

Supply Chain Code of Conduct

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About this Code

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. To put our purpose and values into action, the Avaloq group promotes management for sustainability, ensuring responsible business conduct in our supply chain.

Avaloq's Supply Chain Code of Conduct (the "Code") facilitates environmentally and socially responsible business management and good supply chain conduct by defining our expectations for business associates.

The requirements defined in this document apply to all business associates (i.e. third-party companies, including individuals acting on behalf of a third party) with whom Avaloq has a legally binding contractual relationship.

The Code is reviewed annually and is fully endorsed by Avaloq's Board of Directors (the BoD) and the Group Executive Board (the GEB).

Avaloq is committed to upholding fundamental responsibilities in the areas of human rights, labour, the environment and anti-corruption, both in our own operations and within our supply chain. We take account of global frameworks like the United Nations Sustainable Development Goals (SDGs) as we plan our initiatives and we encourage our business associates to understand and integrate the SDGs into their business strategy and operations.

As a business associate of Avaloq, your support and engagement are essential to our commitments, and we value your cooperation.



Tomoki Kubo
Chairperson
Avaloq



Martin Greweldinger
Chief Executive Officer
Avaloq

Guiding principles

Avaloq expects business associates to ensure that they fully understand all requirements in this document and adhere to them within their own organizations and supply chain. Business associates are asked to understand their social responsibility to actively promote responsible business conduct and to make a positive contribution to sustainable development and their local community.

An overarching principle of our position is that Avaloq's business associates must obey international codes of conduct and all laws and regulations applicable to their activities. Avaloq reserves the right to immediately suspend business relationships in the event of grave violations of the law or ethics.

If Avaloq's business associates are confirmed to have violated the requirements defined in this document, Avaloq will ask that corrective measures are taken. If no improvement is seen, Avaloq will reconsider its business relationship with the business associate.

When evaluating the applicability of all elements of this document to business associates, Avaloq will consider their size, geographic location and the nature of the goods and services they provide.



Avaloq's expectations of business associates

Human rights and labour practices

Avaloq recognizes its responsibility to respect human rights and to take voluntary action to support them. Business associates must obey relevant laws and regulations and avoid infringing human rights. Should they find themselves involved in any adverse human rights impacts, they must take appropriate action to rectify this.

Business associates must:

- avoid causing or contributing to adverse human rights impacts and address them as and when they occur;
- prohibit the use of all types of forced or bonded labour, slavery or human trafficking within their operations and supply chain and allow employees to leave employment when they choose;
- refrain from employing children, prohibit the use of child labour in their operations and supply chain and take immediate measures to stop child labour;
- ensure that working hours are in accordance with local laws and regulations and manage employees' hours and annual leave appropriately, with due consideration of international standards;
- ensure that remuneration meets legal requirements and industry standards without unauthorized deductions and consider the level of pay that is required to cover the purchase of items necessary for day-to-day living (the "living wage") when paying employees;
- refrain from discriminating against any individual or group on the grounds of age, race, caste, ethnic or national origin, mental or physical health conditions, disability, pregnancy, parent or carer role, sex, gender identity, sexual orientation, marital status or other domestic circumstances, employment status, working hours or other flexible working arrangement, religion or belief;
- respect employees' right to freedom of association and collective bargaining without fear of discrimination, retaliation, intimidation or harassment.

Health and safety

Avaloq recognizes its responsibility to ensure the health and safety of its business associates' staff by identifying and minimizing risks and providing a safe and hygienic working environment. Business associates must obey relevant laws and regulations and give due consideration to international standards in this area.

Business associates must:

- ensure a safe working environment, identify and evaluate work-related risks to safety, and ensure safety through appropriate design, technology and management;
- give reasonable consideration to the safety of pregnant women and breastfeeding mothers;
- prepare for emergencies, identify and be ready for disasters and accidents that could jeopardize lives or physical safety, and create action plans to minimize harm and ensure the preparedness of their organization;
- manage occupational injury and illness, identify, evaluate, record and report any occupational injuries and illnesses and take the necessary countermeasures or corrective measures;
- ensure industrial hygiene, identify and evaluate the potential of harmful biological, chemical or physical risks to employees, and manage any risks effectively;
- manage physically demanding work, identify, evaluate and manage the exposure of employees to the hazards of physically demanding work so as to prevent occupational injury and illness;
- ensure the safety of machinery, evaluate machinery for safety hazards and take appropriate measures to ensure the safety of employees;
- provide employees with ready access to clean and safe facilities (dormitories, cafeterias, toilets, etc.) with an appropriate number of emergency exits;
- provide employees with information and training on health and safety in the workplace in a language they can understand, including for all identified hazards that they are exposed to in the workplace;
- provide feedback mechanisms to encourage employees to raise safety concerns.

Environmental requirements

Avaloq recognizes the role it must play in supporting healthy ecosystems, which are essential for addressing climate change, protecting the planet and ensuring thriving, resilient economies and societies. Business associates must obey relevant laws and regulations in this area. They should proactively mitigate environmental issues such as depletion of resources, climate change and pollution, while also considering the health and safety of people living in affected areas.

Business associates are expected to:

- measure and reduce their direct and indirect greenhouse gas (GHG) emissions;
- manage climate-related risks and adapt to climate change;
- support Avaloq's measuring of GHG emissions by sharing emissions data when requested;
- conserve resources, including energy and water;
- reduce waste generated in their operations and process waste appropriately;
- increase the durability and reparability of products and use recycled materials;
- choose environmentally friendly packaging and transport options;
- implement supply chain standards and manage the environmental sustainability of their supply chain;
- support biodiversity and conservation in areas impacted by their operations;
- disclose information about environmental activities and progress.

Business associates whose activities include final production and packaging of products must:

- create an environmental management system (EMS) and manage the environmental impact of chemical substances;
- prohibit the use of banned substances and disclose whether controlled substances are used in products;
- follow the relevant ISO standards when labelling moulded parts.

Fair trading and ethics

Avaloq is committed to fair trading and well-managed, ethical business practices to ensure stakeholder trust and confidence and to contribute to a fair, resilient economy. Business associates must obey relevant laws and regulations in this area and maintain high ethical standards.

Business associates must:

- implement effective anti-corruption measures and refrain from engaging in any form of bribery, corruption, extortion or embezzlement, either independently or in collusion with other parties;
- implement effective anti-bribery measures, refrain from offering and accepting improper profit and advantage, and refrain from giving or accepting promises, offers or authorization of bribes or any other means of obtaining undue or improper advantage;
- disclose accurate information in accordance with applicable regulations and prevailing industry practice, including information about their labour, health and safety, and environmental practices, business activities, structure, financial situation and performance;
- respect and protect intellectual property, transfer technologies and expertise in a manner that protects intellectual property rights and safeguard the intellectual property of third parties, such as clients and suppliers;
- uphold standards of fair business, competition and advertising;
- prohibit the abuse of a superior position, undertake procurement transactions in good faith and not make unreasonable demands or impose unreasonable obligations on suppliers;
- protect whistleblowers, ensure the confidentiality, anonymity and protection of whistleblowers, and provide a system for employees to raise any concerns without fear of retaliation;
- ensure responsible sourcing of materials, exercise due diligence to ensure that any minerals included in products that they manufacture do not cause or contribute to human rights violations, environmental destruction, corruption, conflict or other problems in areas of high risk or affected by conflict.



Product quality and safety

The quality and safety of products and services, including accurate information about them, can have a major impact on a variety of stakeholders across the supply chain. Business associates must ensure the quality and safety of the products and services that they supply and provide correct information about them.

Business associates must:

- ensure product safety, meet safety standards defined by applicable laws and regulations and take adequate steps to ensure product safety in the design, manufacturing and retail phases;
- ensure quality management, obey all applicable laws and regulations on product and service quality and comply with their own product quality standards and client requirements;
- provide clear and accurate information about products and services.

Information security

Effective information management is at the core of Avaloq's business, and we meet the highest standards of privacy and client trust. Business associates must prevent any leaks of confidential or personal information and take steps to strengthen information security.

Business associates must:

- protect against cyber attacks and other threats and prevent damage to their company and others;
- protect personal information, obey relevant laws and regulations on the personal information of suppliers, clients, consumers, employees and others and ensure that such information is managed and protected appropriately;
- prevent confidential information leaks and control and protect their own company's confidential information as well as that of their clients and third parties.

Governance and management

Governance

It is essential that business associates have good governance and management processes in place to ensure that they and their supply chain can adhere to the requirements of this document when providing goods and services to Avaloq.

Business associates must:

- have sufficient management systems and governance in place to enable their adherence to this Code;
- maintain a clear management framework and undertake appropriate procedures for the import and export of technologies and items regulated by law;
- establish and communicate grievance mechanisms to be used by employees, suppliers and other stakeholders for reporting improper practices that occur within their organization or supply chain;
- positively and fully respond to requests for information, compliance and audits.

Management

The Avaloq group may ask its business associates to provide information about their progress in respect of activities to promote responsible business conduct within their organizations and supply chains. Avaloq may also request the right to carry out on-site inspections. Business associates are asked to cooperate with these requests.

