

Norway Transparency Act Report Avida Finans AB (publ)

This report is prepared for Avida Finans AB (publ), 556230-9004, "Avida" or the "Company", a Swedish Credit Market Company under the supervision of the Swedish Financial Supervisory Authority, "SFSA". Avida performs business in Norway through its branch Avida Finans AB NUF, ("Avida NUF"). The report has been written in accordance with the Norwegian Transparency Act ("Åpenhetsloven", "the Act") relating to enterprises' transparency and work on human rights and decent working conditions. Avida NUF is registered at Munkedamsveien 45 A, 0250 Oslo, Norway. Through the passported Swedish license, Avida NUF can conduct cross-border operations from Sweden via the Norwegian affiliate with the following services in connection with the Financial Companies Act ("Finansforetaksloven") §§ 3-2 and § 2-7:

1. Receipt of deposits and other funds to be repaid
2. Lending activity
3. Financial leasing

This report relates to Avida's financial year which corresponds with the calendar year of 2023.

1. Structure & Areas of Operations

The Company was established in Sweden in 1983 and has since its inception focused on offering financing services for companies and lending to consumers as well as deposits from the public. Avida's ambition is to be the complete, first choice for companies and private individuals looking for loans and financing for their large or small challenges in their daily financial life.

The below table presents the largest shareholders as per 31st of December 2023.

Owner	Shares	Ownership, %
KKR	51 726 986	64,17
Andenes Investment S.L.	12 672 140	15,72
Midelfart Capital AS	7 357 372	9,01
Ubon Partners AS	6 712 568	8,32
Loe Equity AS	1 060 606	1,31
Dencker Invest AS	600 000	0,74
Vimar AS	150 000	0,19
Skandinaviska Enskilda Banken	86 000	0,11
Engelia Invest AS	50 000	0,06
Electric Forest AS	40 000	0,05

Kohlberg Kravis Roberts & Co, KKR, a leading global investment firm that offers alternative asset management as well as capital markets and insurance solutions, is the majority shareholder of Avida since 2020, with more than 64 % of the shares. Andenes Investments S.L is Avida's second largest shareholder after KKR and holds more than 15% of the share capital and votes. The shares in Avida Finans AB (publ) are otherwise owned both by private individuals and institutions.

In addition to the operations in the Swedish market and its branch in Norway, Avida also maintains a branch in Finland.

Avida offers a savings product; via German deposit platforms as well as directly by Avida in Sweden and Norway. All guaranteed by the Swedish governmental deposit guarantee.

The Company has two main business areas, Business Finance and Consumer Finance. Through our Business Finance' operations, Avida offers corporate credits such as factoring, invoice loans and business loans. Business Finance has a clear focus on building long-term relationships with corporate customers that will contribute to stable and profitable earnings over time.

The Consumer Finance business area comprises of non-secured lending to consumers, consumer loans, in Sweden, Norway and Finland as well as deposits from consumers in Sweden, Norway and Germany. Private loans are mainly used for financing relatively large purchases or refinancing more expensive loans with other lenders. These loans can be repaid already in the same month, or whenever the customer wants within the agreed timeframe for re-payment.

2. Policies and Procedures

Avida relies on a catalogue of policies to set standards, the "Code of Conduct", for how we work. Compliance with this standard is crucial and Avida has mandatory training sessions for newcomers as well as ongoing mandatory training and information to all staff.

At Avida, ethical conduct is not just a checkbox to fulfil; it is an integral part of who we are and how we operate. Avida has established easily accessible policies that address critical areas of concern as well as articulating Avida's values. The policies emphasise zero tolerance for victimisation and discrimination. By maintaining high ethical standards and fostering a culture of inclusivity and respect, we are confident that we can create a positive impact on society and build strong relationships. Policies included in Avida's ethical standards catalogue are:

- *Policy for Handling Ethical Issues*
- *Anti-Bribery and Corruption Policy*
- *Conflicts of Interest Policy*
- *Whistleblowing Policy*
- *Policy for Internal Governance*

Avida continuously strive to improve our practices, regularly reviewing and updating our policies to ensure they reflect the evolving needs and expectations of our diverse workforce and stakeholders.

The *Policy for Handling Ethical Issues* outlines the procedures and guidelines for addressing ethical dilemmas that may arise in our business operations. It serves as a reference for Avida's personnel, offering clarity on how to identify, evaluate, resolve and escalate such issues in an ethical and responsible manner. A section regarding human rights is included in this policy, setting out expectations and guidelines with respect to human rights. Avida supports and respects the protection of internationally recognised human rights, including the *Universal Declaration of Human Rights*; the *Ten Principles of the United Nation Global Compact*; the *International Labour Organization's Declaration on Fundamental Principles and Rights at Work*; the *UN Guiding Principles on Business and Human Rights*.

The *Anti-Bribery and Corruption Policy*, which includes a section on anti-trust, underscores our zero-tolerance stand against any form of bribery, kickbacks and/or unethical practices. It provides guidelines for employees to recognise, prevent, escalate and report instances of bribery and corruption. By adhering to this policy, we safeguard the integrity of our business. In addition to this,

Avida has provided additional training relating to anti-bribery and corruption to its Senior Executive Team, as well as to the entire Norwegian branch office.

Avida also has a *Conflicts of Interest Policy* in place to address situations where personal interests may, potentially, conflict with Avida's interests. This policy helps employees to recognise and mitigate potential conflicts, ensuring that business decisions are made objectively and in the best interest of Avida.

The *Whistleblowing Policy* provides a safe and confidential channel for employees to report any concerns or instances of misconduct that they may witness or suspect and which apply to Avida's business activities. Examples of such violations or misconduct could be suspected violations of legal and regulatory provisions as well as internal rules and principles which apply to Avida's operations, including, but not limited to suspected concerns regarding ethical issues or human rights. Matters regarding misconduct that only affects the whistleblower themselves are, mainly, not be submitted through this channel. By promoting transparency and accountability, we can address issues promptly and take appropriate actions to maintain ethical standards.

The *Policy for Internal Governance* describes Avida's overall framework for internal governance, risk management and control. This Policy constitutes Avida's overall steering document to establish a sound governance, risk, and control culture as well as the overall framework for internal rules that are adapted to the operations conducted in the company.

3. Avida's staff

Avida prohibits all forms of modern slavery, forced labour and child labour. We have staff in three Nordic countries; Sweden, Norway and Finland, and we are committed to upholding the rights and well-being all of our staff. Avida has established policies to ensure protection off staff, including a *Working Environment Policy*, and a *Suitability assessment and diversity Policy*.

One fundamental aspect of our working environment is to recognise the autonomy of our staff and Avida therefore has a specially appointed work environment representative as well as a central committee for working environment matters. Avida, of course, permits workers to terminate their employment with appropriate notice, respecting their right to make choices about their careers and personal circumstances. Furthermore, we firmly understand that employees may need to pursue different opportunities or address personal matters, and we support them in their decisions.

Avida is dedicated to safeguarding the personal rights and data of our workers to ensure that employees have control over their own identification, travel documents etc, and that they can exercise their rights and liberties without hindrance. We apply the same data protection rules for employees as for customers.

We strongly prohibit compulsory and abusive overtime practices. We recognise the importance of work-life balance and the well-being of our employees. By respecting reasonable working hours and adhering to local labour laws and regulations, we prioritise the health, safety, and overall welfare of our workforce. Paying wages regularly, directly, and on time is another fundamental principle at Avida. We adhere to a reliable payroll system that ensures wages are distributed promptly and fairly. We promote physical training and, from time to time, sponsor local races and lunch training sessions. Avida offers all staff a health care allowance and a sum for subsidised lunches.

Respecting the freedom of association and the rights to worker representation is vital. We recognise and support the rights of our employees to engage in collective bargaining, join unions, and have

their voices heard. We foster an environment that values open communication, encourages feedback, respecting the rights of staff to express their concerns, opinions, and aspirations.

4. Suppliers and Counterparties (including customers)

When undertaking business, we act with integrity and expect our stakeholders, suppliers, counterparties, co-operating partners, subcontractors, consultants and other involved to respect and adhere to our ethical standards of conduct and the values that Avida stands for.

In Avida's procurement process, we not only focus on ensuring quality and suitability of products and services, Avida also focuses on the ethical standards of our suppliers. We conduct due diligence to assess potential suppliers' commitment to ethical practices, environmental sustainability, and compliance with relevant laws and regulations. By considering these factors, we can ensure that our supply chain reflects our commitment to responsible business conduct. We use screening tools and databases to ensure suppliers are ethical.

When assessing a potential new supplier, Avida places special focus on certain key risk indicators set by the Senior Executive Team. These include geography, type of product, type of industry, complexity of the supplier's subcontractors and concrete risks linked to individual businesses based on experience, knowledge, reports, and adverse media reports.

When it comes to introducing new products, Avida has a New Product Approval Process, "NPAP", in place. This process consists of several parts of which one is to assess the potential impact of the product on various aspects, such as safety, quality, environmental sustainability, and ethical considerations. Furthermore, Avida has established framework of policies and instructions to govern Avida's outsourcing activities. An important part of this framework is a comprehensive procedure for due diligence on potential partners, including follow-up procedures. We conduct thorough assessments to evaluate their integrity, ethical practices, and adherence to industry standards. This process helps us select partners who share our commitment to ethical conduct and who can contribute positively to our operations while maintaining our high standards. Avida continuously performs updated due diligence on all outsourcing suppliers to ensure compliance. Throughout our interactions with stakeholders, suppliers, counterparties, cooperating partners, subcontractors, and consultants etc, we believe in being open and transparent.

The Compliance function summarises the different departments' Self Risk Assessments annually, which is presented at a Senior Executive Team meeting where decisions are made on what to focus on for the coming year. The objective is to:

- Produce focused and actionable information when defining risk
- Determine related remedial action within the organisation,
- Enable senior management to verify the progress of remedial actions

5. Training and Awareness

All staff is required to take part in mandatory trainings relating to Avida's ethical standards. It is important for us to ensure proper understanding and adherence to these standards in our daily activities.

6. Effectiveness

Monitoring the impact of our actions is crucial to minimise risks. Therefore, Avida works using a risk-based approach, and assessments are performed on reported concerns. Conduct investigations are

conducted when needed. The Risk function, the Compliance function as well as the Internal Audit function help the Company to identify and address potential weaknesses or risks in how we run our business. We also encourage staff to escalate issues when they detect something that needs to be managed.

7. Avida's Due Diligence Assessment (No. "aktsohmetsvurdering") in accordance with the Transparency Act

Avida uses a risk-based approach when completing the Due Diligence Assessment in accordance with the Act, using key risk indicators as described above. Through this work, Avida can proactively identify and evaluate potential risks, allowing well-informed decision-making and effective risk mitigation strategies.

Avida's risk assessment contains two main parts, one general risk assessment where we categorise stakeholders based on potential risks such as geography and type of industry, and one concrete assessment based on the general risk assessment. When Avida performs the concrete risk assessment we focus on the stakeholders that we have identified as a risk in the first part and perform further investigations.

The first part of the risk assessment identified eight stakeholders with increased risk. Once these stakeholders were identified, an in-depth investigation was conducted to examine their operations, practices, and associated risks. This investigation is intended to provide a comprehensive understanding of the stakeholders' activities and to assess the potential risks they pose. Avida have identified the biggest potential risks within (i) the customer portfolio in Business Finance connected to factoring, and (ii) in the procurement stage, where there may be subcontractors in several stages who are difficult to control.

The in-depth investigation encompassed several key elements; including collection of annual reports, examination of sustainability reports to examine their impact on the environment and society, analysis of ownership structure as well as steering documents, Code of Conducts etc. In addition to these key elements, the in-depth investigation may include other relevant activities such as interviews with key personnel and engagement with industry experts or regulatory bodies. The goal has been to gather as much information as possible to evaluate the stakeholders' risk exposure accurately. After the in-depth analysis, we are pleased to conclude that our investigations have revealed no evidence of the violation human rights or unmanageable risks relating to sustainability issues. Avida will continue to monitor the identified stakeholders and reports on the progress during the year.

8. Approval

Avida's CEO, Tine Wollebekk, has approved the report.