Modern Slavery Statement

For the financial year
April 2024-March 2025



avaloq
An NEC Company

July 2025

Contents

Introduction	1
About Avaloq	2
Organizational structure and supply chains	3
High-risk activities	4
Relevant policies on modern slavery	5
Due diligence efforts related to modern slavery	7
Key performance indicators	9
Conclusion	10

Introduction

Modern slavery, as defined by Anti-Slavery International, includes severe exploitative practices such as human trafficking, forced labour, and debt bondage, where individuals are controlled for personal or commercial gain.

This statement is made in accordance with the *United Kingdom's Modern Slavery Act 2015* and the *Australia Modern Slavery Act 2018*, reflecting Avaloq's commitment to identifying and addressing the risks of modern slavery within our operations and supply chain. We recognize our responsibility to uphold ethical standards and human rights throughout our business activities and supply chain.

By participating in the UN Global Compact, Avaloq reinforces its dedication towards responsible and ethical business by aligning with the UN Global Compact's ten principles in the areas of human rights, labour, environment, and anti-corruption. This commitment underscores our ongoing support of socially responsible practices across our operations.



About Avaloq

Avaloq is a premium provider of front-to-back software and services for over 170 financial institutions around the world. Our clients include private banks, wealth managers and investment managers, as well as retail and neo banks. We develop software that can be deployed flexibly through cloud-based Software as a Service (SaaS) or on-premises, and we offer Banking Operations outsourcing through our Business Process as a Service (BPaaS) model.

As a subsidiary of Japan-based NEC Corporation, Avaloq benefits from NEC's significant research and development investments in cutting-edge technologies such as artificial intelligence, blockchain, cybersecurity, and biometrics. At the same time, NEC benefits from Avaloq's strong expertise in the financial industry to fulfil its purpose to orchestrate a brighter world where everyone has the chance to reach their full potential.



Organizational structure and supply chains

Avaloq maintains a global presence with over 2,500 employees working in 12 offices located in 11 countries across key regions, including Europe (United Kingdom, Germany, Luxembourg, Switzerland, Spain), Asia (India, Hong Kong, Philippines, Singapore, Dubai), and Australia. We serve clients in over 35 countries, providing tailored solutions for a diverse array of financial institutions.

Avaloq's supply chain is shaped through strong focus on technology, working with global suppliers that provide hardware, software, IT infrastructure, and consultancy services. Our supply chain framework is further guided by Responsibility Standards for Business Partners, which define Avaloq's expectations for ethical and sustainable business practices. These standards ensure that business associates[1] operate in an environmentally and socially responsible manner, particularly regarding human rights and labour practices.



[1] In the context of this statement, business associates refer to individuals or entities engaged in a business relationship with Avaloq, encompassing of suppliers/vendors, partners, and clients.

High-risk activities

Given Avaloq's operations range across multiple international markets and its reliance on a global network of technology and IT service providers, certain activities within its supply chain or own operations may carry heightened risks related to modern slavery. Avaloq's core areas of risk likely include procurement of IT hardware, software development, and data center operations, where forced labour, exploitative working hours, or inadequate labour rights protections may occur in some regions. As the company partners with suppliers worldwide, including countries with varying labour standards, there is potential exposure to human rights risks. The Global Slavery Index identifies countries such as the Philippines and India as having higher risks of modern slavery, which is relevant given Avaloq's operational presence in these regions.

To address these risks, Avaloq has established relevant policies and conducts due diligence on all new business associates and periodically reviews existing ones. This process includes distributing comprehensive questionnaires covering topics across human rights, modern slavery, diversity, equity, inclusion, and environmental performance next to other relevant compliance (e.g. anti-bribery and anti-corruption, money laundering), legal, data protection, information security topics. Any red flags identified during this assessment will initiate appropriate measures, which may even lead to the disqualification of the respective business associate.

Avaloq's workforce comprises highly skilled professionals in white-collar roles, minimizing direct risks of modern slavery within our operations. This focus on skilled, knowledge-based roles means that our internal risk profile for modern slavery is deemed low, also regarding India and the Philippines.

Avaloq strictly adheres to the working hours stipulated by local laws in all the regions where we operate. This ensures that employees are not subjected to excessive working hours, which can be a significant factor in modern slavery. Additionally, we comply with the fundamental International Labour Organization (ILO) regulations, which set international labour standards aimed at promoting fair and safe working conditions globally.

Relevant policies on modern slavery

At Avaloq, we are committed to upholding ethical practices in our business operations and supply chain. We adhere to the principles outlined in our Code of Business Conduct and Ethics, which sets out the values, principles and standards that define the way we do business and how we interact with our stakeholders worldwide at all times. It sets out Avaloq's human rights standards and explicitly prohibits the use of all forms of forced labour, including child labour, and any form of human trafficking.

We also maintain a set of Responsibility Standards for Business Partners, which outlines the expectations from our business associates for securing or maintaining a commercial relationship with Avaloq and requires them to prohibit all forms of bonded labour, slavery, child labour, and human trafficking within their operations and supply chain. Compliance with these standards is monitored through due diligence processes, controls and audits to ensure accountability.

To support our efforts, we have established following key policies with encompassing processes.

- Group Policy on Compliance Requirements for Cooperation with Business Associates: This policy sets out the requirements for the selection, engagement and management of suppliers and business associates throughout their lifecycle, based on their individual risk profile, for the purpose of identifying and mitigating risks in dealing with them. By conducting regular reviews, we ensure that our business associates meet our stringent ethical and compliance standards.

- Group Policy on Anti-Money Laundering/Counter-Terrorist Financing: This policy defines Avaloq's approach to preventing money laundering and terrorist financing, recognizing that these activities can derive from or facilitate human trafficking and modern slavery. It establishes robust procedures for thorough assessment of our employees, business associates, processes, and transactions. By detecting and adequate handling of any suspicious transactions it aims to disrupt the financial mechanisms that support human trafficking.

- Group Policy on Whistleblowing: This policy encourages the reporting of suspected misconduct, including possible modern slavery violations. Avaloq's dedicated whistleblower system provides a confidential and protected channel for employees and external parties to raise concerns, next to other available speak up channels, such as reporting to Human Resources, Line Management or the Ombuds Office.

Additionally, the NEC Group's Supplier Hotline for Misconducts in Supply Chain serves as further platform for reporting potential issues within our operations and supply chain.

- Group Policy on Procurement: This policy establishes rules for selecting external third parties as suppliers or partners, ensuring that our procurement process maximizes the value for money of purchased goods and services. The rigorous supplier selection criteria assess potential risks related to human rights and labour standards while considering quality requirements and responsible business conduct characteristics.

- Group Policy on Vendor Risk Management: This policy outlines a comprehensive framework for the identification, assessment, mitigation, and monitoring of risks associated with third-party vendors. It is an integral part of Avaloq's second line of defence, designed to create a program that aligns with regulatory requirements, best industry practices, and Avaloq's internal governance principles. The level of annual due diligence is linked to the specific tiers into which the vendors are categorized. Through this we gain an overview of our supply chain risks and ensure that vendors comply with our human rights and labour standards.

- Group Policy on Diversity and Equal Opportunity: This policy defines Avaloq's approach to diversity and its commitment to providing equal employment and advancement opportunities for all Employees. It mandates fair recruitment, pay equity, and equal access to promotion, with specific provisions to prevent direct and indirect discrimination and harassment. These standards help to safeguard against practices that can lead to exploitation and modern slavery. Additionally, it includes various reporting channels for discrimination complaints, which empowers employees to speak up about unethical practices, facilitating early detection and prevention of potential modern slavery risks within the organization.

- Group Policy on Staff Background Checks: This policy outlines the mandatory requirements for conducting thorough background checks during the recruitment and hiring process, as well as throughout the duration of employment. It ensures that prospective employees, current employees, and external contractors do not have any history of involvement in human trafficking or labour exploitation. By implementing these robust checks, we aim to create a safe and responsible workplace, fostering trust and integrity within our organization and with our clients, partners, and other stakeholders.

Due diligence efforts related to modern slavery

Within our workforce

Our approach is centred on proactive measures that safeguard human rights throughout our hiring and employment practices. Comprehensive checks are included during our recruitment and onboarding processes to verify each candidate's legal right to work, ensuring compliance with local labour laws and regulations.

In line with local legal requirements, we review nationality and age strictly to confirm legal eligibility, underscoring our commitment to a responsible, compliant, and transparent workplace. If any issues arise during recruitment, we discontinue consideration of those candidates. In accordance with Avaloq's record retention policy, we do not retain specific records regarding candidates' nationality or age, nor do we document instances where candidates were not advanced due to concerns in these areas.

In addition to robust recruitment and onboarding practices, we actively foster a workplace culture that promotes respect, diversity, and inclusion. By emphasizing the importance of ethical behaviour and accountability, we empower our employees to voice concerns and report any suspicious activities related to labour exploitation.

Our reporting mechanisms are designed to be safe, confidential, and accessible, empowering our employees to act without fear of retaliation. We take all reports seriously and investigate them promptly to address any potential issues. Furthermore, we regularly review and enhance our reporting processes to ensure they remain effective and responsive to employee needs.

Within our business associates

Avaloq implements a structured due diligence process to address compliance risks, including those related to modern slavery, tailored to the risk profile of its business associates. Basic due diligence is conducted for business associates identified as having limited compliance risk are subject to basic due diligence, which includes preliminary background checks. This process involves screening the world-check database to identify any integrity concerns associated with potential business associates or suppliers including modern slavery. In addition, an adverse news research is performed through different search engines. The basic due diligence also includes the check on the domicile country of the business associate vis-à-vis the Transparency International Corruption Perception Index (CPI) and the Financial Action Task Force (FATF) black and grey lists.

Enhanced due diligence is conducted for more substantial business associates—such as clients and partners—or for any business associates with identified red flags. These relationships may carry higher compliance risks due to factors like geographic location or operational practices, requiring a comprehensive evaluation to address potential concerns. The more rigorous evaluation involves a risk assessment through specific questionnaires and also considers business associate's inputs. Additionally, it verifies whether any relevant shareholders (holding five percent or more), ultimate beneficial owners (UBOs), or key controllers have any documented involvement in activities that may raise compliance concerns. Adverse news research is additionally conducted on the shareholders, UBOs, key controllers, and relevant affiliates.

Risk management measures

- Contractual provisions: Legal and Compliance teams collaborate with business requestors to incorporate relevant clauses in contracts, which address compliance with legal and ethical standards, based on the identified risk. These provisions may include termination rights and obligations regarding reducing potential risks.

- Declaration on responsible business conduct: As part of the vendor onboarding process, vendors are required to confirm their adherence to minimum standards of responsible business conduct. This declaration includes commitments to uphold human rights, fair labour practices, and compliance with all relevant laws and regulations.

- Continuous monitoring: Business associates are subject to ongoing monitoring to ensure adherence to established legal and ethical standards, allowing for timely intervention should any issues arise. This also enables diligent risk monitoring associated with our vendors and their supply chain.

- Periodical policy and process review: Avaloq's policies are reviewed at least on an annual basis or as required by law or regulations. The same applies to our processes that are updated as required and reviewed at least annually.

- ESG training: Employees receive annual training on ESG topics, including modern slavery, to enhance awareness and promote ethical business practices across Avaloq.

Key performance indicators

Avaloq has reviewed its key performance indicators (KPIs) to enhance its commitment to preventing modern slavery. Our KPIs in period April 2024-March 2025 include:

- 75% of top-spending vendors, collectively accounting for 80% of total spend, have signed the declaration on responsible business conduct.
- Due Diligence was conducted on a total of 460 business associates: 449 underwent basic due diligence, and 11 underwent enhanced due diligence.
- Re-screening was conducted for 668 business associates: 477 underwent basic due diligence and 191 underwent enhanced due diligence and risk assessments.
- A total of 206 red flags were identified in the reporting period, primarily related to past fines, and other adverse news; no business associates were flagged or rejected due to modern slavery risk.
- No modern slavery concerns or complaints were reported through whistleblowing channels in the reporting year.
- No modern slavery concerns or findings were indicated during vendor risk management due diligence in the reporting year.
- No modern slavery concerns or findings were indicated from our background check process in the reporting year.
- 97% completion rate achieved for the ESG training in the reporting year.

We will continue to expand and refine these KPIs in FY 2026, aligning them with emerging best practices and insights to further strengthen our approach to combating modern slavery.

Conclusion

Avaloq remains firmly committed to preventing modern slavery in our operations and supply chains. This statement has been approved by our group board of directors and will be reviewed annually to ensure its effectiveness and relevance.

This statement is issued on behalf of Avaloq Group AG and was approved by its Board of Directors on 10 July 2025.



Tomoki Kubo
Chairperson
Avaloq

avaloq
An NEC Company

avaloq.com

Copyright © 2025 by Avaloq. All rights reserved.