

# Sustainability Report

April 2023 –  
March 2024

**avalog**  
An NEC Company





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Cover photo: Seealpsee, Switzerland. The Seealpsee provides hydroelectric power and drinking water to the town of Appenzell. Mateusz Miks, Avaloq, 2024.

# About Avaloq

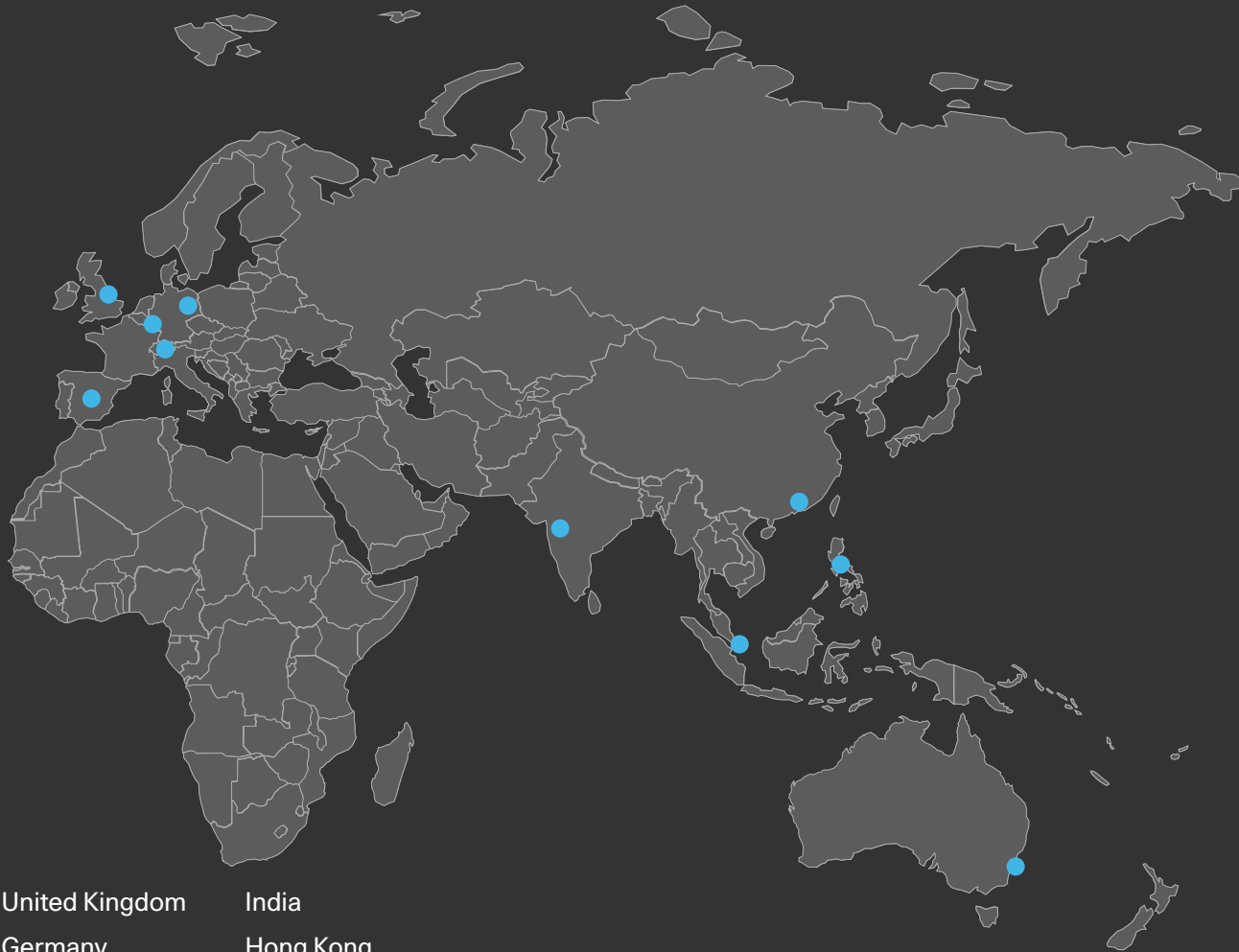
Our vision is to be the leading provider of cutting-edge banking software and services, enabling financial institutions to responsibly manage clients' wealth. Our mission is to orchestrate the financial ecosystem and democratize access to wealth management.

Avaloq is an industry-leading provider of wealth management technology and services for financial institutions around the world, including private banks and wealth managers, investment managers, as well as retail and neobanks. We are the only independent provider of digital banking solutions to both develop and operate its own software through cloud-based software as a service (SaaS) or on-premises models.

For the last 40 years, we have been developing innovative core banking software to serve the needs of the most complex financial institutions. We now offer a comprehensive, industry-leading platform that covers the entire value chain from the front to the back office and caters to every client segment. Available in the cloud, it helps decrease time-to-market and increase scalability. With our highly automated business process as a service (BPaaS), we streamline the back office, saving our clients time and costs.

Avaloq is a subsidiary of Japan-based NEC Corporation, a global leader in the integration of IT and network technologies. As part of NEC, Avaloq can leverage significant R&D resources to spur innovation in the fields of artificial intelligence, blockchain technology, cybersecurity and biometrics. NEC, on the other hand, benefits from Avaloq's strong expertise in the financial industry to fulfil its purpose, which is to promote a more sustainable world where everyone has the chance to reach their full potential.

# Our locations



- |                |             |
|----------------|-------------|
| United Kingdom | India       |
| Germany        | Hong Kong   |
| Luxembourg     | Philippines |
| Switzerland    | Singapore   |
| Spain          | Australia   |

# 2,500+

colleagues

# 70+

nationalities represented

# CHF 4tr

client assets managed with Avaloq software

# 170+

clients in 35 countries



# A message from our CEO

“At Avaloq, responsible business practices are a fundamental part of our business strategy, of paramount importance to building trust with our stakeholders and ensuring the long-term success of our business.”

Dear reader,

As we reflect on the past year, I am proud to share our progress and commitment to sustainability and corporate citizenship. At Avaloq, responsible business practices are a fundamental part of our business strategy, of paramount importance to building trust with our stakeholders and ensuring the long-term success of our business. This year, we have made strides in reducing our environmental footprint, fostering inclusive growth and driving innovation for a sustainable future. Our achievements are a testament to the dedication and hard work of our entire team, and we remain steadfast in our mission to create long-term value for our stakeholders while contributing positively to the planet and society.

In spite of the many challenges facing the world, banks and investors experienced a favourable period this year. The *2024 Avaloq Wealth Insights* report surveyed investors and wealth managers globally and found that 36% of investors are investing more aggressively. These investors increasingly seek personalized and value-driven financial services. They want investment strategies that align with their personal values, such as sustainability, and expect a high level of customization and engagement from their banks and wealth managers.

Avaloq is ready to help our clients meet this demand. We continue to establish ourselves as a multi-product orchestrator in the financial industry, investing into integration capabilities, product development and optimization through cloud transformation. Our Environmental Social and Governance (ESG)

solutions give banks and wealth managers the ability to capture their clients' ESG preferences and analyse and monitor portfolios using ESG criteria. These include factors such as impact on pollution and affordable housing or business involvement in controversial sectors like weapons and tobacco.

As climate change continues to intensify, we are taking important steps to understand and reduce our carbon footprint. We continue to focus on maintaining the significant 88% reduction in Scope 1 and Scope 2 greenhouse gas (GHG) emissions we have achieved since our baseline year. We are also pursuing approaches to reduce our Scope 3 GHG emissions, which account for 97% of our total footprint. The strides we have made to improve the sustainability of our supply chain, detailed in this report, are particularly aligned with this approach.

Gulmarg's majestic mountain peaks, India.  
Bhagyashree Pampatiwar, Avaloq, 2024.

After the successful launch of the Avaloq Community Impact Programme in 2022, which enables our colleagues to contribute to their local community through volunteering, we have been delighted to see our colleagues take up this benefit with enthusiasm, with over 1,500 hours volunteered. We expanded our reach even further this year, establishing the Avaloq Global Support Fund to provide financial support to humanitarian aid organizations operating on the frontline of disaster response.

Our people are at the core of our mission and their diverse perspectives are integral to Avaloq's identity. With a cross-functional internal working group and executive sponsorship for diversity, equity, and inclusion (DEI), we have continued to build on our past achievements. Focusing on the three areas of amplifying awareness, building connection and improving experience, accomplishments this year include progress on our workforce gender goals, an increased activation around awareness days for colleagues and the launch of the Avaloq Management Development Programme.

In a world deeply affected by geopolitical events, such as war and natural disasters, our commitment to being a good global citizen remains unwavering. I would like to take this opportunity to reaffirm our participation in the UN Global Compact, a non-binding United Nations pact for responsible businesses worldwide, which has helped shaped our sustainability strategy since 2019.

Our journey towards sustainable growth is ongoing. We are thankful to our stakeholders for their continued support and look forward to the collective achievements we will make in the years to come.



Martin Greweldinger  
Chief Executive Officer  
Avaloq





# Sustainability at Avaloq

Avaloq is preparing for the future by acting on sustainability. For us, this means providing people around the world with more access to efficient and valuable financial solutions, while managing our environmental impact and making a positive contribution to society.

Our focus on responsible business is a core part of our approach. The fundamentals of sound governance and ethical practices are vital to both our continued success and our contribution to a fair world.

As a participant in the United Nations Global Compact, we are committed to incorporating universal principles of human rights, labour, environment and anti-corruption into our business strategy, policies and practices.

We take global frameworks like the United Nations Sustainable Development Goals (SDGs) into account as we implement our initiatives. The SDGs provide an urgent call-to-action to address the most relevant problems facing our world today and help businesses like ours prioritize their activity.

Here we present our priority sustainability topics and the progress we have made towards achieving our goals. We selected these topics based on an assessment of stakeholder concerns, business impact, regional needs, industry trends and our commitments to the Ten Principles of the UN Global Compact.

In 2025, there will be changes to our sustainability reporting and governance in accordance with the *EU Corporate Sustainability Reporting Directive* (EU CSRD) and a new double materiality assessment.

## Our sustainability priorities



Climate and environment



People and community



Business and governance

## Contributing to the SDGs



# Our goals and achievements

April 2023 – March 2024

## Climate and environment

### Topics

Sustainable operations and procurement  
Climate action

### Goals

- Improve the efficiency of our data centres
- Increase colleague awareness of environmental sustainability
- Advance climate strategy and global climate action

### Key achievements

- Improved efficiencies to reduce energy use in our data centres by 21% since 2021
- Educated 95% of our colleagues through environmental sustainability training
- Invested in technology-based carbon removal projects and a new climate resilience project

## People and community

### Topics

Our people  
Community impact

### Goals

- Strengthen female representation in our workforce
- Develop and improve the skills and knowledge of Avaloq colleagues
- Contribute locally and globally through volunteering and philanthropy

### Key achievements

- Maintained female workforce target, made 72% progress towards female leadership target
- Launched the Avaloq Management Development Programme
- Grew Avaloq Community Impact Programme and launched Global Support Fund

## Business and governance

### Topics

Responsible business conduct  
Sustainable and inclusive offering

### Goals

- Maintain high standards of compliance and governance
- Improve the sustainability performance of our supply chain
- Help facilitate the flow of capital to sustainable investing

### Key achievements

- Ensured a minimum 95% completion rate for compliance training
- Launched a comprehensive ESG questionnaire as part of our vendor risk management assessment
- Continued to help investors align their investing with their sustainability preferences



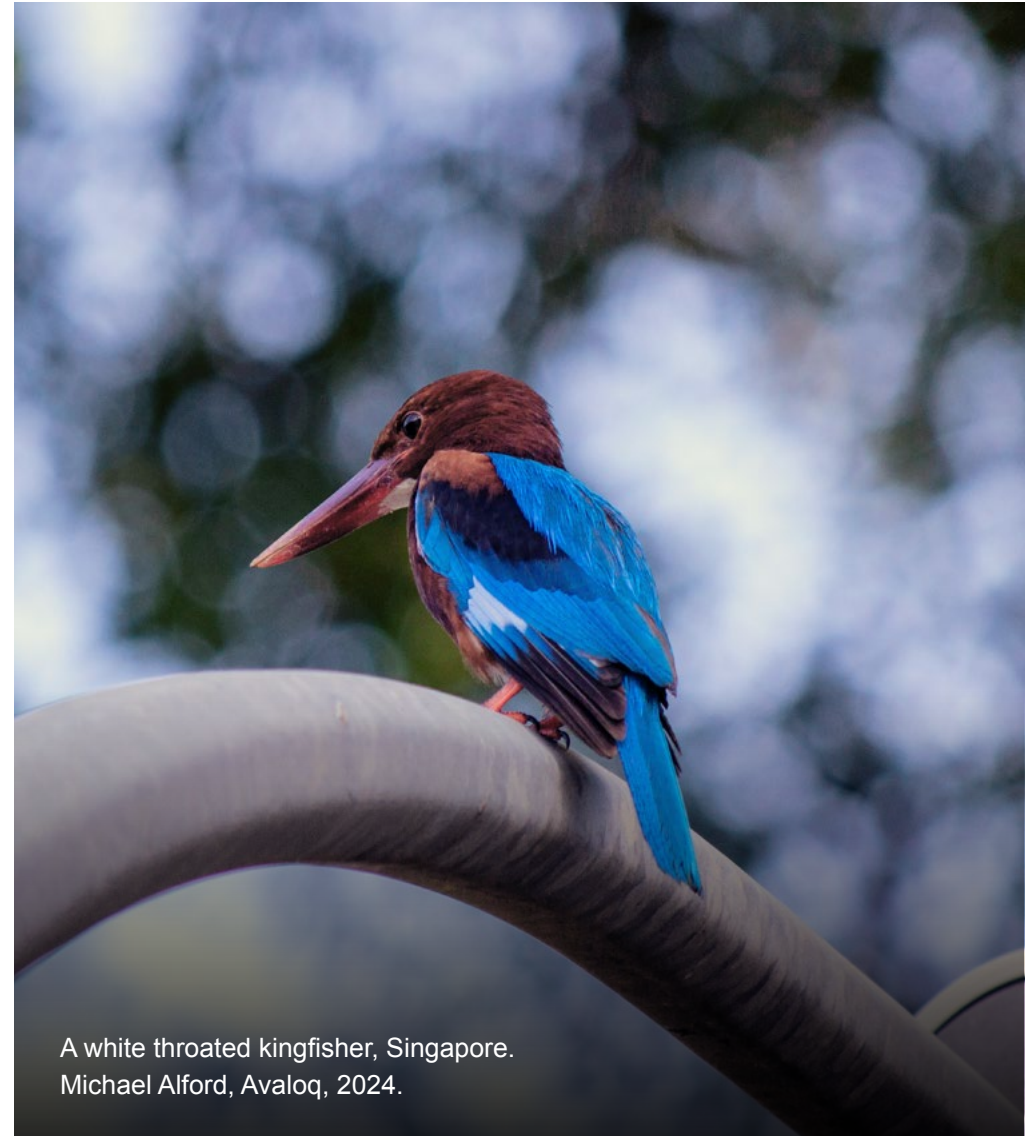
## Context for this report

This report documents the steps we are taking to improve our performance as a responsible business. It reaffirms our support for the principles of the United Nations Global Compact, which guides companies around the world to adopt sustainable and socially responsible policies. Avaloq has been a proud participant in the United Nations Global Compact since October 2019.

The scope of this report includes information about Avaloq and its fully owned or major operating subsidiaries, providing an overview of our framework, priorities and selected initiatives from 1 April 2023 to 31 March 2024 (FY2023).

Some of our initiatives and reporting are aligned with the calendar year, for example our GHG emissions measurement. Where this is the case, we refer to the reporting period using the calendar year (“2023” or “2024”).

If you have any questions about this report, please contact us at [sustainability@avalog.com](mailto:sustainability@avalog.com)



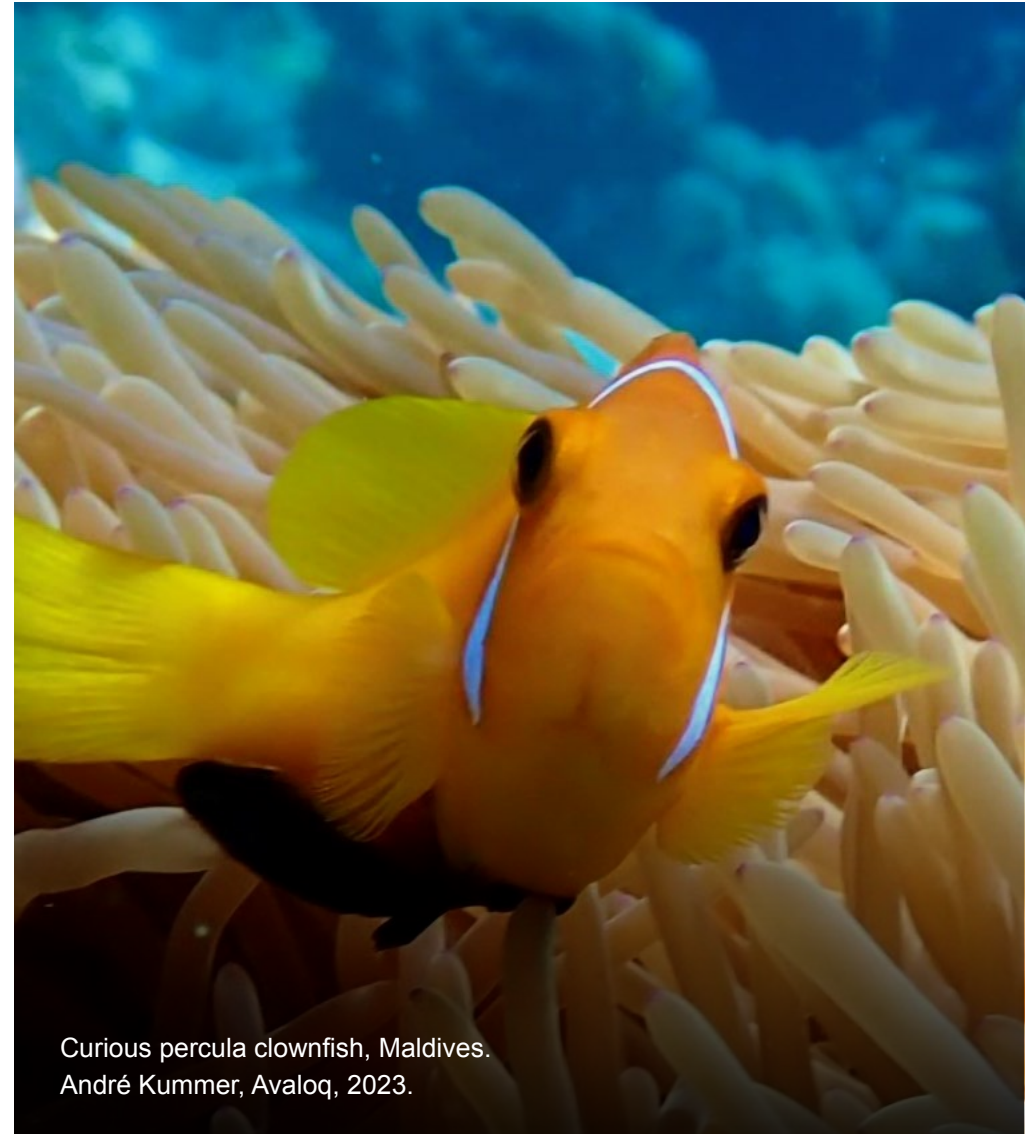
A white throated kingfisher, Singapore.  
Michael Alford, Avaloq, 2024.

## Photos in this report

Many of the photos you see in this report were captured by our colleagues as part of Avaloq's 2024 World Environment Day photography contest. Established in 1973 by the UN Environment Programme, World Environment Day is the largest international day dedicated to environmental awareness.

There would be no conservation without an appreciation for the beauty of nature and an understanding of how vital the health of our planet is to our continued survival as a species. So, to mark the day we invited colleagues to participate in celebrating our planet by making a submission to a photo contest.

Throughout this report you will see brilliant examples of our talented colleagues capturing nature in both its undisturbed forms and as it adapts to human impact on habitats and ecosystems. Thank you to all the Avaloq colleagues who participated in celebrating World Environment Day and brought this report to life.



Curious percula clownfish, Maldives.  
André Kummer, Avaloq, 2023.



# Climate and environment

We continually monitor how our business activity impacts the environment. We are making changes to the way we work to improve the environmental sustainability of our operations and taking responsibility for our GHG emissions by investing in carbon credits and renewable energy.

## Key achievements

- Improved efficiencies to reduce energy use in our data centres by 21% since 2021
- Educated 95% of our colleagues through environmental sustainability training
- Invested in technology-based carbon removal projects and a new climate resilience project



# Implementing environmentally friendly operations

We are improving our impact on the environment by being mindful about the way we acquire, design and use our workplaces. Our environmental impact is primarily related to colleague activity and the impact of our global offices and data centres. Avaloq's real estate and corporate IT teams work in cooperation with our colleagues to ensure that this impact is monitored and appropriately managed.



## Policy

Our commitment to environmental sustainability is formalized through Avaloq's *Group Policy on Environmental Sustainability*. This policy outlines our approach to the environment and sets out the roles and responsibilities of our teams and colleagues in ensuring our offices and data centres are as environmentally friendly as they can be.



## Education

We improve colleague awareness of global environmental trends and the contributions they can make through changes to their own behaviour with annual training. In 2023, 95% of our colleagues completed our sustainability course, reflecting our commitment to fostering an environmentally conscious workforce.



## Supply chain

We recognise that supply chain management has a key role to play in environmental sustainability. In FY2023, we enhanced our ability to manage supply chain sustainability through the establishment of a dedicated vendor management function. Our standards for suppliers are outlined in Avaloq's *Responsibility Standards for Business Associates*.



## Energy

In addition to our achievement of 100% renewable electricity since 2020, we have implemented several measures to enhance energy efficiency. These include:

- replacing bulbs with energy efficient light emitting diodes (LEDs)
- installing motion sensors in offices to ensure that lights are only on when needed
- updating to fully automated heating and cooling systems with heat recovery systems

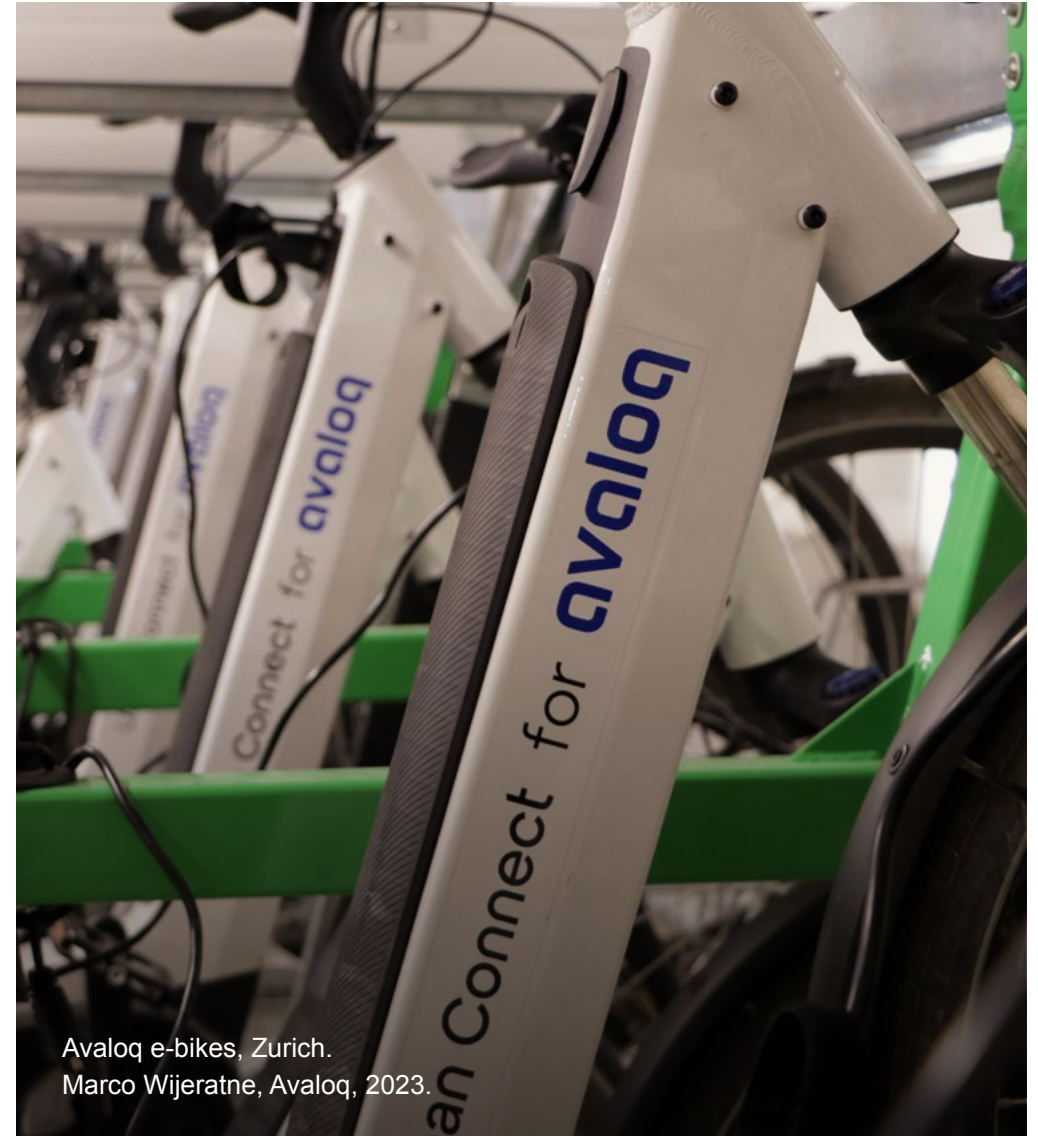


## Green headquarters

Avaloq's headquarters in Zurich are designed to meet the highest environmental standards. They are located in the GreenCity in Manegg, where smart-grid technology optimizes energy consumption and heating, and ventilation systems are run entirely with renewable energy. The rooftop has greenery and 450 m<sup>2</sup> of solar panels. The building is highly convenient to public transport and has a restricted number of bookable and fee-based carpark spaces to encourage alternative travel choices. Our fleet of 20 e-bikes encourages sustainable travel around Zurich and are free for colleagues to hire for short periods and available for longer periods for a small fee. In FY2023, our colleagues rode a total of 29,000 km on the Avaloq e-bikes.

# 29,000 km

travelled by Avaloq colleagues on our e-bikes in FY2023



Avaloq e-bikes, Zurich.  
Marco Wijeratne, Avaloq, 2023.

# Reducing our waste



Avaloq is dedicated to minimizing waste across all aspects of our operations. Our SaaS and BPaaS solutions do not produce waste during their life cycle. Waste at Avaloq primarily comes from our day-to-day office activities and the end-of-life treatment of unwanted IT equipment.

As outlined in Avaloq's *Group Policy on Environmental Sustainability*, all colleagues are responsible for managing their waste responsibly through reduction, re-use and recycling. Our global real estate teams ensure that all Avaloq facilities in locations with recycling capabilities have clearly labelled recycling bins for colleagues to use. Additionally, Avaloq's corporate IT teams manage the disposal of unwanted IT equipment according to our *Asset Disposal Procedure*, which sets out criteria for recycling, donating and re-sale.

## Recycling IT equipment

For a business like Avaloq, responsibly managing e-waste and unwanted IT equipment is a crucial part of reducing our impact on the environment. These items contain valuable resources that can be recovered and reused, and can contain hazardous materials which are harmful to our health and environment. We recycle, sell or donate unwanted IT equipment in our offices and data centres wherever possible. This includes monitors, servers, routers and keyboards.

We give colleagues the opportunity to purchase IT equipment no longer needed at Avaloq, at preferential rates which encourages re-use. Re-use has significant environmental benefits because a large portion of the GHG emissions from IT equipment are emitted during the production phase — re-using rather than buying new helps avoid further extraction of our planet's precious materials and contributes to the circular economy. In FY2023, colleagues purchased 260 second-hand devices through this scheme.

In FY2023, we recycled a further 1,651 items of unwanted IT equipment from our data centres, which helps keep harmful substances out of landfills and water systems and reduces the demand for virgin materials. In total, our recycling efforts prevented 62.18 tonnes of CO<sub>2</sub> equivalent (tCO<sub>2</sub>e) emissions. This is the same amount of CO<sub>2</sub>e that 1,028 tree seedlings can sequester over the course of 10 years.<sup>1</sup>

# 1,651

items of IT equipment  
recycled

# 260

items of IT equipment  
repurchased





### Avaloq's spring clean volunteers

Our waste reduction efforts go beyond our offices and data centres and into our local communities. In March 2024, Avaloq teams across multiple offices in Bioggio, Luxembourg and Zurich donned their hi-vis vests and walking boots and removed litter from their neighbourhoods for a big community spring clean.



“We all like to enjoy a walk around nature without seeing rubbish blowing around. By picking up litter we make a conscious, tangible, and positive change to our local community. Seeing the pavements and cycle path free of litter gave us all a huge sense of satisfaction. We also showcased how Avaloq is playing its part in tackling the pollution crisis on a local level.”



Claire Ciron

Head of Service Delivery Management, Security Operations and Community Projects Network Ambassador, Avaloq

# Transforming our data centres

Data centres play a crucial role in our operations but also contribute significantly to energy consumption and GHG emissions. Data centres consume substantial energy for various processes. These include powering servers for data processing, maintaining data storage, supporting networks and providing essential cooling systems to prevent overheating. The energy consumed translates into GHG emissions.

Our data centres are responsible for approximately 12% of our GHG emissions and are therefore pivotal in our GHG reduction efforts. To enhance efficiency and reduce our emissions intensity, our data centres are currently undergoing significant transformation. We are exiting legacy data centres, improving the efficiency of existing data centres and moving to the public cloud.

As a result of these changes, we have steadily reduced our energy use and are pleased to have achieved a total reduction in energy use of 21% in our global data centres since 2021. This figure includes a 37% reduction in energy used for cooling and overhead, representing an improvement in average power usage effectiveness (PUE) in our data centres.

# 21%

reduction in energy use in our data centres since 2021

## Avaloq's top sustainability priorities for data centres

### Harness the efficiencies of the cloud

Achieve fundamental energy-efficiency improvements through shifting most of our data to the cloud.

### Eliminate waste

Reuse and recycle all unwanted IT equipment and give preference to data centre partners that return excess heat to heat homes and offices.

### Make use of technology advancements

Move to modern data centres with improved PUE which use more efficient hardware, cold-aisle technology, increased temperatures and lower air flow.

### Strengthen environmental monitoring

Improve data about the energy consumed across all locations, shifting to those data centres that closely track and use renewable energy.



## Cloud transformation at Avaloq

Avaloq is undergoing a cloud transformation project. By 2026, all of our global data centres will be either migrated to the public cloud or to highly energy efficient and modern private cloud facilities. The benefits of this include enhanced infrastructure security from large cloud providers, greater flexibility, improved performance and consistent service standards in every market. Crucially for our sustainability goals, our cloud transformation drives improved energy efficiency through the use of modern data centre infrastructure and higher shared utilization, resulting in significant environmental benefits.





# Taking climate action

As awareness of humanity's impact on the environment grows, so too does our collective responsibility for action. At Avaloq, we recognize our responsibility to help meet the challenges posed by the climate crisis. We are working to reduce our GHG emissions, engage our colleagues and support global climate change efforts.

## GHG emissions management

Our priority is to reduce CO<sub>2</sub>e in our operations. Our measurement approach and reporting platform supports a detailed understanding of our GHG emissions sources, over time and by location. We have invested in a system that enables us to filter our GHG emissions information in real-time and monitor changes throughout the year.

Our carbon footprint reduction initiatives include:

- lowering energy consumption and adopting renewable energy sources
- promoting a hybrid-working model for colleagues across all regions
- encouraging less carbon-intensive methods of business travel and less travel overall
- investing in remote meeting capabilities to enable virtual working and connection
- improving the energy efficiency of our data centres
- reducing, re-using and recycling waste
- using recycled materials in our buildings where practicable



Aletsch Glacier, Switzerland.  
Mateusz Miks, Avaloq, 2024.





# 78%

of Avaloq's 2023 GHG emissions  
came from purchased goods  
and services

## Engaging our supply chain

Like many professional services businesses, a significant portion of Avaloq's GHG emissions (2023: 78%) come from purchased goods and services. To improve the accuracy of data, we are working to move from spend-based data to supplier-based emission factors, which more closely reflect the climate impact of our purchases. In FY2023, we began engaging our suppliers to request GHG emissions data and encourage them to take climate action, embedding this into our vendor risk management process.

## Powered with renewable energy

At Avaloq, we achieve 100% renewable energy consumption through purchasing green energy products from our electricity suppliers, and by purchasing and retiring Energy Attribute Certificates (EACs) equivalent to our total megawatt hour (MWh) usage.

Certification provides proof that renewable energy was generated and injected into the grid. By purchasing certified renewable energy, we signal our preferences to the market and help drive renewable energy development and adoption.

Our renewable energy sourcing resulted in the avoidance of 6,484 tonnes CO<sub>2</sub> equivalent (tCO<sub>2</sub>e), comparable to carbon emissions of powering 1,280 homes annually.<sup>2</sup>

Table 1: Avaloq's renewable electricity composition 2023

Category	mWh
Direct from electricity provider	2,725
Unbundled Energy Attribute Certificates	6,556
Total electricity consumed	9,281

Figure 1: Energy Attribute Certificates, sources of renewable energy 2023 (%)



Wind turbines for renewable energy, Germany.  
Nelli Scherer, Avaloq, 2023.



## Operational GHG emissions

Avaloq's Scope 1 and Scope 2 GHG emissions were 621 tCO<sub>2</sub>e in 2023, marking an 88% reduction from 2018, the baseline year for our climate impact measurement. Avaloq's predominant sources of GHG emissions continue to derive from indirect Scope 3 sources, which account for a further 22,291 tCO<sub>2</sub>e. The largest source of Scope 3 emissions is from purchased goods and services accounting for 78% of our total emissions.

GHG emissions from business travel are still 69% less than our base year. However, have almost doubled since 2022, reflecting a 35% increase in distances travelled by air. This demonstrates that while we are maintaining many of the learnings of remote connection gained during the COVID pandemic, we must be mindful that we continue to only travel where necessary and ensure we are choosing lower carbon methods of travel where possible.

We continue to have a small amount (76 tCO<sub>2</sub>e) of unavoidable Scope 1 emissions from stationary combustion, these emissions are caused by regional black outs that require the use of diesel-powered back-up generators to preserve the functioning of our servers.

For detailed climate performance data, see [appendix](#).

Figure 2: GHG emissions over time, Scope 1 and Scope 2

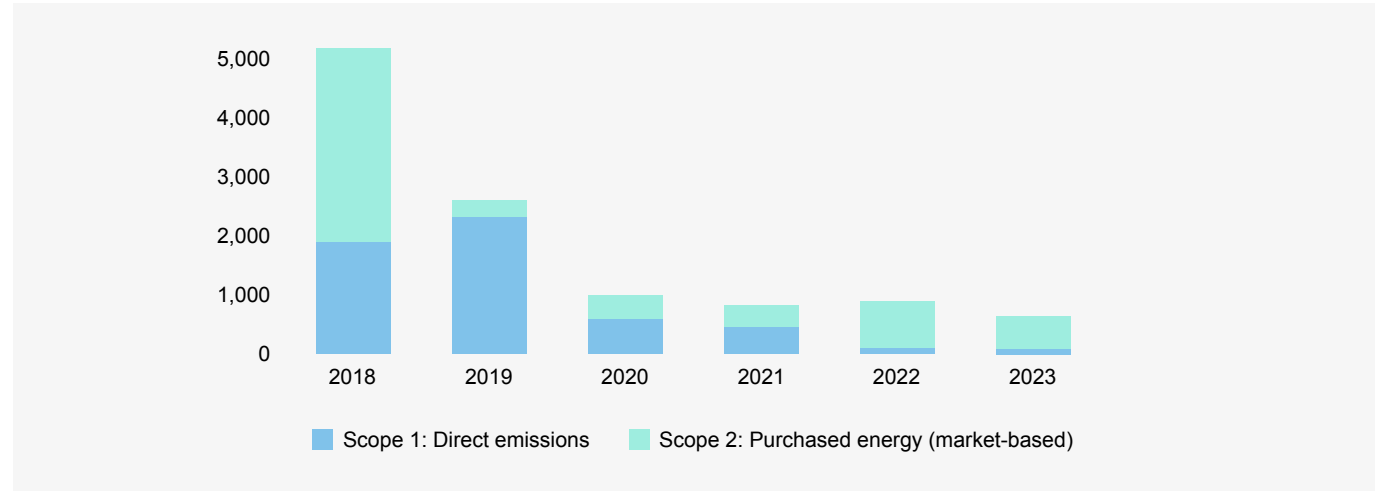
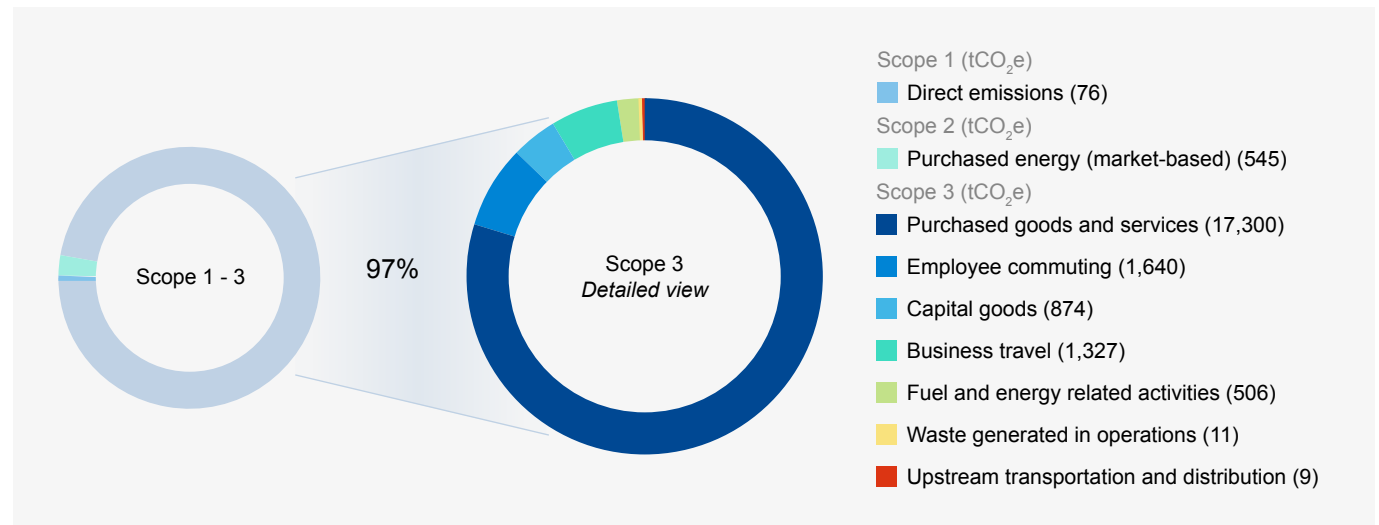


Figure 3: GHG emissions by source, 2023



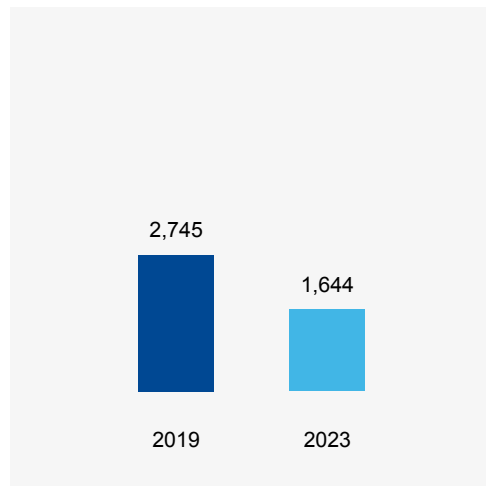
## Hybrid working

Hybrid working and investment in remote connection capabilities, alongside measures to encourage lower-carbon modes of transport, have significantly reduced the environmental impact of our colleague activity. Since their peak in 2019, GHG emissions from colleague commuting have reduced by 40% and GHG emissions from business travel have reduced by 78%.

# 40%

reduction in GHG emissions from colleague commuting since peak

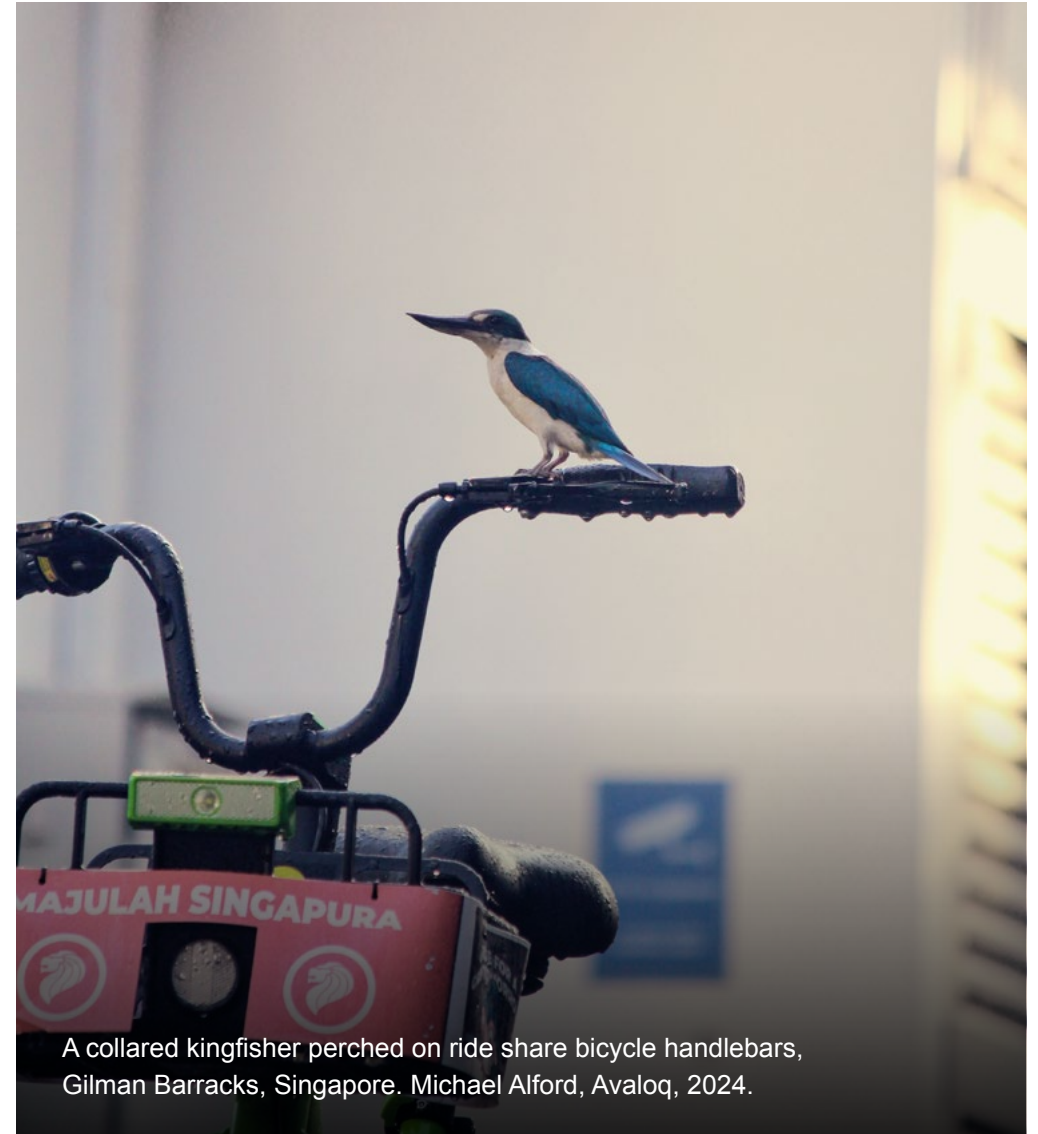
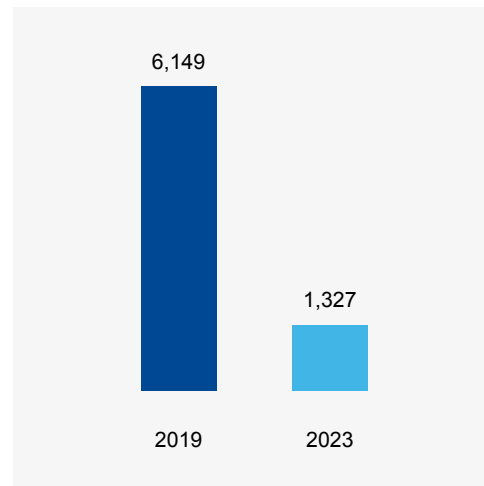
Figure 4: GHG emissions (tCO<sub>2</sub>e) from colleague commuting



# 78%

reduction in GHG emissions from business travel since peak

Figure 5: GHG emissions (tCO<sub>2</sub>e) from business travel



## Beyond value chain mitigation

While we are taking accountability for our operational GHG emissions, we recognize the importance of supporting global efforts to fight climate change. We contribute to climate action by making investments in projects that work to remove carbon from the atmosphere and protect and restore nature for climate resilience.

Our focus is on improving our collective ability to respond to the climate crisis, now and in the future. Our contribution is focused on the development and scale up of innovative carbon removal and resilience projects that will play a vital part in the global response to climate change.

Following a contribution model enables us to invest in projects we believe will have the most impact. Our climate contribution this year equates to 142 CHF per tonne of our Scope 1 and Scope 2 GHG emissions, in line with international guidance.<sup>3</sup>

As a leader in wealth management technology, technological innovation is central to our business success. Aligned with this approach, we have selected a portfolio of projects, including carbon removal projects that use technology and innovation to champion climate solutions.

We present the projects we support on the following page.



High voltage line, Mettmenstetten, Switzerland.  
Susann Hauenstein, Avaloq, 2024.





### Helping to scale sustainable concrete technology

CarbonCure's carbon dioxide removal (CDR) technology offers permanent, verifiable and scalable carbon reductions for the concrete industry. Cement manufacturing accounts for at least 8% of global GHG emissions and production is only set to rise. This project removes CO<sub>2</sub> from the atmosphere and injects it into cement to make super-strong, low-carbon concrete in the USA, permanently removing carbon from the atmosphere and reducing the climate impact of an essential construction resource.



### Producing carbon-rich biochar to sequester carbon in soil

Germany based Novocarbo uses pyrogenic carbon capture and sequestration (PyCCS), a smart combination of nature and technology based on the carbon contained in plant residues. When plants decay or burn, the CO<sub>2</sub> captured from the atmosphere is released. PyCCS prevents this through a thermo-chemical reaction that produces a solid form of carbon called biochar. Biochar is commonly added to soil to enhance soil fertility and plant resilience. Novocarbo is also developing non-soil applications for biochar, including use in sustainable composite materials for the building and construction industry, one of the most heavily polluting sectors.



### Protecting and restoring peatland ecosystems

Katingan REDD+ Forest Protection project's goal is to protect and restore 149,900 hectares of peatland ecosystems in Indonesia. The project area stores vast amounts of CO<sub>2</sub> and plays a vital role in stabilizing water flows, preventing devastating peat fires, enriching soil nutrients, and providing clean water. Rich in biodiversity, it is home to critically endangered, and vulnerable species, including an estimated 4,000 Bornean orangutans and 500 Proboscis monkeys. The project supports traditional livelihoods, including farming, fishing and non-timber forest-product harvesting.



## Climate change resilience

As part of our investment in climate action we recognize the importance of promoting climate adaption and resilience, both in our own operations and as part of global efforts. As part of this approach, Avaloq supports the innovative organization rreefs to invest in restoration science and active coral reef restoration.

Coral reefs are dying worldwide due to climate change, pollution and destructive fishing practices. Without rapid and effective action, up to 95% of the world's corals are expected to be dead by 2050, leaving 70,000 km of tropical coastline vulnerable to erosion and destruction. When corals die, the underlying reef structure loses its complexity — with direct consequences for the oceans, the planet, and human populations. At large, this process puts the entire balance of the ocean at risk.

Avaloq supports rreef's new restoration project in Pujada Bay, Philippines. Their unique approach re-instates structural integrity to coral reefs and allows coral reefs to return. The project will span over 100 m<sup>2</sup> with 3D-printed modules made from terracotta clay. The system provides a foundation for corals to grow and fish to thrive and enables the regrowth of a healthy reef ecosystem without further maintenance.

Reef restoration project in Pujada Bay, Philippines.



# People and community

The teams at Avaloq foster a wide range of perspectives that drive our dynamic culture and are critical to our success. As part of our commitment to excellence, we invest in the talent and development of our colleagues. Beyond our internal efforts, the Avaloq Community Impact Programme empowers our colleagues to use their skills to effect positive change and the Avaloq Global Support Fund provides financial assistance to vital humanitarian aid organizations.

## Key achievements

- Maintained female workforce target, made 72% progress towards female leadership target
- Launched the Avaloq Management Development Programme
- Grew Avaloq Community Impact Programme and launched Global Support Fund



# Championing fairness

Avaloq recognizes the invaluable role that a diverse and inclusive culture plays in driving innovation, creativity and productivity. With over 2,500 colleagues representing more than 70 nationalities, our success relies on valuing the unique contributions of our colleagues worldwide. This approach enhances our working culture and allows us to better understand and meet the varied needs and perspectives of our diverse client base.

To ensure commitment to this issue, we have a global DEI working group, which is formally supported by executive sponsorship. The DEI working group reviews data, formulates action plans and drives initiatives at Avaloq, with executive level oversight and strategic input.

We are working to enhance inclusion and improve the experience for underrepresented groups by:

- amplifying awareness of the experience of diverse groups and intersectionality
- building connections by supporting self-managed colleague representation groups
- improving experience and dispelling bias through training

We have marked a calendar of awareness days that we promote throughout the year, including religious festivals and days that celebrate minority groups and neurodiversity or raise awareness of disabilities.

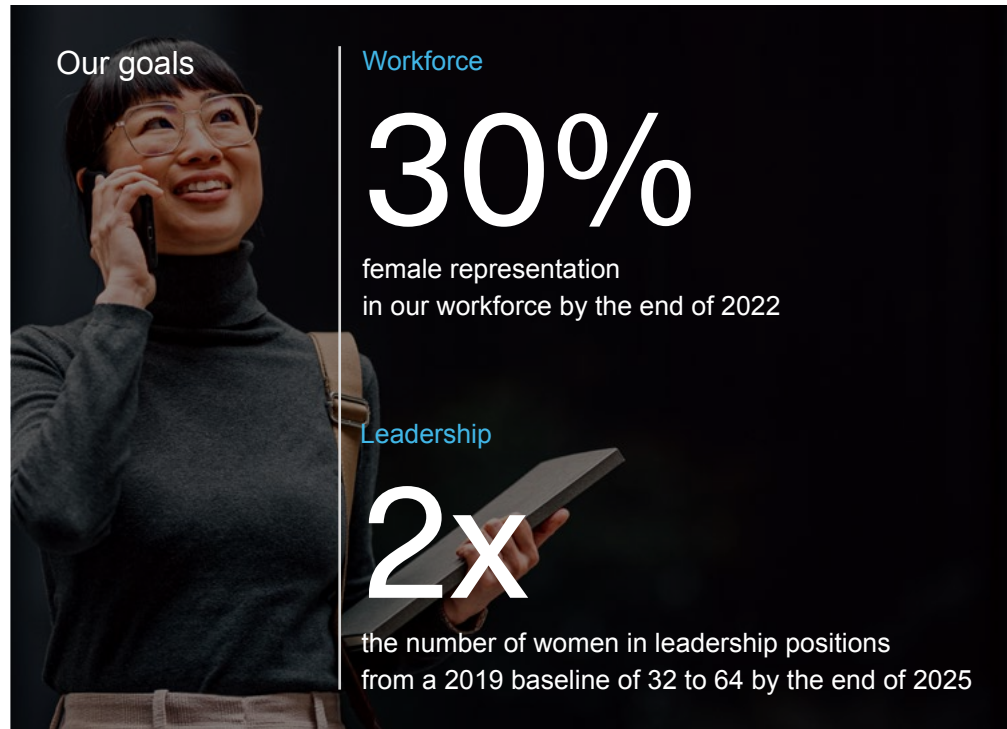


## Our commitment to diversity and equal opportunity

Avaloq's *Global Policy on Diversity and Equal Opportunity* defines our commitment to providing equal employment and advancement opportunities for all colleagues, regardless of background. We believe that everyone should be treated with respect and do not tolerate discrimination due to protected characteristics such as ethnicity, gender, sexual orientation, disability or religious beliefs. We provide multiple channels to handle complaints and we prohibit retaliation against any colleague making a complaint in good faith.

## Promoting female talent

Beyond our broad commitment to diversity and equal opportunity, we recognize the significant challenges inherent in improving gender diversity within the financial technology industry, as well as the substantial benefits for businesses that succeed in meeting these challenges. We have observed these trends within our own organization, which has led us to prioritize gender diversity as a core focus of our DEI strategy. In 2019, we underscored our commitment to improving our performance in this area by establishing specific goals.



## Workforce goal

We were pleased to reach our total workforce gender goal of 30% females in FY2022, and we have slightly improved upon that this year, with 31% females in FY2023.

Our analysis of gender representation by Business Area (Figure 7) reveals that many of our Business Areas are performing well regarding gender representation. However, we face common industry challenges in Business Areas with majority technology-related roles, such as Product & Technology, our regions, Wealth Products and Cloud & Infrastructure. As a business with a substantial proportion of our colleagues in technology related roles, we recognize a targeted approach is necessary to continue to meet and improve upon our workforce gender goal.

## Leadership goal

Our goal is to double the number of women in leadership positions from a 2019 baseline of 32 to 64 by the end of 2025. Diverse leaders bring unique perspectives and approaches to business, leading to enhanced levels of inclusion and performance. Additionally, diverse leadership role models are crucial for retaining and cultivating future talent. We have made progress towards our goal to double female leadership, with 46 female leaders as of March 2024, representing 16% of colleagues in leadership roles and 72% progress towards our goal.





Figure 6: Avaloq's total workforce by gender, March 2024

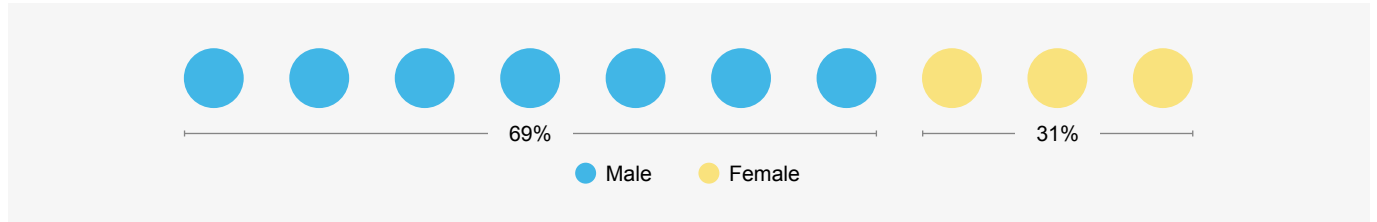
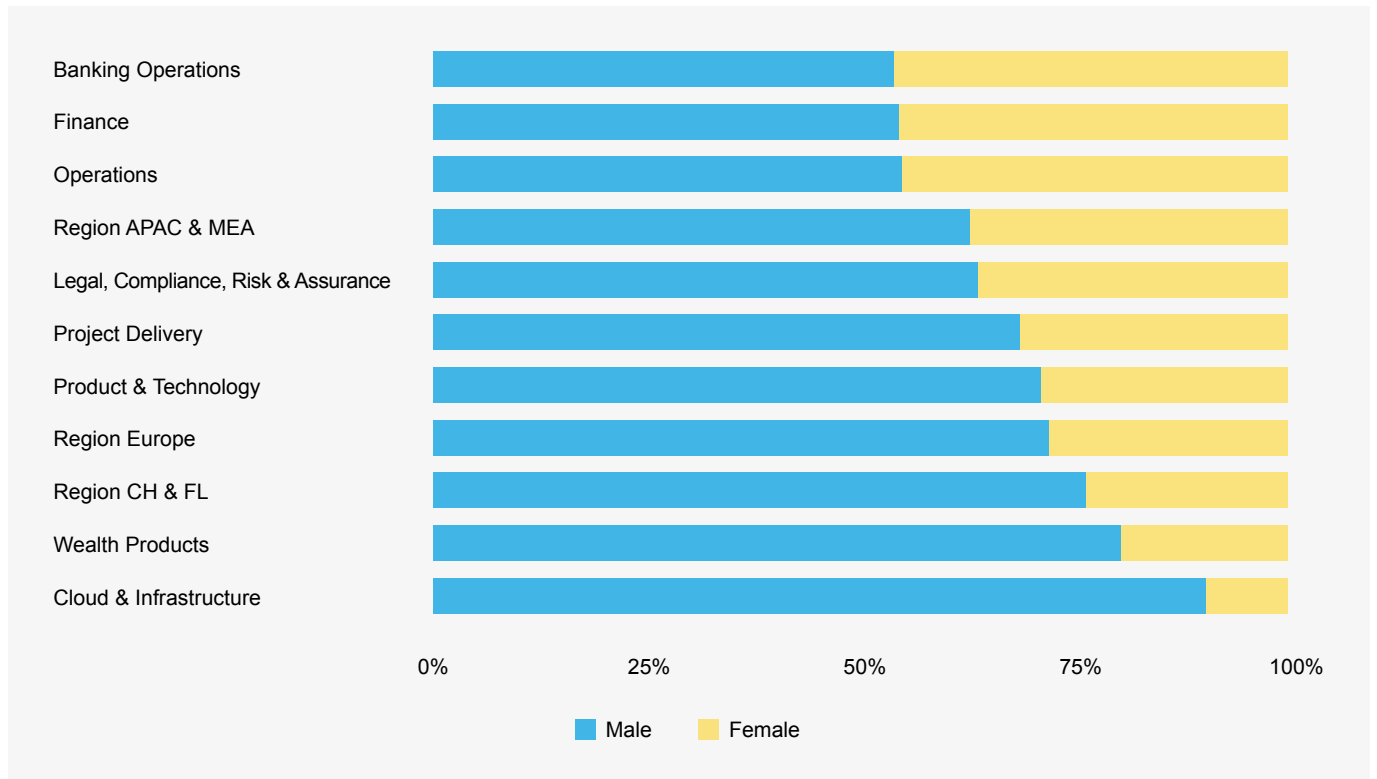


Figure 7: Avaloq's gender distribution by Business Area, March 2024



### Action plan for gender

We actively monitor our progress against targets including monthly reporting to Avaloq's Group Executive Board (GEB) and we are implementing specific initiatives designed to attract and retain female talent in technology roles and boost female leadership across all Business Areas. Our approach includes measures to understand representation patterns through the hiring pipeline, active sourcing of females into technology-based roles, promotion at industry events and the implementation of structured interview formats.

#### Avaloq's three main pillars of gender representation

##### Hire

Activities that attract female talent and improve representation in hiring

##### Retain

Activities to understand attrition patterns and keep female talent at Avaloq

##### Grow

Activities to identify, grow and promote current and future female leaders



### Lean In at Avaloq

Avaloq fosters and supports participation in colleague led initiatives like the Lean in Circles — a programme from the Lean in Foundation, founded by Sheryl Sandberg. The circles are active in 184 countries and more than 3,000 companies. Motivated colleagues launched Lean In at Avaloq in 2020 with 10 members and participation has grown organically since then. The circles centre around a variety of topics including leadership, work-life balance and professional strength assessments, with the ambition to form a community of female colleagues from varied backgrounds and Business Areas to support and advise each other.



### International Women's Day (IWD)

Building upon our strategy to promote and increase the visibility of women in technology, this year we celebrated IWD with a week of events and learning sessions. These included a Women in Avaloq Roundtable, taster sessions for our peer mentoring program Lean In at Avaloq and an informative session on ways to tackle gender bias.

We were also honoured to host special guest Pragya Prasun Singh, Founder of the NGO Atijeevan Foundation for an interactive talk, in person in our Pune office and shared live online with all our colleagues. The Atijeevan foundation works relentlessly to support victims of disfigurement by providing them with medical and legal support and supporting their economic empowerment. This was an opportunity for everyone at Avaloq to learn from Pragma's wealth of experience in driving inclusion for excluded groups and to celebrate and be inspired by a feminist leader transforming hundreds of lives.



Avaloq colleagues in Pune host Pragma Prasun Singh, founder of the Atijeevan Foundation.



Avaloq colleagues in Zurich participate in a Lean In taster workshop on confident body language.



### Fair rewards

We are dedicated to fostering a fair and equitable workplace where every colleague feels valued and rewarded for their contributions. Our commitment to fair rewards, comprehensive benefits and meaningful recognition programs underscores our efforts to create an inclusive and supportive environment.

We continue to make use of the merit matrix approach for structured and consistent planning of salary increases and bonus distribution. This year, we refined our methodology by requiring strict compliance with our recommended salary increase and bonus factor ranges.

Addressing the gender pay gap remains a priority for us. We closely monitor for any gender bias in underlying performance reviews to ensure our annual compensation reviews are conducted in a fair and equitable way. While the annual salary review process is a pivotal element in addressing gender pay gap cases, we also monitor the gender pay gap on a continuous basis.

In 2024, the overall potential pay gap cases were decreased from 7.8% to 2.5%, comparing grade levels in the same locations. Female colleagues received on average 1.3% higher salary increases than male colleagues but were promoted slightly less than male colleagues during our main promotions cycle this year — 6.7% of female colleagues receiving a promotion compared to 7.3% of males. We remain committed to monitoring and ensuring equity, consistency and transparency in reward and promotions.

Following the third-party audited pay gap analysis carried out in 2021, Avaloq continues to meet the requirements of the *Switzerland Gender Equality Act*.

### Benefits

We aim to offer equitable and competitive benefits that are aligned with market standards and meet the diverse needs of our colleagues. We conduct a benefit review for all Avaloq locations every three years, ensuring that our offerings remain competitive and align with our strategic objectives of gender diversity and colleague well-being.

Recent benefits reviews have led to significant enhancements. As a result of benefits reviews conducted in 2023, we introduced family care leave for our colleagues in Singapore and childcare solutions and employee assistance plans in all our APAC locations. Further locations will be reviewed in 2024.



# Facilitating a connected workplace

Our colleagues and teams are distributed across our global locations, and we pride ourselves on maintaining connections no matter where we are in the world. To facilitate connection and drive productivity, we ensure we give our colleagues a voice and varied opportunities to understand and contribute to our strategy through a range of communication channels.

## Cultivating open dialogue

The Your Voice survey is a key part of how we stay connected to our Avaloq team. It gives everyone a chance to voice their thoughts about our culture, opportunities for growth, benefits and our overall business direction. The survey meets all GDPR requirements and provides a platform for our managers to engage in conversation with team members, while keeping the dialogue anonymous.

Our August 2023 engagement score remained at 6.8, steady from the previous result in December 2022, but down from our previous score of 7.2 in September 2021. This reflects a period of organizational change and transformation, and an element of dissatisfaction about returning to the office with the new hybrid model, after a long period of working from home.

We are candid about our ambition to increase engagement among our colleagues. We are also proud of our strengths. Colleagues rated Avaloq highly on “management support” (8.1) and “goal setting” (8.0) and we saw progress in our scores on reward (+0.3) and recognition (+0.4).

We appreciate and respect forthright feedback and value open, honest dialogue. We are pleased to report that 71% of colleagues participated in the Your Voice survey, with 12,606 comments that helped us establish key themes for action both company-wide and in Business Areas.



# Colleague communication

## Avaloq communication channels

- News and information on myAvaloq, the company intranet
- Bi-weekly company newsletter, with targeted and tailored information
- Monthly all-company meeting
- Regular Business Area Town Halls for focused updates
- Quarterly Business Area newsletters
- Colleague-led Viva Engage conversations
- Annual engagement survey

## Company meeting

1,606

average live views per month

2,184

average views per month

Streamed from our headquarters in Zurich with a live audience and CEO Q&A for colleagues

## News and information

46

myAvaloq news items

22

bi-weekly company newsletters

We communicate news and information to colleagues on myAvaloq and via email

## Viva Engage

580+

daily users

160+

monthly reactions

Viva Engage is a social networking service for our colleagues to directly engage with each other



# Developing our colleagues

We accelerate our colleagues' personal and professional development by delivering high quality learning experiences calibrated for different levels of need and skill requirements. We believe a learning culture is vital for driving our organizational success and facilitating our growth.

## Appreciate performance management

Our performance management process, Appreciate, is designed to ensure clarity in role contributions, streamline objective-setting and support colleague development. Our structured approach promotes transparency and consistency and fosters a culture of continuous improvement and development.

The Appreciate process includes three key elements, objective setting, ongoing feedback and a formal end-of-year review. Objectives are set at the start of the year and can be updated throughout, with mandatory mid-year reviews introduced in FY2023. Continuous feedback is encouraged and colleagues can request feedback at any time.

In FY2023, a performance rating calibration process was implemented to increase consistency of results across Business Areas. Our analysis of performance ratings showed no significant variance between male and female colleagues and mid-year standings were good predictors of year-end ratings.







## Avaloq Management Development Programme

By aligning expectations, skills and development with the colleague lifecycle, Avaloq ensures its managers thrive in their critical roles.

In FY2023, we launched the Avaloq Management Development Programme (AMDP) to empower and support line managers in executing Avaloq's mission and vision. The programme emphasizes the pivotal role of People Managers and provides clear guidance and essential skills for effective people management, especially crucial for new line managers.

Since its launch, the programme has seen significant participation, with 85% of our people managers attending at least one course, including topics such as understanding self, managing critical conversations and motivating and developing teams.

“The AMDP is a well-structured management program that empowers managers with the skills and knowledge to lead effectively, fostering a culture of continuous improvement and collaboration. It enhances their ability to conduct critical conversations, manage teams efficiently and drive organizational success. I have enjoyed applying the valuable insights I gained from participation in the program into my day-to-day work.”



Massimiliano Russo

Head of Business Analytics and Reporting  
Banking Operations, Avaloq

## The Avaloq Academy

Through the Avaloq Academy we teach professionals about finance, technology and the concepts and methods used in the Avaloq ecosystem. We provide world-class training courses and certification to fuel the growth of the talent pool in the Avaloq community, continually raising the skill level of its members and assuring consistency of education levels. These courses are fee-based for external students and complimentary for our colleagues, furnishing them with valuable skills in a competitive market. In FY2023, we invested 1.9 million CHF in educating 845 colleagues through the Avaloq Academy, who completed 17,712 training hours.

## Democratized access to learning

All colleagues enjoy the benefit of access to an impressive 200,000 courses through Udemy for Business. This platform encompasses a diverse range of skills and subjects.



Colleagues booked

# 150,164

hours of training

# 845

colleagues received career skills training with Avaloq Academy

# 1,425

colleagues active on Udemy, accessing 2,460 courses



## Future talent

Avaloq participates in the Swiss Vocational, Professional and Continuing Education (VPET) scheme, an integral part of the education system that helps young people enter the workforce and equips them with in-demand skills. Apprentices divide their time between work experience at Avaloq and vocational training at school. In FY2023, we had five apprentices in Zurich in commercial, information technology and marketing and communication roles.



“I began my three-year apprenticeship in August 2022 and each rotation has been a unique chapter in my journey. Moving through different teams every few months has not only broadened my skill set but also deepened my understanding of the interconnected roles that drive our company’s success. This apprenticeship is helping me develop my professional growth and future potential.”



Olivia Strommer  
Apprentice, Avaloq

# Impacting local communities

We believe that our colleagues can drive substantial positive change in their communities. We use our convening power to facilitate opportunities for our talented people to use their passion and skills as a powerful force for good. Whether it's supporting environmental conservation or helping people in need, our teams and colleagues are helping to meet needs in their local community.

## Community Impact Programme

The Avaloq Community Impact Programme promotes a culture of giving and community involvement. Through the programme, we offer every colleague the opportunity to contribute 17 paid hours per year to volunteering efforts.

The successful implementation of this programme depends on colleague engagement. To foster this, we have initiated the Avaloq Community Projects Network, a volunteer-based collective of colleagues worldwide who encourage regional participation and action.

We are working to give all Avaloq colleagues access to a range of skills-based and group volunteering opportunities through partnerships with local charities. At the same time, our programme offers colleagues the flexibility to use their volunteering hours to support causes that are personal to them.



Avaloq partners with Powercoders, a Swiss charity dedicated to reducing barriers to entry in the technology industry. Avaloq colleagues volunteer as IT trainers, job coaches and workshop facilitators to help people kick start their careers.





Avaloq colleagues in Edinburgh brave the cold in December 2023 to plant 53 specially selected indigenous Scottish tree species.

#### The Avaloq Citizenship Awards

In FY2023, we launched the Avaloq Citizenship Awards to recognize individuals and teams who have shown high levels of engagement and participation and have made a positive difference, either on our culture or in their local community. We celebrated and rewarded six brilliant teams and individuals from across our global locations for outstanding Community Impact Programme volunteering projects or for demonstrating a deep commitment to culture, engagement and DEI at Avaloq.

# 200

colleagues participated in volunteering

# 1,559

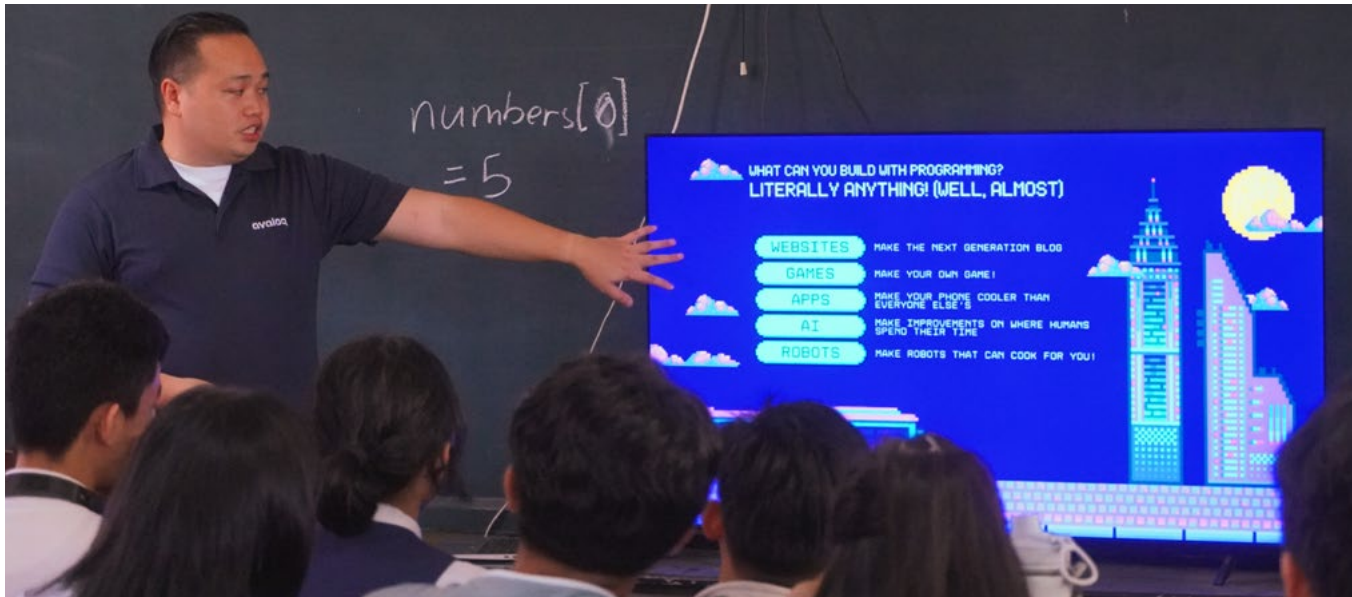
hours volunteered across 35 unique projects



4.8 out of 5 stars colleague rating for being an enjoyable experience



4.9 out of 5 stars colleague rating for being a meaningful experience



## Avaloq Academy Outreach Project

Through the Avaloq Academy we provide world-class training courses to teach professionals about finance, technology and the concepts and methods used in the Avaloq ecosystem. As part of their participation in the Avaloq Community Impact Programme, in November 2023 our highly skilled Academy team developed and delivered a workshop for community teachers in the Philippines to help prepare them for education in the digital age.

The Academy workshop covered instructional design principles, storyboarding, designing for e-learning and efficient multimedia production. It equipped teachers to turn their existing educational materials into e-learning videos to distribute to their students online and supplement their learning.

In the workshop follow up survey, 70% of teachers rated the delivery of the topics as “outstanding” and on average were “highly likely” to implement the e-learning methods in their teaching. This pilot project will be expanded in 2024 to reach even more community teachers in the Philippines.

“My team and I were so excited with this outreach – to share our knowledge in developing e-learning content. It was such a pleasure to see the teachers engaged with the activities, too!”



Jamela Wafy

Head of Academy, Avaloq



## Manilla Tree Planting Day

In January 2024, our colleagues in the Philippines partnered with Fostering Education and Environment for Development (FEED), a non-profit organization, to plant 200 native tree species to help maintain a healthy ecosystem and provide habitat for wildlife. 95 colleagues and their families travelled to Laguna, southeast of Manilla to support biodiversity, conservation and the economic empowerment of vulnerable forest communities living in the Sierra Madre. The Sierra Madre is the longest mountain range in the Philippines, an area rich in biodiversity but vulnerable to threats including illegal logging and climate change.







## Global Support Fund

We have all witnessed the tragic loss of life, displacement of communities and destruction of homes caused by events in the past year. This includes the impact of cyclones in the Philippines, flooding in Italy and Pakistan, the war in Ukraine, and earthquakes in Türkiye and Syria, Indonesia and Afghanistan.

In recognition of our colleagues' deep concern for the people affected by these events, we established the Avaloq Global Support Fund to support critical, life-saving responses to global humanitarian disasters, crises and conflicts. This year the fund supported the work of the Red Cross and Red Crescent Societies internationally through donations to the Swiss Red Cross, the Philippines Red Cross and the Singapore Red Cross.

The Red Cross and Red Crescent Societies are the world's largest humanitarian network and have been supporting people, no matter who or where they are, for more than 100 years. They are first on the ground when a disaster strikes, providing lifesaving assistance and a shoulder to lean on during some of the worst times in people's lives. And they remain by the side of affected communities long after others have left to help them rebuild their lives and recover. We are pleased to contribute to their principled humanitarian mission in a world facing ever-increasing humanitarian needs.

“Since day one, the movement of the Red Cross and Red Crescent Societies have been meeting the immediate humanitarian needs in the hardest hit areas, including the distribution of food, clean water, hygiene items, winter clothing, blankets and the provision of first aid, health care and sanitation services. Thank you Avaloq for your incredible solidarity”



Isabelle Roos  
Senior Account Manager,  
Swiss Red Cross



# Business and governance

The fundamentals of responsible business management are core to our success. Our management and governance practices act to preserve and build trust in the way we operate and ensure a responsible supply chain. We are leveraging our digital expertise to support the growth of sustainability in finance with products that enable our clients to deliver ESG investment services to their clients.

## Key achievements

- Ensured a minimum 95% completion rate for compliance training
- Launched a comprehensive ESG questionnaire as part of our vendor risk management assessment
- Continued to help investors align their investing with their sustainability preferences



# Ensuring responsible business conduct

We remain focused, as always, on the fundamentals of responsible business ethics and compliance. These are core to our success as a trusted provider of wealth management technology. As a member of the NEC Group, Avaloq's purpose and values are set out in *The NEC Way* and in *Avaloq's Code of Business Conduct and Ethics*.

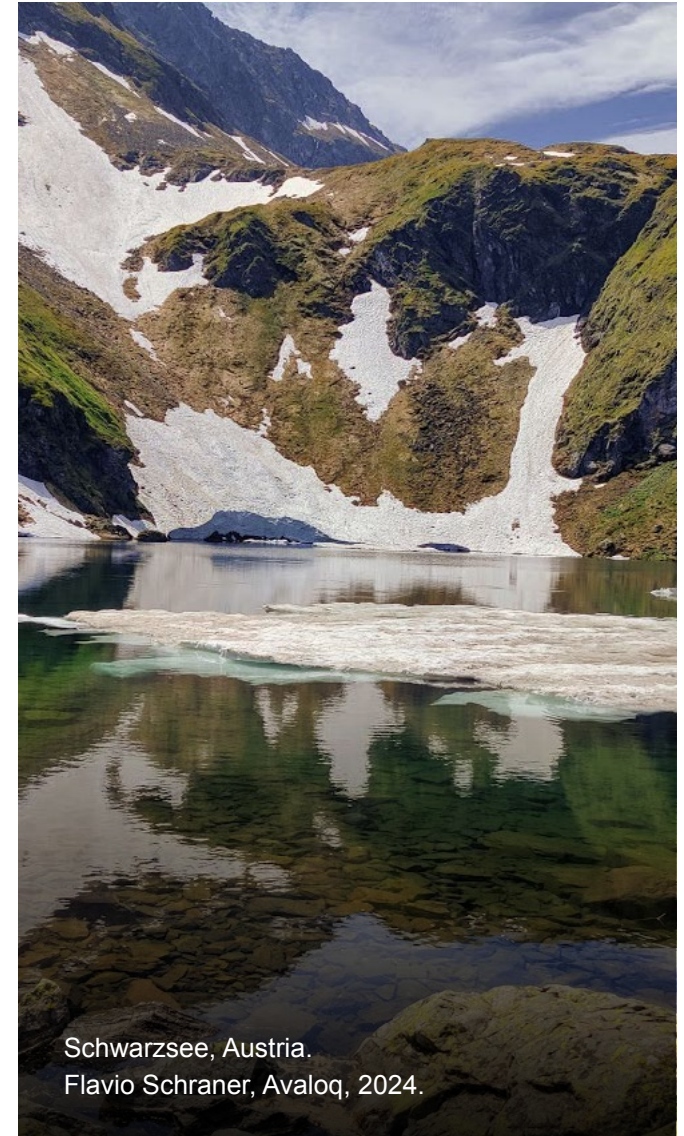
*Avaloq's Code of Business Conduct and Ethics*, a fundamental document and building block of our compliance framework, promotes and respects the *Universal Declaration of Human Rights* and other international human rights standards. To ensure responsible business conduct, we:

- prohibit the use of all forms of forced labour, child labour and any form of human trafficking
- have zero tolerance for bribery and corruption, as set out in our *Group Policy on Anti-Bribery and Anti-Corruption*
- assess the risk of corruption when doing business and extend our robust anti-corruption standards to agents, intermediaries, and consultants

- encourage colleagues to speak up if they spot violations of our code and provide access to a range of channels to do so including a whistleblowing tool located on external servers and managed by the compliance team and the independent Ombuds Office
- do not tolerate any retaliation against individuals reporting a complaint in good faith, as outlined in our *Group Policy on Whistleblowing*

In FY2023, 97% of our colleagues completed training on the following topics to ensure compliance with our principles of responsible business conduct:

- anti-bribery and anti-corruption
- conflicts of interest
- anti-money laundering
- fraud prevention
- whistleblowing



Schwarzsee, Austria.  
Flavio Schraner, Avaloq, 2024.



# Safeguarding privacy and security

Avaloq is an information processing powerhouse. We handle information when providing services to clients, interacting with partners and running our own business. The protection of this information resides at the core of Avaloq's business.

To ensure Avaloq meets the highest privacy and information security standards and provides a stringent and future-proof approach for our worldwide clientele and their banking clients, we follow stringent policies and practices with clear lines of responsibility.

## Policies and compliance

Our comprehensive *Global Data Protection and Global Information Security* policies describe the principles and responsibilities we have designed to ensure Avaloq adheres to legal and regulatory data protection and information security requirements. These include domestic data protection laws and regulations and the *General Data Protection Regulation* (GDPR).

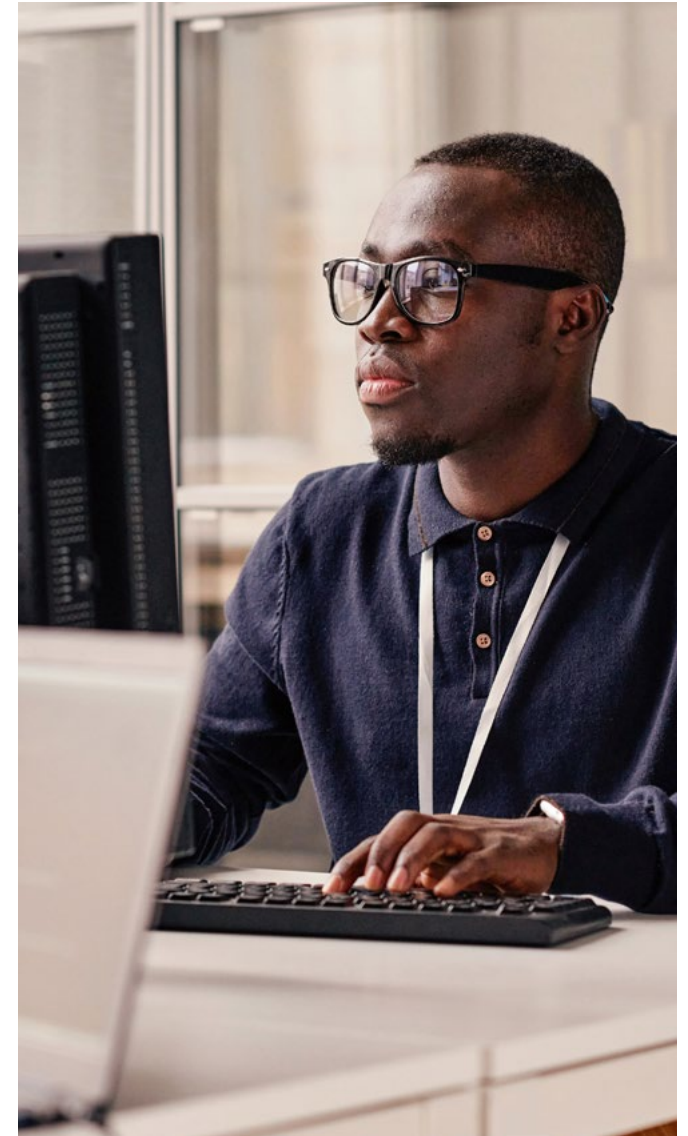
Avaloq Group is globally certified in ISO/IEC 27001 standards for our information security programme. We are a member of the International Association of Privacy Professionals (IAPP), the world's leading privacy association, and follow industry developments closely.

## Responsible departments and persons

We monitor the data flows in our systems and are firmly committed to maintaining the resilience of our data protection measures. A global data protection division with local data protection officers (DPOs) in Germany, Switzerland, Singapore and the Philippines assists our clients, partners and colleagues with data protection.

Independent information security committees at global, local and regional levels protect the organization's assets and ensure cybersecurity risks are effectively managed. Our Group Chief Information Security Officers for Governance and Compliance ensure separation of concerns and have the mandate to define, implement and monitor our Information Security requirements and operations and escalate items that significantly impact the company's security exposure to the respective governance bodies.

We raise data protection awareness within our organization by training all colleagues on a regular basis. In FY2023, 95% of our colleagues completed training on Information Security and 98% of our colleagues completed training on Data Protection.





## Maintaining client trust and protection

Resilience in the face of disruption is core to maintaining client trust. In alignment with Avaloq's commitment to robust governance and responsible business conduct, we achieved accredited ISO 22301 business continuity certification for our global operations in FY2022. This certification underscores our holistic approach to business continuity management (BCM), a key framework for building organizational resilience and managing potential threats that could interrupt our operations, including those related to climate change and other sustainability-related topics.

Our BCM incorporates the disciplines of business continuity, IT service continuity management, emergency response and crisis management. It provides a well-rounded strategy for anticipating, preparing for, responding to and recovering from disruptive events. The ISO 22301 certification validates the effectiveness of these efforts and our capability to safeguard the interests of our key stakeholders, our reputation, our brand and our value-creating activities.

This accomplishment exemplifies our commitment to operational resilience and highlights the trust and confidence we aim to build and maintain among our clients and stakeholders.

# ISO 22301

certification validates the effectiveness of  
our operational resilience



# Raising supply chain expectations



Collaborating with our business associates enables Avaloq to accelerate growth, develop new value propositions and unlock efficiencies across the value chain. Our commitment to working with associates who prioritize sustainable and ethical practices promotes positive business standards and encourages environmental stewardship, social progress and resilient, fair economies.

## Our expectations

Avaloq's *Responsibility Standards for Business Partners* encourages environmentally and socially responsible business management and good supply chain conduct by defining our expectations for business associates. These expectations include upholding human rights and fair labour practices, mitigating health and safety risks, reinforcing information security, addressing global environmental issues and adhering to high standards in fair trading and ethics.

As part of our procurement process, we ask business associates to commit to understanding and adhering to our policies through a supplier attestation form.

## Our approach

Our Vendor Management, Compliance and Risk teams work together to ensure the effective management of our supply chain. We raise supply chain expectations by clearly communicating our requirements to business associates and incorporating ESG performance into our procurement, due diligence and risk assessment processes.

In FY2023, we enhanced our supply chain management by creating a dedicated vendor management function. This function strengthens our ability to improve the quality of procured products and services, reduces risks and increases our capacity to collaborate and communicate with business associates on sustainability topics. As part of our continual improvement, we plan to enhance existing or introduce new support capabilities including an ESG risk matrix for our supply chain and an ESG rating system for third parties that provide products and services to Avaloq.

Our compliance due diligence process seeks to identify and mitigate environmental, human rights and corruption risks linked to prospective business associates during the onboarding phase and throughout the business relationship lifecycle. Any red flags raised initiate appropriate counteractive measures and may lead to the disqualification of the prospective business associate.

Our Vendor Risk Management (VRM) function oversees third-party risk and helps manage Avaloq's supply chain risks. This is achieved by performing vendor risk assessments involving appropriate subject matter experts within Avaloq and establishing governance on third parties. A key part of the vendor risk assessment is a comprehensive questionnaire distributed to selected business associates. In FY2023, this questionnaire was expanded to include material sustainability issues such as sustainability governance, human and labour rights, diversity, equity and inclusion and environmental performance.



The Moon Land of Rajasthan, India.  
Nimisha Singh, Avaloq, 2024.

FY2023 supply chain performance

# 80%

of top-spend business associates, equalling 64% of all business associates, signed the attestation form, committing to adhering to *Avaloq's Code of Conduct* and our *Responsibility Standards for Business Partners*

# 385

new due diligence checks and 540 continuous re-screening due diligence checks were conducted on business associates

# 93%

of our Tier 1 business associates receive a comprehensive questionnaire that includes questions on material sustainability issues



# Orchestrating the shift to sustainable investing

As a leader in financial services software, we see the way technology is rapidly changing society and our industry. Clients increasingly expect advanced digital banking capabilities and there is continued consumer demand for sustainable investing. We operate in an environment of increasing regulation intended to boost transparency and help capital flow toward sustainable investing.

## Our ESG solution

We help our clients meet investor demand for portfolios that align with their values and for investment advice that provides clarity about the sustainability impact of their investment choices. In doing so, we support the flow of global capital to investments that create long-term value for society.

Avaloq's ESG solutions give banks and wealth managers the ability to capture their clients' ESG preferences, evaluate ESG implications when creating proposals and analyse and monitor portfolios using ESG criteria.

Our model portfolio solutions enable our clients to meet regulatory requirements and ensure a consistent approach to the latest standards, including the *Markets in Financial Instruments Directive 2014* (MiFID II) and the *EU Sustainable Finance Disclosure Regulation* (SFDR).

Our platform supports multiple capabilities including the systematic rebalancing of client portfolios in line with their ESG preferences. Through third-party integration, wealth managers can produce detailed reports that help investors understand their exposure to a range of ESG risks as well as the impact of their portfolio on a range of ESG metrics. These can include the climate impact of their investments or their exposure to controversial industries like tobacco or weapons.



## Avaloq's market surveys: The changing investor landscape

With ESG assets representing a third of all assets under management globally, ESG investing remains high on the agenda for both investors and investment advisers. Results from Avaloq's latest market surveys show that investment advisers continue to view ESG investing as a critical topic to get right with their clients. A broad majority of investors are positive about ESG investing, believing that ESG investments will have a positive or at least neutral impact on the value of their investment portfolios.

At the same time, the recent turbulence around ESG, from geopolitical events highlighting the importance of energy security and the political polarization of the topic, appear to have had an impact on investor attitudes. A smaller portion of surveyed investors are taking up ESG investing and there is a reduced appetite for accepting lower financial returns in exchange for ESG-aligned investments.

We present the results of our latest market surveys on the following pages.

Niederbauen-Chulm, Switzerland.  
Gery Zollinger, Avaloq, 2024.



## What do investment advisers think about ESG investing? (1/3)

We surveyed 341 professionals with a minimum five years' experience in the financial industry in Germany, Switzerland, United Kingdom, Belgium, Netherlands, Luxembourg, Hong Kong, Japan, Singapore, Thailand and the United Arab Emirates.



## What do investment advisers think about ESG investing? (2/3)

We found that most investment advisers think sustainability is important and want to do more to demonstrate the impact of sustainable investments to their clients.

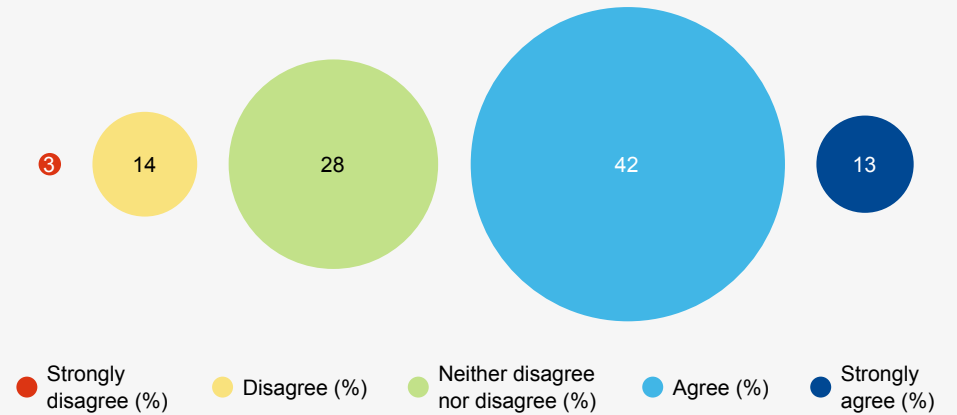
# 55%

of investment advisers think the topic of ESG investing is important for client engagement

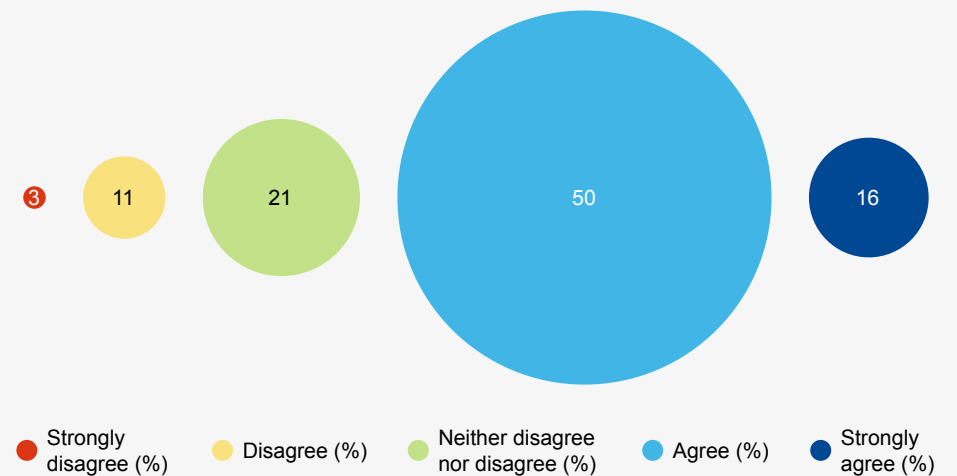
# 66%

of investment advisers would like to be able to better demonstrate the impact of ESG investing on portfolios

The topic of ESG investing is important for client engagement.



I would like to be able to better demonstrate the impact of ESG investing on my client's portfolio.





## What do investment advisers think about ESG investing? (3/3)

We found that only a minority of investment advisers were confident advising their clients on ESG investing and a majority see room for improvement in both the quality and clarity of ESG assets.

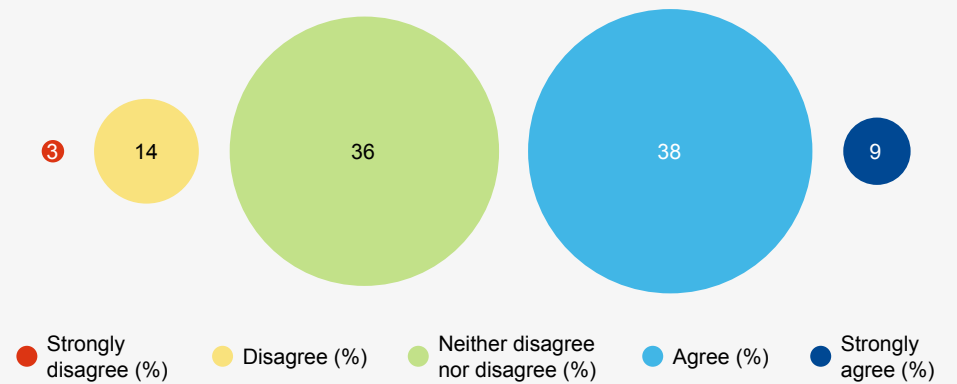
# 47%

of investment advisers feel confident advising clients about ESG investments

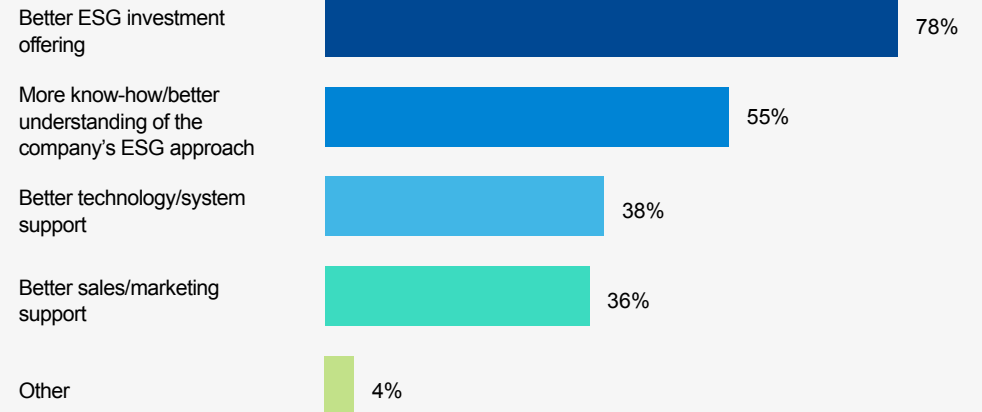
# 78%

of investment advisers would be more comfortable discussing ESG if options on offer were improved

I feel confident advising my clients on ESG investing engagement.



What would make you feel more comfortable discussing ESG investing with your clients?



## What do investors think about ESG investing? (1/4)

We surveyed 3,012 affluent, high net worth and ultra-high net worth investors in Germany, Switzerland, United Kingdom, Belgium, Netherlands, Luxembourg, Hong Kong, Japan, Singapore, Thailand and the United Arab Emirates.





## What do investors think about ESG investing? (2/4)

We found that fewer investors are actively investing into ESG, and a significant portion remains concerned about the accuracy of sustainability claims.

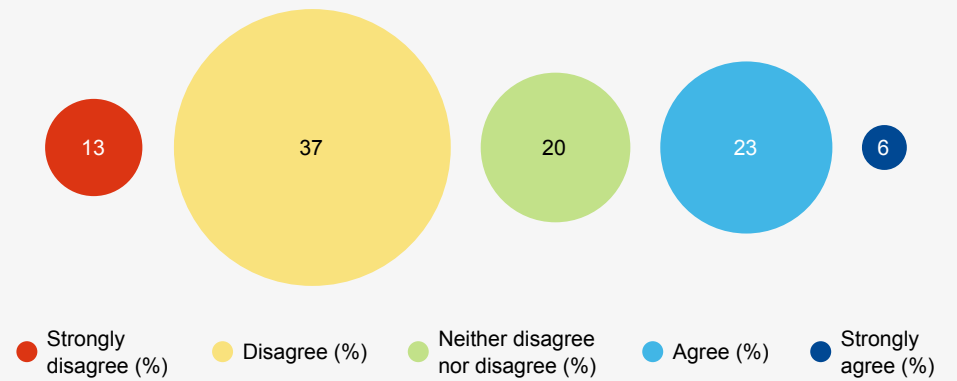
# 30%

reduction in investors actively investing into ESG opportunities since our 2023 survey

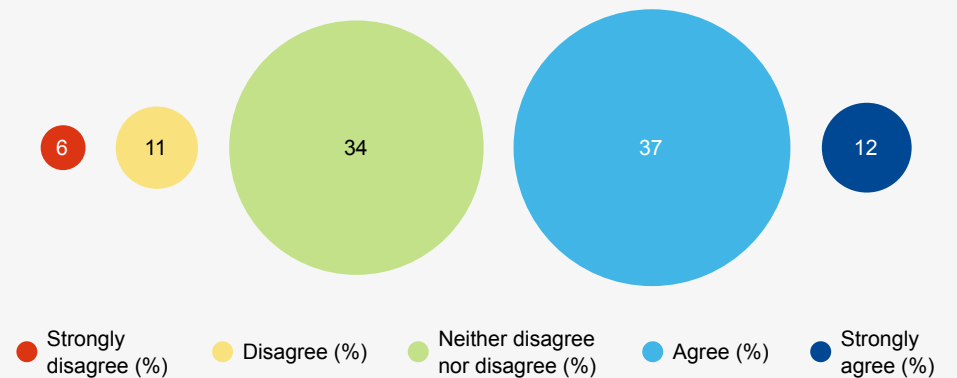
# 49%

of investors question whether sustainable investments are truly sustainable

I am actively investing into ESG opportunities.



I question whether sustainable investing options are truly sustainable.



## What do investors think about ESG investing? (3/4)

We found that while investors are less inclined than in 2023 to accept a trade-off between returns for ESG-aligned investments, a majority believe ESG investing will have a positive or neutral impact on their investments.

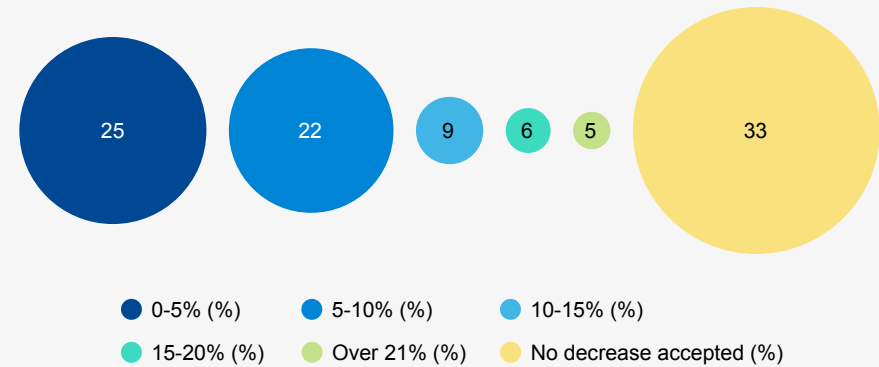
# 67%

of investors are willing to accept some level of reduced returns in exchange for ESG-aligned investments, but 33% are not willing to accept any reduction in returns

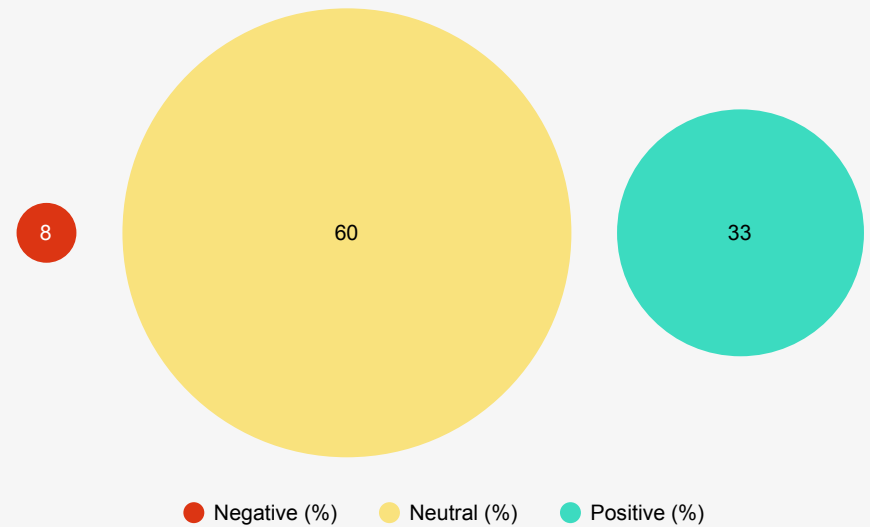
# 93%

of investors believe that ESG-aligned investments will either have a positive or neutral impact on their portfolio returns

How much of a decrease in portfolio performance would you be willing to accept as a consequence of investing in ESG opportunities?



What impact do you expect ESG investing to have on your portfolio performance?





## What do investors think about ESG investing? (4/4)

We found that investors are dissatisfied with the ESG investment opportunities on offer and feel that their banks and investment advisers could do more to explain their approach to ESG investing.

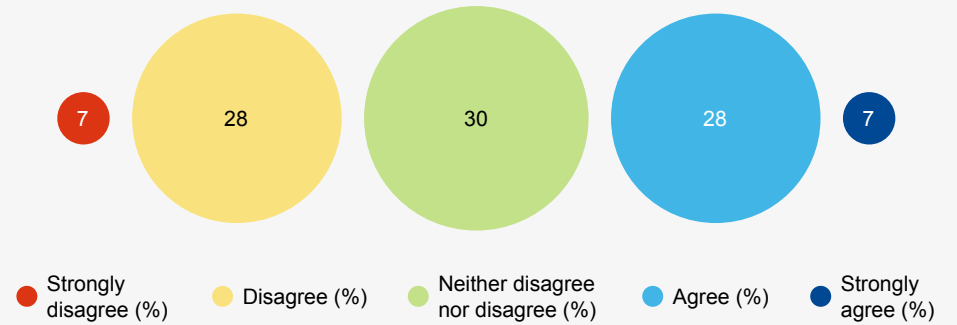
# 65%

of investors either disagree or are ambivalent that their bank has an ESG offering that meets their needs

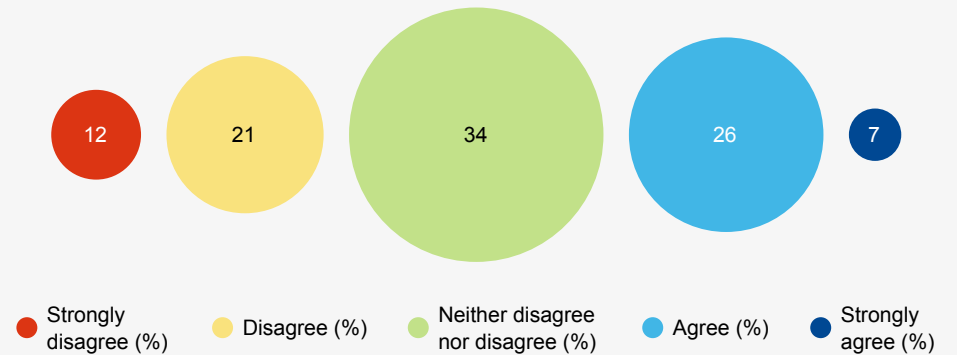
# 33%

of investors believe their bank does not do a good job at explaining their approach to ESG investing

My bank has an ESG offering that fully addresses my needs.



My bank/adviser is doing a good job explaining their approach to ESG investing.



# Appendix



Pulau Padar, Komodo National Park, Indonesia.  
Claudia Ramos, Avaloq, 2024.



# GRI content index



Red-eyed tree frog, Costa Rica.  
Mateusz Miks, Avaloq, 2024.

Avaloq has reported the information cited in this GRI content index for the period from 1 April 2023 to 31 March 2024 with reference to the GRI standards.

GRI Standard	Disclosure	Reference
GRI 2: General disclosures	2-1 Organizational details	Sustainability Report, <a href="#">page 9</a> and our <a href="#">website (Contact us)</a>
	2-2 Entities included in the organization's sustainability reporting	Sustainability Report, <a href="#">page 9</a>
	2-3 Reporting period, frequency and contact point	Sustainability Report, <a href="#">page 9</a>
	2-4 Restatement of information	Sustainability Report, <a href="#">page 63: Change to methodology for GHG emissions measurement</a>
	2-5 External assurance	This report has not been externally assured.
	2-6 Activities, value chain and other business relationships	Sustainability Report, <a href="#">pages 3 - 5</a>
	2-9 Governance structure and composition	Our <a href="#">website (Leadership)</a>
	2-22 Statement on sustainable development strategy	Sustainability Report, <a href="#">pages 5 - 6</a>
	2-26 Mechanisms for seeking advice and raising concerns	Sustainability Report, <a href="#">page 45</a> and our <a href="#">whistleblowing tool</a>
	2-27 Compliance with laws and regulations	No fines or monetary sanctions for material noncompliance with laws or regulations.
	2-29 Approach to stakeholder engagement	Sustainability Report, <a href="#">pages 34, 51 - 58, 64</a>



Pregnant tigress, Taboda forest wildlife sanctuary, India. Abhishek Belkar, Avaloq, 2024.

GRI Standard	Disclosure	Reference
GRI 3: Material topics	3-1 Process to determine material topics	Sustainability Report, <a href="#">page 7</a>
	3-2 List of material topics	Sustainability Report, <a href="#">page 8</a>
GRI 205: Anti-corruption	205 3-3 Management of anti-corruption	Sustainability Report, <a href="#">pages 45 and 48 - 49</a>
	205-2 Communication and training about anti-corruption policies and procedures	Sustainability Report, <a href="#">page 45</a>
GRI 305: Emissions	305 3-3 Management of emissions	Sustainability Report, <a href="#">pages 18 - 22</a>
	305-1 Direct (Scope 1) GHG emissions	Sustainability Report, <a href="#">pages 21 and 62</a>
	305-2 Energy indirect (Scope 2) GHG emissions	Sustainability Report, <a href="#">pages 20 - 21 and 62</a>
	305-3 Other indirect (Scope 3) GHG emissions	Sustainability Report, <a href="#">pages 22 and 62 - 63</a>
	305-4 GHG emissions intensity	Sustainability Report, <a href="#">page 62</a>
	305-5 Reduction of GHG emissions	Sustainability Report, <a href="#">pages 18, 21 and 62</a>



# Climate performance data

Table 2: Avaloq's GHG emissions 2018 – 2023 (tCO<sub>2</sub>e)

Scope	Category	2018	2019	2020	2021	2022	2023	
1	Direct emissions	1,841	2,245	567	435	84	76	
2	Purchased energy (electricity, heating, cooling)	location-based	3,433	1,684	1,144	1,188	1,352	1,712
		market-based	3,199	287	403	377	323	545
	Purchased goods and services (full inventory from 2022, with recalculated base-year)	21,530	2,821*	1,241*	2,504*	24,450	17,300	
	Capital goods	433	621	586	671	1,101	874	
	Fuel and energy related activities	1,122	516	443	505	573	506	
3	Upstream transportation and distribution	51	2	7	24	8	9	
	Waste generated in operations	83	333	57	21	15	11	
	Business travel	4,305	4,960	1,856	237	770	1,327	
	Employee commuting	2,395	2,745	708	763	1,862	1,644	
	<b>Total GHG emissions</b>	<b>33,250</b>	<b>14,530*</b>	<b>5,869*</b>	<b>6,346*</b>	<b>29,090</b>	<b>22,290</b>	
		base year					most recent year	

\* GHG emissions from Scope 3 purchased goods and services are not comparable over these years due to our updated methodology in recent years, which has been applied to our baseline year to enable comparability over time.

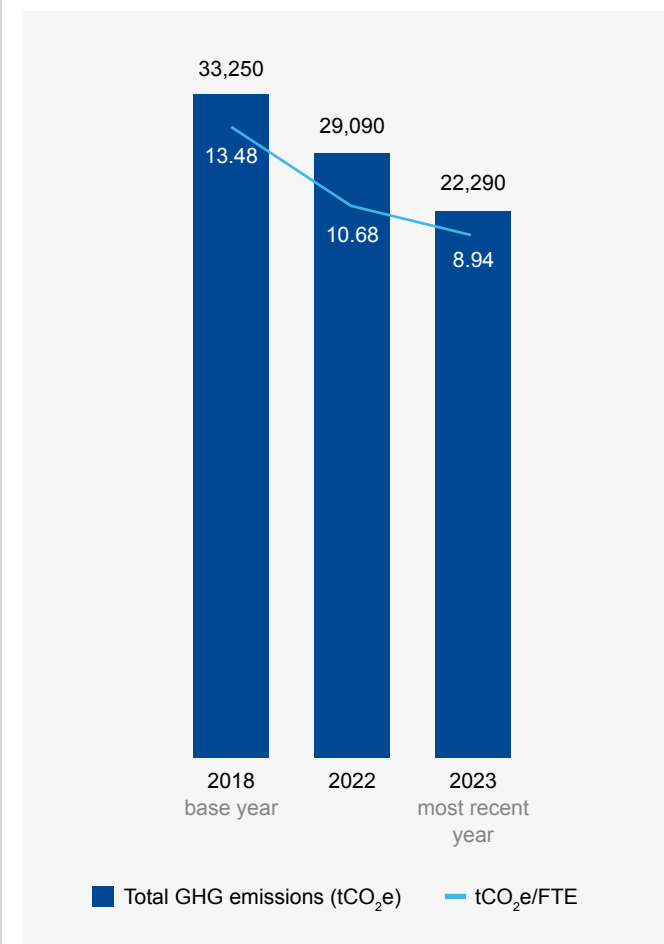
Scope 1: Includes direct emissions from operations we own or control

Scope 2: Includes indirect emissions from purchased electricity, heating and cooling

Scope 3: Includes other indirect emissions that occur outside of Avaloq

FTE: Full time equivalent employee

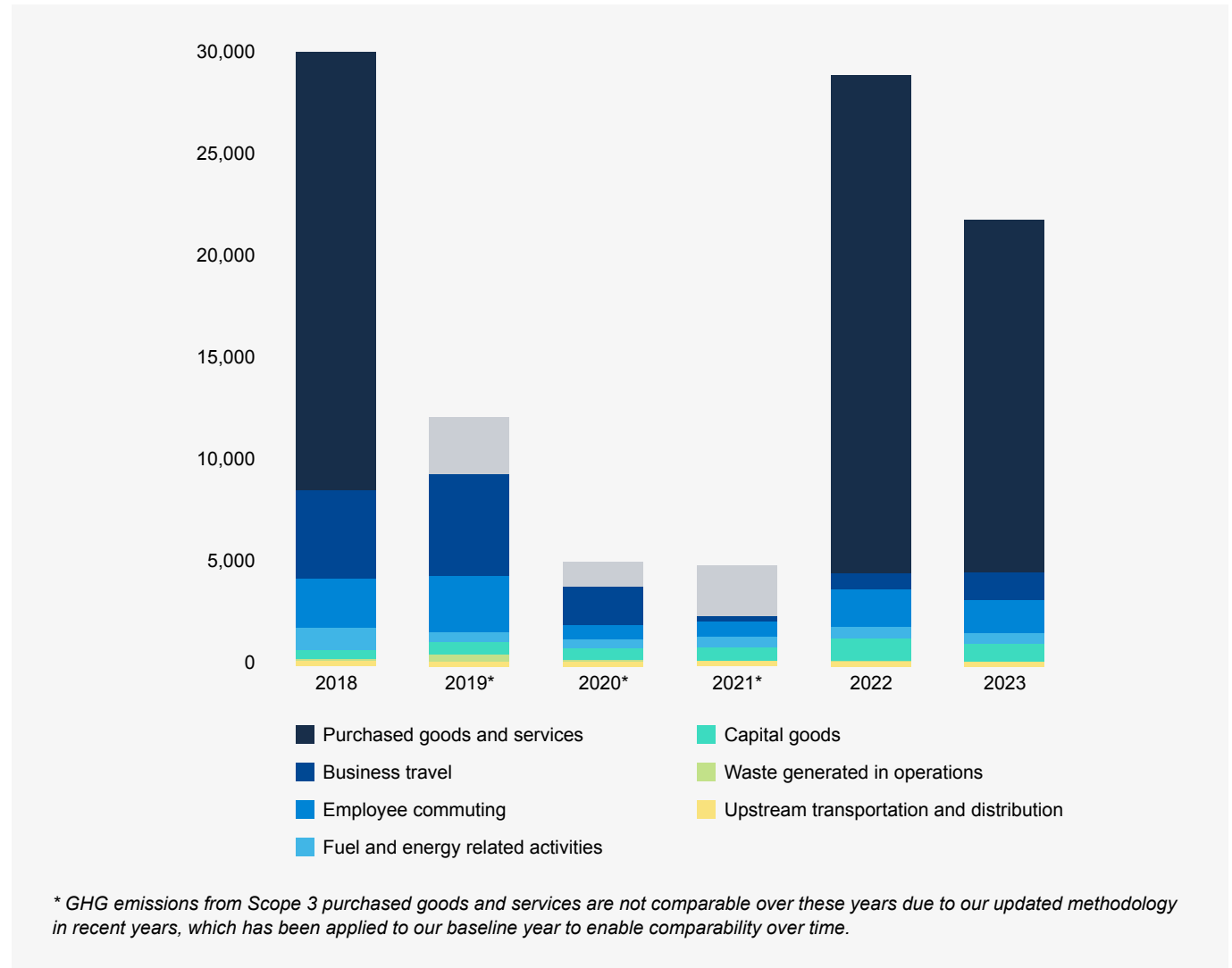
Figure 8: Intensity of GHG emissions per FTE 2018 v 2022 - 2023



## Scope 3 Emissions

Avaloq's predominant source of emissions are our Scope 3 indirect emissions. The largest source of these is from purchased goods and services, which account for 78% of our total GHG emissions. In 2022, we improved our calculation methodology of this source. We applied the same methodology to our baseline year to enable a direct comparison of GHG emissions over time. These changes are reflected in the graph "Scope 3 GHG emissions over time".

Figure 9: Scope 3 GHG emissions over time (tCO<sub>2</sub>e)





# Key stakeholder interests

## Clients

- Climate change
- Community investment
- Diversity, equity and inclusion
- Ethical business conduct
- Product development and innovation

## Colleagues

- Benefits, training and culture
- Diversity, equity and inclusion
- Community impact
- Digital accessibility
- Environment

## Non-governmental Organizations (NGOs) and civil society

- Ethical business conduct
- Environmental and social impact
- Financial and non-financial support

## Government and regulatory bodies

- Climate change
- Diversity, equity and inclusion
- Ethical business conduct

## Media and industry

- Accurate and relevant information

## NEC

- Climate change and environmental management
- Ethical business conduct and human rights
- Sustainable product offering and digitalization

## Suppliers

- Climate change
- Ethical business conduct

Figure 10: Key stakeholder engagement approach



Talegaon dabhade, Pune.  
 Bhagyashree Pampatiwar, Avaloq, 2024.

# Sustainable Development Goals (SDGs)

## How we support the SDGs

### Goal 4: Quality education

We enhance the professional and technical skills of our colleagues and partners through our training initiatives. We equip individuals with the necessary skills to navigate and succeed in an increasingly digital world. Through the Avaloq Community Impact Programme, we support people to overcome barriers into the technology industry through education and up-skilling.



### Goal 5: Gender equality

We promote gender equality by working to maintain a diverse and inclusive work environment, offering equal opportunities for all genders in terms of employment, career growth, and leadership positions. We also work to close the gender pay gap and ensure equal remuneration for work of equal value.



### Goal 8: Decent work and economic growth

We foster economic growth and decent work by creating jobs in the technology industry, offering fair wages and benefits and ensuring a safe and inclusive working environment. The products we develop and sell enable businesses and individuals to manage their wealth more efficiently, advancing economic growth and financial stability.



### Goal 9: Industry, innovation and infrastructure

By improving our products and enhancing their efficiency, security and user-friendliness, we foster innovation and help build resilient digital finance infrastructure that encourages economic growth. This commitment is crucial in today's digital age, where technology plays an essential role in financial inclusion and economic development.



### Goal 12: Responsible consumption and production

As a software provider, Avaloq's operations are inherently resource-light, but we still strive to reduce our environmental impact. We aim to develop and maintain systems that are efficient and have minimal wastage. Our goal is to use resources sustainably in our operations, reducing waste generation through prevention, reduction, recycling and reuse.



### Goal 13: Climate action

We contribute to climate action by operating in a manner that minimizes our carbon footprint. Our focus is on understanding our emissions and significantly reducing them. We invest in projects that go beyond our value chain to reduce global GHG emissions and support the scale up of carbon removal technology.



### Goal 16: Peace and justice strong institutions

We are committed to high standards of corporate governance and ethics, which contribute to the maintenance and development of accountable institutions. We operate with transparency, adhere to relevant regulations and maintain robust checks and balances to prevent corruption and ensure accountability.



# References

- 1 Estimated figure using the Greenhouse Gas Equivalencies Calculator, United States Environmental Protection Agency.
- 2 Estimated figure using the Greenhouse Gas Equivalencies Calculator, United States Environmental Protection Agency.
- 3 A Guide to Climate Contributions, NewClimate Institute, 2023. The NewClimate Institute is an independent non-profit organization dedicated to raising ambition for climate change. NewClimate is financed by government institutions and the European Climate Foundation, among others.



Robin in spring, Scotland.  
Fiona McGuire, Avaloq, 2024.



# About Avaloq

Leading the  
way in wealth  
management  
technology  
and services

Avaloq is a global leader in digital banking solutions. Its banking platform and wealth management technology are delivered through Software as a Service (SaaS) and on-premises models. Avaloq offers Banking Operations via Business Process as a Service (BPaaS), which gives clients a high degree of automation to boost back-office efficiency. More than 170 banks and wealth managers worldwide trust Avaloq for its innovative products and reliable services. Avaloq is a subsidiary of NEC Corporation, a global leader in the integration of IT and network technologies.

Find out more at [avalog.com](https://avalog.com)