

Communication on Progress (COP) Annual Report 2021

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WE SUPPORT



Building Beyond Synpulse

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I. Statement of Continued Support

At Synpulse, we have made great strides during 2021 to continue and enhance our work to embrace and live the ten principles set out by the UN Global Compact. We take our commitment to this group seriously and are pleased to share details in this report on the initiatives undertaken as well as the results achieved.

As the pandemic continued throughout last year, we took time to think about what the new way of working could look like from the perspective of our employees and the environment. We also identified new ways to contribute to the community from a distance. We converted our Aiducation support to underprivileged students to a remote model so as not to forego providing valuable support to children in the Philippines and Kenya to continue their education and empower them to be successful and contribute to the development of their countries. In this year's report we would like to highlight the actions and progress in the focus areas we defined last year.

- 🌀 A harmonization of policies across our offices has taken place to bring our global practices up to the standards expected by a compact signatory. In particular we have implemented a scanning of all legal documents to highlight any potential human rights violations and now conduct due diligence on agreements with clients and investments to identify any unusual items.
- 🌀 In order to encourage the organization to adopt the principles and take action to support them, we have conducted senior leadership trainings and put in mechanisms for all employees to access in case of a grievance or concern
- 🌀 Our aim to define goals and measure outcomes across the focus areas has made progress but will take more time to establish baselines and enable measurements. One example here is reducing Synpulse's carbon footprint resulting from travel.

With respect to the objectives set last year, we have instituted global processes to track employee time dedicated to CSR activities and now have a system to track travel expenditure and carbon footprint. A new HRMS system will be implemented in 2022 which will then allow clear and standardized reporting of employee demographics including diversity and equality metrics. Moreover, we have established a global communication function to ensure effective communication on key topics such as sustainability policies and personal development opportunities. As we grow quickly and in a distributed manner, it is important to have active communication to inform, educate and support our employees, clients and ecosystem on relevant UNGC principles. Lastly, we will continue to review our policies to see where adjustments can be made to better live the values and principles of the Compact including additional CSR events and the promotion of remote working.

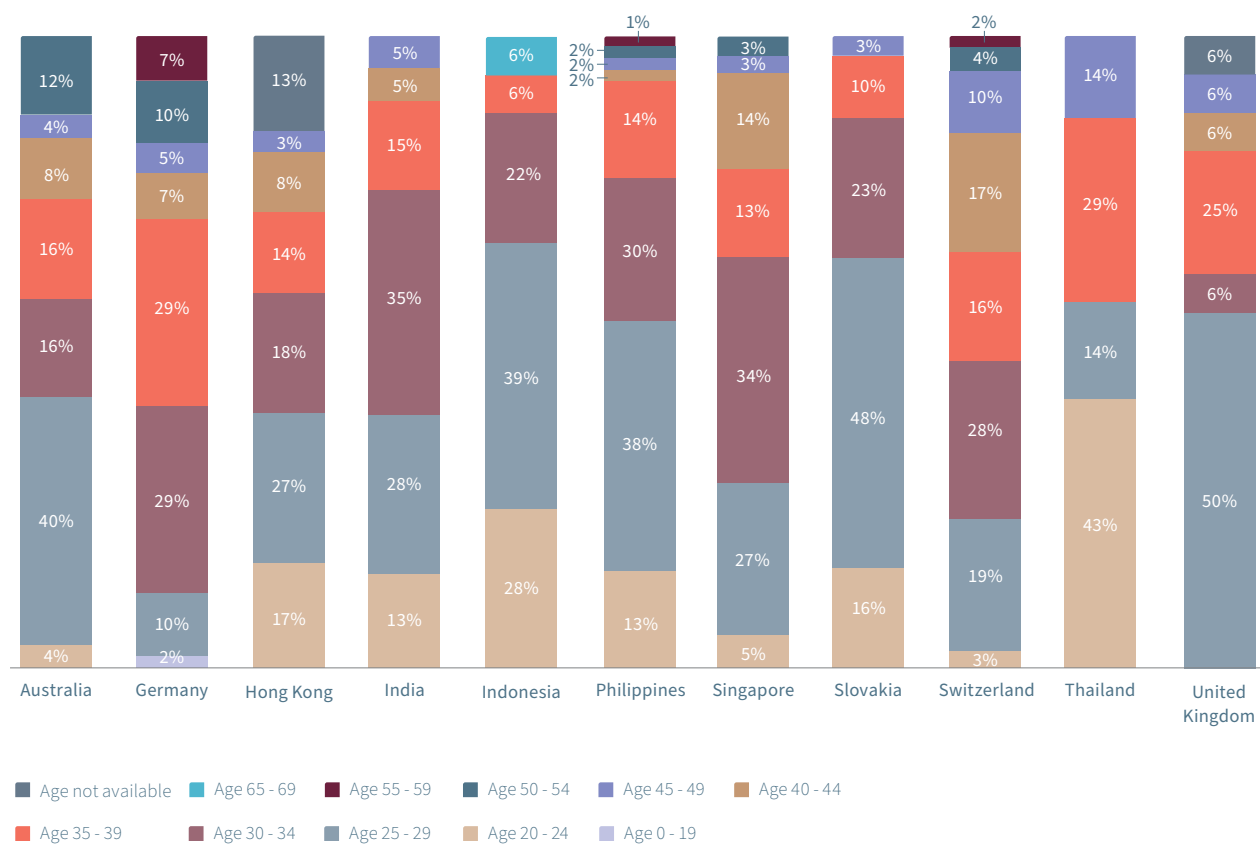
In 2022, we look forward to beginning a new chapter where there is a heightened respect for people and the environment, where virtual working becomes the norm, and the community becomes an even more important part of each individual's world.

Konrad Niggli and Yves Roesti
Managing Partners and CEOs

II. About Synpulse

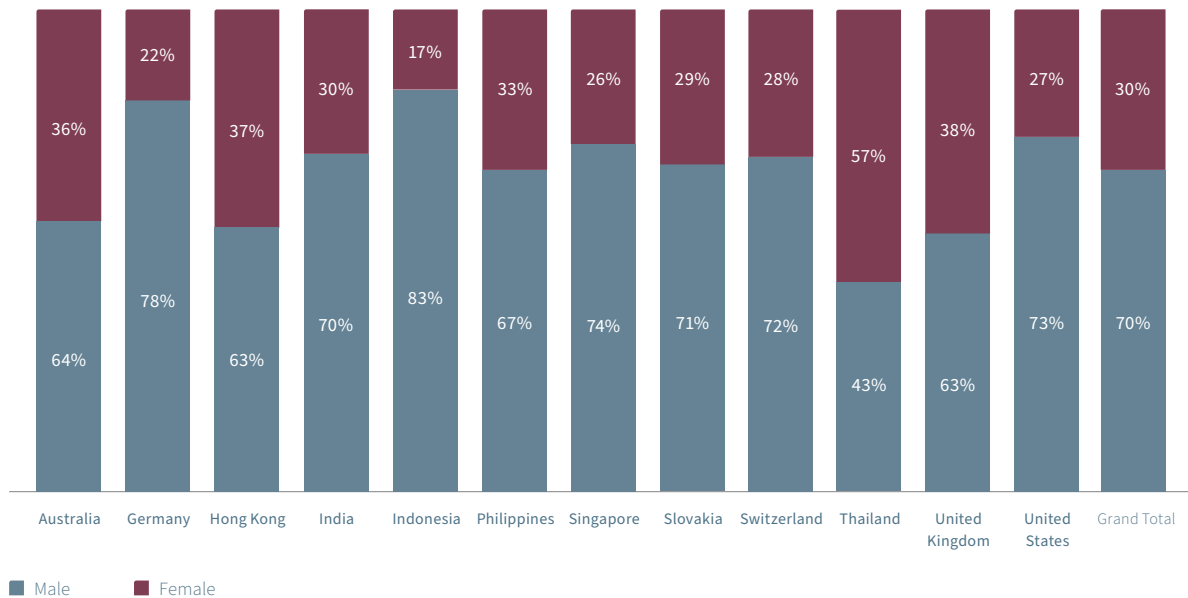
Synpulse is a global professional services company and a valued partner to renowned international financial services companies. Since its formation in 1996, Synpulse has offered its clients excellent solutions, enabling them to generate high value-add. We support our clients throughout a project's lifecycle, from developing strategies to technical implementation. We pride ourselves as a global company representing the diversity of the communities in which we are embedded.

As of December 31, 2021 the global headcount stood at 700 employees, demographically broken down as follows:

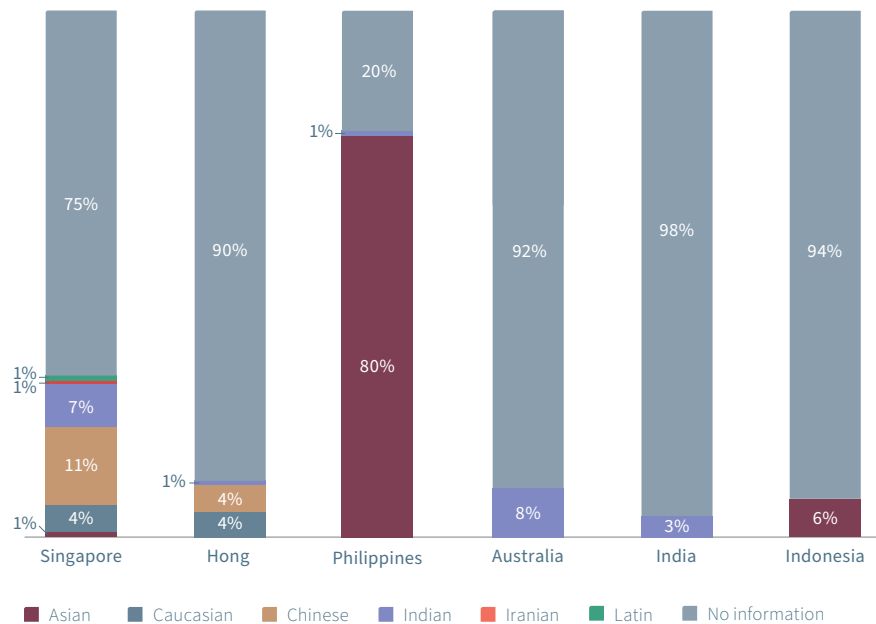


 1 Breakdown of the workforce by location and age¹

¹ Locations with asterisks have higher training hours owing to New Employee School (NES); a mandatory program for new hires.



2 Breakdown of the workforce by location and gender²



3 Breakdown of the workforce by location and ethnicity

The Synpulse CSR & Sustainability teams provide a platform where employees can meaningfully engage with the environment and communities around their workplace. Our goal is to build lasting partnerships with local organizations to drive social and environmental impact beyond our core consulting services. Like many of our clients and peers, we embrace environmental sustainability and community-building in our daily operations.

For additional information regarding Synpulse's efforts to give back, please visit our [website](#).

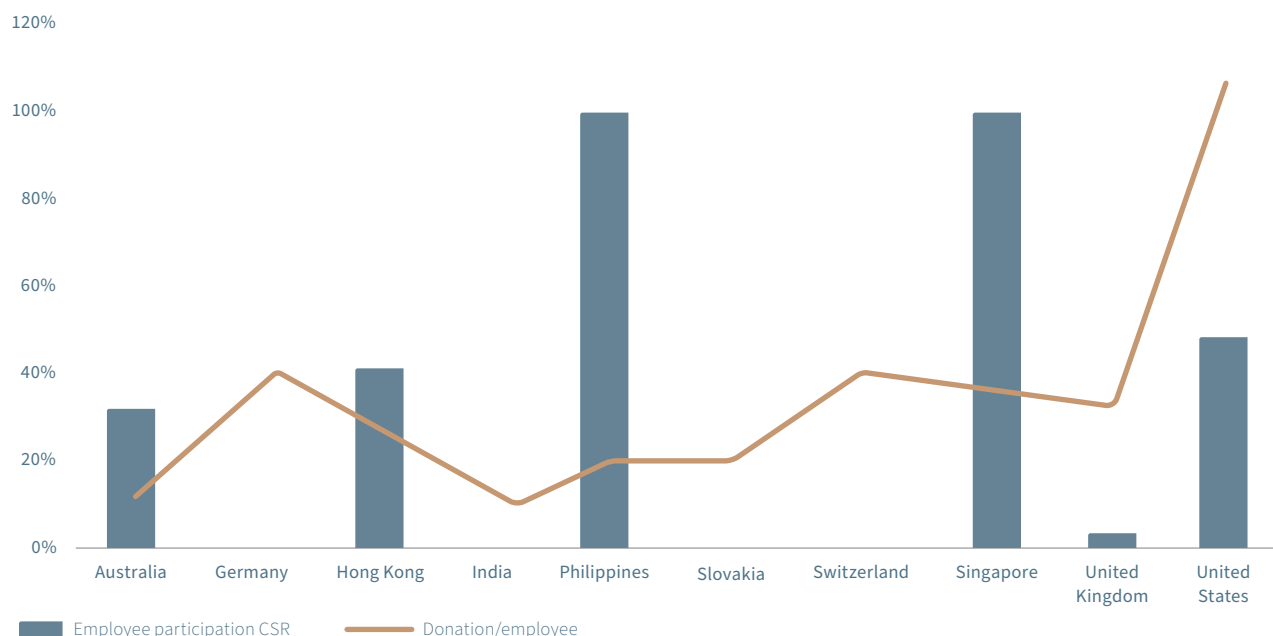
² Upon employment, Synpulse currently only inquires binary sex, as reflected in this figure. We hope to be able to shed more light on the gender breakdown in 2022, through the implementation of a new HRMS that allows for clearer gender data collection.

III. Actions and Measurable Outcomes

In 2021, Synpulse's focus was to ensure that the policy and data infrastructure built in 2020 was also consistently applied this year to continue to embrace the UNGC principles throughout our daily business. The following actions and findings helped make the company more conducive to move closer to its target state as a signatory:

A. Human Rights

1. Consulting, on the surface, is less prone to human rights violations. None-the-less, Synpulse has put in place, through establishing a central legal department the scanning of contracts of suppliers and clients not only for the usual contractual pitfalls, but also for potential statements that could refer to human rights violations. Further, Synpulse, makes various channels available to clients, employees and other stakeholders to **report of any suspected human rights violations** that they may witness
2. 100% of current and ongoing contracts with clients and other investment agreements continue to be **screened for any human rights violations** at major locations of operations
3. Synpulse's annual compliance training, mandatory for all employees, includes the **basic human rights standards** that all employees are expected to embody at offices and client sites
4. Through the global Corporate Social Responsibility teams, employees have ongoing opportunities to **contribute time, monetary and in-kind contributions** through events with local socially-driven organizations. In 2021, the company donated USD 21'000 across all locations, with an average of USD 30/employee and over than 1'100 volunteer hours were recorded. In total all locations helped 24 organisations and conducted 22 activities to volunteer directly
5. After the global push stemming out of the US office in 2020, local teams in 2021 started their Diversity, Equity and Inclusion (DE&I) initiatives to ensure promotion of equality amongst all employees



 4 Employee participation as a percentage of office size, USD donated/employee by location

B. Environment³

1. Given the nature of Synpulse's business, travel remains the greatest source of emissions for all locations⁴. Policies were implemented in early 2020 that required line managers and senior managers to approve any travel above a certain dollar amount. This then requires an additional review of the need for this trip from a strictly business perspective. Synpulse also only **reimburses employees for economy tickets** so as not to provide an incentive for unnecessary travel and with the intention to therefore reduce the footprint of each trip
2. For travel to and from offices, in some offices HR provides benefits that **encourage the use of public transportation**. For locations where public transportation is not an option, fuel costs are only reimbursed when employees make use of a carpool. Same as in 2020 already, because of the continued pandemic also in 2021, employees were often required to work remotely from their home offices. Synpulse continues to support this by providing support to build the infrastructure needed to be able to work in a comfortable manner and thereby reducing work commute overall
3. A global assessment was conducted pre-pandemic around the **waste accumulated** at each office because of the food served at monthly office meetings. While the food-ordering model varies across offices, the team was unable to implement a centralized approach to limit food waste across all locations. Local event planners were notified, however, to ensure that orders and consumption was tracked overtime and **doggy bags made available for employees to reduce waste**⁵
4. All major locations are **encouraged to recycle waste** generated within their offices. Currently there is no global mandate by Synpulse enforcing this practice. However, many local offices, such as US, Singapore, and Switzerland, already practice recycling due to local government regulations or already ingrained local best practices
5. With a central travel platform, Synpulse expects to be able to better report on its emissions for 2022. As already stated above, the pandemic has already encouraged us to conduct many more meetings remotely. We therefore expect that these new practices will result in a sustained lower level of emissions when compared to pre-2020 levels
6. **Green energy** has been identified as a long-term limitation for Synpulse since most of the office locations are currently rented and therefore give the organization limited control over the energy source used. The majority of Synpulse offices pay a flat fee for electricity as a part of the rent and therefore cannot track and reduce consumption by kWh. No additional steps are expected for 2022

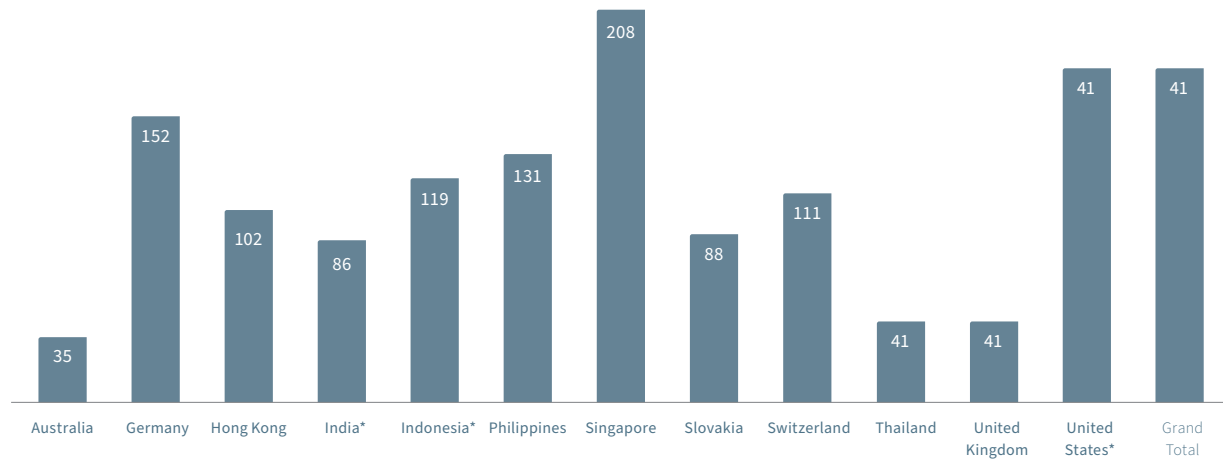
C. Labor Standards

1. All employees are allowed up to 20 days annually to use for capacity-building through **Synpulse's academy program**. Included are business-relevant courses that are offered through already trained employees or external vendors. On a case-by-case basis, each location also has an annual budget set aside for employees to pursue courses outside of the academy catalog that are expected to build skills for a current or potential client project

³ Initiatives in this category were the most impacted by COVID-19 due to the switch to remote work. Many of the efforts have been put on hold until offices return to normal levels of function. These have been identified throughout the report and will be adjusted based on the global conditions in 2022

⁴ This remains changed during the pandemic, as consultants have had to interact with clients virtually. Management at each location is closely monitoring these changes in our business offering in order to extend some of these practices once physical engagements become preferred again to limit travel where possible without hurting business

⁵ This has stopped since the pandemic because of remote work policies. Synpulse is likely to reassess food waste policies once employees are more likely to return to the office to implement additional efficiencies.



* Locations have higher training hours owing to New Employee School (NES); a mandatory program for new hires.

 5 Average days of training per employee by location⁶

- 100% of employee reviews and feedback are standardized across all offices through the **performance review program** that occurs in Q1, Q3 and at the end of the year with line managers to ensure consensus between the firm and the employee regarding career development and performance goals. In 2021, the remaining offices have followed the lead of APAC and have introduced an **additional mentorship program** as an opportunity for employees to engage in long term career development within their chosen industry
- A benchmarking study was conducted in 2018 to measure the competitiveness of salaries and benefits within each local office. Since then, strides have been made **towards equitable remuneration across demographic identifiers**. Almost all locations of Synpulse offices have self-reported that salaries are based on pre-determined title brackets and not gender. An analysis done in the headquarters in Switzerland showed that **no definite gender effect can be determined**. The analysis shows that women earn 0.5% more at the company level

D. Bribery and Anti-Corruption

- Synpulse is a partnership and as such its shareholders are also the Company's top management that guarantee with their names and faces the quality and adherence to highest standards. This way, **best corporate governance is lived** and demonstrated right from the very top of the Company
- All employees are required to **declare any conflicts of interest** at the start of each financial year. Further, policies are in place to provide guidance on potential trading in client and vendor securities and thereby further limit any unethical behavior
- The annual compliance training, mandatory for all employees, includes a **review of anti-bribery, conflict of interest and insider trading policies** that all employees are expected to embody at offices and client sites
- Internal and external **mechanisms for seeking advice on ethical and lawful behavior** and matters related to organizational integrity and harassment/discrimination were identified and highlighted, such as helplines, advice services, escalation through line management or whistleblowing mechanisms
- A **dedicated Persons of Trust (PoT)** in each office is responsible to record and resolve any reported cases of conflict of interest within that location
- As a part of the CFO's office, all operations are assessed for risks related to corruption. Any **significant risks identified** during monthly group management meetings and quarterly partner summits (group exec board and at the same time shareholders) are addressed in a timely manner.

⁶ Locations with asterisks have higher training hours owing to New Employee School (NES); a mandatory program for new hires.

IV. Further Opportunities for Progress

As a part of the efforts this year, the following areas were identified for further improvement and incremental changes across all four categories of the UN Global Compact:

A. Data Centralization

A crucial limitation that teams globally are still facing was the **inability to quickly and easily report in more details on metrics** on its workforce and travel, its most relevant environmental impact factor. A **more centralized data collection process** is expected to be implemented in 2022. Ongoing updates to our HRMS and a centralized travel platform provider will help to:

1. Report on environmental metrics across geographies
2. Better define and track employees hired from the local communities at the senior management level for continued engagement within their communities
3. Capture income data globally in a way that allows for better data segmentation across the various demographic identifiers, such as age and gender

B. Awareness Amongst Management, Employees and Other Stakeholders

It was also recognized that for the company to truly endorse the compact, all relevant stakeholders must be kept apprised of all the ongoing changes and the company's target state across the various initiatives under this umbrella.

1. Leadership training was conducted for the senior management of the organization to allow for easier and quicker flow of information and feedback. As this initiative grows, there may be room to use this **feedback mechanism** to enhance the **channels for those seeking advice**
2. Greater awareness and push are needed globally for employees to **make use of the academy resources** available to them for continued capacity-building and knowledge ownership amongst employees
3. Increased trust in **existing grievance mechanisms**, including the local PoT, is needed across all offices so that employees recognize this safe space to report unwanted incidents of conflict
4. More explicit endorsement by senior management is required to move the needle on reporting, tracking and reducing the **company's carbon footprint** once the pandemic and zero travelling is over. This will keep some of the efficiency gains brought about during the pandemic as it was proven that many aspects of our business can be done remotely
5. Enhancing CSR activities to also embrace the full scope of ESG

C. Global Policy Review and Updates

2021 saw us addressing many of the topics noted as open at the end of 2020. However, there are still some areas that either need a further review or clearer direction and standardization across all locations.

1. Ongoing HR review to include **dedicated hours** annually for employees to use **towards CSR events** and play their part in enhancing the community around them
2. As employees return to our physical office locations post-pandemic, senior management has started to conduct a deeper study of the need and cost of creating **workspaces that are friendlier for those with particular needs**⁷
3. There is a need for a more comprehensive policy within Synpulse regarding guidelines on **remote versus on-site presence** for each office. While in-person interactions and meetings are relevant for the culture and form part of the Company's DNA, remote work allows us to reduce the carbon footprint of each employee

⁷ It should be noted, however, that given our current business model, employees spend a large proportion of their time at the offices of our clients, locations that we have little control over. Therefore, any exceptions needed for client locations to ensure safe working conditions for our employees, will be handled on a case-by-case basis.

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