finally, the remaining unallocated Executive, Finance, Programmes, Fundraising and Governance costs are allocated to Expenditure in proportion to direct spend in those areas.

Stage 2	Governance £000	Executive £000	Finance £000	Programmes £000	Fundraising £000	2025 £000	2024 £000
Civil Society, Education and Conflict Management	183	66	664	1,461	191	2,565	1,419
Economic Development	186	84	632	1,422	229	2,553	2,096
Public Health, Water and Environment	53	21	188	416	60	738	955
Disaster Risk Reduction and Emergency Response	360	155	1,249	2,789	428	4,981	3,077
Totals	782	326	2,733	6,088	908	10,837	7,547

Cost allocation includes an element of judgement and the charity has to bear in mind the cost / benefit of undertaking detailed calculations.

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Charity

Stage 1	2024 Costs £000	2025 Costs £000	Allocate Office Admin £000	Allocate IT £000	Allocate HR £000	Allocate to Governance (note 6) £000	Remove expenditure on raising funds £000	To be allocated In stage 2 £000
Executive	387	306	17	6	20	(23)	-	326
Finance	1,466	1,539	196	68	223	(133)	-	1,893
Programmes	1,626	4,000	272	94	307	(307)	-	4,366
Fundraising	1,070	1,414	218	76	248	(129)	(978)	849
Human Resources	1,037	752	34	12	(798)	-	-	-
Governance	-	-	-	-	-	592	-	592
Office Administration	792	754	(754)	-	-	-	-	-
IT	223	239	17	(256)	-	-	-	-
Totals	6,601	9,004	-	-	-	-	(978)	8,026

Stage 2	Governance £000	Executive £000	Finance £000	Programmes £000	Fundraising £000	2025 £000	2024 £000
Civil Society, Education and Conflict Management	119	66	382	880	171	1,618	1,041
Economic Development	152	84	487	1,123	219	2,065	1,787
Public Health, Water and Environment	39	21	124	285	55	524	587
Disaster Risk Reduction and Emergency Response	282	155	900	2,078	404	3,819	2,337
Totals	592	326	1,893	4,366	849	8,026	5,752

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6. Governance Costs

	Group 2025 £000	Charity 2025 £000	Group 2024 £000	Charity 2024 £000
External Audit	181	113	176	107
Trustees' indemnity insurance	10	6	9	5
Professional Fees	67	8	78	32
Apportionment of senior team members costs (based on time spent)	524	465	293	290
Total	782	592	556	434

7. Net (expenditure) for the year is stated after charging

	Group 2025 £000	Charity 2025 £000	Group 2024 £000	Charity 2024 £000
Depreciation	48	48	46	46
Operating lease rentals – land and buildings	437	376	394	343
Operating lease rentals – other	8	8	16	16
Auditor's remuneration				
Fees payable to the company's auditor for the audit of the company's annual accounts	113	107	107	107
Fees payable to the company's auditor and its associates for other services: Audit of the accounts of subsidiaries	59	-	69	-
Fees payable to the company's auditor and its associates for other services: Payroll service coordination	68	-	46	-

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8. Tangible Fixed Assets

Cost	Leasehold Improvements Edinburgh £000	Computers £000	Equipment £000	Total £000
At 1 July 2024	395	22	9	426
Additions	8	-	-	8
At 30 June 2025	403	22	9	434
Depreciation				
At 1 July 2024	233	15	1	249
Charge for year	42	4	2	48
At 30 June 2025	275	19	3	297
Net Book Value at 30 June 2025	128	3	6	137
Net Book Value at 30 June 2024	162	7	8	177

Mercy Corps Netherlands do not have any fixed assets to be reported as of 30 June 2025. As such, the above table represents both the group and the charity.

9. Debtors

	Group 2025 £000	Charity 2025 £000	Group 2024 £000	Charity 2024 £000
Other debtors	1,232	625	1,145	517
Intercompany	63	346	3,485	2,729
Prepayments	153	129	226	197
Accrued project income	20,769	13,869	19,581	14,004
Total	22,217	14,969	24,437	17,447

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10. Cash in Bank and in Hand

	Group 2025 £000	Charity 2025 £000	Group 2024 £000	Charity 2024 £000
Bank accounts	91,691	53,332	65,512	31,880
Cash in hand	-	-	-	-
Total	91,691	53,332	65,512	31,880

11. Creditors: amounts falling due within one year

	Group 2025 £000	Charity 2025 £000	Group 2024 £000	Charity 2024 £000
Deferred income	58,178	24,683	39,741	16,558
Intercompany balance	15,850	11,225	25,135	13,056
Accruals	7,261	1,906	3,103	900
Taxation and social security	221	212	243	268
Other creditors	19,246	19,096	6,001	4,688
Total	100,756	57,122	74,223	35,470

Deferred income above relates to project income received in advance, or the balance of income held for projects, which performance related conditions have not been met. Mercy Corps Global intercompany balance represents funds owed by the charity to Mercy Corps Global for funding advances to the charity's projects and in respect of the settlement of expenditure between Headquarters.

	Group £000	Charity £000
At 1 July 2024	39,741	16,558
Transfer from accrued project income	(19,581)	(14,004)
Foreign currency movements	1,237	476
Grant funds received in year	189,094	135,676
Grant funds spent during year	(173,082)	(127,892)
Transfer to accrued project income	20,769	13,869
At 30 June 2025	58,178	24,683

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12. Operating Lease Commitments

The total future minimum lease commitments under non-cancellable operating leases expiring as follows:

Group and Charity	Land and Buildings £000	Other £000	2025 £000	2024 £000
In less than 1 year	188	8	196	308
In 2 to 5 years	108	-	108	304
Over 5 years	-	-	-	-
Total	296	8	304	612
Lease payments recognised as an expense	437	8	445	410

13. Unrestricted Funds

Group	Balance at 1 July 2024 £000	Income £000	Expenditure £000	Transfers In £000	Balance at 30 June 2025 £000
General Funds	11,968	15,282	(16,594)	29	10,685
Designated Funds					
Foreign Exchange	1,488	-	(416)	-	1,072
European Platform	450	-	-	-	450
Total: Designated Funds	1,938	-	(416)	-	1,522
Total	13,906	15,282	(17,010)	29	12,207

Charity	Balance at 1 July 2024 £000	Income £000	Expenditure £000	Transfers In £000	Balance at 30 June 2025 £000
General Funds	11,201	12,951	(14,646)	29	9,535
Designated Funds					
Foreign Exchange	1,025	(505)	-	-	520
European Platform	450	-	-	-	450
Total: Designated Funds	1,475	(505)	-	-	970
Total	12,676	12,446	(14,646)	29	10,505

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Group	Balance at 1 July 2023 £000	Income £000	Expenditure £000	Transfers (Out) £000	Balance at 30 June 2024 £000
General Funds	13,586	12,949	(14,545)	(22)	11,968
Designated Funds					
Foreign Exchange	2,934	-	(1,446)	-	1,488
European Platform	450	-	-	-	450
Total: Designated Funds	3,384	-	(1,446)	-	1,938
Total	16,970	12,949	(15,991)	(22)	13,906

Charity	Balance at 1 July 2023 £000	Income £000	Expenditure £000	Transfers (Out) £000	Balance at 30 June 2024 £000
General Funds	12,638	11,261	(12,676)	(22)	11,201
Designated Funds					
Foreign Exchange	2,351	-	(1,326)	-	1,025
European Platform	450	-	-	-	450
Total: Designated Funds	2,801	-	(1,326)	-	1,475
Total	15,439	11,261	(14,002)	(22)	12,676

The directors have reviewed unrestricted funds and their potential use and are mindful of future calls on the funds which they now specifically designate as above.

The transfer in of general funds in the year was approximately £29,000 (transfer out 2024: £22,000). The transfer in the current year was a result of excess funds released of restriction on restricted grants. There was a net decrease as a result of foreign exchange of (£416,000) (2024: £1,446,000).

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14. Restricted Funds

Group	Balance at 1 July 2024 £000 (as restated)	Income £000	Expenditure £000	Transfers In / (Out) £000	Balance at 30 June 2025 £000
Grants	45	158,881	(159,840)	897	(17)
Donations	1,952	73	-	(926)	1,099
Total	1,997	158,954	(159,840)	(29)	1,082

Charity	Balance at 1 July 2023 £000 (as restated)	Income £000	Expenditure £000	Transfers In / (Out) £000	Balance at 30 June 2024 £000
Grants	(126)	103,300	(104,767)	1,638	45
Donations	3,351	217	-	(1,616)	1,952
Total	3,225	103,517	(104,767)	22	1,997

Group	Balance at 1 July 2024 £000 (as restated)	Income £000	Expenditure £000	Transfers In / (Out) £000	Balance at 30 June 2025 £000
Grants	53	115,803	(116,394)	532	(6)
Donations	1,305	73	-	(561)	817
Total	1,358	115,876	(116,394)	(29)	811

Charity	Balance at 1 July 2023 £000 (as restated)	Income £000	Expenditure £000	Transfers In / (Out) £000	Balance at 30 June 2024 £000
Grants	(127)	74,495	(74,871)	556	53
Donations	1,662	217	-	(534)	1,305
Total	1,495	74,712	(74,871)	22	1,358

The restricted balances as of 1 July 2023 and 30 June 2024 have been restated to appropriately reflect the split between restricted funds related to donations and grants at both the group and charity. As 1 July 2023 and 1 July 2024, this restatement resulted in an increase in the restricted donations balance for both years of £3,733,000 and a reduction

in restricted grants of (£3,733,000) for the group, and an increase in the restricted donation balance of £2,183,000 and a reduction in restricted grants of (£2,183,000) in the charity.

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Transfer into Restricted Grants of £532,000 (2024: Transfer in of £556,000) comprises restricted donations used to cover programmatic expenditure in line with the terms of the donation. The transfer (out)/in of donations of (£561,000) (2024: £534,000) includes the transfers into Restricted Grants, along with the replenishment of General Funds for programme expenditure that was previously covered temporarily from unrestricted reserves, where co-financing has now been secured. These movements show a net transfer of £29,000 (2024: net transfer in £21,499).

Restricted Funds are country or project specific and allocated to projects as expenditure is incurred. The balances held on individual restricted funds are listed below, with the negative balances resulting from project closure or FX impact to be cleared in FY26 through future settlements.

Nature of Restriction		Balance at 30 June 2025 £000	Balance at 30 June 2024 £000
To co-finance projects	Central African Republic	8	14
	Ethiopia	1	1
	Gaza	-	21
	Jordan	-	(20)
	Liberia	18	18
	Mali	-	29
	Pakistan	1	1
	Syrian Arab Republic	33	42
	Yemen	2	2
	Other	COVID-19 Resilience Fund	36
Emergency response fund		61	20
Sustainable Energy in Jordan's Za'atari Refugee Camp		35	150
Ukraine		874	1,662
Other funds (under £10,000)		13	21
Total	1,082	1,997	

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15. Analysis of Net Assets between Restricted and Unrestricted Funds

Group	Unrestricted Funds £000	Restricted Funds £000	Total 2025 £000
Tangible fixed assets	137	-	137
Other net assets	12,070	1,082	13,152
Total	12,207	1,082	13,289

Charity	Unrestricted Funds £000	Restricted Funds £000	Total 2025 £000
Tangible fixed assets	137	-	137
Other net assets	10,368	811	11,179
Total	10,505	811	11,316

Group	Unrestricted Funds £000	Restricted Funds £000	Total 2024 £000
Tangible fixed assets	177	-	177
Other net assets	13,729	1,997	15,726
Total	13,906	1,997	15,903

Charity	Unrestricted Funds £000	Restricted Funds £000	Total 2024 £000
Tangible fixed assets	177	-	177
Other net assets	12,499	1,358	13,857
Total	12,676	1,358	14,034

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16. Related Party Transactions

As detailed in the Trustees Annual Report, Mercy Corps Europe works with Mercy Corps Global globally to deliver services in the name of Mercy Corps.

In recognition of this joint arrangement the following directors of Mercy Corps Europe were also Directors of Mercy Corps Global and Mercy Corps Netherlands during the year.

Name	Title	Related Party
Kito de Boer	<i>Board Chair, Mercy Corps Europe</i>	MCNL, MCG
Tjada D'Oyen McKenna	<i>Chief Executive Officer</i>	MCG
Emmanuel Lulin	<i>Board Director</i>	MCG
John Makinson	<i>Board Director</i>	MCG
Lesley Ndlovu	<i>Board Director</i>	MCG
Vijaya Gadde	<i>Joint Board Chair</i>	MCG, MCNL
Linda McAvan	<i>Board Director</i>	MCNL

No Directors received any remuneration from Mercy Corps Europe. During FY25, one Mercy Corps Europe director position was held by Tjada D'Oyen McKenna. They were an employee of and remunerated by Mercy Corps Global, registered in the USA, in respect of that employment relationship and services provided to Mercy Corps Global. As explained in Note 3, the Director position received remuneration for time spent on Mercy Corps Europe related work from a related party, Mercy Corps Global.

Mercy Corps Europe, Mercy Corps Global and Mercy Corps Netherlands work closely together under two Memorandums of Understanding. In some instances, organisations will pool administrative and technical resources for the benefit of their respective projects. In such cases a re-charge of the actual costs incurred will be made between Mercy Corps Europe, Mercy Corps Global and Mercy Corps Netherlands.

For the purposes of this note, related party transactions include (a) any expenditure made by Mercy Corps Europe on behalf of Mercy Corps Global, (b) any expenditure made by Mercy Corps Global HQ or field offices in relation to Mercy Corps Europe core HQ departments and (c) any expenditure made by Mercy Corps Europe on behalf of Mercy Corps Netherlands. Direct expenditure by field offices and / or Mercy Corps Global on Mercy Corps Europe or Mercy Corps Netherlands programmatic activity is not treated as related party expenditure.

During the year the following transactions arose:

Expenditure on behalf of Mercy Corps Global by Mercy Corps Europe:
£5,726,000 (2024: £5,733,000).

Expenditure on behalf of Mercy Corps Europe by Mercy Corps Global:
£2,969,000 (2024: £137,000).

Expenditure on behalf of Mercy Corps Europe by Mercy Corps Netherlands:
£311,000 (2024: £107,000).

At the year-end, Mercy Corps Europe's liability with Mercy Corps Global was
£11,225,000 (2024: £10,436,000).

At the year-end Mercy Corps Netherlands' liability with Mercy Corps Europe was
£346,000 (2024: £111,000).

During the year, Mercy Corps Europe received £15,000 (2024: nil) from The Mickel Fund, which has a shared Trustee with the Charity.

17. Contingencies

The directors have confirmed that there were nil contingent liabilities which should be disclosed on 30 June 2025 (2024: none).

18. Capital Commitments

The directors have confirmed that there were nil capital commitments on 30 June 2025.

19. Ultimate Controlling Party

The company is limited by guarantee and the directors have each agreed to contribute £1 in the event of the company being wound up. The directors control the company.

In view of the global nature of work undertaken by Mercy Corps, the agency to which Mercy Corps Europe contributes and the joint management that is exercised by JBEC, Mercy Corps will produce consolidated accounts which include the results of MCE. The next period of consolidation will be for the year ended 30 June 2025.

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20. FCDO – Schedule to Financial Statements

Projects implemented on behalf of the Foreign, Commonwealth and Development Office (FCDO) during period from 1 July 2024 to 30 June 2025. We certify that each of the FCDO grants below were expended in accordance with the terms agreed with FCDO.

Country	Cost Centre	Instalments received £000	Expended/(reversed) during the financial year £000
Benin	91697	35	193
Benin	91719	45	45
Burkina Faso	91669	182	402
Democratic Republic of Congo	91619	18,050	18,246
Democratic Republic of Congo	91668	1,744	1,848
Democratic Republic of Congo	91678	3,000	3,000
Ethiopia	91703	193	136
HQ Managed	91722	-	16
HQ Managed	91723	-	24
Jordan	91562	1,084	1,121
Jordan	91691	28	115
Malawi	91608	6,382	6,568
Sudan	91666	9,500	9,422
Sudan	91736	1,998	1,979
Tanzania	91657	3	3
Tanzania	91681	58	58
Tanzania	91712	72	73
Ukraine	91614	-	(9)
Ukraine	91653	18,139	12,534
Ukraine	91718	3,195	7,718
Yemen	91698	258	266

FCDO supports Mercy Corps work in numerous countries to meet urgent humanitarian needs, provide long-term and innovative solutions in economic recovery, resilience building, food security, peace and conflict management, water and sanitation and girls' education, and support social cohesion and peaceful solutions as well as economic opportunities for vulnerable groups.

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21. Financial Instruments

	Group 2025 £000	Charity 2025 £000	Group 2024 £000	Charity 2024 £000
Carrying amount of financial assets				
Debt instructions measured at amortised cost	22,064	14,840	24,211	17,250
Carrying amount of financial liabilities				
Measured at amortised cost	93,274	55,004	70,877	34,302

Debt instruments measured at amortised cost comprises trade debtors, other debtors, and amounts owed by group undertakings.

Liabilities measured at amortised cost comprises trade creditors, payments received on account, accruals, other creditors, and amounts due to group undertakings.

22. Affiliates

The following company has been fully consolidated into the account of MCE:

Jointly Controlled entity	Principle Activity
Mercy Corps Netherlands	Public benefit entity

Results of affiliate for the year ended 30 June 2025

	Turnover £000	Expenditure £000	Net Profit £000	Aggregate net assets £000
Mercy Corps Netherlands	45,495	45,392	103	1,972

23. Accounting Estimates and Judgements

The Charity makes estimates and assumptions concerning the future. The resulting estimate will, by definition, seldom equal the related actual results. The estimates and assumptions that have the most risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are outlined below.

Dilapidations on leasehold properties

The Charity leases an office building under a lease agreement that expires in July 2028. The lease agreement includes a provision requiring the Company to return the property to the landlord in the same condition as it was at the commencement of the lease, subject to fair wear and tear.

The Charity has estimated that the cost of restoring the property to its original condition at the end of the lease term will be £190,000. This estimate is based on the Charity's experience with similar properties occupied.

The company has recognised a provision related to the leasehold properties of £153,000 as at 30 June 2025 (FY 2024: £141,000). The company believes that the estimate of the dilapidations and dismantling charge is reasonable, but there is a degree of uncertainty associated with the estimate due to factors that could affect the cost of the charge, such as changes in the cost of materials and labour.



July 2025, Umm Qubaiba, Syria.

Noor*, 35, works in a nursery to support her two young children. They have lived in Umm Qubaiba IDP camp since fleeing their home outside of Homs. In January 2025 Noor started participating in Mercy Corps' MOFA-supported program, which helps to pay salaries for displaced Syrians as they intern at businesses, enabling them to support their families and learn a trade.

*Name has been changed



**MERCY
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About Mercy Corps

Mercy Corps supports communities – and the most marginalized within them – to emerge from crisis and build towards a more inclusive, resilient future.

mercy Corps.org