



Transparency Act Statement "Åpenhetsloven"

Publication date 26 June 2023

Contents

Executive Summary	3
The Group's purpose, business activities and organisation	4
How the Group ensures human rights and good working conditions	6
Due diligence to identify actual and potential negative impacts	9
Evolving and maturing the Group's response	17
Communication and requests for information	18

TRANSPARENCY ACT STATEMENT

Santander Consumer Bank AS

Publication date 26 June 2023

Approved by Board of Directors 31 May 2023

Executive summary

Purpose

This statement is issued by Santander Consumer Bank AS in response to its obligations under the Transparency Act (Norwegian Åpenhetsloven) relating to enterprises' transparency and work on fundamental human rights and decent working conditions. The purpose of the statement is to outline the findings of the due diligence conducted in relation to actual and potential negative impacts on human rights and working conditions within the organisation's value chain, as well as outlining activities aimed at safeguarding these rights and conditions. Additionally, this statement includes information regarding the organisation's duty of disclosure in accordance with the Transparency Act.

The Transparency Act serves two primary purposes: to encourage companies to uphold fundamental human rights and decent working conditions across their value chains and to enable the general public to access information about how companies identify and address negative impacts, whether directly or indirectly, on human rights and working conditions.

The Transparency Act became effective in Norwegian law on July 1st, 2022. This statement pertains to the period from the date of enforcement until May 31st, 2023. It has been prepared in accordance with the requirements outlined in the Transparency Act and the guidelines published by Forbrukertilsynet¹ on February 15th, 2023.

Santander Consumer Bank has conducted due diligence assessments across its Nordic operations and business relationships, to ensure comprehensive and transparent mapping and in preparation for anticipated future requirements under EU legislation, namely the Corporate Sustainability Due Diligence Directive.

Since the enforcement of the Transparency Act, focus has been placed upon establishing necessary processes to assess and address any actual or potential risks related to human rights and working conditions, whilst also ensuring that necessary expectations and commitments are placed upon vendors across the value chain. Santander Consumer Bank is committed to evolving and enhancing its response to the Transparency Act, in alignment with emerging market practices.

Key findings

Santander Consumer Bank has identified four duties of care in relation to the Transparency Act requirements and has conducted due diligence upon these. Key findings from the due diligence work are as follows:

- **Working conditions and employment processes.** No specific incidents, actual negative impacts or significant risks to human rights or working conditions have been identified during the reporting period. It is not

considered that material risks to human rights and good working conditions exist as regards to the organisation's employees.

- **Supply chain vendors.** No specific incidents or actual negative impacts on human rights and working conditions have been identified within its network of supply chain vendors during the reporting period. No vendors out of a total of 875 were classified as higher risk after the application of risk lenses and further case specific due diligence follow up assessment. As at the publication of this report, it is not considered that material risks to human rights and good working conditions exist within the organisation's vendor supply chain.
- **Distribution of products and services through business partners.** No specific incidents or actual negative impacts on human rights and working conditions have been identified within its network of supply chain partners during the reporting period. 95 partners out of a total list of 7 470 were classified as potentially higher risk after the application of risk lenses and will be subject to further case specific due diligence follow up assessment. Whilst further follow up will be performed on these partners to assure this, as at the publication of this report, it is not considered that material risks to human rights and good working conditions exist within the organisation's partner supply chain.
- **Provision of credit to consumers.** No complaints related to human rights and working conditions were received during the reporting period, and no specific incidents or negative impacts on human rights or working conditions have been identified. As at the publication of this statement, it is not considered that material risks to human rights and working conditions exist as regards to the provision of credit to consumers.

Due diligence has been conducted in accordance with the OECD Due Diligence Guidelines for Responsible Business Conduct to identify any actual or potential risks of negative impacts on human rights and good working conditions in the Group's value chain. Residual higher risk partners will be followed up to determine and implement required action plans and measures in accordance with the Transparency Act.

Santander Consumer Bank acknowledges that protecting human rights and working conditions requires continual focus and is committed to evolving its approach to ensure compliance with the Act, aligned with emerging market practice. Several improvement areas were identified during the due diligence work, including the need to enrich vendor and partner data and the need to update partner agreements, which will be the subject of future focus.







¹Redegjørelse| Forbrukertilsynet.no

The Group's purpose, business activities and organisation

Santander Consumer Bank (organisation number: 983521592) is a Norwegian commercial bank that holds a banking license granted and regulated by the Financial Supervisory Authority of Norway, and also operates in Sweden and Denmark, with a wholly-owned subsidiary in Finland, collectively referred to as "the Group." The Group is a fully-owned subsidiary of Santander Consumer Finance S.A., which in turn is owned by Banco Santander S.A. As of May 2023, the Group employs a total of 1 198 permanent staff across the Nordic region, with offices in Oslo, Stavanger, Stockholm, Copenhagen, and Helsinki.

The Group's mission is to "help people and businesses prosper" and aspires to be the leading consumer finance platform in the Nordic region. It is committed to conducting business in a responsible and sustainable manner, embracing the values of being "simple, personal and fair" in all its operations. The Group aims to achieve its strategic goals by meeting the evolving needs of customers and partners through collaborative and integrated approaches.

The Group's services comprise of the provision of financing, insurance, and deposits, with its business activities structured into four principal business lines.

 Auto & Leisure	Provision of loans, hire purchase and leasing to consumers and small and medium sized enterprises, as well as providing stock and demo financing to auto and leisure dealers. Auto and leisure products are distributed on both an indirect - through auto and leisure dealers - and direct basis.
 Consumer	Provision of loans and credit cards to consumers. Consumer products are distributed to consumers on both an indirect - through merchants (checkout lending) and brokers (consumer loans) - and direct basis.
 Insurance	Provision of payment protection, auto, health, and travel insurance to consumers through a strategic partnership, with associated insurance risks held by the partner.
 Deposits	Provision of interest-bearing saving products to consumers.

The above products are delivered across the Group's Nordic footprint as outlined in Figure 1.

The Auto and Leisure business represents approximately 86% of the Group's outstanding loans, with the remaining 14% attributable to the Consumer business. The Group serves approximately 1.6 million customers, cooperating with in excess of 7 000 auto dealers and checkout lending merchants, with auto dealers representing the most significant component.





	Auto Financing	Unsecured Lending	Deposits	Insurance
	✓	✓	✓	✓
	✓	✓		✓
	✓	✓	✓	✓
	✓	✓	✓	✓

Figure 1. Product provision by market



Santander Consumer Bank Nordics
Head Office Lysaker

The Group is organised and operates along functional reporting lines, with the Group’s senior management team comprising of the Group CEO and functional heads. The Group CEO reports to the Board of Directors of Santander Consumer Bank AS, whilst the Finnish subsidiary has its own Board of Directors. The Group’s organisation and staffing is illustrated in Figure 2 below.

For additional details regarding the Group’s business activities, organisation, and corporate governance arrangements, please refer to the 2022 Annual Report, which is available on the Group’s website.



Figure 2. The Group’s organisation and staff

How the Group ensures human rights and good working conditions

In alignment with its commitment to conduct business in a responsible and sustainable way, the Group is committed to upholding and promoting human rights within the scope of its business activities and value chain. Moreover, embedding environmental, social, and governance (ESG) practices into the organisation’s decision making and business processes is a key management priority for 2023 and beyond.

The Group’s duty of care

The Group recognizes that it holds a specific duty of care regarding human rights and working conditions for the below processes and stakeholders outlined in Table 1.

The Group employs a three-line of defence model, whereby 1st line functions are responsible for identifying and managing risk, 2nd line functions promote adherence to rules and supervisory requirements while monitoring risk performance, and where Internal Audit serves as the 3rd line of defence to

conduct independent reviews of compliance with internal and external regulations and guidelines. The Group CEO and Board of Directors hold ultimate responsibility for ensuring compliance with applicable legal and internal obligations.

In addition to the above outlined responsibilities, the Responsible Banking team, located within the Chief Operating Officer function, is responsible for coordinating the Group’s development, approval, and publication of Transparency Act-related disclosures.

Duty of care	Description
Working conditions and employment processes	The Group has a responsibility to its permanent and temporary staff to uphold fundamental human rights and ensure good working conditions are maintained throughout their employment, including during the recruitment process. In addition, the Group is committed to implementing remedial measures as necessary to address any violations that may arise. Prime responsibility: Human Resources team, within the COO function.
Supply chain vendors	The Group bears the responsibility of ensuring that its suppliers maintain and uphold fundamental human rights and good working conditions throughout their operations and value chain. In addition, the Group must take corrective action when necessary to remedy any issues that arise. Prime responsibility: Sourcing team, within the COO function.
Distribution of products and services through business partners	The Group bears the responsibility of ensuring that its business partners – through whom it distributes its products and services - maintain and uphold fundamental human rights and good working conditions throughout their operations and value chain. The Group is also committed to implementing remediation activities as necessary to address any violations of these standards. Prime responsibility: Commercial function.
Provision of credit to customers	The Group is committed to upholding the fundamental human rights of its consumer customers in the provision of credit, and to ensuring that such provision does not have a negative impact on those rights. The Group also takes responsibility for implementing remediation measures as needed to address any issues that may arise. Prime responsibility: Commercial function.

Table 1. Overview of the Group’s duties of care

Policies and guidelines to promote human rights and good working practices

The Group is a regulated banking entity that adheres to current legislation and is supervised by Nordic regulatory bodies. To comply with regulatory requirements and meet stakeholder expectations, the Group has established strong governance processes and steering documents. Leveraging the competencies and experiences of Banco Santander, the Group is committed to responsible banking agenda and its commitments towards Environmental, Social, and Governance (ESG) criteria.

To reinforce ESG governance, Banco Santander published its group-wide Responsible Banking framework in 2022.

This framework establishes common principles, roles, responsibilities, key processes, and governance arrangements to promote a sustainable business model globally. The Group's Board of Directors adopted the framework in late Q3 2022.

The Group incorporates best practices and requirements into its policies and frameworks to ensure that it acts responsibly in all its activities. Several of these directly or indirectly support human rights and good working practices and where the Group's Human Rights policy serves as the overarching steering document for this purpose. The table below lists the most relevant documents supporting directly, or indirectly, the aims of the Transparency Act .

Duty of care scope	Policy / steering document	Description
General / overarching duty of care	Human Rights Policy	Outlines our commitment to protecting fundamental human rights, taking into consideration the UN Guiding Principles on Business and Human Rights.
	Code of Conduct (CoC)	Assembles ethical standards and rules of conduct employees must attend to and is fundamental to the compliance administration. The Group's General CoC is applicable to all employees and members of the Board and sets the ethics, principles, and rules of conduct by which all activities of the Group should be governed, and therefore comprises the central component of Banco Santander's Compliance Program. All employees are required to complete a mandatory training in the Code of Conduct to ensure proper knowledge and awareness of the ethical principles.
	Responsible Banking Framework (Banco Santander)	The Banco Santander Responsible Banking framework serves, at a global level, to propel the organisation towards a more sustainable business model that embeds Environmental, Social and Governance (ESG) criteria. The framework itself lays out common principles, roles, responsibilities, key processes, and governance arrangements.
	General Sustainability Policy	Compiles overarching sustainability and responsible banking principles, including voluntary undertakings, positioned to create long-term value for the Group's stakeholders.
	Complaints Policy	Sets out the minimum requirements for the handling of complaints, with the purpose to ensure that all complaints are managed in compliance with applicable local law, as well as internal and external regulations.
	Nordic Complaint Handling Procedure	Applies to all complaints received by the Group and sets forth the minimum requirements for the handling of such complaints.
Working conditions and employment processes	Corporate Culture Policy	Forms the standards and principles required to embed a consistent and healthy corporate culture within the Group.
	Flexi Work Policy	Sets out the new work model to support a healthy work life balance for Group employees.
	Whistleblower Policy	Outlines how to access and raise concerns about breaches via the whistleblower channel, via external whistleblower channels or via public disclosure in a prudent and effective way.
	Whistleblower Procedure	Regulates the use and operation of the whistleblower channel, in accordance with the CoC and Whistleblower Policy.
Supply chain vendors	Outsourcing and Third-Party Agreements Corporate Framework	Establishes the principles to be followed within the Group during the decision-making and regular due-diligence process, and in the formalization of outsourcing agreements, from outset until completion, with third parties.
Distribution of products and services through business partners		Defines basic responsibilities and sets minimum expectations of supervision, control and supplier compatibility with the Group's responsible banking values and CoC including relating to human rights, environmental protection and working conditions.
		Sets the minimum expectations of supervision, oversight and appropriate controls of business partners to ensure the Group's full compliance with its obligations established under applicable regulations in relation to the provision of services to its customers.

Provision of credit to customers	Consumer Protection Policy	Sets out operating standards that must be considered in the drafting of internal guidelines, as well as in the interactions with customers, their monitoring and supervision, to ensure the adequate protection of the financial consumer.
Transparency Act legislation-specific	Transparency Act Procedure (Under development)	Sets out how the Group ensures respect for fundamental human rights and decent working conditions, as well as general public access and communication processes to anyone who requests in writing for general or specific information about how the Group manages actual and potential negative impacts on human rights and working conditions.
	Transparency Act - Request for information process map (Under development)	Sets the process, responsibilities and minimum standards for how the Group reports to general or specific requests for information related to the Transparency Act.

Table 2. Overview of the Group's Steering documents directly or indirectly relevant to human rights and working conditions

Whistleblower and complaint channels

Whistleblower channel

The Group has established a secure and digital whistleblowing channel to facilitate the reporting of any suspected improper conduct that is believed to be illegal or in violation of the Group's Code of Conduct and other internal policies. Employees are encouraged to report their concerns to the Compliance and Conduct function anonymously, and the Group guarantees protection from any form of retaliation for those who report concerns in good faith.

The guidelines for using and operating the whistleblowing channel are clearly stated in the Group's Whistleblower Policy and Whistleblower Procedure.



Complaints channel

The Complaints Policy establishes the essential guidelines for the management of complaints, ensuring that all complaints are handled in accordance with relevant local laws, internal regulations, and external requirements. The Policy is supplemented by the Complaints Handling Procedure, which outlines the steps involved in addressing complaints and provides appropriate channels for escalation.

Efficient and attentive handling of all complaints is mandatory. Each Business Unit has appointed a Complaints Responsible individual who, with appropriate backing from the first line, is responsible for ensuring that all complaints are handled appropriately and in accordance with the relevant internal procedures.

Governance and Senior Management and Board awareness

The Group's commitment to upholding human rights and good working practices within its value chain, as well as the requirements of the Transparency Act, are understood and acknowledged by the Group's Senior Management and Board of Directors. Key findings of the due diligence performed to date and further work to be done have been brought to their attention. Regular internal briefings will be provided to update on the Group's progress in relation to the Transparency Act.

Due diligence to identify actual and potential negative impacts

Approach

The Transparency Act mandates that companies carry out and report regular and proportional due diligence assessments of actual and potential negative consequences on human rights and working conditions. In accordance with the Transparency Act, the Group has conducted due diligence in alignment with the OECD Guidelines for Multinational Enterprises – as illustrated in Figure 3 below – which outlines a six-step due diligence process that enables enterprises to develop more responsible and sustainable business practices. It is important to note that effective due diligence does not imply that a company does not have a negative impact on humans, society or the environment. Rather, that conducting such due diligence enables organisations to transparently identify, manage and rectify challenges in collaboration with its stakeholders.

The Group has conducted due diligence to identify and evaluate actual and potential risks of negative impacts on human rights and good working practices in its value chain, as per Step 2 of the OECD Due Diligence Guidelines for Responsible Business Conduct. Due diligence has been carried out using a risk-based and proportionality approach, as encouraged by the Transparency Act.

The identification and assessment of actual and potential risks of negative impacts (Step 2), the identification of mitigating actions (Step 3) and tracking (Step 4) are outlined below for each of the four “duties of care” aspects mentioned in the section above.

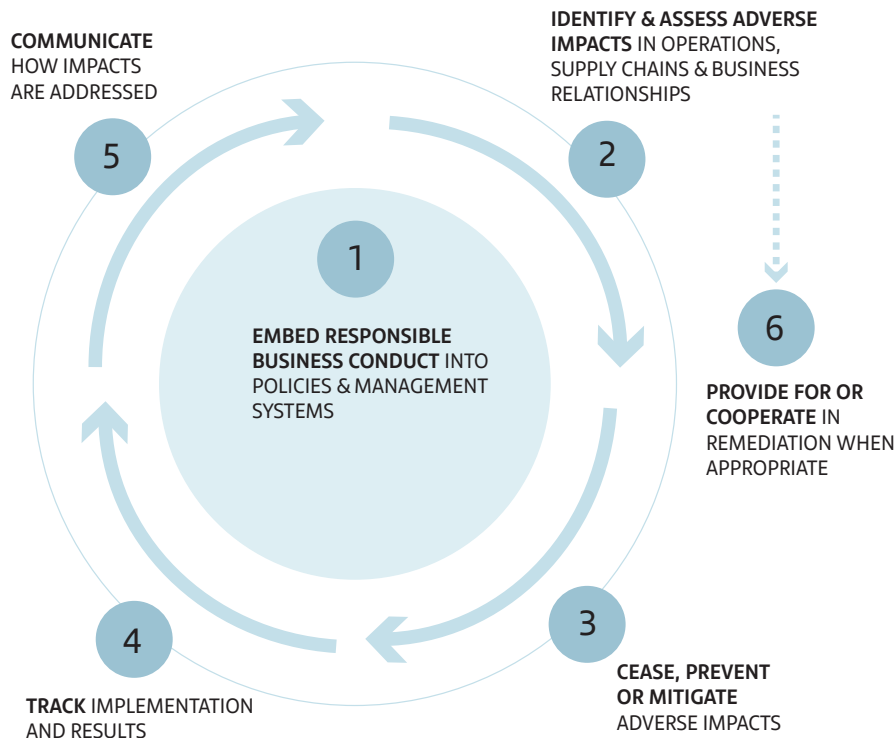


Figure 3. OECD Due Diligence Guideline for Responsible Business Conduct

Working conditions and employment processes

Employment

The Group has a responsibility to its permanent and temporary staff to uphold fundamental human rights and ensure good working conditions are maintained throughout their employment, including during the recruitment process .

Banco Santander has implemented a clear governance model within the People area, which is applied consistently throughout local entities via a shared governance model, General Code of Conduct (CoC), HR Framework, Policies and guidelines, and relevant committees, including the HR Committee and Irregularity committee. All applicable frameworks, policies, and guidelines are communicated to employees through the Internal Governance Portal. The Code of Conduct is shared with new employees during onboarding and is regularly reviewed and updated. The Compliance function is responsible for ensuring adherence to the Group's CoC.

The Group applies the UN Guiding Principles on Business and Human Rights to assess potential risks and adverse impacts on human rights and working practices within its internal organisational practices, particularly the "People and Employee" dimensions. Relevant sub-sections of Human Rights Management taken into account include:

- Equality and Non-Discrimination,
- Prohibition of forced labour and child labour,
- Compliance with the labour laws,
- Compliance with the right to the freedom of association and collective bargaining,
- Health and safety,
- Data Privacy rights,
- Respecting human rights, and
- Transparency.

The Group adopted a two-step approach in its due diligence assessment, which involves: 1) Evaluating risks related to the governance of labour-related subsections of human rights, and 2) Evaluating risks related to the operationalization and monitoring of labour-related subsections of human rights.

Equality and Non-Discrimination: The principles and definitions of equality and non-discrimination are explicitly outlined in the Code of Conduct, the Human Resources Framework, and the Culture Policy. To ensure compliance with these principles, the company conducts quarterly and annual monitoring and reporting. The principles of equality and non-discrimination are integrated into every aspect of the employee lifecycle, and the company continuously listens to feedback from employees through "Your Voice", the Group's internal pulse survey tool. As of December 2022, women in senior leadership positions within the Group amounted to 30% and the Equal Pay Gap (EPG), which compares the wages of women and men performing the same job, was measured to -4.7%.

Forced labour / child labour: Principles and definitions are described in the Code of Conduct and in country specific Personnel handbooks, stating the local labour laws and regulations related to working hours. Human Resources is responsible for Personnel handbooks and employee contracts.

The area is monitored and reported on a quarterly and annual basis. Labour and working hours are monitored by "Your Voice" survey, time and attendance recording, sick leave rates and overtime.

Compliance with the labour laws and right to the freedom of association and collective bargaining: Principles and definitions are outlined in the in Code of Conduct. The Human Resources function has oversight and governance of labour relations, dialogues, and bargaining agreements. Local labour laws are communicated to employees through local Personnel handbooks.

Health & Safety: Principles and definitions are outlined in the Code of Conduct, Culture Policy, and country specific Personnel handbooks. The area is monitored and reported on a quarterly and annual basis. Health and safety are monitored and controlled by "Your Voice" survey, annual checks of physical working environment, first-aid training, fire drills and mandatory reporting of accidents.

Data Privacy Rights: Principles and definitions are described in the Code of Conduct and in country-specific Data Privacy Statements. Rules relating to storage, processing and deletion of employee data are communicated in the Data Privacy Statements and implemented in HR-tools and documented in the One Trust system. The Human Resources function is responsible for securing employee data, and the Data Privacy Office for the Data Privacy Policy.

Respecting Human Rights: Principles and definitions are outlined in the Code of Conduct and Human Rights Policy. The area is monitored and reported on a quarterly and annual basis. Any breach of Human Rights and/or relevant sub sections as defined in the Code of Conduct or relevant policies will be assessed by the Irregularity Committee and sanctioned by Human Rights according to local labour law if relevant.

Transparency: Principles and definitions outlined in the Code of Conduct and the Culture Policy. This includes governance of the Whistleblower channel. The Compliance function is responsible for the Whistleblower Policy.

The Human Resources function conducts employee surveys using the "Your Voice" tool three times a year, specifically related to Human Rights management and the labour sub-sections. These internal pulse surveys provide employees with a regular opportunity to share their feedback. The survey results are communicated to employees, unions and the Group's Senior Management and Board of Directors, and the data is reported in the Annual Report and Sustainability Report. In addition, employee data is reported to relevant authorities in accordance with applicable laws and regulations, such as tax reporting, either directly or through vendors.

Human Right, labour related area	Monitoring, scale 1-10 (where 10 is most positive)
Equality/ Non-discrimination	8,8 - non-discrimination
Forced Labour	7,2 - workload
Health & Safety	7,6 – health & wellbeing
Data Privacy Rights	N/A (reviewed by Internal Audit function)
Respecting Human	8,2 - diversity & inclusion
Transparency	8,7 - openness

Table 3. Results from "your Voice" survey, Q1 2023

Recruitment processes

The Recruitment Policy, which is under the ownership of the Human Resources function, delineates essential criteria and guidelines for the recruitment process. It aims to reflect the Group's commitment to responsible and sustainable business practices that provide value to stakeholders. The policy emphasises a positive and transparent candidate experience throughout the recruitment process. The Group upholds fair and equitable opportunities for all candidates through the use of competency-based recruitment.

Risk assessment of the Group's working conditions and employment processes

No specific incidents, actual negative impacts or significant risks to human rights or working conditions were identified during the due diligence performed on working conditions and employment processes and the Group believes that it has established strong governance, activities, and monitoring of human rights management, in line with the expectations set forth in the Transparency Act.

A common due diligence approach to supply chain vendors and business partners

Approach / method

The Group's view is that achievement of the Transparency Act's intentions is best served by market participants acting together to ensure a "virtuous circle", whereby expectations to support human rights and good working conditions become a "condition of doing business together" within the marketplace. This requires that organisations set clear expectations upon vendors and partners within their value chains, who in turn set similar expectations upon vendors and partners within their

own value chains. This philosophy is embraced by the Group in its approach to the Act – namely, in establishing expectations with direct vendors and partners to ensure human rights and good working conditions within their own operations and the commitment to propagate the same along their own value chains.

The Group takes a proactive approach to ensuring responsibility and sustainability across its value chain, including interactions with supply chain vendors and business partners. This approach consists of two key elements:

- Firstly, the Group's ethical expectations are outlined in several Steering Documents, including the Outsourcing and Third-Party Agreements Corporate Framework, the Human Rights policy, and the Code of Conduct. These documents establish principles and minimum requirements for contractual agreements that mandate compliance with the Group's responsible banking commitments and set the standards for the Group to conduct due diligence on external supply chain vendors and business partners. In addition, vendor agreements incorporate requirements and expectations relating to vendors' safeguarding of human rights and good working conditions, and efforts are underway to update partner agreements in a similar matter.
- Secondly, following the enforcement of the Transparency Act, the Group performs an annual due diligence process on its vendors and partners to identify and evaluate actual or potential adverse impacts, developing action plans and relevant measures based on risk assessments.

The Group has implemented an internal, multi-step process to guide its due diligence assessments, as illustrated in Figure 4 and as described below:

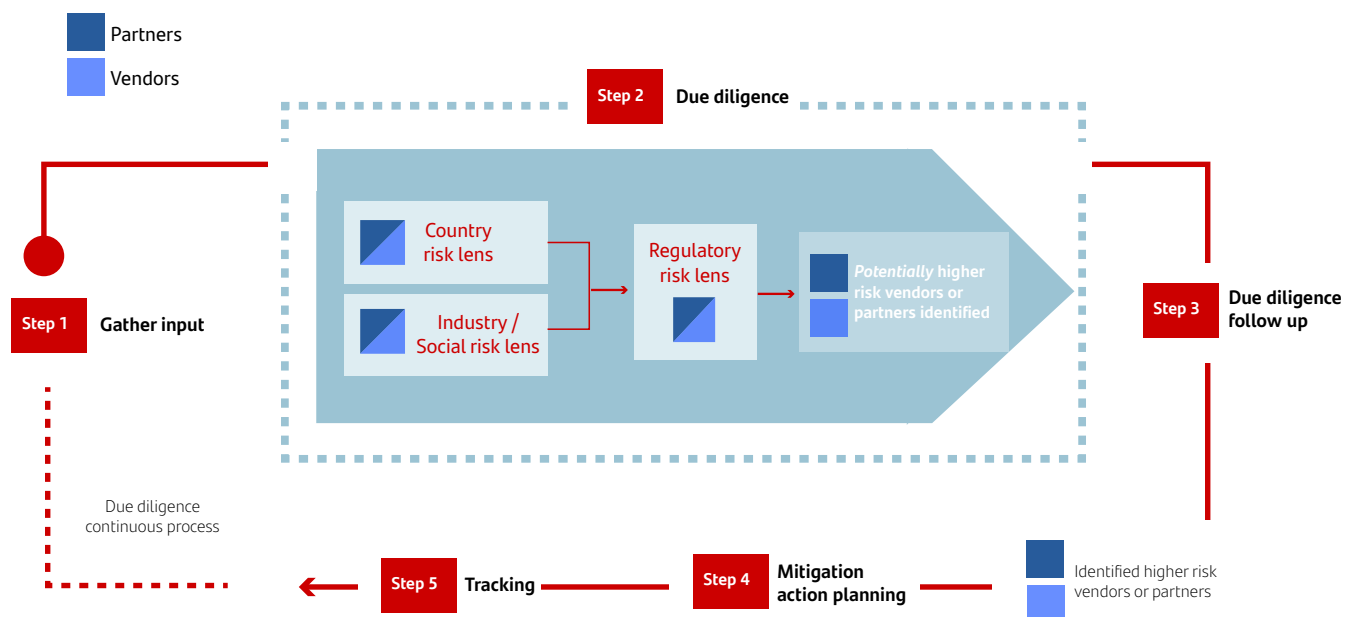


Figure 4. Partners and Vendors due diligence assessment process

1

Gather input. The starting point for the due diligence process is the retrieval of lists of external vendors and partners from the Group's internal systems.

2

Due diligence (aligned with Step 2 of the OECD Guidelines for Multinational Enterprises). The Group then conducts a portfolio screening of its vendors and partners by applying defined and credible risk lenses to assess human rights and working conditions risk. The following risk lenses are applied:

Country risk lens (vendor or partner domicile) – This risk lens relates to the domicile in which the vendor or partner is located and assesses the risk to human rights and working conditions related to prevailing regulations, governance, socioeconomic and political context factors in the domicile in question. Country scores in the 2022 Transparency International Corruption Perceptions Index² are applied to vendor and partner domiciles, with vendors and partners being classified as higher risk if located in any country with a Corruption Perceptions Index below the global average (43 out of 100), medium risk (between 43 and 71.5) and low risk (above 71.5). Vendors and partners domiciled in countries with similar or stricter regulations to the Group are not considered as potentially higher risk.

Industry/social risk lens – This risk lens relates to vendor or partner industry sector and business activity type and assesses the risk to human rights and working conditions based on risk factors prevalent within industries globally based on characteristics, activities, products and manufacturing processes. The Group assessed NACE code industry and activity classifications for vendors and partners against the EBRD Environmental and Social Risk Categorisation List³ to identify low, medium and higher risk industries and activities. Any vendors and partners classified as higher risk but operating in sectors subject to regulations that are adjudged to be equally or more stringent than those applicable to banks or consumer finance industry participants were classified as medium risk.

Regulatory lens – This risk lens relates to vendors or partners where they themselves are obliged to adopt the Transparency Act. Businesses subject to the Transparency Act are assessed to have a lower risk to fundamental human rights and decent working conditions as they are mandated to perform due diligence assessments on their own business and value chains. Therefore, a medium overall risk characteristic was applied to all vendors and partners subject to the Transparency Act.

The Country and Industry/Social risk lenses are applied separately on the full population of vendors and partners, whilst the Regulatory Risk lens is applied to vendors and partners classified as potentially higher risk either through the Country or Industry risk lens.

3

Due diligence follow-up. The third step involves conducting additional risk analysis on any vendors and partners that have been identified as a higher risk (residual higher risk basis) following the application of the portfolio screening process. This step involves assessment based on applying differing case specific information sources and may include the completion of questionnaires by vendors and partners in order to better understand their risk profile.

4

Mitigation action planning (aligned with Step 3 of the OECD Guidelines for Multinational Enterprises). Based upon the findings of the follow-up of residual higher risk vendors and partners, mitigating actions plans are developed for vendors and partners considered higher risk. Actions may vary depending on the specific risks and circumstances involved, but may include implementing additional monitoring and oversight, renegotiating contracts, requiring compliance with specific policies or standards, conducting regular audits or assessments, or terminating the business relationship. The Group seeks to minimise the potential impact of the identified risks and ensure that all business relationships align with the Group's values, objectives, and risk tolerance.

5

Tracking (aligned with Step 4 of the OECD Guidelines for Multinational Enterprises). The final step of the process is to track the execution of identified mitigation actions.



²Transparency Index (2022) Corruption Perceptions Index: 2022 Corruption Perceptions Index

³European Bank for Reconstruction and Development (2014) EBRD Environment and Social Risk Categorisation List – Revised 2014

Supply Chain vendors

The Group bears the responsibility of ensuring that its suppliers maintain and uphold fundamental human rights and good working conditions throughout their operations and upstream value chain.

The Group's vendor agreements incorporate requirements and expectations relating to vendors' safeguarding of corporate social responsibility, wages and working conditions, health, environment and safety, and more. In addition, questions addressing commitment to sustainability and corporate social responsibility, including steering documents and processes to safeguard both employees and customer's rights, are part of the onboarding process for new vendors.

Step 1: Gather input

The first step in the due diligence process was to gather input of a comprehensive overview of vendors from the Group's internal sourcing system, filtered down to those with transactions made in the last 12 months, determined as active vendors. This resulted in a list of 875 vendors. Vendors include supply chain vendors, suppliers of purchased goods and services including IT and data services, office supplies, professional services as well as heating, power, refuse collection and transportation, amongst others.

Step 2: Due diligence

The Group then applied the country and industry/social risk lenses to assess actual or potential risks in its vendor relationships. The risk lenses were applied separately on the full active population to ensure that all potential higher risk vendors were identified, illustrated in Figure 5.

Based on a country risk perspective, the Group did not identify any potentially higher risk vendors. The majority of the Group's vendors are domiciled in the Nordics and Europe, as well as a minority in the UK, USA and Australia.

Application of the industry/social risk lens identified 35 vendors with a potentially higher risk through NACE codes (where available) associated with sectors and activities deemed higher

risk in the EBRD Environmental and Social Risk Categorisation List. These activities related to materials/refuse handling, heat or energy production and debt collection and credit reporting agencies.

The Group's due diligence assessment methodology considers vendors operating in sectors subject to regulations that are equally or more stringent than those applicable to banks and those in the consumer finance industry as not posing a higher actual or potential risk. Of the total number of potentially higher risk vendors, 27 vendors operate in the Collection/Credit listing industry, which is subject to similar or stricter regulations⁴ than those applicable to the Group. Consequently, these vendors were re-classified as medium risk.

The remaining 8 vendors operate in various industries related to materials/refuse handling and heat or energy production. When applying the regulatory risk lens, it was found that 3 of these vendors are subject to the Transparency Act themselves and thus deemed not higher risk as they themselves are subject to performing due diligence assessments on their own business and value chains.

Step 3: Due diligence follow-up

After the application of the three risk lenses under Step 2, 5 vendors remained classified as potentially higher risk. Each of these were subjected to additional due diligence analysis involving examining the operations of these enterprises, their media coverage and other publicly available information, as well as assessing their business relationship history with the Group.

Step 4: Mitigation action planning

After the further due diligence follow-up, the Group determined that at the time of publication, none of its vendors are presently considered to be higher risk. Additionally, during the reporting period, there were no identified specific or actual instances of negative impacts on human rights or working conditions identified in the Group's relationships with its supply chain vendors.

Step 5: Tracking

Based on the due diligence process, no immediate further actions towards specific vendors were deemed necessary.

Initial screening

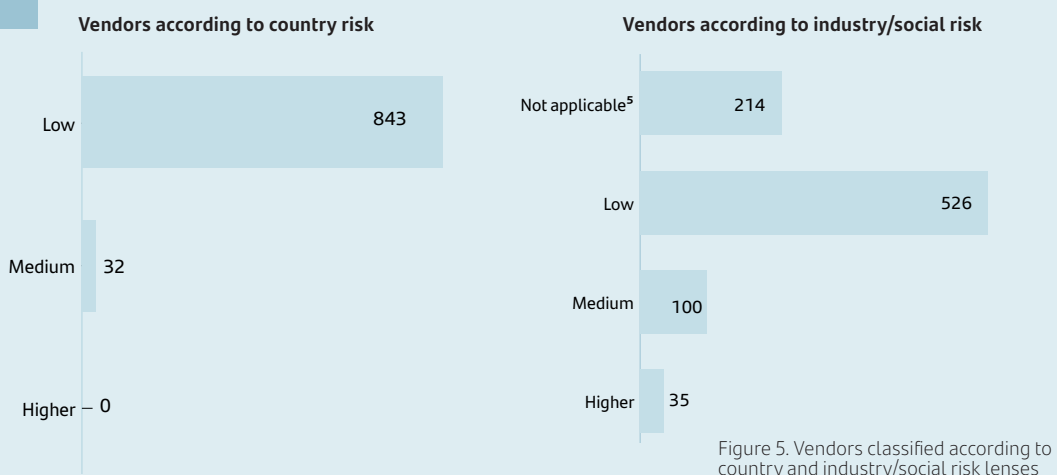


Figure 5. Vendors classified according to country and industry/social risk lenses



⁴ Lov om inkassovirksomhet og annen inndrivning av forfalte pengekrav (inkassoloven)

⁵ NACE codes not available or excluded.

Distribution of products and services through business partners

The Group bears the responsibility of ensuring that its business partners – through whom it distributes its products and services – maintain and uphold fundamental human rights and good working conditions throughout their operations and upstream value chain.

The Group's Agent and Collaboration Agreement requires that partners maintain a high level of professional and ethical integrity in their work. Partners are obliged to familiarise and comply with applicable statutes, regulations and other requirements that apply to financial institutions' and finance agents' relationships with the public. Work to update partner agreements similar to the Group's vendor agreements is planned to be implemented.

Step 1: Gather input

To provide Auto and Checkout Lending products and services to customers, the Group collaborates with auto and leisure dealers, sales finance/checkout lending merchants, brokers, agents and other third parties. The Group initiated the due diligence process by compiling a comprehensive list of 7 470 partners.

Step 2: Due diligence

Partners were first evaluated using the country and industry/social risk lens. The risk lenses were applied separately to ensure that all potential higher-risk partners were identified, as illustrated in Figure 6.

From a country risk perspective, no actual or potential higher-risk partners were identified. The Group's business partners are located in Norway (2 301), Sweden (2 092), Finland (1 764) and Denmark (1 313). Following the application of the industry/social risk lens, 221 partners were flagged as potentially higher-

risk due to their industry and activities. Of these, 116 were determined to be non-active business partnerships (no longer providing active transactions), resulting in 105 being classified as potentially higher risk partners.

Out of the remaining 105 potentially higher risk partners, 10 of these are themselves subject to Transparency Act requirements, and therefore classified as medium risk.

Step 3: Due diligence follow-up

After applying the three risk lenses, 95 partners were classified as potentially higher risk. These are currently being subjected to additional due diligence analysis involving examining the operations of these enterprises, their media coverage and other publicly available information as well as assessing their business relationship history with the Group. A questionnaire will be sent out to a number of these partners.

Step 4: Action planning

As of the time of writing, no specific or actual instances of negative impacts on human rights or working conditions have been identified within the Group's relationships with its business partners. However, the Group is currently in the process of conducting further due diligence follow-up towards certain partners to assess whether any actions are necessary.

If the follow-up determines that one or more partners present a higher risk, the Group will develop individualised action plans to manage the identified risks. As a first step, the Group will gather more information through questionnaires and/or initiate dialogue with the relevant partners to clarify the situation. Subsequent measures will be determined and implemented on an ongoing basis.

Step 5: Tracking

Activities dependent upon completion of Step 4 above.

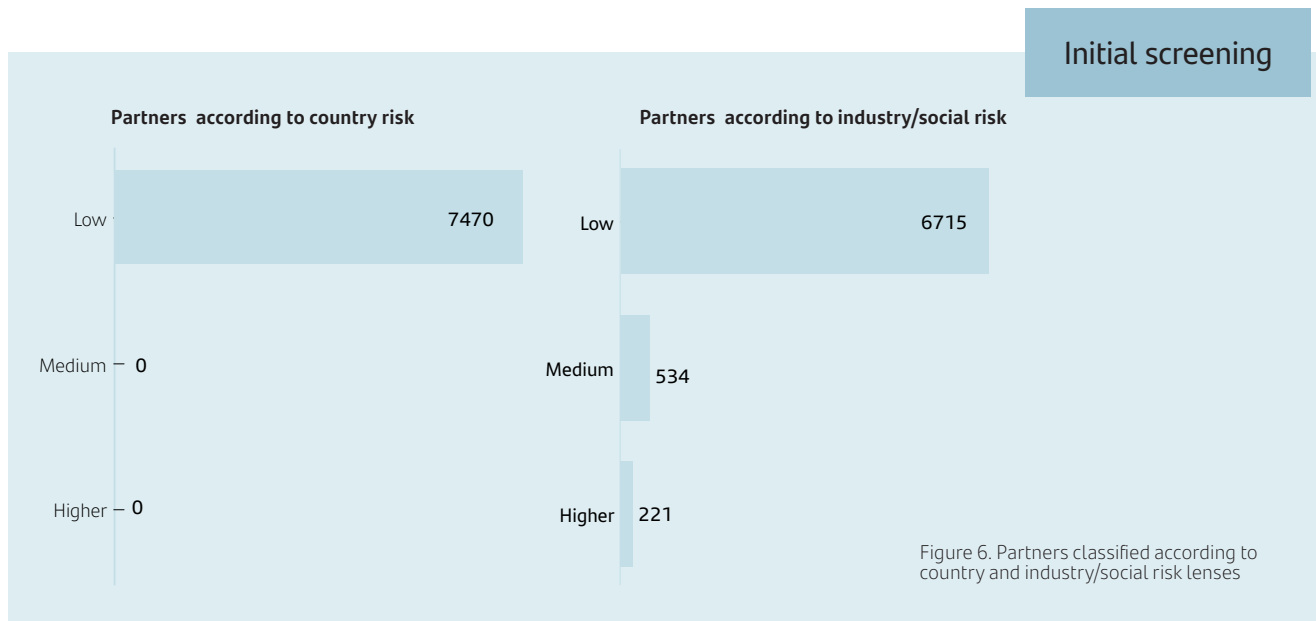


Figure 6. Partners classified according to country and industry/social risk lenses

Risk assessment of the Group’s supply chain vendors and business partners

Following the completion of due diligence activities (Step 2 and Step 3 for vendors), the Group has not identified any specific incidents or actual negative impacts on human rights and working conditions within its network of supply chain vendors and business partners.

95 partners have however been found to potentially present a higher risk to the Group’s commitment to human rights and good working conditions. As a result, targeted evaluation measures are being implemented towards these partners. Individualised measures and action plans will be developed and tracked based on the outcomes of the evaluation and in alignment with the expectations outlined in the Transparency Act.

Whilst further follow up assessments will be performed on residual higher risk partners, as at the publication of this report, it is not considered that material risks to human rights and good working conditions exist within the organisation’s vendor and partner supply chain.

The Group is committed to upholding the fundamental human rights of its consumer customers in the provision of credit, and to ensuring that such provision does not have a negative impact on those rights

Provision of credit to consumers

Consumer credit enables individuals to access necessary goods and services, participate in the wider economy, and enhance their overall quality of life. As such, it is the utmost responsibility of financial institutions to ensure that credit is extended to customers in a careful and conscientious manner, with the aim of avoiding the negative outcomes associated with excessive debt.

The Santander Way provides a framework for the Group’s purpose, goals, and operational guidelines, establishing a basis for functioning as a responsible bank. At the heart of the Santander Way is a values platform that prioritises being Simple, Personal and Fair in all interactions with stakeholders.

The Group’s commitment to responsibly meeting customers’ financing needs involves several practices, such as creating products that meet specific user needs at appropriate prices and terms, examining applicants’ finances by gathering relevant information, advising customers based on their objectives and preferences, and providing clear and concise information.

Furthermore, The Group has established a Consumer Protection Policy, outlining that customers’ have a right to be treated respectfully, honestly, and fairly. They are entitled to high ethical standards of service and must be provided with financial solutions based strictly upon the assessment of their needs and risk profile. The key principles of the policy relating to responsible lending include transparency, accurate and sufficient information, and responsible pricing.

Santander Consumer Bank - Values		
Simple	Personal	Fair
Offer customers an accessible service, with simple and easy-to-understand products. Use simple language and improve processes	Serve customers in a personalized way, offering products and services that are tailored to their particular needs. Ensure employees and customers feel valued	Treat employees and customers fairly and equally; transparent and deliver on promises. Maintain good relations with the various stakeholders understanding that what is good for them is also good for Santander

Measures

The Compliance function regularly issues monitoring reports for products and services. These reports aim to improve risk management and identify sensitive customer issues. They also enable comparison to risk assessments performed in different countries and facilitate an integrated view of various risks.

Additionally, the Group captures certain metrics to evaluate its performance against responsible lending objectives:

- **Non-performing loans (NPLs).** Maintaining NPLs at levels that compare favorably with other market participants gives an indication that Group's underwriting processes are robust, reflect customer affordability and does not put undue pressure on customers' household finances. As of March 2023, 2.7% of the Group's total loans were considered to be non-performing (1.48% of secured loans and 9,34% of unsecured loans).
- **Volume and severity of customer complaints.** Strongly linked to conduct risk and demonstrates the relative number of complaints the Group receives from its customers. Complaint levels are monitored on an ongoing, frequent basis. A key measure of performance is the number of complaints for every 10 000 customers, adjusted (+/-) based on the % of complaints resolved in the customer's favour (the uphold ratio). During the period July 1st 2022 to May 31st 2023 a total of 3 232 complaints

were received by the Group. The Group resolved 1 473 complaints in the customer's favour and the average (average of months) number of complaints per 10 000 interactions - adjusted for the Uphold Ratio - was 2.33 for the period July 1st 2022 to May 31st 2023. The Group received 0 customer complaints related to human rights or working conditions during the period July 1st 2022 to May 31st 2023.

Risk assessment of the Group's operations relating to provision of credit to customers

The Group's application of the Santander Way values framework and its Consumer Protection Policy set the behaviours and standards necessary for the Group to function as a responsible lender. Furthermore, the Group has applied continuous measures of NPLs and customer complaints to assist in its due diligence assessment of actual or potential negative impacts to human rights and working conditions. No complaints related to human rights and working conditions were received during the reporting period, and no specific incidents or negative impacts on human rights or working conditions have been identified.

Given the Group's strong focus on consumer protection and the aforementioned metrics, it is not considered that material risks to human rights and good working conditions exist as regards to the Group's provision of consumer credit to its customers.



Evolving and maturing the Group's response

Since enforcement of the Transparency Act, the Group has given priority to establishing necessary processes to evaluate and address actual or potential risks related to human rights and working conditions. It is also integrating requirements to protect these rights and practices into steering documents. The Group remains dedicated to developing and maturing its activities in alignment with emerging market practices.

Next steps

The Group has undertaken due diligence aligned with the OECD Due Diligence Guideline for Responsible Business Conduct, in order to identify actual and potential risks of negative impacts on human rights and good working conditions in its value chain.

The key next step is for the Group to conclude the due diligence follow-up process for partners identified as potentially posing higher risk. If any partners remain classified as higher risk after further assessment, the Group will determine and execute action plans and measures in compliance with the Transparency Act and track progress.

Identified improvements

Data enrichment. During the due diligence process, it was identified that there is a need to further enrich vendor and partner data to ensure more efficient due diligence screening. The Group is committed to addressing this.

Processes. The Group is confident that it has established due diligence processes to comply with the requirements of the Transparency Act. However, the Group plans to further evaluate its approach and processes to identify potential areas for needed enhancement, including refining the risk lenses and insight into its value chain. Additionally, the Group remains dedicated to improving its activities to align with emerging best practices and market standards.

Agreements. The Group has updated its vendor standard agreements, and it also plans to update partner agreements in a similar manner.



Communication and requests for information

In addition to this Transparency Act Statement, the Group intends to incorporate key findings and highlights from this statement into its upcoming Sustainability Report and Annual Report.

Information on the Group's commitment to promoting the respect of fundamental human rights and decent working conditions has been published on the Group's website, including details on how it complies with requirements outlined in the Transparency Act, Section 6: Right to Information upon written request. To manage inquiries related to the Act, a dedicated email address has been established (apenhetsloven@santanderconsumer.no).

Lysaker, 31th May 2023

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Federico Ysart
Deputy Chair

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Board member

Anne Karin Kvam
Board member

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 **Santander** Consumer Bank