

Policy			
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Legal Department	Board of Directors	24.09.2020	24.09.2020

Norfund Business Integrity Policy

1. Introduction

Norfund has a zero-tolerance approach to corruption, money laundering, financing of terrorism and any form of economic crime. Norfund is dedicated to promoting integrity, transparency, and accountability through its business dealings, and requires high standards of business integrity from its employees, board members, consultants, board and committee members it assigns to portfolio companies (“Norfund Representatives”), as well as from its investees, business partners and suppliers (“Norfund Partners”).

Norfund Representatives and Norfund Partners shall comply with this business integrity policy (the “Policy”).

This Policy is intended to offer guidance on Norfund’s requirements and expectations for business integrity. Any questions regarding this Policy shall be addressed to the relevant Norfund Head of Department and/or Norfund legal department.

2. Prohibited Practices

Norfund, Norfund Representatives and Norfund Partners are subject to various anti-corruption, anti-money laundering and anti-terrorism financing laws and regulations, including Norwegian laws, which prohibit corruption in various forms, both in the public and private sector, as well as money laundering and the financing of terrorist activities.

A “**Corrupt Practice**” is normally considered to be the occurrence of any of the following:

- a) giving, offering or promising any person, directly or indirectly, an improper advantage, financial or otherwise (including money, gifts, favors or other benefits), in connection with the person’s conduct of a position, an office or performance of an assignment, function or activity;
- b) requesting, receiving or accepting an offer, for oneself or others, of an improper advantage, financial or otherwise (including money, gifts, favors or other benefits), in connection with a person’s conduct of a position, an office or performance of an assignment, function or activity;
- c) any improper payment intended to facilitate, expedite or secure the performance of a routine action, or any action to which one has legal or other entitlement (usually called “**facilitation payment**”); or
- d) requesting, accepting or receiving, for oneself, or others an improper advantage in return for influencing the conduct of another person's position, office or assignment (usually called “**trading in influence**”).

“**Extortion payments**” are payments made upon requests accompanied by credible imminent threats to life, safety or health or to the integrity of facilities.

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“Money Laundering” typically means:

- a) providing assistance to another person in safeguarding the proceeds derived from criminal activity, including any Corrupt Practices, or from an act of participation in such activity. Such assistance may include, for example, collecting, storing, concealing, transporting, sending, transferring, converting, disposing, pawning or investing the proceeds;
- b) converting or transferring assets to conceal or disguise the proceeds of a criminal act one has personally committed, or participated in. Such activity may include, for example, concealing and disguising the proceeds true nature, source, location, disposition, movement, or rights associated with them; or
- c) acquiring, receiving or obtaining proceeds derived from criminal activity.

“Financing of Terrorism” is generally defined as the act of providing or collecting funds with the intention that they be used, or in the knowledge that they are to be used, in order to carry out terrorist acts.

The definitions and standards used in this Policy will be applied to Norfund Representatives and Norfund Partners regardless of whether relevant definitions under applicable local legislation are less strict than the ones provided herein.

Any perceived or actual violation of this Policy shall be properly documented, duly reported within or to Norfund and, when appropriate, to relevant authorities.

Further guidance on appropriate procedures and tools for handling of business integrity issues can be found in the Norfund [Investment Manual](#) (the “Investment Manual”).

3. Risk Assessment

Norfund project teams shall carry out risk-based integrity due diligence (IDDs) before entering into any relationship with a third party to ensure that all Norfund Partners and Representatives are able to meet the business integrity standards set out in this Policy.

The IDD shall follow the guidelines provided in the Investment Manual. Potential Partners are expected to contribute to Norfund’s IDD by completing partner risk assessment questionnaires (KYC) in line with Norfund’s [Partner Risk Assessment Procedure](#).

If any red flags are identified during an IDD, Norfund shall only enter into a business relationship with such third party after becoming comfortable that such identified risks can be (i) properly mitigated and (ii) that appropriate mechanisms have been put in place to that effect. The Investment Manual contains examples and guidance on such mitigation factors and mechanisms.

The findings from IDD shall be properly documented and stored in accordance with applicable laws and Norfund requirements provided in the Investment Manual.

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4. Partners

3.1 Business Partners

All private and legal persons with whom Norfund has a relationship are expected and required to comply with this Policy and applicable laws. Norfund Representatives and Partners shall not engage in or contribute to any Corrupt Practice, Money Laundering or Financing of Terrorism (as defined above).

When entering into legal agreements with Norfund Partners, Norfund shall require the inclusion of appropriate business integrity compliance provisions.

Norfund shall promptly and without exception act upon a perceived or actual occurrence of a breach of a business integrity provision. To the extent possible, Partners will be required to rectify the non-compliant situation to Norfund's satisfaction. Failure to implement a prompt rectification may lead to termination of the commercial relation and/or reporting of the violation to the relevant authorities.

3.2 Suppliers

Suppliers providing services or products to Norfund are required to familiarize themselves and comply with Norfund's [Supplier Code of Conduct](#). A copy of the Norfund Supplier Code of Conduct shall be included in all agreements entered into with Norfund suppliers.

3.3 Intermediaries

Intermediaries are all persons who act on behalf of Norfund or operate as link between Norfund and a third party, such as agents, consultants and advisors. The use of intermediaries increases the risk of potential violations listed in section 2 above. Norfund Representatives shall act with particular care when engaging intermediaries and monitoring their activities.

Agreements with intermediaries shall always be formalized in writing. The scope of work, the length of the agreement, the compensation (which shall be reasonable and proportional to the service being provided) and method of payment shall be described in detail in such agreements. Furthermore, warranties and covenants covering business integrity shall be included therein. All payments made to intermediaries shall be properly documented and linked to work performed under the relevant agreement.

5. Facilitation and Extortion payments

Norfund Representatives and Partners are not allowed, under any circumstances to, make or encourage any facilitation payment, independently on whether it is made directly or through a third party.

Personal safety is always the main priority for Norfund. Extortion payments will not be penalized when made due to a legitimate fear for an individual's health or safety. However, when possible and considered safe, Norfund Representative or Partners shall refuse to make Extortion payments. Any

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Extortion payment made by or requested from a Norfund Representative or Partner shall be immediately reported to the relevant Head of department and/or to the Norfund legal department.

6. Gifts and hospitality

In line with applicable laws and international best practices, Norfund has strict guidelines about giving and receiving gifts and hospitality to and from public officials. These guidelines are set out in the [Gifts and Hospitality Guidelines](#), and shall be adhered to by all Norfund Representatives. Norfund Partners are expected to have similar guidelines implemented.

7. Whistleblowing and internal reporting

Norfund encourages the reporting of any suspected breach of its policies and standards or applicable laws or regulations in connection with or related to its investments or activities. Any person can report suspected violations by contacting a Norfund project manager, Head of Department and/or the Norfund legal department. Such reporting is also encouraged via Norfund's external [whistleblowing channel](#) which caters for anonymous reporting to Norfund.

8. Transparency and Accountability

In order to ensure compliance with applicable laws and [Norfund's Responsible Tax Policy](#), Norfund has requirements related to investigations and due transparency of ultimate beneficial ownership of our business partners as well as taxes paid to relevant tax authorities.

Norfund also expects the companies we invest in to have appropriate systems in place to ensure that their business integrity and corporate governance standards are in line with Norfund's requirements.

Reports on the implementation and effectiveness of such standards shall be sent to Norfund regularly.

Norfund Representatives shall ensure that the requirements and expectations mentioned above are made clear to all relevant Norfund Partners and included in the appropriate legal agreements.

If a Norfund Partner has any suspicion or knowledge of corrupt or illegal activities within or related to its business operations or to any of Norfund's investments, it shall report the matter immediately to Norfund.

9. Competition Compliance and Sanctions

Norfund shall conduct its activities in accordance with applicable competition and anti-trust laws in the markets in which we invest. Norfund Partners and Representatives shall not engage in or contribute to any anti-competitive behaviour.

Norfund, Norfund Representatives and Partners shall comply with economic sanctions applicable to them and their respective activities.