



**SUSTAINABILITY  
REPORT**

JUNE 2024





The Emerald building features an in-house art exhibition, with a selection of creations on loan from the Christen Sveaas' Art Foundation, as well as pieces from artists from the Greater Region.

Created in 1997 by Marina Abramović, the work "Victory", on display here on the top floor of the Emerald building, refers to a specific scene from the 1949 film Riso Amaro, in which the protagonist – a temporary agricultural worker in a rice field in the Po valley in Italy – looks out into the horizon, exhausted from working under the burning sun.

# CONTENTS

## **4 WELCOME TO ADVANZIA'S FIRST SUSTAINABILITY REPORT**

5 Message from the CEO

## **6 ADVANZIA AT A GLANCE**

## **8 SUSTAINABILITY AT ADVANZIA**

8 History of Corporate Social Responsibility (CSR)

9 Sustainability strategy development

## **10 RESPONSIBLE BUSINESS CONDUCT**

10 Corporate governance framework and standards

11 Data protection and data privacy

12 Cyber security

13 Code of conduct and company values

14 Responsible supply chain management

14 Customer centricity

16 Risk management

## **18 SUSTAINABLE AND DIGITAL CREDIT CARD SOLUTIONS**

18 Financial inclusion

18 Responsible lending

21 Digitalisation, sustainable innovation and green tech

## **22 ADVANZIA, A RESPONSIBLE EMPLOYER**

22 Training and career development

23 Health & safety and work-life balance

24 Flexible working practices

25 Diversity and Inclusion (D&I)

27 Communication and dialogue

28 Sports and "Team Advanzia"

## **29 POSITIVE IMPACT**

29 Environmental impact

30 Social impact

## **31 APPENDIX – DEFINITIONS AND ABBREVIATIONS**





# WELCOME TO ADVANZIA'S FIRST SUSTAINABILITY REPORT

Advanzia is a digital bank offering accessible finance through user-friendly digital solutions. As a credit card and payment solutions provider, Advanzia is committed to responsible lending, reducing its carbon emissions, and providing a great place to work for its employees. In our goal to become a more sustainable bank, this report lays out Advanzia's environmental, social and governance (ESG) approach, the progress made to date, and the Bank's ambitions for the future.



## MESSAGE FROM THE CEO

The publication of Advanzia's inaugural, public ESG report marks an important step in our journey towards becoming a more sustainable bank, and coincides with our move to the Emerald building, the first zero-carbon office building in Benelux. This innovative new home for our employees will be certified "Excellent" by BREEAM and "Platinum" by WELL, a testament to our committed journey to reducing our carbon emissions and prioritising our employees' health and wellbeing.

In anticipation of the Corporate Sustainability Reporting Directive (CSRD), which applies to Advanzia as of 2025, we have commenced implementing the bank's ESG strategy around four strategic pillars.

Firstly, **to conduct business in a responsible manner** based on sound business processes. These processes underpin how we manage our service partner network, protect the substantial amounts of processed data, assess and mitigate our risks, and ensure our customers' satisfaction.

Secondly, providing **sustainable and digital credit card and payment solutions**. At the core of Advanzia's activities is our commitment to responsible lending, protecting our more than two million customers and our business model's continuity through prudent risk management and continued profitability. We contribute to a more sustainable society through focusing on enhanced digitalisation, sustainable innovation and solutions for our customers, partners, as well as through our own operational setup.

Thirdly, with **employees at the core of our success and growth**, we are committed to nurturing our dynamic talent pool, providing a safe, fulfilling and inspiring workplace, while at the same time furnishing an inclusive, cooperative and open culture where employees thrive under the right balance between work and personal life. Our ambition is to become an employer of choice in Luxembourg.

Lastly, we work towards continuing making a **positive impact** on society and the environment. We undertake to operate more sustainably, from offering a nurturing work environment for our employees, to maintaining our long-standing commitment to supporting socially impacting projects close to our employees' hearts, benefiting a wide range of local, national and international communities in need.

**Nishant Fafalia**  
CEO  
Advanzia Bank



# ADVANZIA

## AT A GLANCE

Advanzia is a digital bank that offers competitive and flexible consumer finance and card servicing solutions for private customers, business partners and banks. The Bank promotes its own-branded Mastercard Gold credit card, a flexible payment method with attractive advantages, insurance benefits and an optional revolving credit facility, as well as the Advanzia Deposit Account, which offers favourable conditions and a highly competitive interest rate. With 2.6 million credit card customers, Advanzia is a leading digital credit card issuer in Germany, with a strong presence in Luxembourg, Austria, France, Spain and Italy.

As a go-to European Cards-as-a-Service (CaaS) provider, Advanzia further offers co-branded Visa and Mastercard credit card solutions and turnkey programmes for more than 280 companies and financial institutions, either under their own brand or under Advanzia's flagship Capitol brand.

Advanzia is committed to true digital services to make banking better and more sustainable for its customers. Through its service partner ecosystem, the Bank works with reputable partners who can quickly adapt to evolving customer needs and fulfil its duty of care.

As an independent bank with a Luxembourg banking licence, Advanzia operates solely from Luxembourg. The bank has no branches, and passports cross-border services in the EU to 16 countries. Kistefos, a Norwegian investment firm, has been the majority shareholder since 2006.



<sup>1</sup> Result of a quantitative customer survey conducted between December 2023 and January 2024 by Heute und Morgen, targeting Advanzia's Gebührenfrei Mastercard Gold cardholders in Germany, the bank's primary consumer market. Approx. 20 000 emails were dispatched, yielding a 9% response rate from a representative sample.

# SUSTAINABILITY AT ADVANZIA

## HISTORY OF CORPORATE SOCIAL RESPONSIBILITY (CSR)

Since Advanzia was founded in 2005, there has been a genuine culture of grassroots, employee-led social initiatives, with Advanzia's employees choosing and directing which projects to support, both locally and globally. Under the umbrella "Advanzia Plus", a wide range of initiatives have been implemented that contribute to employee health and wellbeing, that aim to reduce carbon emissions and contribute to a greener environment, and that have made a positive impact on the community through the advancement of culture, education, health, arts and sports.

CSR is traditionally associated with a company's self-regulating activities to be a "good corporate citizen", largely detached from its business model and "raison d'être". In contrast, ESG considers all stakeholders, provides more measurable initiatives, and considers sustainability factors to improve a business's valuation.

Advanzia Bank is committed to transitioning from its CSR concept to become a more sustainable bank that, alongside its profitable growth, takes a transparent ESG stakeholder approach with measurable commitment and a long-term vision.



Advanzia is an active member and signatory of labels and certificates that promote social and environmental responsibility and provide assurance and trust in a company's sustained progress.

## SUSTAINABILITY STRATEGY DEVELOPMENT

In 2023, Advanzia set up an ESG development framework in anticipation of upcoming regulations in both Luxembourg and Europe overall, such as the CSRD.

### The ESG committee

In June 2023, Advanzia created the Environmental, Social and Governance Committee (ESG-C) to develop Advanzia's ESG strategy and management framework. Sponsored by the CEO, the ESG-C is multi-disciplinary, with representatives from departments including HR, risk, finance, legal, IT, procurement and customer service.

### Double Materiality Assessment (DMA)

In preparation for CSRD compliance, which applies to Advanzia as of 1 January 2025, the Bank began its first DMA in Q4 2023 to evaluate ESG-related impacts, risks and opportunities that could affect the Bank's profitability.

Double materiality has two dimensions: impact materiality and financial materiality.

The impact materiality assessment looks at how Advanzia's operations and value chain, including its products and services, affect various stakeholders, such as employees, customers, service partners, communities and the planet. It draws from a variety of sources for a holistic approach, such as Advanzia's policies and procedures, business model and outlook, market and industry trends, a detailed climate risk assessment supported by external advisors, and a stakeholder engagement analysis that included surveys and in-depth interviews with key stakeholders from Advanzia's value chain. The financial materiality assesses ESG-related risks and opportunities that could impact the Bank's financial position and performance.

The final outcome of the DMA will be discussed and validated with Advanzia's management and board of directors to define actions, policies and targets for the coming years.

Initial material topics identified by the DMA (potentially corresponding European Sustainability Reporting Standard (ESRS) in brackets):

- Offering **responsible products**, with responsible lending at the core of Advanzia's business strategy (ESRS S4).
- Ensuring **employee health and wellbeing**, with human capital development, employee engagement and diversity as material focus points (ESRS S1, ESRS S2).
- **Decarbonising Advanzia's operations** by continuing to develop digital and paperless processes, and reviewing the plastic used to produce credit cards. Advanzia achieved one of its key commitments by moving to the Emerald building during Q1 2024, the first zero-carbon office building in Benelux, effectively reducing its greenhouse gas (GHG) emissions to a minimum (ESRS E1).

Inspired by these initial focus points, this report summarises Advanzia's ESG commitments related to four pillars, specific to the Bank and its operating model.

- RESPONSIBLE BUSINESS CONDUCT
- SUSTAINABLE AND DIGITAL CREDIT CARD AND PAYMENT SOLUTIONS
- ADVANZIA, A RESPONSIBLE EMPLOYER
- POSITIVE IMPACT

For most commitments, the Bank has outlined achievements and key performance indicators (KPIs), as well as forward-looking statements. This 2023 Sustainability Report is not a CSRD-compliant report. As of 2026, for activities related to financial year 2025, Advanzia's public sustainability report will be aligned with the European Sustainability Reporting Standards (ESRS), and will meet future enhanced reporting and disclosure requirements.





# RESPONSIBLE BUSINESS CONDUCT

## CORPORATE GOVERNANCE FRAMEWORK AND STANDARDS

Advanzia's governance framework includes an organisational structure with well defined, transparent and consistent lines of responsibility and effective processes to identify, prevent, manage, monitor and report potential risks, and to ensure accountability in how the Bank is run. Advanzia is structured in accordance with the three lines of defence model and has robust internal control framework and mechanisms in place, such as procedures and

policies and a committee structure, to promote sound and effective risk management and to ensure best practice in its overall governance.

The Bank's governance not only allows for legal compliance, it also promotes ethical conduct across the Bank's operations and provides the basis for how Advanzia will service its various stakeholders in a responsible and sustainable manner.

### GOVERNANCE STANDARDS INCLUDE:

- ✓ Central administration and internal governance framework
- ✓ Whistle-blower procedure
- ✓ Code of conduct
- ✓ Committees and responsibilities procedure
- ✓ Compliance policy
- ✓ Complaint management procedure
- ✓ Conflict of interest policy
- ✓ Data protection policy
- ✓ Communication with CNPD procedure
- ✓ Anti-Money Laundering (AML)/Counter Terrorist Financing (CTF) policy
- ✓ Diversity policy
- ✓ Moral and sexual harassment procedure
- ✓ Remuneration policy

### AMBITION 2024

Following the establishment of a Legal and Compliance Committee in 2023, Advanzia will continue to improve its compliance steering and framework by strengthening the identification and upstream assessment of new regulations as part of the regulatory watch. The Compliance function will continue to reinforce its advisory role with internal stakeholders and will pursue the execution of its compliance monitoring plan (CMP).



## DATA PROTECTION AND DATA PRIVACY

As a financial institution, Advanzia processes large amounts of data, leading to confidentiality and data protection being a critical aspect to handle. As part of its social responsibility, Advanzia is committed to ensure the fundamental right to the protection of personal data for its customers and employees. For this purpose, compliance with the General Data Protection Regulation (GDPR) is of high importance. Consequently, Advanzia has adopted a data protection policy and several data protection procedures.

In line with the corporate values of the Bank, Advanzia acknowledges that the GDPR can be leveraged for increased transparency and trust building with its customers and employees, by ensuring transparency in its day-to-day communication with customers through its Terms and Conditions and Data Protection Notices that are available on all customer websites, portals and apps.

	2022	2023
Number of data privacy complaints received	10	12
Number of identified data breaches* notified to CNPD	8	36*

### AMBITION 2024

In 2024, Advanzia will continue to protect the privacy of its key stakeholders by:

- Adhering to the GDPR stipulations in all aspects of data protection
- Improving transparency in its communication with customers and employees
- Raising awareness internally by providing training to all staff, with a focus on the Customer Service department and the contact centres



\*The data breaches were largely due to external factors (e.g. fraud). All cases are resolved. Internal awareness on data breaches was raised through in-person trainings.



## CYBER SECURITY

The Bank is ambitious in protecting itself and its customers from cyber criminals, while continuing its growth and digitalisation path. Advanzia's IT and tech-related policies, and its information security framework are continuously monitored and enhanced. The Bank identifies and monitors cyber

security risk via internal committee and organisational structures, such as the outsourced call centres. A dedicated ISO team is leading the Bank's information security approach, and is working very closely with the technology department, business functions and the management.

Advanzia's relative security effectiveness	2023	2024
Security Rating by Cybersecurity, an independent rating institution measuring cyber security performance	700	730

Scale: Basic (250-630), Intermediate (640-730), Advanced (740-900)

### AMBITION 2024

Advanzia's Information Security Programme aims to strengthen preventive measures as well as enhance the Bank's cyber security performance. Advanzia is increasing the level of automation and continues to improve processes important for threat identification and risk reduction. Through monitoring the security rating by independent rating agency Cybersecurity, the Bank aims to move towards and maintain its rating in par with its financial industry benchmark's upper 50 percentile.



## CODE OF CONDUCT AND COMPANY VALUES

The Bank's code of conduct was updated and enhanced in September 2023 and outlines the guiding principles of professional conduct. It reminds the staff that values such as honesty, loyalty, professionalism, mutual respect, confidentiality and integrity are the basis for a responsible attitude of all Advanzia employees towards society in general, customers, other employees, service providers and competitors. The code provides detailed guidance on five key principles:

1. Loyalty, equity and integrity
2. Competence, care, diligence and anti-bribery
3. Respect for private data and confidentiality
4. Compliance with laws and regulations
5. Security and reliability

Since 2015, Advanzia has adhered to a set of six corporate values as guiding principles and beliefs that support employees to work towards a common business goal: simplicity, trust, transparency, excellence, diversity and flexibility. The shared vision that lives through these values facilitates unified decision-making and fosters teamwork and collaboration, and underpin Advanzia's commitment to sustainability and responsibility, ultimately contributing to Advanzia's continued transformation and growth.

### AMBITION 2024

In 2024, Advanzia plans to reformulate and refine its purpose, mission statement and vision, and will reassess the company values that are relevant for its current and future success. The DMA will be a source of valuable insights into the importance and quality of purpose of Advanzia, identifying ESG issues that are relevant to its stakeholders and that provide strategic focus, alongside the ambitious financial and growth goals set by the board of directors.





## RESPONSIBLE SUPPLY CHAIN MANAGEMENT

From customer onboarding to the destruction of the credit cards at the end of the customer life-cycle, Advanzia works with a diverse and large supplier and provider network that enables a flexible and scalable operating model that is crucial to business continuity and provides a solid basis for future growth. Many of the Bank's larger suppliers have their own extensive supply chains, connecting the Bank to many more businesses and employees worldwide across its value chain.

Even though Advanzia's business is geographically diverse, nearly 99% of the Bank's procurement is sourced from suppliers based in countries with high standards on human rights, environment and social responsibility (EU 87%, UK 2% or US 10%).

Advanzia encourages its suppliers to adopt a more responsible business model. Its most important suppliers (32 suppliers representing 31% of the annual spend) have officially committed in writing to act in an ethical and socially responsible manner and to adhere to international standards on human rights (e.g. the European Convention on Human Rights), environmental protection and appropriate working conditions, including the prohibition of child labour.

### AMBITION 2024

Part of the requirements of complying with CSRD will be to strengthen responsible supply chain management and to assess, monitor and report on ESG aspects for key service providers across the Bank's value chain. Advanzia is committed to enhance its responsible supply chain management and to provide the resources required to implement a strategy in which it actively manages and reports on the ESG commitments of its suppliers and service partners.

## CUSTOMER CENTRICITY

Advanzia is committed to enhancing its customer centricity by making its products and services more user-friendly for its customers and adapting to their evolving needs.

### Customer satisfaction surveys

For nearly 3 years, Advanzia has conducted customer satisfaction surveys through Trustpilot for all its consumer markets, achieving a rating of "excellent" for all its consumer products.



### Net Promotor Score (NPS)

Between December 2023 and January 2024, Advanzia conducted a customer satisfaction survey with the German market research agency Heute und Morgen, targeting cardholders of the Gebührenfrei Mastercard Gold in Germany, the Bank's primary market. Approximately 20 000 emails were dispatched, yielding a 9% response rate from a representative sample.

The survey revealed an NPS of 54, with two-thirds of respondents stating they would likely recommend Advanzia. Key drivers of customer loyalty included the card's flexibility and straightforward application process, overall satisfaction and competitive fees. This feedback demonstrates that Advanzia's offering is aligned with customer expectations and market demands.

### AMBITION 2024

The Customer Service department has set up a quality improvement project to optimise customer-related processes, look into AI-based solutions and offer new customer communication channels.

The overall goal is to offer customers additional self-service capabilities and more intuitive customer journeys through digital services and mobile applications, to reduce contact via phone and email.

### Complaints handling

Advanzia's Complaint Management Procedure defines how Advanzia handles, classifies, reports and resolves complaints related to its credit card and savings products. It outlines an effective and streamlined complaints handling process to comply with local *Commission de Surveillance du Secteur Financier (CSSF)* rules, as well as enhance service quality, increase customer satisfaction, and prevent (as well as reduce) errors in service provision and complaint handling.

### Service quality at customer contact centres

As most of Advanzia's customer communication by phone or email occurs in its outsourced service centres, the Bank has defined key service level agreements. Examples include call centre reachability, email response times, phone handling times, and quality checks for customer phone conversations and email correspondence.

The following strategic digitalisation projects aim to increase customer satisfaction and engagement:

- Customer enrolment: streamlining the onboarding and application process, offering open banking capabilities and issuing virtual cards
- Customer engagement: offering digital and real-time features and self-services in mobile apps, in-app provisioning and overall UX improvements
- Lifecycle management: digitising the customer journey and strengthening customer interaction capabilities





## RISK MANAGEMENT

Avanzia has established a robust risk control and stress testing framework, taking into consideration changing regulatory requirements. This framework includes a clearly defined risk appetite as well as an evolving risk culture within the Bank and throughout its three lines of defence.

ESG risks have been identified as part of the Bank's risk inventory and the exposure towards them is reviewed at least on an annual basis in the ICAAP and ILAAP framework.

In addition, stress testing developed as part of the ICAAP and ILAAP supports the Bank's business decision making processes as well as capital and liquidity planning. This is achieved by regularly assessing

whether adverse events would compromise the Bank's business model, risk appetite and existing capacity to manage and bear risks. One of the stress scenarios implemented by Avanzia measures the impact of a potential natural disaster event damaging one of the Bank's data centres and resulting in the inoperability of the facility.

Nevertheless, the ESG risks have so far not been considered as material by the Bank and as such have not been fully integrated in Avanzia's risk management framework. The climate related and environmental risks are also not included in the Bank's risk appetite framework, thus no limits in terms of the level of ESG risks the Bank is willing to bear have been put in place yet.

### AMBITION 2024

In order to continue improving its risk management framework and complying with the regulatory expectations outlined in the CSSF Circular 21/773, Avanzia will progressively develop ESG risk assessments and plans to create sound and robust monitoring tools tailored to the Bank's specific risk appetite and profile.







# SUSTAINABLE AND DIGITAL CREDIT CARD SOLUTIONS



## FINANCIAL INCLUSION

A key principle of Advanzia's business model is the inclusive nature of its digital marketing, targeting a broad potential audience to receive access to its financial products.

Advanzia's no-fee credit cards enable consumers to manage their finances easily and flexibly, allowing cardholders to pay for purchases over time thanks to a revolving credit facility that is fully optional. This can be especially beneficial for individuals who are underserved by traditional banks, who have irregular income streams or unexpected expenses (examples include students, temporary employees or migrants who have limited credit history).

During times of economic uncertainty and increased unemployment, the Bank aims to stay true to its mission to provide liquidity to its customers. For example, during COVID-19, Advanzia continued to provide credit where other providers restrained their supply.

Through careful risk management and responsible lending practices, Advanzia maintains the balance in providing access to credit in a responsible manner that minimises consumer credit risk and giving its customers the financial freedom to contribute to sustainable economic growth through increased purchasing power.

## RESPONSIBLE LENDING

**Responsible lending encapsulates Advanzia's responsibility to accurately assess its customers' creditworthiness, offer credit limits within the customers' ability to repay, provide clear terms and conditions, and support customers if they experience repayment difficulties.**

### Transparency and simplicity

The Bank provides relevant, transparent and straightforward information throughout the customer lifecycle to help customers make informed decisions, choose the right product for their evolving needs and meet their financial obligations.

### State-of-the-art predictive analytics

Advanzia measures creditworthiness by employing AI-powered automated scoring models, which analyse the following:

- Data provided by the customer during the application process (such as income, living status and employment status),
- Credit history data and scoring information provided by credit scoring agencies,
- Card usage and payment behaviour.

The Bank's predictive analytics are complemented by a set of hard rules as a second layer of controls. For example, one rule stipulates that monthly payments cannot not exceed a defined percentage of the customer's declared net income.

### "Low and grow" strategy

Advanzia has a clearly defined framework in place to assess if customers can manage the credit provided by the Bank. Customer affordability assessments are aimed at avoiding financial distress, and refer to specific rules on applicant acceptance, initial credit limit assignment and possible credit limit adjustments. The Bank's "low and grow" strategy allocates a low initial credit limit until the customer has demonstrated they can actively, responsibly and sustainably manage and afford further credit. Advanzia's outstanding loan balance per customer tends to be low in all markets. If existing customers show any hint of difficulties in repaying their loan balance, they are not considered for any further credit capacity increases.

### Collections support

All the rules related to accepting customers and managing their credit limits are reviewed by the Credit Risk Committee (CRC) to avoid customer defaults, their case is transferred to collection agencies that Advanzia selects based on their ethical approach and good reputation.

The Bank follows all applicable banking regulations and country laws, including the CSSF Circular 22/824 on application of the European Banking Authority (EBA) guidelines on loan origination and monitoring.



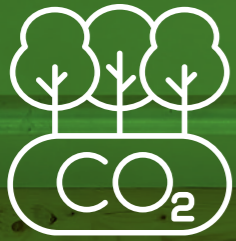
## AMBITION 2024

Advanzia is committed to keep strengthening and finetuning its responsible lending framework:

- Advanzia's Data Analytics Workbench (DAW) platform enables more complex and better performing predictive analytics systems, increasing the accuracy of the Bank's creditworthiness estimation.

- Advanzia will consider the opportunities offered by open banking per the Payment Services Directive (PSD2), which will provide access to aggregated information on customer bank accounts through customer opt-in, and may allow for more accurate estimations of repayment capacity and affordability.
- The Bank also plans to improve creditworthiness models considering recent macro-economic evolutions.





## DIGITALISATION, SUSTAINABLE INNOVATION AND GREEN TECH

Avanzia leverages digital technologies such as cloud, big data, mobile technologies, artificial intelligence and analytics, with the aim to improve operational efficiency, reduce carbon emissions and also increase customer experience and satisfaction.

### Omni-channel approach

Avanzia uses cloud-based solutions and API-driven real-time capabilities to support the Bank's enrolment, customer engagement and customer lifecycle management projects. This allows Avanzia to offer customers multiple ways of managing their financial products digitally and in real-time, and design mobile and digital services that simplify business operations and reduce paper-based, resource-heavy processes.

### Cloud commitment and green technology

Avanzia is transitioning to a cloud-based infrastructure and, as such, is reducing its carbon emissions through improved energy efficiency, optimised resource usage and a drastic lowering of physical infrastructure needs. The Bank currently still uses two data centres in Luxembourg that are implementing measures to limit the environmental impact of their high-energy consumption required for cooling.

### Going paperless

To reduce the waste generated by expired cards, Avanzia has decreased its card renewal frequency from 3 to 5 years for all customer segments. Implemented in 2023 for most consumer markets, this initiative is currently being rolled out to all geographies and customer segments.

Since August 2023, Avanzia no longer sends paper-based reminders to all its private customers (except France), saving approximately 1.8 million sheets of paper annually.

## AMBITION 2024

The new fully digital onboarding process, launched in Q4 2023 with Austria as the pilot market, eliminates the need for a wet signature, saving a significant amount of paper. Following its successful implementation, Avanzia plans a roll-out in Germany and other markets during 2024.

The Bank plans to overhaul the customer portal for its Deposit Account product, a savings account offering a purely online and paperless application process since 2017. Targeting its 58 900 customers, the customer portal will provide year-end statements online only instead of paper statements sent by post. To reduce

paper waste further, customers will also be encouraged to sign up for monthly statements sent by email rather than by post.

Also in 2024, the Bank will start issuing a virtual card in anticipation of the future elimination of plastic cards, initially in Austria and Germany, with a phased rollout planned across all markets.

Avanzia also aims to replace the virgin PVC plastic which is currently used for its 2.6 million customers by a more eco-friendly alternative. An implementation assessment plan will be conducted in 2024.





# ADVANZIA, A RESPONSIBLE EMPLOYER



Avanzia's success is driven by the people who work for the Bank — its human capital — and employees are one of its most important stakeholders. By investing in their wellbeing, satisfaction, education and training, the Bank not only provides a healthy and safe work environment for its employees, but also ensures they are best equipped to contribute to and support the Bank's strategic initiatives, transformation and growth. Avanzia is an equal opportunities employer, and is committed to offering an inclusive and diverse work environment with a culture of openness and dialogue.

Avanzia's company culture values open interaction and exchange, establishing open-space offices and flat hierarchies to encourage personal and cross-departmental communication. Initiatives supporting employee involvement have also been introduced, including digital lunchtime learning sessions, "Brain Food" presentations by external speakers, and quarterly "Avanzia All" all-hand meetings. To enhance the #TeamAvanzia spirit, the Bank supports various teamwork activities, including after-work beach volleyball and football games.

## TRAINING AND CAREER DEVELOPMENT

Avanzia offers training to support employees and strengthen their skills, while diverse career and development opportunities help retain talent. Individual training allows employees to develop capabilities for specific roles and keep abreast of technical and market developments, while group training sessions focus on soft skills and leadership skills.

The Bank runs two specific training programmes:

Launched in 2019, the **Avanzia Development Programme** (ADP) is a tailor-made 18-month curriculum for selected employees covering strategic management, digital transformation, financial management, leadership and self-management.

Launched in 2022, the **Avanzia Leadership Programme** (ALP) is a bespoke 12-month course aimed at mid-level management to nurture the Bank's leadership culture. It covers strategic management and new business, transformational leadership, and self-management.

### AMBITION 2024

Avanzia plans to launch a new ADP and ALP programme cycle every two years: the next cycle of the Avanzia Development Programme is scheduled for 2025, and the next cycle of the Avanzia Leadership Programme for 2026.

The Bank's career development concept also includes the annual performance review processes, focusing on future personal and skill set needs. Avanzia is currently enhancing its approach to individual career development and looking into new initiatives.



## HEALTH & SAFETY AND WORK-LIFE BALANCE

Avanzia actively supports initiatives that contribute to employees' physical and mental health and wellbeing.

### WELL building standard and certification programme

The Emerald building's design adheres to the rigorous WELL building standard, prioritising the health, wellbeing and satisfaction of Avanzia's employees. This standard and the related WELL certification programme promote physical activity, encourage healthy eating habits, and provide spaces for relaxation and mental rejuvenation.

Emerald's gym is free to use for all staff, with weekly sessions like stretching, yoga and Pilates. Regular training sessions on mental health, burnout prevention, stress prevention, workplace setup and ergonomics are offered. The Bank also holds regular on-site eyesight tests, first aid training and flu vaccinations.

To support employees in adhering to a balanced diet, Emerald's vending machines stock healthy drinks, snacks, salads, soups, sandwiches or warm meals to consume in the staff cafeteria. Most food and beverages available for purchase are aligned with the WELL certification criteria and are low in sugar, artificial ingredients and unhealthy fats. Free organic fresh and dried fruits are also distributed multiple times a week.

Emerald's workspace areas feature noise-reducing measures, ergonomic furniture and customisable lighting to create a pleasing environment for everyone, while collaboration zones offer employees comfortable spaces for ad hoc meetings. Integrated biophilic design elements, such as greenery and natural materials, promote a sense of tranquillity and reduce stress levels.

The Emerald building's high-quality and abundant water supply, alongside the Bank's waste reduction and recycling initiatives, both benefit its employees and contribute to its environmental conservation efforts.

### Work-life balance

The Bank also commits to supporting each employee's right to disconnect outside of working hours. Avanzia limits working hours, and strongly encourages employees to take regular and sufficient breaks as well as their annual vacation days. The Bank also promotes a culture of not always being connected.

### AMBITION 2024

By the end of 2024, Avanzia aims to reach platinum status for its WELL building certification.

The Bank plans to offer its employees health check-ups by occupational health physicians in 2024, and introduce an internal health day to promote health and wellbeing topics.








## FLEXIBLE WORKING PRACTICES

As flexibility is one of Advanzia's core values, the Bank offers its employees flexible working arrangements on an individual basis, a teleworking scheme, and a sabbatical leave framework.

The Bank also encourages employees to take advantage of their maternity, paternity or parental leave (the latter either full or part-time). Advanzia promotes parental leave as being open to women and men equally.

Employees are also entitled to five days of social leave per year to support a close relative or person living in the same household in case of a serious medical reason, for a "force majeure" event, or for volunteers providing emergency services.

 PART-TIME EMPLOYMENT	♀	♂	Overall
2023	20.2%	6.5%	12.2%
2022	21.6%	6.2%	12.9%

 PARENTAL LEAVE TAKEN DURING THE YEAR	♀	♂	Overall
2023	12.5%	8.0%	10.0%
2022	5.7%	7.1%	6.5%

### AMBITION 2024

The Bank started implementing additional working schemes to provide more flexibility for its employees, either through part-time models or by adapting the distribution of working hours flexibly throughout the work week. The aim is to help employees achieve a better work-life balance and a more fulfilled personal and working life.





## DIVERSITY AND INCLUSION (D&I)


Since 2020, Advanzia has been an official signatory of the Diversity Charter Luxembourg, one of >300 companies committed to promoting D&I through concrete projects and actions.


To provide a framework for promoting D&I internally, the Bank established a Diversity Policy

defining the common principles and aspects of diversity it adheres to, such as equal opportunity, non-discrimination, inclusive recruitment and promotion, mutual respect, and (diverse) representation. The monitoring and reporting framework will be further developed to track and monitor specific KPIs.

 WORKFORCE GENDER DISTRIBUTION	♀	♂
2023	41.8%	58.2%
2022	43.8%	56.2%

 HIERARCHY	♀	♂	Total
<b>2023</b>			
Staff (up to "associate director level"; part of Collective Bargaining Agreement (CBA))	92.1%	78.2%	84.0%
Senior management ("director" level and above, non-CBA)	7.9%	21.8%	16.0%
<b>2022</b>			
Staff (up to "associate director level"; part of Collective Bargaining Agreement (CBA))	93.2%	76.1%	83.6%
Senior management ("director" level and above, non-CBA)	6.8%	23.9%	16.4%

 ADVANZIA'S LEADERSHIP TEAM BY GENDER All management functions from team lead to management committee	♀	♂
2023	24.4%	75.6%

 AGE	<30 yrs	>=30 and <40 yrs	>=40 and <50 yrs	>=50 yrs
2023	12.2%	45.5%	28.6%	13.6%
2022	15.9%	40.8%	30.3%	12.9%



**AMBITION 2024**

According to market data, the banking sector’s overall gender distribution is 55% men versus 45% women, which the Bank aims to achieve. In its commitment to providing equal opportunities, Advanzia will not implement quotas, but aims to reach its goals by inclusive hiring practices and skills-based recruitment.

In line with its commitment to meritocracy, Advanzia’s overarching principle is to select the most qualified candidates for positions based solely on their skills, experience and merit, free from any discrimination.

While the gender distribution for new hires was balanced in previous years, 2023 was an exceptional year, mainly due to increased IT department hirings where candidates are predominantly male. A target distribution is to have at least 45% of new hires for one gender.

Regarding hierarchy levels, Advanzia aims to close the female-male employee gap for hierarchy levels of director and above. A short-term goal is to increase the percentage of women in these hierarchy levels to more than 10% (of all women the Bank employs).

Advanzia has broadened the diversity of its employees’ nationalities. While one goal is to avoid the overrepresentation of one nationality in the Bank, nationality is never a selection criterion during the hiring process.

Regarding Advanzia’s leadership team, the aim is to reach a representation of men, women and nationalities that is comparable to the distribution among Advanzia’s staff.

Advanzia’s age group distribution has been relatively stable in recent years, mainly due to the active hiring of new staff. The goal is to keep the current distribution stable over the following years.

**COMMUNICATION AND DIALOGUE**

Advanzia is committed to establishing an open and inclusive communication culture that encourages two-way exchange at all levels.

The Bank’s intranet, Spark, is the go-to source for working at Advanzia, featuring resources, social and charity events, important dates, business milestones and news.

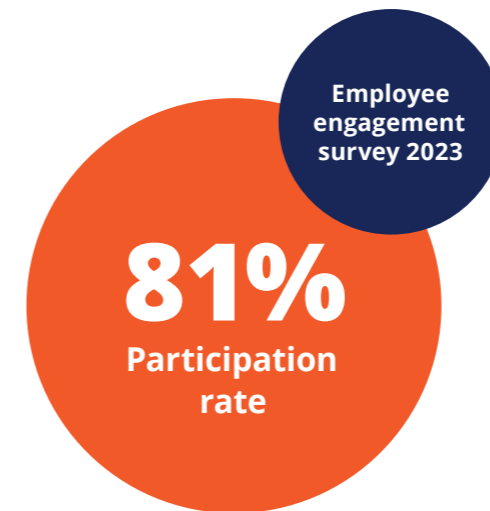
Quarterly Advanzia All meetings inform all employees about the Bank’s finances, the status of ongoing and planned projects and current business topics, followed by an employee Q&A and an opportunity to socialise.

A dedicated programme supports the onboarding of new hires. The Bank offers regular introduction training to new hires, giving them a deeper insight into the Bank’s different departments and functions and their respective responsibilities. A tutor programme assigns a tutor to all new hires, who offers

advice and guidance on the day-to-day elements of working at Advanzia, as well as cultural aspects and topics that are not specifically job-related, such as working in Luxembourg.

Advanzia has a staff delegation representing the interests of all employees. Regular meetings serve as a platform for mutual exchange. By law, certain topics require the prior consultation of the Bank’s staff delegation.

In 2023, the Bank conducted an employee engagement survey with a very high participation rate of 81%. A working group analysed the results, identified areas for improvement and developed an action plan, which is being implemented in close collaboration with Advanzia’s leadership team. Regular updates about the survey’s results and analysis were communicated to all staff. This survey will be performed on an annual basis.



**AMBITION 2024**

Advanzia will conduct another employee engagement survey in 2024 and aims to achieve a similarly high participation rate. The Bank is also committed to improving key drivers that were rated relatively low. An employee survey working group has been established and has been implementing concrete action points since Q3 2023.

Another survey is planned as part of the new Emerald building’s WELL certification, focusing on topics such as health and well-being, office setup and flexible working arrangements.





## SPORTS AND "TEAM ADVANZIA"

Every year, the Bank organises two regular social events for all staff, a summer party and a Christmas party. After-work social events are also supported and encouraged; for example, the quarterly Advanzia All meetings are followed by an apéritif or meal organised by employees representing their home country or region, to celebrate the diverse cultures and regions of Advanzia's workforce.

The Bank also supports individual activities, such as lunches with new joiners as part of the tutor programme, alongside department and team building activities.



The Bank also subsidises sports activities. Its free gym is heavily used by staff, and football and beach volleyball sessions take place during summer. Since 2020, Advanzia has co-sponsored the annual Luxembourg Business Run, with an almost 25% staff participant rate. The Bank also supports participation in other running events, such as the ING Night Marathon and the Luxembourg Pride Run, alongside other charity events.

For several years in a row, the Bank has organised and partly sponsored a winter sports trip to the Swiss or Austrian alps for its employees.



# POSITIVE IMPACT



## ENVIRONMENTAL IMPACT

### Move into the zero-carbon Emerald building

In February 2024, Advanzia moved into the newly constructed Emerald building, the first zero-carbon office space in Benelux. The forthcoming "excellent" green label certification by BREEAM, one of the world's leading sustainability assessment methods, will make it one of the Greater Region's most advanced office buildings regarding sustainable and climate-neutral construction and operation.

The forthcoming WELL certification identifies, measures and monitors the Emerald building's characteristics that affect the health and wellbeing of its occupants. Advanzia will leverage the resulting employee feedback and quantifiable metrics to advance its ESG reporting on human and social capital performance.

### Other initiatives

- Advanzia has been awarded the Luxembourgish SuperDrecksKëscht label for a decade, and provides regular waste management and awareness training for employees.
- The Bank's teleworking policy allows employees to work from home one day per week, reducing work commute emissions.
- In 2020, Luxembourg became the first country in the world to introduce free nationwide public transportation for everyone. As many of the Bank's employees commute to Luxembourg from Germany, Belgium or France, Advanzia reimburses each employee up to EUR 50 per month for train or bus fares to support the use of public transportation.
- The Bank has also installed 34 charging plugs (partially shared) for employees to charge their electric/hybrid vehicles. Emerald also has a dedicated bicycle parking area.







## SOCIAL IMPACT

### Supporting employee social initiatives and sponsorships

Since its foundation, Advanzia has upheld the tradition of supporting employee-led initiatives that have a positive impact on society. This includes donating clothes or toys to disadvantaged communities, financially supporting local sports teams and associations, and organising internal photography competitions based on the Bank's corporate values.

These projects, all initiated by individual employees, are often implemented and supported by the Advanzia Plus (A+) Working Group within the ESG Committee.

- Most of Advanzia's staff participate in **payroll giving**, where employees can round down their monthly salary to donate to a charity.
- Employees are entitled to two "Advanzia Plus" **paid leave days to volunteer** for a good cause.
- In 2023, Advanzia supported approximately 20 **local sports and social associations** with small financial donations.
- The Bank regularly donates to two employee-led initiatives, the Family Support Centre in Brazil and a charity helping the children of El Ceibal in Bayunca, Colombia.
- **Coin collection boxes** support various charities, including Wonschtär and Deutsches Kinderhilfswerk, while bottle cap collection points support ASA asbl, which trains guide dogs for people with disabilities.
- **Baking for Charity**, which takes place several times a year and supports various charities, is an office bake sale organised by employees for employees.

>30  
Advanzia Plus  
projects

>1 000  
participants  
(aggregated)



# APPENDIX

## DEFINITIONS AND ABBREVIATIONS

<b>A+</b>	Advanzia Plus – Term describing social commitment in the shape of socially impacting projects for employees and charitable purposes
<b>AI</b>	Artificial Intelligence
<b>ADP</b>	Advanzia Development Programme, career development programme aimed at high potentials
<b>ALP</b>	Advanzia Leadership Programme, career development programme aimed at the leadership team (middle and senior management)
<b>AML</b>	Anti-Money Laundering
<b>API</b>	Application Programming Interface
<b>CBA</b>	Collective Bargaining Agreement
<b>CMP</b>	Compliance Monitoring Plan
<b>CNPD</b>	<i>Commission Nationale pour la Protection des Données</i> – the National Commission for Data Protection in Luxembourg
<b>CRC</b>	Credit Risk Committee
<b>CSR</b>	Corporate Social Responsibility
<b>CSRD</b>	Corporate Sustainability Reporting Directive, applicable to Advanzia Bank as of 1 January 2025
<b>CSSF</b>	<i>Commission de Surveillance du Secteur Financier</i> – the Luxembourg financial sector supervisory commission
<b>CTF</b>	Counter Terrorist Financing
<b>D&amp;I</b>	Diversity and Inclusion
<b>EBA</b>	European Banking Authority
<b>ESG</b>	Environmental, Social and Governance
<b>ESG-C</b>	The Environmental, Social and Governance Committee at Advanzia Bank
<b>ESR</b>	<i>Entreprise Socialement Responsable</i> – Socially responsibly company label issued by INDR (see below)
<b>ESRS</b>	European Sustainability Reporting Standards
<b>GHG</b>	Greenhouse Gas
<b>ICAAP</b>	Internal Capital Adequacy Assessment Process
<b>ILAAP</b>	Internal Liquidity Adequacy Assessment Process
<b>INDR</b>	<i>Institut National pour le Développement Durable et la Responsabilité Sociale des Entreprises</i> – the Luxembourg national institute for corporate responsibility and sustainability
<b>ISO</b>	Information Security Officer
<b>KPI</b>	Key Performance Indicator
<b>NPS</b>	Net Promotor Score: Customer loyalty measurement by looking at their likelihood of recommending a company or brand
<b>PSD</b>	Payment Services Directive
<b>SDK</b>	SuperDrecksKëscht – Luxembourgish recycling label for companies
<b>UX</b>	User Experience





[advanzia.com](https://www.advanzia.com)