Avaloq is a global leader in digital banking solutions, core banking software and wealth management technology. Based on fully integrated banking software, Avaloq creates powerful digital solutions for banks and wealth managers through BPaaS (business process as a service), leveraging cloud computing to automate back office services and SaaS (software as a service), providing built-for-purpose business services.

Avaloq is the only independent banking software provider to develop and also operate its own software, driving the transformation and automation of the financial services industry. Over 150 clients trust us with USD 4.5 trillion in assets managed with our software.

In our industry, teamwork is the key to success, and our team brings together more than 2,000 bright and ambitious people, drawn from a total of 66 nationalities.

Our people also work in partnership with a growing ecosystem of 158 clients, 90 fintech and technology firms, 1,000 external developers and a range of universities, think tanks and standards organizations.

Together, we identify emerging needs, discuss ideas and develop new and practical solutions to improve clients’ banking experience.

Headquartered in Zurich, Switzerland, we have a growing international network including branches in Berlin, Leipzig, Edinburgh, London, Luxembourg, Paris, Madrid, Hong Kong, Singapore, Pune, Manila and Sydney.

We are growing fast, and most of our shares are owned by our employees. The rest are held by our strategic partner, the global private equity firm Warburg Pincus (45%).
At a glance

- CHF 609 m revenues 2019
- 2,000+ employees from 66 countries
- 500+ developers
- 1,100+ certified partner staff
- 150+ clients around the world
- +6% strong revenues growth on 2018
- CHF 4.5 trillion client assets managed with Avaloq software
- 26 offices in nine countries
- 3 R&D centres in Zurich, Edinburgh and Manila
This is Avaloq’s first corporate social responsibility (CSR) report and documents our performance and achievements related to environmental, social and governance (ESG) factors.

This report reaffirms our support for the ten principles of the United Nations Global Compact in the areas of human rights, labour, environment and anti-corruption. Avaloq is a proud participant in the United Nations Global Compact since October 2019.

Through our annual CSR report, we share our communication on progress (CoP), in which we describe the actions we have taken to integrate the UN Global Compact principles into our business strategy, culture and daily operations.

The scope includes information about Avaloq and its fully owned or major operating subsidiaries; it provides an overview of our framework, priorities and selected initiatives for the 2018 and 2019 business years.

Contact point for questions about the report

CSR@avaloq.com
01. About Avaloq

02. About this report

03. A message from the CEO

04. Corporate social responsibility at Avaloq
   Our CSR strategy
   Our commitments and goals

05. Inspiring culture
   Our values
   Upholding human rights
   Driving diversity and inclusion
   Helping employees to reach their potential
   Employee engagement
   Employee health and safety

06. Ethics and integrity

07. Making change happen together
   Volunteering programmes
   Supporting our local communities

08. Reducing our impact on the environment
   Our environmental strategy
   Becoming a net zero emissions company
   Renewable energy
   Doing our bit every day
Dear readers,

I am delighted to introduce Avaloq’s first Corporate Social Responsibility report – our first formal summary of the many different ways we at Avaloq focus on sustainability, giving back to the communities that we operate in, and the way we conduct ourselves as we do business.

Why a CSR report now? In our business kick-off meeting one year ago, I was struck by what our “young talents”, the future leaders of our business, told me: they said how proud they were of our CSR activities, but that the CSR area needed more coherence and strategy, and they stressed the need to communicate more about what we do. I asked them to take 20% of their working time to focus on this as a project team. The initiative grew and evolved into a full-time position that is now covered by one of our young talents.

Being a responsible business is in our DNA; it is not only part of our corporate strategy but follows a bottom-up approach. This report summarizes what that means for Avaloq.

The report covers our 2018 and 2019 business years. In future, we will publish an annual update to report our progress in key areas across the business. There is still room for improvement to become the socially responsible company we want to be.

In October 2019, Avaloq joined the United Nations Global Compact, the largest sustainability initiative for businesses worldwide. By doing so, we committed to supporting the UN Sustainable Development Goals (SDGs), which provide an urgent call-to-action for governments, businesses and civil society organizations to address the most relevant problems facing our world today.

Whether in formal structured programmes, such as the 1,000 days our employees devoted to our 12 Doing Well by Doing Good projects, or more employee-driven programmes, our people want to give back, often using their own skills.
What areas are we keen to focus on?

- We want to increase the number of hours dedicated to bottom-up volunteering initiatives that focus on promoting core competencies in local communities.
- Internally, we continue to focus on culture and people, on our values and the way we conduct business. We help our colleagues steer their professional journeys via Avaloq Career Maps and we use a digital platform called “Your Voice @ Avaloq”, for employees to share their thoughts, ideas and concerns.
- We recognize a gender imbalance that we need to address with our recruiting, training and mentoring strategies and our remuneration policies.
- Personal professionalism and entrepreneurial behaviour form the basis of our success. Our code of business conduct and ethics is robust and we take data privacy very seriously.
- On the environmental side, we comply with the relevant laws and regulations. However, we recognize the need to do more and are working with South Pole, a leading sustainability solutions provider. South Pole helps us drive strategies that will allow us to switch to 100% renewable energy for our global operations, reduce our carbon footprint, achieve our goal of becoming a net zero emissions company and, by leveraging our people, technology and resources, to act responsibly every day.

The Chinese philosopher Lao Tzu famously said: “A journey of a thousand miles begins with a single step”. We might not be at the beginning of our sustainability journey, but we need to take further steps to reach our goals. I hope you find this report a useful guide to Avaloq's CSR progress so far and an interesting insight into our future plans.

Yours,

Jürg Hunziker
Chief Executive Officer
04 Corporate social responsibility at Avaloq
Our CSR strategy

We aim to create a long-term shared value in social, environmental and economic terms.

We have worked hard to shift from a separate sustainability strategy to an integrated corporate sustainability strategy.

This means that we embed sustainability in everything: in our people, in our solutions, and in our operations.

Our commitments and goals

In October 2019, Avaloq joined the United Nations Global Compact, the largest worldwide CSR initiative for businesses. As a participant, we are committed to providing an annual communication on progress in implementing the UN Global Compact’s ten principles in the four areas of human rights, labour, environment and anti-corruption.

In line with this, Avaloq maintains a self-assessment on CSR issues based on the UN Global Compact framework. The assessment tool consists of 36 questions; there is a list of indicators for each question and the results will be provided in this report.
<table>
<thead>
<tr>
<th>Principle</th>
<th>Principle #</th>
<th>Description</th>
<th>Reference in CSR report</th>
</tr>
</thead>
<tbody>
<tr>
<td>Human rights</td>
<td>1</td>
<td>Businesses should: support and respect the protection of internationally proclaimed human rights.</td>
<td>Upholding human rights</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>make sure that employees are not complicit in human right abuses.</td>
<td>Upholding human rights</td>
</tr>
<tr>
<td>Labour</td>
<td>3</td>
<td>uphold the freedom of association and the effective recognition of the right to collective bargaining.</td>
<td>Upholding human rights</td>
</tr>
<tr>
<td></td>
<td>4</td>
<td>uphold the elimination of all forms of forced and compulsory labour.</td>
<td>Upholding human rights</td>
</tr>
<tr>
<td></td>
<td>5</td>
<td>uphold the effective abolition of child labour.</td>
<td>Upholding human rights</td>
</tr>
<tr>
<td></td>
<td>6</td>
<td>uphold the elimination of discrimination in respect of employment and occupation.</td>
<td>Driving diversity and inclusion</td>
</tr>
<tr>
<td>Environment</td>
<td>7</td>
<td>support a precautionary approach to environmental challenges.</td>
<td>Our environmental strategy</td>
</tr>
<tr>
<td></td>
<td>8</td>
<td>undertake initiatives to promote greater environmental responsibility.</td>
<td>Our environmental strategy</td>
</tr>
<tr>
<td></td>
<td></td>
<td>encourage the development and diffusion of environmentally friendly technologies.</td>
<td>Supporting our local communities</td>
</tr>
<tr>
<td>Anti-corruption</td>
<td>10</td>
<td>work against corruption in all its forms, including extortion and bribery.</td>
<td>Policies for control and compliance</td>
</tr>
</tbody>
</table>
In addition, we are committed to supporting the UN Sustainable Development Goals (SDGs), which provide an urgent call-to-action for governments, businesses and civil society organizations to address the most relevant problems facing our world today.

We are especially focused on addressing the following challenges:

<table>
<thead>
<tr>
<th>Goal</th>
<th>Take urgent action to combat climate change and its impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actions</td>
<td>Deadline</td>
</tr>
<tr>
<td>Switch to 100% renewable energy</td>
<td>By Q3 2020</td>
</tr>
<tr>
<td>Become a net zero emissions company</td>
<td>By Q3 2020</td>
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<table>
<thead>
<tr>
<th>Goal</th>
<th>Revitalize the global partnership for sustainable development</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actions</td>
<td>Deadline</td>
</tr>
<tr>
<td>Engage with recognized organizations to stimulate multi-stakeholder dialogue on challenges of corruption</td>
<td>End 2020</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Goal</th>
<th>Promote inclusive and sustainable economic growth, employment and decent work for all</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actions</td>
<td>Deadline</td>
</tr>
<tr>
<td>Increase number of hours of bottom-up volunteering and 2020 initiatives focused on promoting core competencies in local communities</td>
<td>End 2020</td>
</tr>
<tr>
<td>Ensure both financial and non-financial value for our clients and communities</td>
<td>Ongoing</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Goal</th>
<th>Achieve gender equality and empower all women and girls</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actions</td>
<td>Deadline</td>
</tr>
<tr>
<td>Achieve equal gender pay</td>
<td>By Q1 2020</td>
</tr>
<tr>
<td>Increase number of women in our workforce to 30%</td>
<td>By 2022</td>
</tr>
<tr>
<td>Double the number of women in senior/management positions</td>
<td>By 2025</td>
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<table>
<thead>
<tr>
<th>Goal</th>
<th>Revitalize the global partnership for sustainable development</th>
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</tr>
<tr>
<td>Engage with recognized organizations to stimulate multi-stakeholder dialogue on challenges of corruption</td>
<td>End 2020</td>
</tr>
</tbody>
</table>

More information: UN SDG³
05

Inspiring culture
Our values

Network collaboration is the key to success in our industry, and our team brings together more than 2,000 bright, ambitious people, drawn from a total of 66 nationalities, all working in our 26 offices around the world. This wide range of backgrounds and perspectives is one of our greatest assets, and it makes Avaloq a wonderful, stimulating place to innovate, which is at the core of our work.

Moreover, we believe that in order to be a successful company, we must align our employees not only to our business strategy but also to our corporate culture and values.

Avaloq’s values were created in focus groups and through qualitative interviews with 212 Avaloq employees, looking at what drives, inspires and defines the way we work. Our core values form the foundation on which the company as a whole goes about its work, evenly balanced towards all stakeholders.

Upholding human rights

Avaloq promotes and respects human rights for its employees as well as for its business associates. In this way, the matters of anti-discrimination, diversity, and human rights are not only included in Avaloq’s code of business conduct and ethics, but also in specific formal policies, including group policy diversity and equal opportunity and the global policy on data protection.

Furthermore, Avaloq maintains a self-assessment on CSR topics based on the UN Global Compact framework. The results indicate a very strong performance and commitment with regard to human rights, and labour, which address topics such as:

- Health and safety at work
- Wages, benefits, and working hours
- Doing business fairly
- Respecting privacy
- Freedom of association and company-level representation
- No forced and/or child labour
- Non-discrimination and respect at work
Driving diversity and inclusion

At Avaloq, we believe that diversity in the workplace leads to higher levels of creativity, innovation and productivity, which ultimately increases stakeholder value. Our solutions are used by banks and wealth managers all over the globe, but most importantly, by people. These solutions must work intuitively and reliably, across all sizes and areas of financial institutions, in many cultures, applied by all genders. To serve our diverse client community best, we rely on a workforce which is just as diverse.

![Workforce diversity by gender](image)

<table>
<thead>
<tr>
<th>Country</th>
<th>Female</th>
<th>Male</th>
</tr>
</thead>
<tbody>
<tr>
<td>Philippines</td>
<td>61%</td>
<td>39%</td>
</tr>
<tr>
<td>Australia</td>
<td>89%</td>
<td>11%</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>66%</td>
<td>34%</td>
</tr>
<tr>
<td>Singapore</td>
<td>63%</td>
<td>37%</td>
</tr>
<tr>
<td>Spain</td>
<td>85%</td>
<td>15%</td>
</tr>
<tr>
<td>France</td>
<td>67%</td>
<td>33%</td>
</tr>
<tr>
<td>Luxembourg</td>
<td>68%</td>
<td>32%</td>
</tr>
<tr>
<td>UK</td>
<td>78%</td>
<td>22%</td>
</tr>
<tr>
<td>Germany</td>
<td>59%</td>
<td>41%</td>
</tr>
<tr>
<td>Switzerland</td>
<td>75%</td>
<td>25%</td>
</tr>
</tbody>
</table>

Our diversity and equal opportunities policy sets out global minimum standards and measures to provide equal employment and advancement opportunities for all employees, regardless of their age, gender, gender reassignment, religion, national origin, physical or mental disability, sexual orientation, marital status, pregnancy, maternity or paternity, and employment basis such as full or part-time positions.

As with many businesses in the financial and technology sector, we recognize there is a gender imbalance that we need to address with our recruiting, training, mentoring and retention strategies.

At the end of 2019, 29% of our workforce of 2,305 employees were female. Although this is in keeping with the average percentage of women in the software industry (which is indeed 29%), we are committed to attracting more women and having them equally distributed throughout the organization and in leadership positions.

We aim to increase this ratio to at least 30% by 2022 through a range of possible actions, such as proactive outreach to educational institutions, partnerships with recruiters specialized in female talent for the tech industry, communications programmes targeting potential candidates, and unconscious-bias training for line managers.

In addition, we are committed to doubling the number of women in senior/management roles by 2025, focusing more on external hiring and internal development measures.

![Number of employees by age and gender](image)

![Workforce diversity by gender](image)

More information: Diversity and Inclusion in Fintech
The Board of Directors is composed of seven members, three of whom are independent. There are no women. This imbalance at Board level will be addressed with proactive, diversity-oriented selection criteria as the terms of board members come to an end.
Looking at gender by job function, Avaloq has four job families with equal or female dominant gender distribution: Communications, HR, Administration and Banking Operations.

At the end of 2019, Avaloq carried out a gender pay analysis, and concluded that female employees earn less than their male counterparts across the company by 0.8% on average. As an employer, we strive to pay fair salaries, and this pay gap will be addressed in annual pay reviews during the first quarter of 2020.

The analysis also shows that the average position grade of a male employee is higher than that of a female employee, and that a male employee had a 50% higher chance of being promoted than a female employee. To tackle this issue, the company has introduced a diversity training programme for appraisers, plus a female mentoring scheme and a “Lean in Group” to cultivate an environment that enables female career progression.

Avaloq participated in the Advance & HSG Gender Intelligence Report 2019, a joint initiative of Advance and the Competence Centre for Diversity & Inclusion (CCDI) of the University of St. Gallen, to accelerate the creation of gender equal workplaces. Avaloq shared anonymized data on its workforce that was combined with information provided by 54 other Swiss-based companies. The data was consolidated in the report to provide meaningful conclusions and recommendations on how to accelerate gender equality in Switzerland and in other locations. Avaloq will continue to provide data for this valuable analysis in 2020.

More information:
Advance & HSG Gender Intelligence Report³
Helping employees to reach their potential

Programmes for upskilling and transition assistance

At Avaloq, we know that careers can take many different directions. Every employee has different views and expectations for what their ideal career looks like. We created an innovative online platform, the Avaloq City, to help employees discover which career options exist and give them different generic career paths and directions based on their background.

Under the umbrella of the Avaloq City, Avaloq Career Maps offer employees more specific guidance on the different directions that their career can take for specific job families. We have more than 100 unique Position-based Framework (PbF) profiles. PbF is a management instrument that establishes organizational transparency by standardizing positions across the company. We have identified the most relevant career options for the specific PbF profiles within their job family. To provide more guidance on which path to take, we have indicated a “match score”, which serves as an indication based on the comparison of the current PbF profile with the targeted PbF profile.

We also support colleagues who are looking for a way to acquire new skills and competencies, so that they can move out of their comfort zone and into a (completely) new profession. The Avaloq City facilitates these kinds of career moves by showing an overview of all the open positions in the company.
Marendra changed his profession from Network Specialist to Technical Security Officer.

Describe your career at Avaloq so far:
I started as Network Security Lead when I first joined Avaloq. After restructuring, my role was defined as Network Specialist. I applied for a vacancy within Avaloq and secured the new role as Senior Technical Security Officer.

My current job at Avaloq:
Senior Technical Security Officer

Biggest change in current role compared to previous role:
Obviously different scope, and different point of view.

My ideal career move:
Still within IT security – preferably compliance and governance.

My advice to other employees interested in a similar career move:
Plan your communication, hand over your work, and prepare for a transition period that may be challenging.

Experience with your recent career move:
My experience with the entire career move was a breeze. Everyone was extremely supportive, including my line manager and team mates in both my previous and new position. And the APAC HR team ensured the whole process went very smoothly.

My first job at Avaloq:
Network Security Lead and then I changed to Network Specialist

Interve

I joined Avaloq in: August 2015

My current job at Avaloq:
Senior Technical Security Officer
In addition to this, we have an extensive training programme that targets key growth areas. This is especially useful in the fast-changing world of technology and it includes courses on career progression for women.

In 2019, employees spent an average of **35 HOURS** on training.
Employee engagement

“Your Voice @ Avaloq” is a user-friendly survey platform for employees to share their thoughts, ideas and concerns.

The platform explores how our employees feel about the company culture, their teams and the direction the company is taking. It is intended to help make Avaloq a great place to work.

The tool, provided by third-party vendor Peakon, is GDPR-compliant and ensures that personal data is safe in accordance with the most stringent data protection regulations. It also guarantees participants’ anonymity.

The surveys run on a quarterly basis and the results are discussed within the teams to agree and drive improvement actions. We share all the results transparently, and our senior management team also uses them to do group-wide action planning, which is additional input for the continuous improvement of Avaloq’s human resources strategy.

The first survey was conducted in October 2018, and the engagement rate has constantly improved since then. The percentage of company promoters has also risen steadily over the passives and detractors.

Employee health and safety

Avaloq is committed to complying with the applicable health and safety laws and regulations at its offices and logistics centres.

In line with this commitment, Avaloq undertakes to:

- identify and mitigate workplace health and safety hazards and accidents;
- consult with employees on matters that affect their workplace health and safety;
- transparently respond to employee feedback regarding workplace health and safety issues.

Our comprehensive Health and Safety Policy contains further details.
06
Ethics and integrity
Ethics

Personal professionalism and entrepreneurial behaviour are the foundation of our success. These principles — our Code of Business Conduct and Ethics — are based on:

- Competency: we use our knowledge and skills to choose the best and most efficient course of action and take responsibility for what we do.
- Confidentiality: we protect the confidentiality of both Avaloq’s information and the information of its clients and business associates.
- Compliance: we ensure that our business decisions and activities comply with applicable laws and regulations.
- Respect: we strive to act as good corporate citizens and treat our colleagues, clients, business associates and any other stakeholders with respect and courtesy.

We promote transparency and integrity in all our business dealings to avoid any improper advantage and/or the appearance of questionable conduct.

We speak up if we know of possible violations of this code. We will not tolerate any retaliation against any individuals for reporting a good-faith complaint to management or control functions.

Managing our supply chain

While conducting business with or on behalf of Avaloq, Avaloq business associates and their employees, agents and subcontractors are required to adhere to the same standards of conduct and behaviour as we expect from our own employees, as detailed in the Avaloq Business Associates Code of Conduct.
Data privacy

The protection of personal data is a fundamental right of all individuals and is at the core of Avaloq business. We have a comprehensive Global Data Protection Policy, which describes basic principles and responsibilities to ensure Avaloq adheres to legal and regulatory data protection requirements when processing data pertaining to individuals. In addition, we incorporate privacy considerations into design and development processes, offering clients meaningful privacy choices, and responsibly collecting, managing, and using the client data that we store. We comply with domestic (i.e. single-state) data privacy laws in parallel with, and additionally to, the EU’s General Data Protection Regulation (GDPR) 2016/679.

As a result, to date no substantiated complaints have been identified, that would warrant data breach reporting to the supervisory authorities or data subjects.

A network of eleven “Privacy Ambassadors” has been appointed by Avaloq executives to monitor the implementation of data privacy and protection measures across the entire organization. Further, Avaloq is a member of the International Association of Privacy Professionals (IAPP), the world’s leading privacy association.
Employee initiative

Jugend Arbeit is a Swiss non-profit organization that works with Swiss cities and communities running youth projects focused on independent, critical and creative use of digitalization. The organization created an app to help young people to search for job opportunities and traineeships. Android and iOS are the supported ecosystems, and everything takes place over mobile devices.

Juhamatti Jaervi, Data Protection Officer at Avaloq, helped the organization with their data protection and privacy matters by creating their privacy notice and consulting them on their privacy practices (e.g. how to track website traffic, implement cookie banners, subprocessing activities etc.). Avaloq supported Juhamatti, allowing him to dedicate part of his working time in the company to this initiative.

“As a youth-oriented organization, it was very important that any data we held from the app was managed in a way that adhered to the highest standards of data protection and privacy. Juhamatti was incredibly helpful in ensuring we had a robust policy in place, and a clear structure for the data processes - how the data could be used, stored and accessed.”

Rafael Freuler
Jugendarbeit Digital
We have a consolidated incident management process that immediately activates a trigger for the internal stakeholders (data protection, Chief Information Security Officer, key account manager data protection) who ensure that this unlikely event is resolved promptly.

Against bribery and corruption
We take the fight against bribery and corruption very seriously and, in line with the ten principles of the UN Global Compact, Avaloq:

- takes a clear stand against corruption;
- assesses the risk of corruption when doing business;
- ensures that relevant workers are properly trained;
- aligns internal procedures to support anti-corruption commitment;
- extends anti-corruption initiatives to agents, intermediaries and consultants too.

All Avaloq employees take part in mandatory compliance training courses, such as anti-bribery and corruption, and whistleblowing.

Anti-bribery and corruption training by Thomson Reuters was delivered to 2,197 employees in 2019, a 6% increase over 2018.
Furthermore, employees are able to raise any concerns or to report any observations of perceived wrongdoing either through line management or a corporate function, or by contacting the Avaloq Ombuds Office or by using our online whistleblowing system. We have a comprehensive Global Whistleblowing Policy that defines a global standard to enable individuals to report suspected non-compliance without fear of adverse consequences for themselves. Incidents can be reported anonymously via the online whistleblowing system which is located on external servers, ensuring that no employees apart from those in the Compliance department have access to the system. Investigations are carefully conducted by specialists, and the conclusions are shared with the management for future measures and actions.

Although our Compliance team members are part of professional compliance organizations and attend conferences and training with other sector professionals, we recognize the urgency of a collective effort. It is necessary to act jointly with our peers to:

1. promote a fair business environment;
2. stimulate multi-stakeholder dialogue on the challenges of corruption;
3. encourage the local business community and business partners to cooperate to fight corruption.

To achieve these goals, Avaloq is committed to taking part in the UN’s Anti-corruption Day, which takes place annually on 9 December, and to joining Transparency International EU. This is part of the global Transparency International anti-corruption movement that includes over 100 chapters around the world. Since 2008, Transparency International EU has functioned as a regional liaison office for the global movement and as such it works closely with the Transparency International Secretariat in Berlin, Germany.
Making change happen together
Volunteering programmes

We have a strong volunteering culture at Avaloq, with many employees keen to give their time or use their skills to contribute to the communities we interact with. Some of these initiatives are driven ‘bottom up’ by our employees, and some are part of structured engagement programmes.

Numbers of hours spent on volunteering initiatives in 2018 and 2019

- 170 hours volunteered in bottom-up initiatives (2019)
- 160+ hours volunteered in moving days (2019)
- 1,000 hours volunteered in the Doing Well by Doing Good initiative (2018)
Doing Well by Doing Good

Doing Well by Doing Good (DWDG) is a social engagement programme, which sponsors 12 volunteering projects each year with an environmental, knowledge-sharing, well-being or gender equality focus.

The initiative encourages our colleagues to fully engage for up to two weeks and directly contribute towards their chosen cause around the globe.

As an example of the 2018 DWDG projects, our Singapore based colleagues Ivan Lombardi, technical project manager, and Alfredo Paolillo, solution architect, created an innovative learning platform for schools in the earthquake-hit Helambu region of Nepal.
Interview: Ivan Lombardi and Alfredo Paolillo

What inspired you to create the education project for children in Helambu, Nepal?

Avaloq runs an initiative called Doing Well by Doing Good, where team members can give two weeks of their time to a worthy cause, and the company will cover basic costs. I had friends in Nepal working in the Helambu region, helping to rebuild after the earthquake of 2015, and a critical part of this was rebuilding schools. But the schools lacked equipment, especially IT equipment. We thought we could help.

So, we submitted a project proposal to our management team, and it was particularly important to us that we could use the skills we use every day at Avaloq to help these communities.

Why is IT important to the schools?

Firstly, schools in Helambu are critical for the community. Many young students dropped out of school after the earthquake, because their schools were destroyed, and some move to other communities or countries for cheap labour jobs. Clearly this is bad for them and the community. So, a key first phase was rebuilding the schools.

A key second phase was IT capabilities. Kids in this region really need computers and IT skills so they can get good jobs when they grow up and they can support their families. The schools need servers, computers, network devices, monitors and keyboards – to teach the children technology skills.

So, what did you do?

We worked with a local non-profit association, Criticaledu, to help us with community liaison and with them we started to work with Palchok Secondary School and Yangrima School to create a computer lab for each.

Although Avaloq paid for our time and travel, we used crowdfunding to buy key equipment such as monitors, PCs, servers, mice, keyboards and cabling. In total, we installed 26 workstations across the 2 schools.

Could you sum up the impact this project had on the community?

Palchok school is a government-owned school with more than 200 students. There was no computer lab at all despite having a computer class as one of the subjects.

Now, the school has a modern lab. Similarly, at Yangrima school, students no longer have to share a computer with fellow classmates during computer lab session.

Importantly, we also taught the teachers how to use and maintain the equipment, so everything would continue working when we left – and how to teach basic IT skills so the children, aged 6-18, could develop the IT literacy they need for life and work after their time at school ends.
Volunteering days

Züri Fäscht

Over the first weekend of July 2019, two million visitors took to the streets along the River Limmat and Lake Zurich to enjoy the largest festival in Switzerland, the Züri Fäscht. The event offers a unique mix of folk festival, music and parties while hosting around 165 food and drinks stands.

However, such a large event, comes with a huge downside, litter! In fact, the Züri Fäscht results in about 300 tonnes of waste.

Twenty Avaloq employees from Innovation and Product Development under the CTO business area decided to take the situation into their own hands and partnered with the city of Zurich for a half-day clean-up.

The team was also given a tour of the Zurich waste incineration plant, where they learned more about the recycling and Waste-to-energy (WtE) systems in Switzerland. WtE is the process of generating energy in the form of electricity and/or heat from the primary treatment of waste.

"Our aim was to do something that would benefit our community and the environment - this experience has also created an amazing team spirit and inspired us to do more."

Penelope Luethi
Chapter Lead in our Zurich office
Moving days

As we are renovating our headquarters in Zurich, some of our employees have temporarily relocated to a new office in Adliswil. During the “moving days” to the new office, we offered them the option either to work from home or to join a volunteering project.

Avaloq joined forces with the town of Adliswil on an environmental prevention project in the Adliswil forest. Our employees worked all day to go through the forest and clear the overgrown plants and clean the forest, accompanied by a local professional.

A total of 19 employees joined in the volunteering projects on the two moving days in 2019 (5 July and 22 November)
Supporting our local communities

SOS Kinderdorf

SOS Kinderdorf is an NGO whose mission is to improve the living conditions of underprivileged children and families in 135 countries by providing shelter, educational programmes and access to healthcare. Avaloq has supported the foundation through monetary donations since 2015.

More information: SoS Kinderdorf Schweiz
The idea of #onamission started when Nicole, a team member in the Communications department, was travelling to Zanzibar and asked her colleagues for clothes donations that she could take to an orphanage.

The team realized that the same could be done when colleagues travel to our operating headquarters in Manila. Ever since, Avaloq employees have recycled and collected toys, clothes and educational supplies and donated them to the orphanage, Precious Heritage Children’s Home, in Manila. This is a non-profit, charitable organization that provides residential-based programmes including shelter, food, education and sustainable skills training for orphaned, abandoned and underprivileged children and families.
Reducing our impact on the environment
The Grund, Luxembourg
Our environmental strategy

At Avaloq, environmental considerations are taken very seriously. We aim to create a sustainable, low-carbon future for all by:

- Becoming a NET ZERO EMISSIONS company by the third quarter of 2020
- Switching to 100% RENEWABLE ENERGY for our global operations by the third quarter of 2020
- Leveraging our people, technology and resources to act responsibly EVERY DAY
Becoming a net zero emissions company

We are aware of the urgent need to act immediately and have set ourselves the ambitious target of becoming a net zero emissions company by Q3 2020 through a three-levels, iterative process:

**Avoid**

This is our priority. We aim to avoid the creation of greenhouse gas emissions through:

- encouraging telecommunication
- limiting flights in business/first class to specific cases

**Reduce**

If we cannot avoid carbon emissions, we aim to drive efficiency and reduce them. This is possible by:

- limiting flying in favour of rail travel
- promoting public transport for commuting

**Offset**

This last option entails neutralizing unavoidable emissions by financing carbon offsetting projects.

These consist of purchasing carbon credits that represent the removal/avoidance of one metric tonne of carbon dioxide (or its equivalent) from the atmosphere. These credits will finance much-needed climate mitigation action and support the global transition to a zero-carbon future; they are a temporary measure until we are able to undertake the steps needed to eliminate our emissions entirely.
This ambitious strategy for tackling environmental challenges is enforced and supported by some initiatives that were already in place in 2019:

- **Flight policy:** first-class and business class flights are restricted to a few limited cases. Everyone knows that flying is carbon-intensive. But flying economy is clearly less carbon-intensive because it maximizes the number of passengers that each flight can carry. At Avaloq, all flights must be in economy or economy plus, thereby ensuring a considerable reduction in CO2 emissions.

- **Car fleet renewal:** four new all-electric cars (BMW i3) were purchased in 2019, making up two thirds of a six cars fleet (2 non-electric Smarts).

**Our greenhouse gas emissions: where we stand**

Although already compliant with all relevant environmental laws and regulations, we recognized the need to do more and engaged with South Pole, a leading sustainability solutions provider, to calculate our global greenhouse gas (GHG) emissions. Our total GHG emissions for the 2018 calendar year were 16,030 tonnes of carbon dioxide equivalent (tCO2e).

GHG emissions for 2019 will be presented in next year’s report, as the collection and analysis of data will be completed after the publication of this report.

Our largest emissions sources are air travel and purchased electricity, accounting for 25% and 18% of total emissions respectively. Other relevant sources of emissions are different materials, energy-related activities, ground travel and commuter travel.

Indeed, to measure and report our indirect environmental footprint in relation to commuting, we launched a survey in July asking our employees what personal means of transport they use to travel to our offices every day.

The CO2 calculation was performed in line with the Green House Gas Protocol that groups emissions into three main areas:

- **Scope 1:** direct GHG emissions account for 1,170 tCO2e
- **Scope 2:** indirect GHG emissions from purchased electricity, heating and cooling account for 3,199 tCO2e
- **Scope 3:** other indirect GHG emissions account for 11,661 tCO2e

**GHG emissions (tCO2e) by scope in 2018**

Our GHG intensity ratio was 6.50 tCO2e per employee.
Renewable energy

As a software company, our most relevant indirect scope 2 emissions are associated with the electricity consumption at our data centres.

In 2018, the total fuel consumption within the organization from renewable and non-renewable resources was structured as shown in the table below.

In 2018, 1.5% of Avaloq global electricity was procured from renewable energy sources. We recognize this is not enough and we are focused on sourcing clean, renewable energy and improving efficiency throughout our operations.

Accordingly, we have set an ambitious target to ensure that 100% of the electricity we consume from the grid will be procured from renewable sources.

As it is impossible to track electricity drawn from the grid to its original source, we will achieve this through the purchase of Energy Attribute Certificates (EACs) equal to our total MWh consumption. Each EAC represents proof that 1 MWh of renewable energy has been produced and injected into the grid. Therefore, by purchasing EACs equal to our total grid consumption, we can be confident that all our grid-sourced electricity came from renewable sources and was generated with zero carbon.

Note: as 2018 is the base year for our GHG estimations, no reduction in energy consumption data can be defined this year. These figures will be available and published next year.

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Doing our bit every day

On top of the aforementioned initiatives, we leverage our people, technology and resources to treat our planet with respect every single day. Some small initiatives with a big impact include:

- using recycled paper;
- providing re-usable glass bottles and cups to limit plastic waste;
- recycling IT equipment – in 2019, we donated 192 monitors to local institutions and NGOs operating in Switzerland and Romania. Destinations for our equipment included:
  - Casa San Rocco, an old people’s home in Morbio Inferiore, Switzerland;
  - the Love for Life projects which aim to support education for all children in Romania;
  - Labdo.org, a non-profit collaborative social network that supplies unused laptops loaded with educational applications to schools throughout the world.
- promoting environmentally friendly means of transport:
  - 40 e-bikes available in our Zurich and Adliswil offices for business and personal use;
  - SBB half-fare railcard for all employees in Switzerland. This is a strong incentive to commute by train since most Avaloq offices are strategically located in proximity to railway stations.

- **BikeToWork challenge**

  In 2018, Avaloq joined 2,113 other companies in the BikeToWork challenge, a Swiss health promotion campaign aiming to boost employees’ team spirit and improving their fitness levels, while at the same time supporting sustainable mobility practices.

  The employees of the participating companies form teams of four and travel to work by bike as often as possible. Participants who have cycled to work on at least half of their working days enter a raffle for both individual prizes and team prizes.

  A total of 18,815 teams and 71,835 individuals were involved across Switzerland in 2019. Avaloq had 21 registered teams (6 more than in 2018), who cycled to work on 84% of their working days in May and July, covered a total of 36,843 km and saved 5,268 kg of CO₂.
• for our 2019 Season’s greetings campaign, instead of sending chocolate, as we traditionally do, we opted for a more environmentally friendly initiative: planting a tree for every client and employee.

Partnering with Arborday, a nonprofit membership organization dedicated to planting trees with over one million members, we supported a reforestation project in West Papua (Indonesia) that focused on:
1. restoration of mangroves and tropical forests
2. promotion of food security by helping local people plant agroforestry trees.

This project is situated in the Coral Triangle, an area recognized as the global centre of marine biodiversity and home to more than 500 species of reef-building corals. Biak Island is one of the poorest areas of Indonesia where subsistence farmers and fishers make up approximately 75% of the population.

This reforestation project began in late 2017 and planting efforts have expanded rapidly with increased local engagement. They now operate on several remote islands (Biak, Yapan and Seram) and mainland West Papua.

20,000 trees planted by Avaloq
References and notes

5. Global Reporting Initiative https://www.globalreporting.org/Pages/default.aspx