



Transparency Act Statement "Åpenhetsloven"

Publication date June 24, 2024



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TRANSPARENCY ACT STATEMENT

Santander Consumer Bank AS

Publication date June 24, 2024

Approved by Board of Directors June 21, 2024

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 organization's value chain, as well as outlining actions aimed at safeguarding these rights and conditions. Additionally, this statement includes information regarding the organization'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 access to 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 1, 2022, and Santander Consumer Bank AS published its first statement on June 26, 2023. This subsequent statement covers the period from June 1, 2023 until May 31, 2024. It has been prepared in accordance with the requirements outlined in the Transparency Act and the guidelines originally published by Forbrukertilsynet¹ on February 15, 2023, and updated in April 2024.

Santander Consumer Bank AS 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 (CSDDD).

Since the enforcement of the Transparency Act, the Group has placed focus 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. The Group 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 (more details in the chapter *Due diligence to identify actual and potential negative impacts and findings*):

- **Working conditions and employment processes.** No specific incidents, actual negative impacts or significant risks to human rights or working conditions in respect of the organization's own employees have been identified during the reporting period.
- **Supply chain vendors.** No specific incidents or actual negative impacts have been identified through the due diligence process. Regarding risks of negative impacts related to human rights and decent working conditions, potential negative impacts that may exist in the value chain related to waste, ICT and office supplies sectors are acknowledged.
- **Distribution of products and services through business partners.** No specific incidents or actual negative impacts have been identified through the due diligence process. 0.6% of partners (44 of 7 438) were classified as potentially higher risk after initial due diligence screenings and will be subject to further case specific due diligence follow up in 2024. Regarding the risk of negative impacts related to human rights and decent working conditions, potential negative impacts that may exist in the value chain related to the auto and solar industries are acknowledged.
- **Provision of credit to consumers.** No specific incidents, actual negative impacts or significant risks to human rights or working conditions have been identified during the reporting period.

Due diligence to identify any actual or potential risks of negative impacts on human rights and good working conditions in the value chain has been conducted in accordance with the OECD Due Diligence Guidelines for Responsible Business Conduct.

Santander Consumer Bank AS has implemented a number of actions to support its commitment to human rights and decent working conditions. These actions include improving its data enrichment and process descriptions, as well as the development and implementation of procedures, including the Transparency Act procedure, Responsible Banking model and Responsible Banking and Sustainability policy, whilst also incorporating best practices and updated guidelines published by Forbrukertilsynet.

Additionally, development of an internal AI framework consistent with GDPR regulations, implementation of an ESG certification process with vendors, and the updating of partner contractual agreements and expectations related to the safeguarding of human rights and decent working conditions are planned actions to further strengthen this area. These are described in more detail in the chapter *Implementation and planned actions to prevent negative impacts*.



¹ Redegjørelse | Forbrukertilsynet.no

The Group

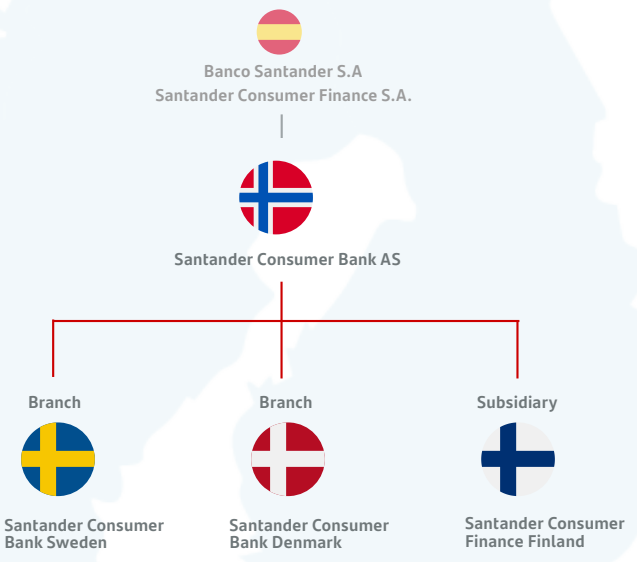
Purpose, business activities and organization

Santander Consumer Bank AS (organization 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 2024, the Group employs a total of 1 301 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.

Santander Consumer Bank AS, supervised by the Norwegian FSA



Chief Executive Officer



Figure 1. The Group’s organization and staff

Products are delivered across the Group's Nordic footprint as outlined in Figure 2.

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 1.65 million customers, cooperating with in excess of 7 000 auto dealers and checkout lending merchants, with auto dealers representing the most significant component.

The Group is organized 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 organization and staffing is illustrated in Figure 1.

For additional details regarding the Group's business activities, organization, and corporate governance arrangements, please refer to the 2023 Annual Report², which is available on the Group's website.










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

Figure 2. Product provision by market

	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

 ² 2023 Annual report

Santander Consumer Bank Nordics
Head Office Lysaker



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 organization's decision making and business processes is a key management priority for 2024 and beyond.

The Group's duty of care

The Group recognises that it holds a specific duty of care regarding human rights and working conditions for the following processes and stakeholders as 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 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 are committed to maintaining and upholding fundamental human rights and good working conditions throughout their operations and value chain. The Group is also committed to implementing remediation activities towards such suppliers upon identification of any violations of these standards. Prime responsibility: Commercial 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 – are committed to maintaining and upholding fundamental human rights and good working conditions throughout their operations and value chain. The Group is also committed to implementing remediation activities towards such partners upon identification of any violations of these standards. Prime responsibility: Commercial function
Provision of credit to consumers	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 propose human rights and good working conditions

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 a 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 Responsible Banking and Sustainability 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	Steering document	Description
General / overarching duty of care	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	The Banco Santander Responsible Banking framework serves, at a global level, to propel the organization 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.
	Responsible Banking Model	Develops the duties and activities on the topic of Responsible Banking by assigning roles and responsibilities that apply to activities, initiatives and processes of the Group. Further developing the Responsible Banking Framework, the Responsible Banking Model aims to support the embedding ESG criteria throughout the Group.
	Responsible Banking and Sustainability Policy	Compiles overarching sustainability and responsible banking principles, including voluntary undertakings, positioned to create long-term value for the Group's stakeholders. Incorporates the Group's human rights responsibilities and outlines the Group's commitment to protecting fundamental human rights, taking into consideration the UN Guiding Principles on Business and Human Rights.
	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.
Working conditions and employment processes	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	Conduct Risk with Customers Management Model	Sets out principles to be followed to ensure consumer protection by fostering a good customer relationship culture (Simple, Personal and Fair), protecting consumers' rights, ensuring their fair treatment and managing and mitigating conduct risk with customers.
Transparency Act legislation-specific	Transparency Act Procedure	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.

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 Complaint 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 and management responsibilities, are understood and acknowledged by the Group's Senior Management and Board of Directors. Due diligence key findings and measures are brought for senior management consideration and approval prior to external publication. Additionally, management receives regular updates on the Group's progress towards ongoing Transparency Act related work.

Due diligence to identify actual and potential negative impacts

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 on Responsible Business Conduct – 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 any negative impacts or risks of negative impacts on humans, society or the

environment. Rather, that conducting such due diligence enables organizations 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 in the Transparency Act.

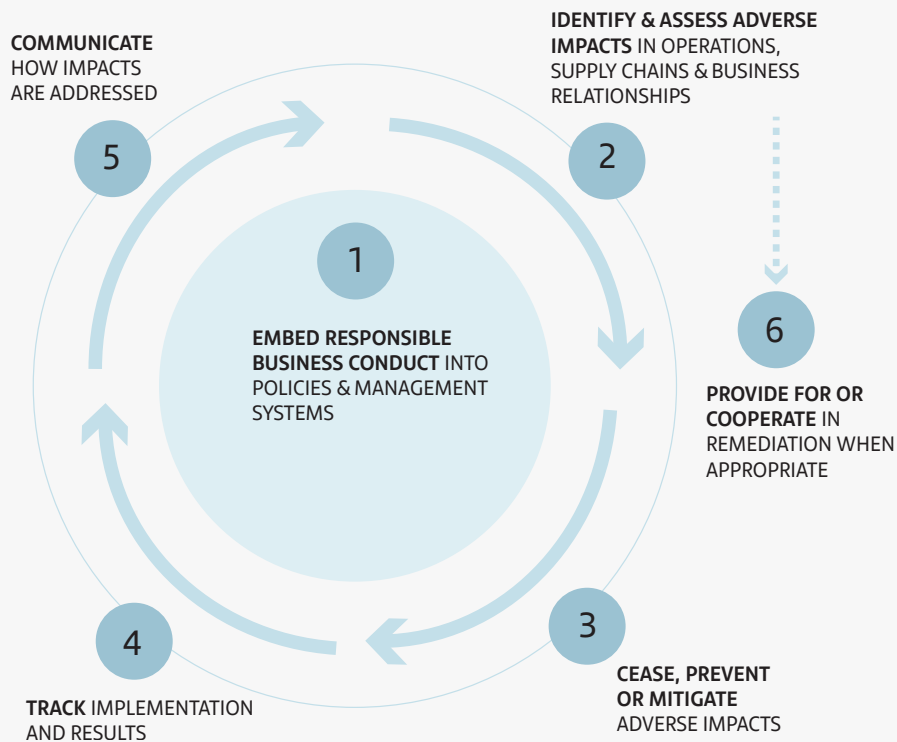


Figure 3. Responsible Business Conduct Due Diligence

Due diligence of working conditions and employment processes – own operations

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.

Employment

Banco Santander has implemented a clear governance model, 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 organizational 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 labor and child labor,
- Compliance with the labor 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 has evaluated two risk dimensions in its due diligence assessment: 1) Risks related to the governance of labor-related subsections of human rights, and 2) Risks related to the operationalization and monitoring of labor-related subsections of human rights.

Equality and Non-Discrimination: The principles and definitions of equality and non-discrimination are explicitly outlined in the Group's Code of Conduct, the Human Resources Framework, and the Culture Policy. To ensure compliance with these principles, SCB 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 Group continuously listens to feedback from employees through "Your Voice", the internal pulse survey tool. As of December 2023, 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 -2%.

Forced labor / child labor: Principles and definitions are described in the Code of Conduct and in country specific Personnel handbooks, stating the local labor 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. Labor and working hours are monitored by the "Your Voice" survey, time and attendance recording, sick leave rates and overtime.

Compliance with labor 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 labor relations, dialogues, and bargaining agreements. Local labor 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 the "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 system "One Trust". 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 Responsible Banking and Sustainability policy (incorporating Human Rights principles). 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 according to local labor 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, related to Human Rights management and the labor 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. 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, labor related area	Monitoring, scale 1-10 (where 10 is most positive)
Equality/ Non-discrimination	9.1 - Inclusiveness
Forced Labor	7.5 - Workload
Health & Safety	8.0 – Health & wellbeing
Data Privacy Rights	N/A (reviewed by Internal Audit function)
Respecting Human Rights	8.6 - Diversity & inclusion
Transparency	8.7 - Openness (Result from Q4 2023)

Table 3. Results from "Your Voice" survey, April 2024

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, and is committed to ensure compliance with existing regulatory requirements related to recruitment processes.

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

No actual incidents or negative impacts to human rights or working conditions and employment processes were identified as part of the due diligence of the Group's own operations.

Potential risk is identified in relation to the introduction of AI capabilities, and how such development shall be managed while ensuring compliance with existing legislation (e.g. GDPR). Actions implemented to mitigate this risk includes monitoring the development of EU AI regulations and developing its own ethical AI framework. Risk relating to technical advancement is in general considered to be a continuous focus area to enable the Group to seize opportunities while complying with applicable regulations.

Overall, 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

Due diligence methodology

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 organizations 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 Responsible Banking and Sustainability 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 manner.

- Secondly, aligned with requirements put forth in the Transparency Act, the Group performs, at a minimum, 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:

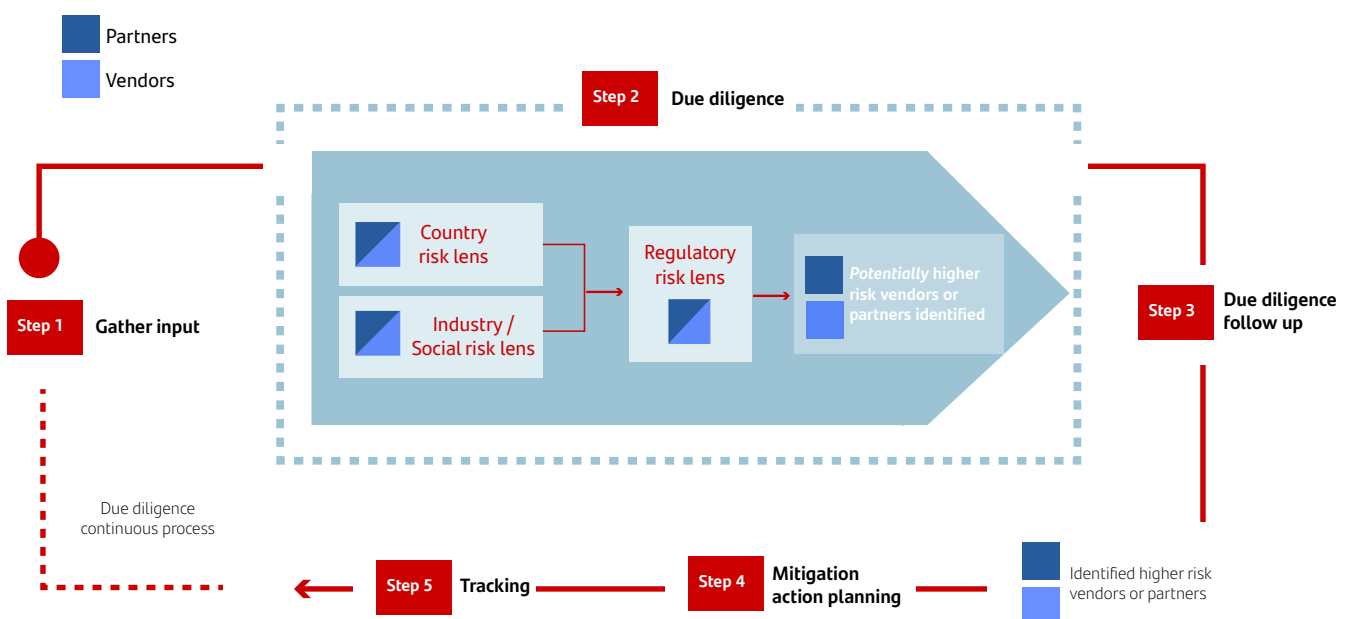


Figure 4. Partners and Vendors due diligence assessment process

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. 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 – 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 2023 Transparency International Corruption Perceptions Index³ 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 – 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 Categorization List⁴ 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 potential 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. Based upon the findings and the follow-up of residual higher risk vendors and partners, mitigating actions plans are developed. 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. Implemented and planned actions are described in the chapter *Implemented and planned actions to prevent negative impacts*.

5

Tracking. The final step of the process is continuous tracking of action implementation progress and results.



³Transparency Index (2023) Corruption Perceptions Index

⁴European Bank for Reconstruction and Development (2014) EBRD Environment and Social Risk Categorisation List – Revised 2014

Sourcing of products and services through supply chain vendors - supplier due diligence

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.

Due diligence findings

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 whom sourcing transactions have been conducted within the last 12 months. This resulted in a list of 657 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.

Application of the industry/social risk lens identified 32 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 Categorization 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 industry⁵ as not posing a higher actual or potential risk. Of the total number of potentially higher risk vendors, 23 vendors operate in the Collection/Credit listing industry. Consequently, these vendors were re-classified as medium risk.

After individual screening of the remaining 9 vendors, it was concluded that **no actual negative impacts** were identified during the reporting period. However, the Group acknowledges that the risk of negative impacts further down its value chain cannot be fully excluded.

Potential risks throughout the Group's value chain have been identified through external sources and non-specific information on supply chains and production processes in higher risk industries. This information has been compared to an assessment of NACE codes and activities of the Group's supply chain vendors to identify the following areas:

- Waste collection – the nature of the activities involved in waste collection can impact working conditions with workers required to handle hazardous materials and other risks to their health and safety. In the context of the Nordics, the requirements for good working practices and health and safety standards mitigate many of the issues related to waste collection connected to the Group.
- ICT products – laptops, computer monitors and mobile phones are required to support the Group's employees and with their day-to-day work activities. ICT products are ubiquitous in modern society, however, within the raw material production, component and final production stages, there are potential risks identified, including health and safety concerns, forced and child labor, low wages and forced overtime, as well as environmental impacts at the raw material extraction stage⁶.
- Office supplies – typical products connected to human rights violations include pens and markers, staplers and punching machines and paper products. The production of pigments, ores, dyes and oils, as well as the component production of plastics, inks and metals and the final production have been linked to poor working conditions, low wages, child labor, toxic substances, environmental pollution and worker exploitation⁷. Additionally, the potential risk of forced labor in the raw material component production of batteries is also considered for office supply products which may contain batteries.

Planned and implemented actions to mitigate risks are summarized in the chapter *Implemented and planned actions to prevent negative impacts*.

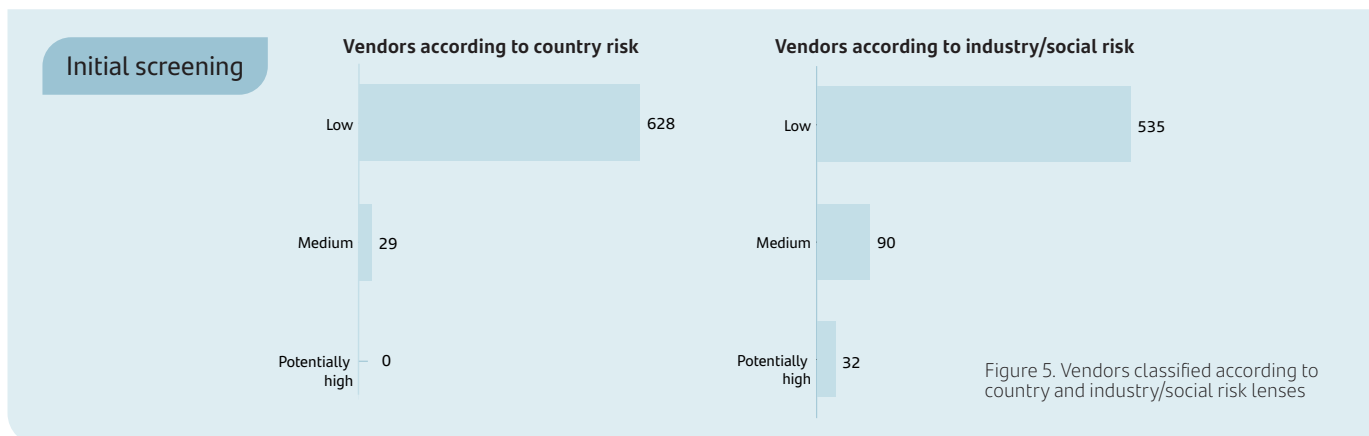


Figure 5. Vendors classified according to country and industry/social risk lenses

⁵ Lov om inkassovirksomhet og annen inndriving av forfalte pengekrav (inkassoloven)

⁶ ICT Products | Anskaffelser.no

⁷ Office Supplies | Anskaffelser.no

Distribution of products and services through business partners – partner due diligence

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.

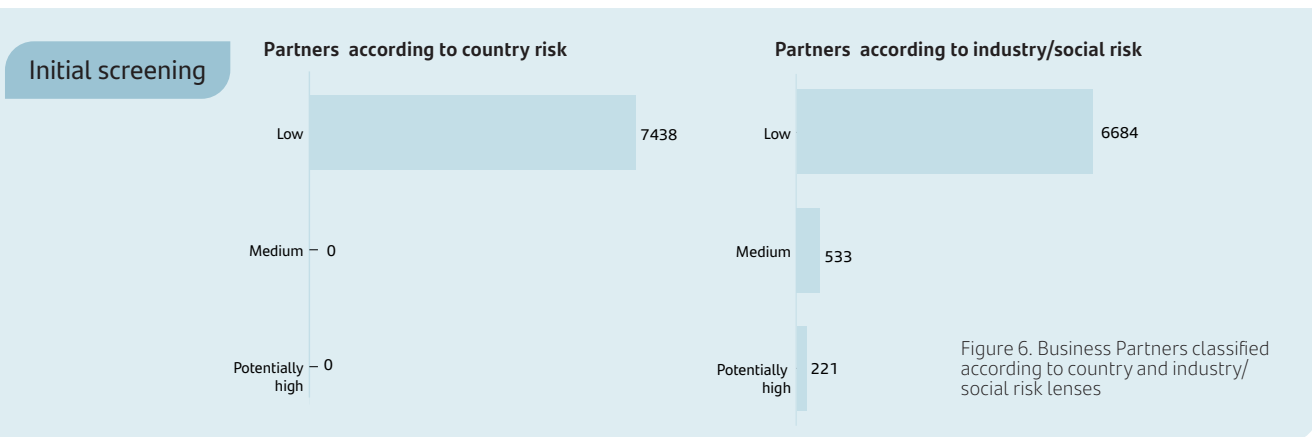
The Group's Agent and Collaboration Agreement requires that partners maintain a high level of professional and ethical integrity in their work. Partners are obliged to familiarise and comply with applicable statutes, regulations and other requirements that apply to financial institutions' and finance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

Due diligence findings

To provide Auto and Consumer 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. In June 2023, the Group published due diligence of its partners with an assessment

that 95 partners were considered as being potentially higher risk of negative human rights or working conditions. Following publication, the Group conducted due diligence follow-up and action planning to identify any specific or actual negative incidents through the use of questionnaires, operational analysis and media coverage reviews. At the end of 2023, no actual or specific negative incidents related to human rights or working conditions were identified with any of the Group's partners.

In 2024, the Group initiated its due diligence process by compiling a comprehensive list of 7 438 active partners. 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 (2 067), Finland (1 759) and Denmark (1 311). Following application of the two initial steps of the Group's process, 221 partners were identified as "potential higher risk" as outlined in figure 6 below.



Of these, 177 partners were subsequently determined to be either part of a larger group already reviewed, or non-active business partnerships (no longer providing active transactions), resulting in 44 partners being classified as potentially higher risk.

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. Details on the Group's planned actions are described in the chapter *Implemented and planned actions to prevent negative impacts*.

The Group acknowledges that the most material risks of negative impacts further down the value chain are considered as follows:

- Auto – passenger cars and other vehicles typically involve complex supply chains, with vehicles composed of numerous materials sourced from various locations, whilst component production is often outsourced to subcontractors. Potential risks across the supply chain

can include forced or migrant workers, lack of proper health and safety practices, low wages and lack of trade union rights. Additionally, the raw material extraction of rubber for tires has been linked to dangerous working conditions and negative impacts on local and indigenous communities⁸. Furthermore, for electric vehicles (EVs) the potential risks and impacts on human rights and working conditions related to the battery production chain can be at both the raw material extraction phase and in production.

- Consumer lending – the Group seeks to support customers in their sustainable transition to a low carbon economy with its product offering including the financing of solar panels. In the solar panel value chain there have been several potential risk areas identified related to the raw material extraction and processing of solar cells, including dangerous working conditions, discrimination against migrant workers, forced labor or low and discriminatory wages and long working hours⁹.

Planned and implemented actions to mitigate potential risks are summarized in the chapter *Implemented and planned actions to prevent negative impacts*.

⁸Automobiles and other vehicles | Anskaffelser.no
⁹Building & Construction Materials | Anskaffelser.no

Provision of credit to consumers

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.

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 prioritizes being Simple, Personal and Fair in all interactions with stakeholders.

The Group’s commitment to responsibly meeting customers’ financing needs involves 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. Consumers 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.

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 monitors various metrics to evaluate its performance against its responsible lending objectives, including non-performing loans (NPLs) and the volume and severity of customer complaints¹⁰.

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 Conduct Risk with Customers Management Model set the behaviors 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 in the scope of this assessment.

Considering the nature of this duty of care, the possibility of risks to human rights and working conditions in the value chains of consumer products acquired with provided finance cannot be excluded. However, it is considered too broad a scope of this assessment to fully evaluate the value chains related to all our customers’ purchased products. Instead, focus is placed on monitoring customer channels and setting policies and frameworks to ensure the Group continues to act as a responsible lender.

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

¹⁰ 2023 Annual Report

Implemented and planned actions to prevent negative impacts

Update on progress since last disclosure

In the period since publication of the Group's previous Transparency Act Statement, the following actions have been implemented:

- **Processes.** Further progress in understanding the requirements of the Act and the delegation of responsibilities within key functional areas have supported the operationalisation of due diligence activities. Since last reporting, process descriptions have also been produced. Work to optimise and streamline the continuous due diligence work will continue into the next reporting period to ensure a sustainable and robust process.
- **Procedures.** The Group implemented its internal steering document, the "Transparency Act Procedure" to ensure legal requirements are understood and functional responsibilities are delegated throughout the organization. Additionally, the Group's "Responsible Banking and Sustainability policy" was formally approved and implemented in November 2023, including incorporating and updating the previous Human Rights Policy. This policy is supported by the approval of the Group's "Responsible Banking model", which is designed to support the embedding of ESG throughout the organization by assigning the roles and responsibilities that apply to activities, initiatives and processes of the Group related to environmental, social and governance matters.
- **Best practices.** The Group remains committed to evolving its approach according to best practice in the market and is actively monitoring how others have responded to the Act. Moreover, this year's due diligence approach has been updated as a result of expanded guidelines published on Forbrukertilsynet's webpages in April 2024¹¹.

Planned actions and expected results

Based on the due diligence findings related to identified significant risks, the Group plans to implement actions as described below.

- **Risk related to technical advancement, i.e. the planned introduction of AI capabilities and the need to incorporate GDPR regulation.** Actions implemented to mitigate any risk of breach with GDPR regulations include monitoring the development of EU AI regulations, and developing an internal ethical AI framework. Clear guidelines and expectations will help ensure that GDPR regulations are incorporated as part of the introduction of new AI capabilities.
- **Risk of negative impacts further down vendors' value chains.** The Group acknowledges that risks may exist within its vendors' value chains, for example in regards to waste and ICT/office equipment. To mitigate, the Group is in the process of implementing an internal ESG certification process to support the monitoring and evaluation of its vendors. This certification aims to identify vendors' ESG risk, evaluate the measures taken by the vendor and ensure the Group's vendors are aligned with company values and industry standards.
- **Risk of negative impacts further down partners' value chains.** Potential risks in the upstream value chains of the Group's partners, particularly in the auto and solar sectors, have been identified. The Group's implemented policies and procedures seek to promote best practices and uphold industry standards when dealing with all its partners. Furthermore, the Group plans to update the contractual agreements with its partners to incorporate requirements and expectations related to the safeguarding of human rights and decent working conditions, to further mitigate the potential risks identified.



¹¹ Redegjørelse | Forbrukertilsynet.no

Next steps

Further due diligence of partners

As described in the due diligence methodology, the Group will conclude the due diligence follow-up process for the 44 remaining partners categorized as potentially higher risk. If any partners remain classified as higher risk after further assessment, the Group will determine individual action plans and measures in line with Transparency Act intentions.

Evolving the Group's response

The Group remains committed to continuously evolve and mature its approach to requirements in the Transparency Act. Following publication of this statement, the Group will implement and follow up on the planned actions outlined, as well as provide an update on its progress in its next disclosure statement. Further efforts and best practices to improve the due diligence process and assess potential risks in certain high risks sectors will be continuously reviewed.

In the future, the Group plans to align its Transparency Act disclosure with its financial year and other reporting obligations. Therefore, the next statement, covering the period June 1 – December 31, 2024 will be published in the first quarter of 2025, and yearly thereafter.

Communication and requests for information

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, June 21, 2024

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Chair

Federico Ysart
Deputy Chair

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Board member

Anne Kvam
Board member

Rámon Billordo
Board member

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