

2023 Norway Transparency Act Report Avida Finans AB NUF (990728488)

This report is prepared by Avida Finans AB NUF, (“Avida NUF”) and made in accordance with the Norwegian Transparency Act (“the Act”) relating to enterprises’ transparency and work on human rights and decent working conditions. Avida NUF is registered at Munkedamsveien 45 A, 0250 Oslo, Norway. Avida NUF’s ultimate parent company is Avida Finans AB (publ), 556230-9004, “Avida” or the “Company”, a Swedish Credit Market Company under the supervision of the Swedish FSA. Through the passported Swedish license, Avida NUF can conduct cross border operations from Sweden via the Norwegian affiliate with the following services in connection with the Financial Companies Act (“Finansforetaksloven”) §§ 3-2 and § 2-7.

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

1. Structure & Areas of Operations

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

Largest shareholders

As of December 31 2022

Name	Number of shares	% , Share capital
1. KKR	43.557.915	61,76%
2. Andenes Investments S.L.	11.661.594	16,55%
3. Midelfart Capital AS	6.357.372	9,01%
4. Whiteout AS	5.972.814	8,47%
5. Loe Equity AS	1.060.606	1,50%
6. Ubon Partners AS	740.042	1,05%
7. Dencker Invest AS	600.000	0,85%
8. Vimar AS	150.000	0,21%
9. Skandinaviska Enskilda Banken AB	86.000	0,12%
10. Engelia Invest AS	50.000	0,07%

Kohlberg Kravis Roberts & Co, KKR, a leading global investment firm that offers alternative asset management as well as capital markets and insurance solutions, is the majority shareholder of Avida with more than 61 % of the shares as of December 2022. Andenes Investments S.L is Avida’s second largest shareholder after the KKR companies and holds slightly more than 16% of the share capital and votes as of December 2022. The shares in Avida Finans AB (publ) are owned both by private individuals and institutions.

In addition to the operations in the Swedish market and its branch in Norway, Avida also maintains a branch in Finland. Further, in the factoring business, Avida offers products along with external partners in our secondary market in Europe. Avida also holds an subsidiary in Norway, Avida Norge AS, a dormant company with no operations.

Through German deposit platforms, a savings product is offered for EUR deposits in Avida. These deposits are guaranteed by the Swedish governmental deposit guarantee. The deposit product is also offered in Sweden and Norway, thus guaranteed by governmental deposit guarantees.

The Company has two main business areas, Consumer Finance and Business Finance. The Consumer Finance business area comprises of non-secured lending to consumers, consumer loans, in Sweden, Norway and Finland as well as deposits from, consumers in Sweden, Norway and Germany. Deposits to private individuals are covered by governmental deposit guarantees. A private loan is mainly used for financing relatively large purchases or refinancing more expensive loans with other lenders. We believe in consumer loans giving households the opportunity to buy e.g., cars and white goods without having to save the full amount in advance. These loans can be repaid already in the same month, or whenever the customer wants within the given timeframe for re-payment.

OUR CUSTOMERS CONSUMER FINANCE



The Business Finance’s business area offers corporate credits such as factoring, invoice loans and loans. Business Finance has a clear focus on building long-term relationships with corporate customers that will contribute to stable and profitable earnings over time.

OUR MARKET BUSINESS FINANCE



2. Policies and Procedures

Avida’s “Code of Conduct” consists of the following policies below and set the standards of how we work. Compliance with the Code of Conduct is crucial and Avida has mandatory training sessions for newcomers as well as ongoing, mandatory, information to all staff.

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

- Policy on handling of ethical issues including human rights
- Anti-bribery and corruption Policy, including anti-trust and
- Policy for conflict-of-interest
- Whistleblowing policy

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

The Policy on handling of ethical issues outlines the procedures and guidelines for addressing ethical dilemmas that may arise in our business operations. It serves as a reference for employees, offering clarity on how to identify, evaluate, resolve and escalate such issues in an ethical and responsible manner. As a part of this policy, a section regarding human rights will be included in the upcoming review in Q 3-2023, setting out expectations and guidelines with respect to human rights. The Company supports and respects the protection of internationally recognized human rights, including the Universal Declaration of Human Rights; the Ten Principles of the United Nation Global Compact; the International Labour Organization's Declaration on Fundamental Principles and Rights at Work; the UN Guiding Principles on Business and Human Rights.

The anti-bribery and corruption policy, including a section of anti-trust, underscores our zero-tolerance stand against any form of bribery, kickbacks and/or unethical practices. It provides guidelines for employees to recognize, prevent, escalate and report instances of bribery and corruption. By adhering to this policy, we safeguard the integrity of our business.

Avida also have a conflict-of-interest policy in place to address situations where personal interests may, potentially, conflict with the Company's interests. The guideline helps employees to recognize and mitigate potential conflicts, ensuring that business decisions are made objectively and in the best interest of the Company.

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

3. Avida's staff

Avida prohibits all forms of modern slavery, forced labour and child labour. We have staff in three Nordic Countries; Sweden, Norway and Finland and we are committed to uphold the rights and well-being of our staff. Avida has established policies to ensure protection off staff, including working environment policy and policy for suitability assessment and diversity.

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

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

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

Respecting the freedom of association and the rights to worker representation is vital. We recognize and support the rights of our employees to engage in collective bargaining, join unions, and have their voices heard. We foster an environment that values open communication, encourages feedback, respecting the rights of staff to express their concerns, opinions, and aspirations.

4. Suppliers and Counterparties (including customers)

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

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

When assessing a potentially new supplier, Avida is specially focusing on some key risk indicators set by the management team. These include geography, type of product, type of industry, complexity of the supplier's subcontractors and concrete risks linked to individual businesses based on experience, knowledge, reports, adverse media reports etc.

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

The compliance function annually summarizes the different departments' Self Risk Assessments at a Management meeting where decisions are made on what to focus on for the coming year. The objective is to:

- Produce focused and actionable information when defining risk
- Determine related remedial action within the organization; and
- Enable the senior leadership to verify the progress of remedial actions.

5. Training and Awareness

All staff is required to take part in mandatory trainings in the field of Avida's Code of conduct. It is important for us to ensure properly understanding and adherence to in the daily activities.

6. Effectiveness

Monitoring the impact of our actions is crucial to minimize risks. Therefore, Avida works risk based and assess reported concerns as well as conduct investigations when needed. The risk function, the compliance function and the internal audit function help the Company to identify and address potential weaknesses or risks. We also encourage staff to escalate issues when they detect something that need to be handled.

7. Avida's Risk assessment in accordance with the Transparency Act

When Avida performs the risk assessment in accordance with the Act, we approach it risk based and with focus on the key risk indicators as described above. Through this work, Avida can proactively identify and evaluate potential risks, allowing well informed decision-making and effective risk mitigation strategies.

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

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

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

8. Approval

This report relates to Avida's financial year which corresponds with the calendar year of 2022. Avida's CEO, Tine Wollebekk, has approved the report.