

Norfund Annual Report Gender Equality & Inclusion 2023



Team Norfund – September 2023

Introduction

All employers in Norway have a duty to work actively, purposefully, and systematically contribute to equality and prevent discrimination in the workplace.

Reporting for the year 2023, Norfund is committed to fostering a workplace where every employee is treated equitably, irrespective of their identity. Our emphasis remains on creating an inclusive environment that extends a warm welcome to all individuals.

Recognizing that attracting, retaining, and nurturing talent requires a diverse and expansive pool of individuals, Norfund believes that diverse perspectives contribute to sound decision-making and ultimately enhancing profitability and competitiveness.

Unless explicitly stated otherwise, this report encompasses employees from all six offices within the Norfund organization. For this report we will use figures for both permanent and temporary employees where not otherwise is clearly stated.

Part 1 – state of gender equality

Number of employees, regardless of employment percentage, broken down by gender

By year-end 2023, Norfund had 144 employees, including 10 temporary positions.

The gender distribution is well balanced, with 51% male and 49% female employees. When we look at numbers only for permanent employees, the ratio is 51% female and 49% male. In 2022 the female share was 48%.

Number of employees with time limited employment contracts

By year-end 2023, 7% of our employees were on temporary contracts. Out of this group 60% were recruited into our internship program, based on temporary contracts by nature. The remaining four employees have all been substituting for colleagues on leave. 90% of the temporary positions were male.

Average number of weeks parental leave taken in 2023

Males have taken on average 15 weeks with parental leave, while females have taken an average of 28,4 weeks.

Given different legislation in the various countries we operate in, Norfund has implemented a minimum of four weeks full-pay parental leave for employees where a more generous local regulation is not in place. The leave can be split up but should be taken within one year after birth.

Parental leave is valid for fathers and other co-parents (eg. a non-birth mother).

Number of employees with employment size lower than 100% - actual part-time and involuntary part-time

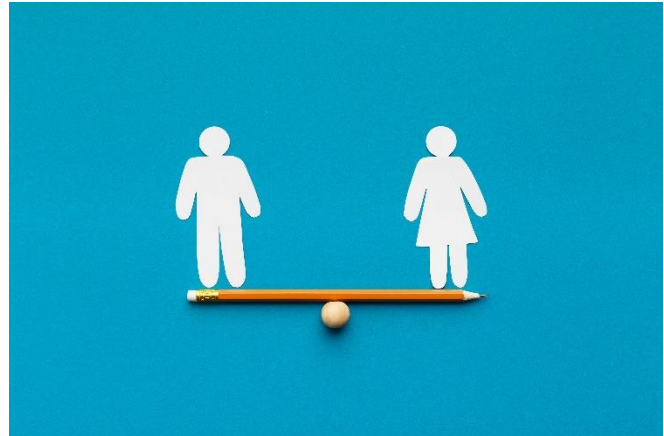
Part-time employment is not frequently used in Norfund, and no involuntary part-time work has been reported. Part-time employment is usually only in use when requested by the individual employee.

In 2023 we had one male employee working voluntarily at half capacity from January to June, and one female employee working 40% capacity from January to June in connection with study leave.

Wage differences

In connection with the annual salary settlement, anonymized salaries of all staff are analyzed together with the trade union.

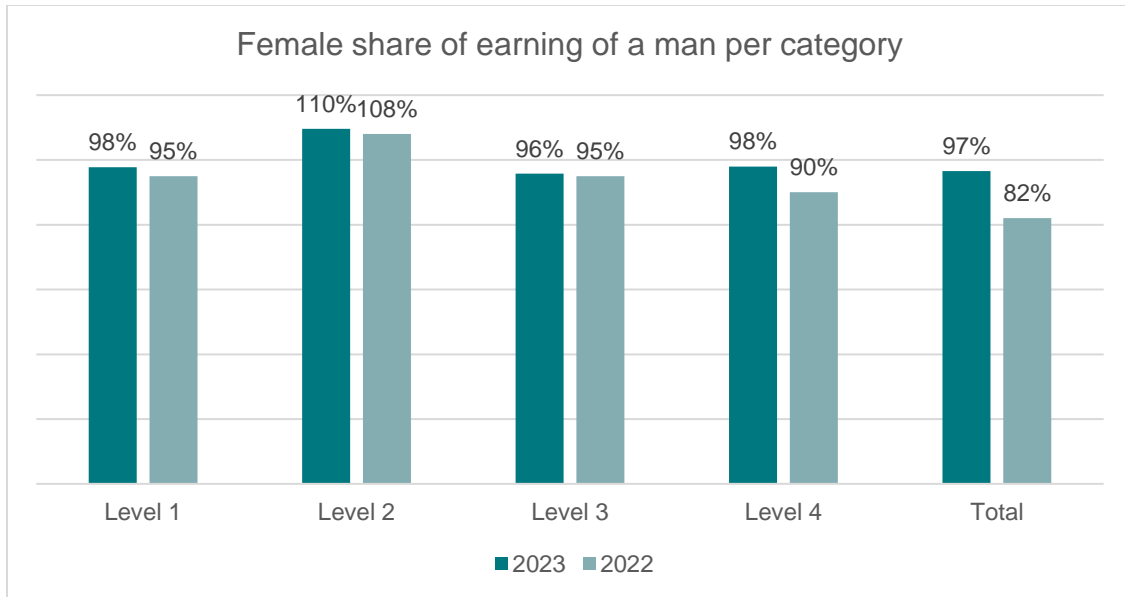
When looking into the numbers, employees in Norfund are grouped into four levels; Executive Vice Presidents (level 1), extended management, who has both result and personnel responsibility (level 2), employees with broader responsibilities either with personnel responsibility or disciplinary expertise (level 3) and other employees (level 4).



When looking at gender pay gap, we still see that the average pay for females is marginally lower than for men. In total fixed salary and bonus paid in 2023, females on average earned 97 % of men. Last reporting year (2022) this number was down to 82% overall, which indicates a significant reduction of the gap from 2022 to 2023.

Based on yearly analysis of wage differences we do not see a systemic bias on gender pay, however we will continue to monitor and measure this. The existing difference in average pay is due to more females employed in junior or administrative positions. The reason for the reduction of the pay gap since 2022 is in large explained by our proportionally large share of female new joiners in senior positions in 2023, as well as focus on gender pay gap when performing salary adjustments.

Broken down to the four categories listed above, the female share of earnings on base and variable pay can be seen in table below.



For overtime pay, 48% of registered overtime went to female employees. We notice that there is a slightly larger share of males that register overtime on weekends and/or public holidays, otherwise equal on overtime for weekdays.

For taxable in-kind benefits, we offer the same to all our employees regardless of position for each location.

Gender distribution across levels and departments

When looking at the gender distribution within investment and corporate departments, the corporate department has 56% female employees, while 44% of investment professionals are female. In 2022 the female share in investment departments was 45%, and 53% in corporate.

For the gender distribution at the various levels, we have imbalances at level two and three. For level two, the extended management team, excluding the management team, the female share is down to 29%, the same as last reporting year. This level was established when the matrix structure was implemented in 2019, and at that time we only had one female represented at this level. As the organisation grows, we will pay close attention on recruiting and developing females for these positions.

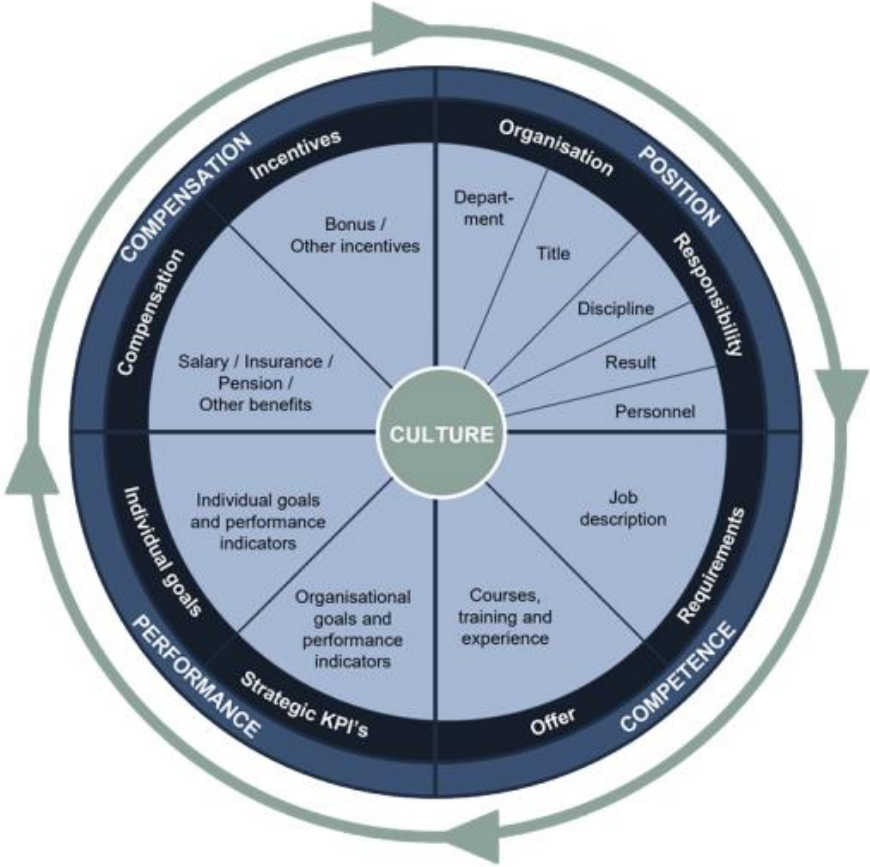
When looking at employees classified with broader responsibilities either with personnel responsibility or disciplinary expertise (level 3), the female share is at 63%. This is a preferred pool of talents to elevate to level two as the organization grows and/or existing positions become vacant.

Part 2 – Our work to promote equality and hinder discrimination

In Norfund the HR Policy sets the overall principles for all employees. In this policy we highlight the importance of Norfund's mandate to assist in building sustainable businesses and industries in developing countries as well as contributing to the green transition in emerging markets. We acknowledge that we have a challenging mandate, and to meet this our most valuable resource is our employees.

The HR policy is built on the principles found in our Code of Conduct in combination with our cultural platform – The Norfund Way. All HR activities are linked to the following areas: Position, Competence, Performance and Compensation, as well as Culture.

Norfund seeks to be a workplace where there is no discrimination on grounds of ethnicity, gender, belief, disability, or sexual orientation. This applies, for example, to matters relating to pay, promotion, recruitment, and career development.



Work with diversity

Working on issues relating to diversity and inclusion we follow a four-step model, where we examine and map, analyze potential causes, initiate action, and evaluate results throughout the year.

The main examination and analysis on gender is conducted by HR for the annual update to the Board of Directors. In this update we look at key figures, strategic priorities as well as any other topic concerning employee statistics and general wellbeing. Indicators such as gender balance and age distribution compared to previous years are also included.

Other important forums for discussion on employee wellbeing and inclusion are the Work Environment Committee (WEC) and the quarterly meetings with our trade union representatives.

The WEC has a minimum of four meetings per year, and all members are invited to send in topics they would like discussed. Important topics throughout the year are follow up on employee surveys and initiatives connected to our Eco-lighthouse certification, where HSE activities are a key component.

With the trade union we have quarterly meetings on topics relating to developing the organisation. In addition to the quarterly meetings, we meet for negotiations on the salary settlement, where gender pay gap is one of the issues we discuss.

The Norfund Way

The Norfund Way forms the basis for our corporate culture. It is an integrated part of the company's Governance Framework, Code of Conduct, as well as the business processes. We aim to have a corporate culture which is specific and concrete, describing what types of attitudes and actions we believe best promote Norfund's mandate. The Norfund Way is an expression of how we act when we are working for Norfund, and at our best. It is illustrated by five circles that represent the five dimensions starting with our individual attitude and behavior and ending with how we interact with our community.



The integrity to be ME:

Be courageous

How I do my WORK:

Serve the mandate

How I interact with my TEAM:

Be kind

My responsibility as a LEADER:

Walk the talk

How we relate to our COMMUNITY:

Make a difference

By focusing on creating a defined corporate culture across disciplines, offices, departments, and countries, we hope to achieve a culture where we acknowledge and respect our colleagues' competence, differences, and opinions, embrace diversity, act ethically and make decisions with integrity. We also aim to foster an open and honest feedback culture, where all employees have the courage to speak up.

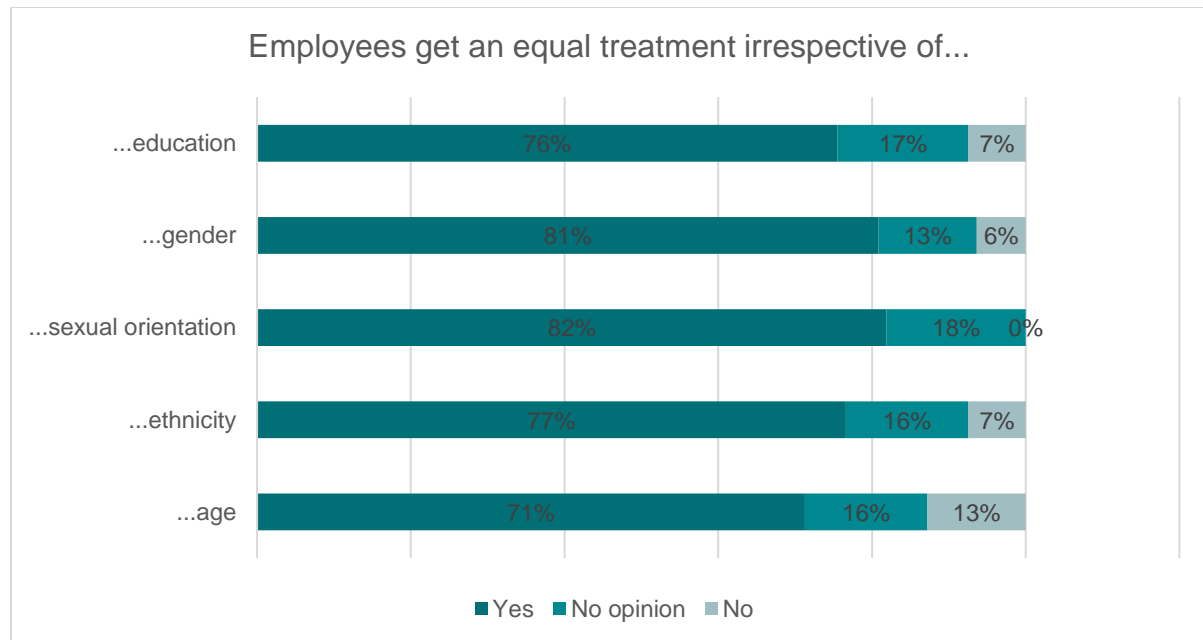
Employee Engagement Survey

To examine and map our organisation, we are using pulse surveys throughout the year to measure various aspects that affect the work environment.

According to our internal guidelines, we should conduct three pulse surveys per year, with a variety of recurring and new questions. In 2023 we conducted two pulse surveys, as we decided to do an in-depth Diversity & Inclusion survey. Results from the pulse surveys are available for all employees, and each department sets aside time to discuss any findings within their teams.

The overall results are presented to all employees on our intranet, as well as in townhall meetings, and further discussed in each department. Overall, for all surveys the results are good. In 2023 the areas we highlighted on an aggregated level have been stress management, feedback, and Norfund's stand on having a zero tolerance for discrimination.

Responses to the question regarding equality is shown in the figure below:



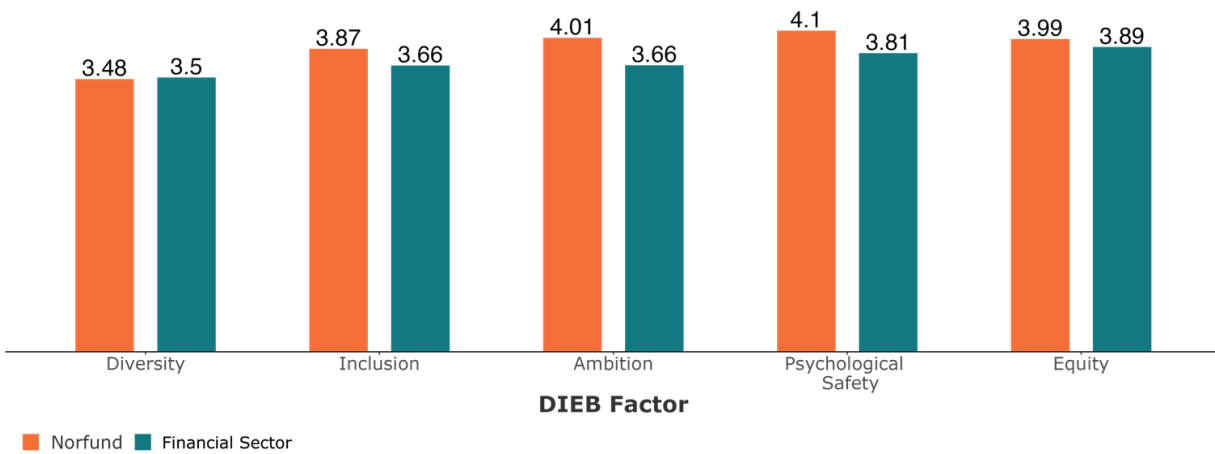
Inclusion survey

As Norfund clearly states we have a zero-tolerance for discrimination, we conducted an in-depth survey on Diversity & Inclusion in 2023. The results were presented to the entire organisation at our annual gathering in September.

Overall, the results in this survey were good, with most of our employees feeling included and treated equally. A comparison of Norfund vs. Financial Sector¹ can be seen in the table below.

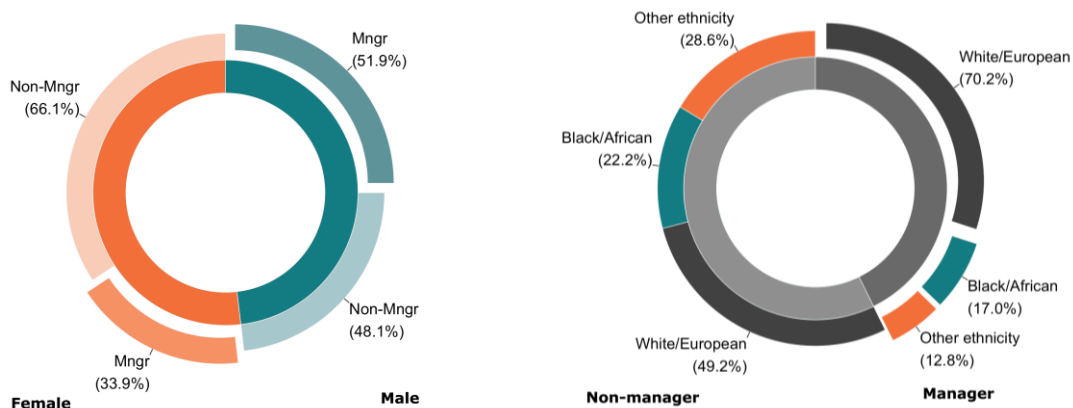
¹ *The sector to use as benchmark was defined as the Financial sector. The financial sector encompasses institutions, public and private that provide financial services to commercial and investment ventures. The sample encompasses more than 30 European organizations. The rating is on a five point scale.

Scores at Norfund vs. Financial Sector



The survey also confirms females and people of non-white/European ethnicity are underrepresented in managerial positions. Bringing the share of female managers up is something we have a focus on, and that we need to see increase going forward.

As for the non-white share of managerial positions, we believe that as Norfund keeps growing in number of employees at the regional offices, we will see this share increase. Limited numbers of leadership positions open up per year, but having our diverse workforce represented with managerial responsibilities is a focus area.



The recommendation from the survey is to continue to develop a job structure with clear career paths for all positions in Norfund, to enhance transparency and enable equal treatment. After the survey we have also increased our focus on training on cultural sensitivity and how to foster even better psychological safety in our teams and the organisation as a whole. This is reflected in both management training and in our yearly gathering where all Norfund employees meet (The Norfund Week).

Finally, a Diversity & Inclusion task force was initiated at the end of 2023. The task force consisting of a diverse group of employees, has the mandate to discuss the results from the survey and come up with advice and concrete actions points for the management team to bring forward.

Obstacles to equality

The main areas where obstacles for equality might occur, we consider to be recruitment, employee development and generally the working environment.

Being an international organisation that focuses on employing local talent for our regional offices, diversity regarding nationality comes as a result from this. By year end 2023 we had 25 nationalities represented globally, and we are seeing a growth in nationality diversity also in the Oslo office, with 14 nationalities represented.

Recruitment

For all recruitment processes initiated, our guideline is that both genders shall be represented for the first round of interviews, as a minimum. Ultimately, we hire the candidate with the best qualifications for the job, regardless of gender, age, or ethnicity.

Further to this, all our job postings clearly state that Norfund wishes to reflect diversity in society, and we encourage all qualified candidates to apply.

When we look at the applicant base for the positions hired in 2023, the gender distribution is somewhat uneven. The female share for all positions in 2023 was 35% (36% in 2022). This ratio is monitored closely, and we continuously assess our own employer branding and recruitment process in order to achieve gender balance.

In 2023 we had 28 new joiners in total. Out of these 18 were permanent recruits and 10 filled temporary positions. Despite the low share of female applicants, for the permanent employments 72% were female. For the temporary positions the female share is 10%. The new joiners consisted of 8 nationalities.

Employee development

In 2023 52% of the candidates receiving a promotion were female. In 2022 this number was 33%.

We also look at geographic distribution in connection with promotions, and for 2023 59% were Oslo based, and 41 % employed at one of our regional offices. By year-end 2023 31% of our employees work at one of our regional offices.

Norfund strives to have a structured and transparent approach to the promotion process, where candidates are nominated by the immediate manager based on performance reviewed during the development conversation, and the Management Team align across disciplines and managers.

Going forward

HR will continue to focus on transparency for all processes. There is an expressed need for training on cross-cultural communication, and we will continue making use of pulse surveys to map the state of the organisation.

As we saw from the inclusion survey, career paths are not clear for all positions. We acknowledge the need for clearer descriptions of how to advance, and how this connects with competence requirements and offerings.