

## **STATUTES OF THE NORWEGIAN GOVERNMENT INVESTMENT FUND FOR DEVELOPING COUNTRIES (NORFUND)**

Adopted by an Extraordinary General Meeting of Norfund on 20 December 2017 pursuant to Section 8 of the Act of 9 May 1997 No. 26 relating to the Norwegian Investment Fund for Developing Countries (NORFUND), revised with a new Statute 13 by the General Meeting on 18 June 2018. The Statutes were updated with a new Statute 13 by the General Meeting on 21 June 2021. The Statutes were updated with amendments to Statute 11 and a new Statute 14 by an Extraordinary General Meeting on 2 May 2022.

### **Introduction**

The Norwegian Government Investment Fund for Developing Countries (NORFUND) was established pursuant to the Act of 9 May 1997 No. 26 relating to the Norwegian Investment Fund for Developing Countries (the Norfund Act).

The Norwegian Ministry of External Affairs manages the State's ownership interests in Norfund pursuant to the Norfund Act.

Norfund receives funding for its activities over the central government budget.

### **Statute 1 Enterprise name**

The name of the enterprise is Norfund.

### **Statute 2 Municipality in which business is located**

Norfund is to have its business office in Oslo Municipality

### **Statute 3 Norfund's objects and means**

- (1) Norfund's objects are to contribute equity and other risk capital, extend loans and provide guarantees for the development of sustainable business and industry in developing countries. The aim is to establish viable, profitable activities that would not otherwise be initiated because of the high risk involved.
- (2) In addition to risk capital, Norfund shall contribute in the form of competent and active ownership in its portfolio companies.
- (3) Norfund shall primarily contribute partial financing for the establishment of new business enterprises or the necessary restructuring and/or development of existing business enterprises.
- (4) Norfund's involvement shall normally cease when the Fund's participation can no longer be regarded as providing the enterprise with anything other than or more than the enterprise can obtain in some other way.
- (5) Norfund shall conduct its activities in accordance with the fundamental principles of current Norwegian development policy.
- (6) Through its activities, Norfund shall promote efforts to achieve sound corporate governance and management of enterprises, safeguarding of the environment and promotion of the working environment and working conditions, as a minimum in accordance with the laws of the country and with adopted international conventions and principles.
- (7) Norfund shall annually prepare financial statements, corporate accounts and a report on its activities which describes the results and objectives achieved.



#### **Statute 4 Restrictions on activities**

- (1) Norfund's equity contribution to a portfolio company shall not exceed 35% of the company's total equity. Norfund's share of the equity may be higher in special cases, but nonetheless such that the Fund's total equity holding does not exceed 49 per cent of the portfolio company's total equity. If Norfund also provides a loan or loan guarantee, the Fund's equity together with the aforementioned loan or loan guarantees shall not exceed 49% of the total investment in the portfolio company.
- (2) In special cases, Norfund may have a holding in excess of 49% in a portfolio company for a period of up to one year if Norfund's Board considers this necessary in order to protect the Fund's existing investment in the portfolio company. The following conditions apply to the invoking of this right:
  - i. Norfund shall make a plan in advance for selling down its holding to a maximum of 49%.
  - ii. The holding shall be reduced to a maximum of 49% as soon as possible, and within one year at the most.
  - iii. The process shall be conducted in such a way that the Norwegian Accounting Act does not require that the portfolio company be consolidated in Norfund's accounts. The company is a holding reserved for sale, which is not consolidated in Norfund's group accounts.
  - iv. The portfolio company does not have a right to raise new loans in the period during which Norfund has a holding of more than 49%.
- (3) Norfund shall not make equity contributions to companies and financial institutions in which Norfund incurs liability in excess of contributed equity.

#### **Statute 5 Subsidiaries and jointly controlled joint-venture companies**

- (1) A company in which Norfund and one or more participants control the company through a joint venture agreement is regarded as a jointly controlled joint-venture company.
- (2) The rule in Statute 4 (1) does not apply to Norfund's capital contributions to subsidiaries and jointly controlled joint-venture companies. Nor does Statute 4 (1) apply to jointly controlled joint-venture companies' equity contributions, loans or guarantees to portfolio companies.
- (3) In other respects, the objects, means and limits applying to Norfund's activities shall also apply to the activities Norfund conducts through subsidiaries that are not jointly controlled joint-venture companies.
- (4) When participating in a jointly controlled joint-venture company, Norfund shall ensure that the objects, principles and guidelines laid down for Norfund's activities are observed, and that those of Norfund's investments that are made through a jointly controlled joint-venture company take place in accordance with Statute 9.

#### **Statute 6 Raising of loans**

Norfund and Norfund's subsidiaries may not raise loans; see Section 5 of the Norfund Act. In order to prevent any doubt, it is stressed that this Statute 6 does not apply to jointly controlled joint-venture companies.

#### **Statute 7 Placement of unused resources**

The portion of the resources allocated to Norfund that has not been used for investments etc. shall be placed as interest-bearing accounts in Norges Bank.

**Statute 8 Loan loss provision**

- (1) A loan loss provision equivalent to a minimum of 25% of the capital supplied by the State shall be made from Norfund's equity. The loan loss provision may only be used to cover losses that cannot be covered by other reserves excluding primary capital.
- (2) Norfund's resources shall at all times be placed such that foreseeable losses on investments, including guarantees, can be covered by the loan loss provision and other reserves excluding primary capital.

**Statute 9 The Board of Directors' duty to take action in the event of losses or risk of losses**

If Norfund incurs losses or is at risk of incurring losses that will erode the Fund's primary capital, the Board of Directors shall immediately convene the General Meeting and provide information.

**Statute 10 Geographical scope of activities**

- (1) Norfund's resources may be used in all ODA-approved countries (see the OECD/DAC guidelines) and in those countries in which the Norwegian Storting decides that the business development chapter of the aid budget is to apply. Priority shall be given to sub-Saharan Africa and to least developed countries.
- (2) Norfund may, in special cases, invest through companies located in countries other than those mentioned in the first subsection. This presupposes that a share of the individual company's total investments at least equivalent to Norfund's proportional share of the total capital contribution to the company in question is invested in countries covered by the first subsection. A similar condition applies to investments made through jointly controlled joint-venture companies.

**Statute 11 Sector policy guidelines**

Norfund shall prioritise investment in renewable energy, which over time should account for approximately 60% of capital contributed. Norfund is expected to make investments in high-risk sectors where the development effects are particularly high, including in value chains associated with agriculture and fish farming.

**Statute 12 Ordinary General Meeting**

The following matters shall be dealt with and decided at the Ordinary General Meeting:

- (1) Adopt the annual financial statements and the annual report
- (2) Elect members appointed by the owner and, if relevant, alternates to Norfund's Board of Directors
- (3) Determine the remuneration for members of the Board of Directors
- (4) Elect one or more auditors
- (5) Approve remuneration for the auditor(s)
- (6) Consider the Board's statement on fixing of salaries and other remuneration of leading personnel
- (7) Other relevant matters



**Statute 13 Guidelines and report on remuneration of leading personnel**

Norfund shall comply with Section 6-16a of the Norwegian Public Limited Liability Companies Act, Guidelines on the fixing of salaries and other remuneration of leading personnel in listed companies, Section 6-16b Report on salaries and other remuneration of leading personnel in listed companies, and Regulations relating to guidelines and report on remuneration of leading personnel. Guidelines in accordance with Section 6-16a of the PLLC Act and the regulations shall be submitted for adoption by the General Meeting with effect from 2022. The guidelines shall also contain an account of how the "Government guidelines for executive salaries in companies in which the state has an ownership interest" are complied with in any subsidiaries wholly owned by Norfund. A report on salaries in accordance with Section 6- 16b of the PLLC Act and the regulations shall be submitted to the Ordinary General Meeting with effect from 2023.

**Statute 14 Management of the Climate Investment Fund**

- (1) Norfund is to manage the Climate Investment Fund, see Section 1, fourth paragraph of the Norfund Act. The Climate Investment Fund is to be managed pursuant to special instructions laid down by the Ministry of Foreign Affairs.
- (2) The General Meeting may make decisions concerning the transfer of resources from Norfund's surplus capital to the Climate Investment Fund.

True translation certified:



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