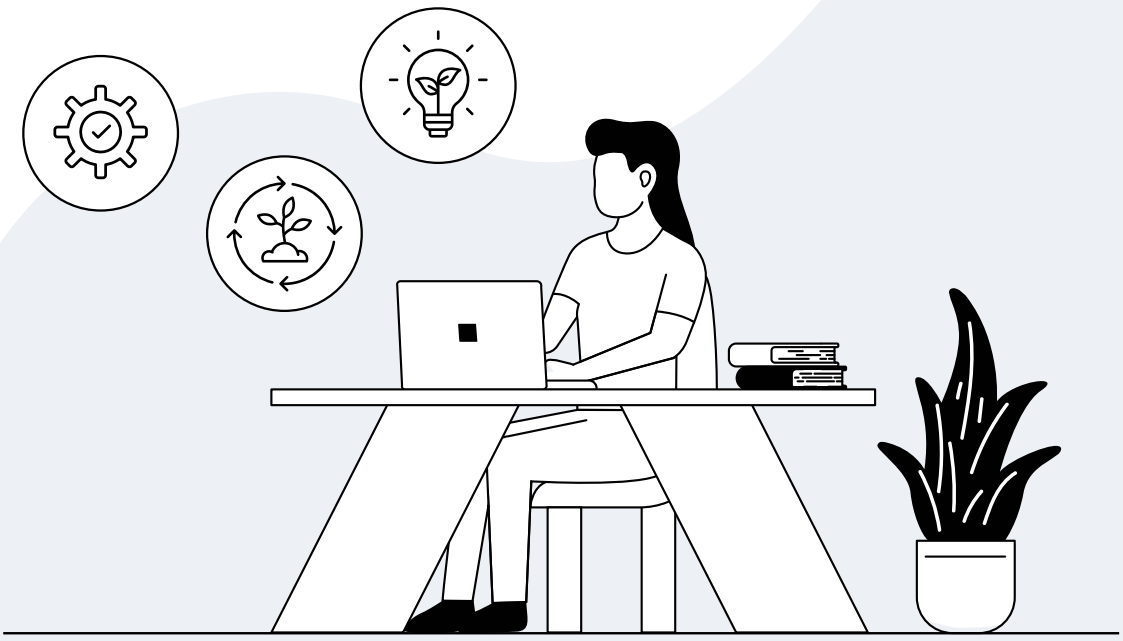
AVALLAIN

Environmental Impact Statement



Avallain's Sustainability Statement

At Avallain, we embrace sustainability as a core pillar of our business practices, product development and organisational culture. We acknowledge the urgency of addressing climate change, reducing our environmental footprint and contributing to a fair, inclusive digital future. Guided by this commitment, we have adopted a structured approach to align our operations with recognised sustainability frameworks and international best practices.

Avallain's Commitment to Sustainability

Sustainable AI adoption

The Promise and Responsibility of AI in Teaching and Learning

AI holds great promise for transforming teaching and learning by offering personalised, efficient and scalable solutions. However, as we integrate these technologies into education, we must remain mindful of their environmental impact to ensure responsible adoption.

Environmental Concerns with AI Technologies

Energy Consumption

The rapid advancement of AI technologies relies heavily on data centres, which consume vast amounts of electricity. Unfortunately, much of this energy still comes from non-sustainable sources. Additionally, the water required to cool power-hungry hardware in these facilities contributes to the environmental toll.

E-Waste Generation

The push for faster, more powerful hardware to support AI, results in significant e-waste. Disposing of obsolete components responsibly remains a critical challenge that must be addressed to minimise harmful environmental impacts.

While the current large-scale, resource-intensive AI models dominate, we hope to see the emergence of smarter, lighter AI approaches that are equally effective but far more sustainable. We acknowledge that the environmental impact of AI is a shared responsibility among all stakeholders, from developers to end-users.

Building AI Responsibly and Sustainably

At Avallain, we recognise the environmental challenges posed by AI and take active steps to mitigate our impact:

- **Avoiding Resource-Intensive Features:** We have chosen not to train models or include image- or video-creation features until these processes become more sustainable.
- **Efficient AI Architecture:** Our platform uses the most energy-efficient models tailored to specific tasks, minimising resource consumption.
- **Renewable Energy-Powered Data Centres:** We prioritise working with data centres that use renewable energy, avoiding providers that engage in 'greenwashing'.

- **Investing in Solar Power:** Expanding our self-owned solar panel infrastructure demonstrates a direct, transparent commitment to sustainability over abstract offset methods.
- **Developing a Responsible AI Framework:** This framework incorporates environmental considerations into the design, development and deployment of AI tools.

UN Global Compact

Avallain is a signatory to the United Nations Global Compact, affirming our alignment with its Ten Principles in the areas of human rights, labour, the environment and anti-corruption.

We have committed to integrating these principles into our daily operations and strategies. Our participation also includes submitting an annual Communication on Progress (COP) report outlining our actions and achievements in these areas.

Environmental Assessment and EcoVadis Rating

We recently undertook an independent sustainability assessment through EcoVadis, which evaluates companies across four key areas: Environment, Ethics, Labour & Human Rights and Sustainable Procurement.

We are actively reviewing the assessment results to identify further opportunities for improvement and strengthen our overall sustainability performance in future evaluations.

GHG Emissions Tracking and Reporting

We have established internal procedures to track our **GHG emissions**, including direct and indirect emissions (Scopes 1 and 2 and relevant Scope 3 categories). This data is reviewed and updated annually and shared with key stakeholders as part of our sustainability reporting obligations.

To accelerate our emissions reduction efforts, we are actively transitioning to renewable energy sources. Since 2023, Avallain has been investing in solar energy generation by purchasing photovoltaic panels installed at different sites in Switzerland with the Solarify initiative, helping to offset our emissions in a directly verifiable manner without intermediaries.

- **Hinterkappelen:** Avallain owns **22 solar panels** installed on the roof of the Schori farm. The expected annual solar electricity production from this installation is approximately **9,100 kWh**.
- **Oberdiessbach:** Avallain owns **60 solar panels** installed on the roof of the Kastanienpark. This installation is expected to generate approximately **20,300 kWh** of solar electricity per year.
- **Hedingen:** Avallain owns **30 solar panels** installed on the roof of the Fromoos farm. This installation generates approximately **7,723 kWh** of solar electricity per year.

These ongoing investments significantly reduce our reliance on non-renewable energy and support our net-zero targets.

Training and Awareness Initiatives

Education and awareness are crucial to achieving long-term sustainability. Avallain has implemented several initiatives to foster a culture of environmental responsibility among employees and partners:

- **'Understanding Digital Products Sustainability' Training:** A foundational internal course, delivered via Avallain Magnet, our Learning Management System (LMS), explores the **social and environmental impact of digital technologies**. The training covers lifecycle thinking, sustainable design principles and actionable strategies to reduce the environmental impact of digital products.

- **Climate Fresk Workshops:** Building on a team initiative, Avallain has hosted several sessions of the globally recognised Climate Fresk workshop, which uses interactive methods to educate staff on the science of climate change and empower them to be active agents of sustainability in their roles.

- **Annual Sustainability Training:** We deliver training annually to all employees, contractors and relevant personnel. The training covers:
  - Latest climate science and global climate policy (including the Paris Agreement)
  - Legal context and national regulations
  - Environmental and social benefits of sustainability
  - Workplace sustainability strategies
  - Overview of Avallain's public commitments and internal governance structures

All training is integrated into employees' regular working schedules and is available online to ensure maximum accessibility.

Sustainable Digital Product Design

As a digital solutions provider, we are acutely aware of the **environmental footprint of digital products**. Our approach to sustainable product design is informed by life-cycle thinking and guided by industry best practices, as outlined in our internal training materials and policies.

Key actions include:

- Designing **lightweight digital applications** to reduce energy usage on end-user devices.
- Prioritising **accessibility and digital inclusion**, ensuring our tools are usable across geographies and infrastructure levels.
- Promoting **device longevity** by optimising software to run efficiently on older or less powerful hardware.
- Minimising **technical obsolescence** by ensuring backward compatibility and modular feature expansion.

By integrating **sustainability into the software development lifecycle**, we aim to reduce both operational impact and the downstream effects of our technologies.

Supply Chain Sustainability

Our commitment to sustainability extends to our supply chain. We have implemented requirements for **suppliers to assess their sustainable practices, including GHG tracking and net-zero** targets.

We also encourage suppliers to assess and report on the **impact of their climate policy engagement**, and to identify technologies and strategies that could enhance their sustainability performance. This approach ensures alignment throughout our value chain and supports broader industry transformation.

AWS represents the most significant component of our supply chain, particularly in terms of infrastructure and energy consumption. As a cloud-based business, the majority of our environmental impact is associated with digital infrastructure. Since engaging with AWS, we have been carefully assessing regions and deployment locations to prioritise those supported by renewable energy and lower carbon intensity.

Governance and Oversight

Avallain's sustainability efforts are overseen by a **sustainability committee**, which reports to senior leadership. The committee includes individuals with experience in **climate strategy and carbon mitigation**. It meets regularly to review progress, evaluate risks and update our sustainability roadmap.

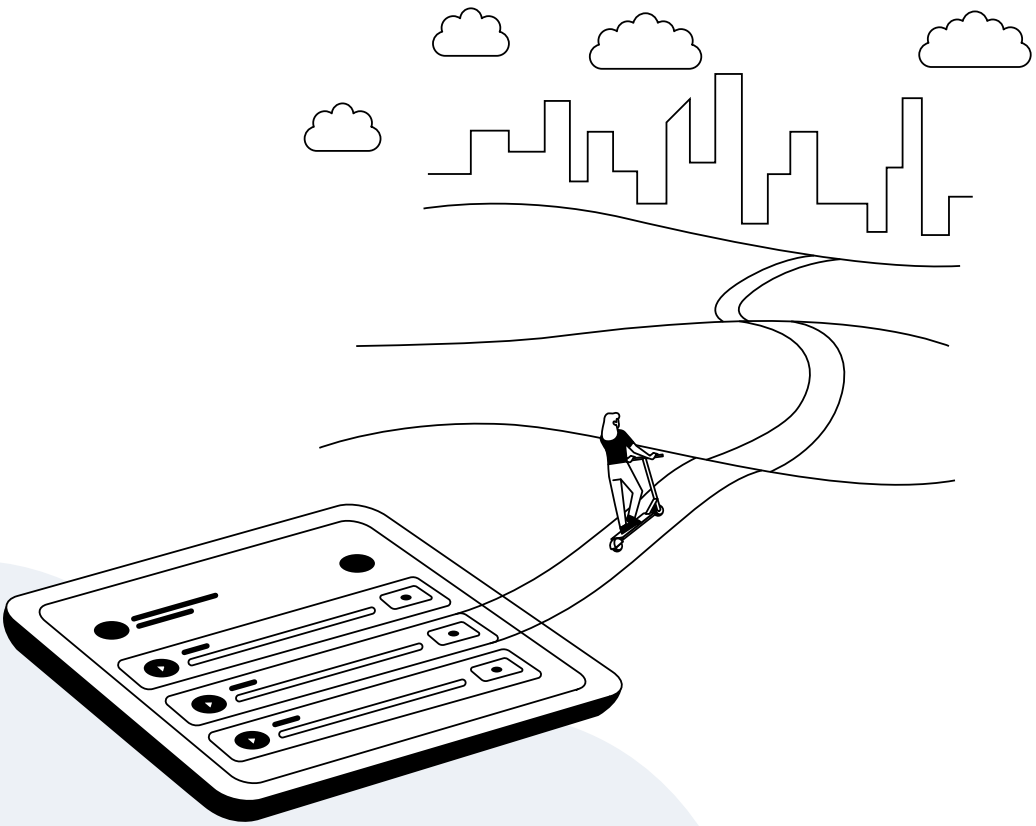
The governance framework also ensures that all actions tied to our Yearly Action Plan are monitored, reported and continuously improved.

Looking Ahead

Sustainability is not a static objective but an evolving journey. Avallain is committed to building on its progress, listening to stakeholders and staying aligned with global best practices. We will continue to:

- Refine our **GHG emissions tracking** and increase transparency.
- Develop digital products that minimise environmental impact and generate positive social value.
- Strengthen environmental and social policies.
- Expand training and awareness initiatives.
- Increase Investment in clean energy and digital efficiency.
- Promote transparency and accountability through regular reporting.

By integrating sustainability into every layer of our business, from design and infrastructure to supply chain and governance, we aim not only to comply with global expectations but also to lead by example in the digital education sector.



AVALLAIN

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