

Annual Report 2022

Gender Equality & Inclusion

Norfund 



Introduction

In Norfund we aim for all employees to feel equally treated regardless of who they are, and at the same time focus on making sure that everyone feels welcome. As stated in our gender position paper: “Norfund will ensure gender balance in recruitment and safeguard equal opportunities for men and women within the organization at all levels. Norfund will furthermore assure equal pay for equal work and aim for gender balance in internal events.”

Strengthening the work on diversity and inclusion through new activity and reporting obligations helps to put the topic on the agenda, make it visible, and ensure that the work conducted is targeted.

To be able to recruit, retain and develop the best people, we need to recruit talent from a wide range and diverse selection. We believe different perspectives make better decisions, and therefore, diversity creates profitability and increased competitiveness.

The first part of this report will give a status update on gender equality, looking into the key figures. In the second part we will investigate some of the work that has been done in 2022, and what areas will be focused on going forward. If not otherwise specified, we are including employees from all six Norfund entities when reporting.

Part 1 – State of gender equality

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

The gender distribution in Norfund is balanced, and by year end 2022, Norfund had 127 employees, including temporary positions. The gender balance was 48% female, which is at the same level as 2021. Historically we have seen a skewed percentage if we split between corporate staff and investment staff, and there is still uneven distribution here. As of year-end 2022 the female share in investment departments was 45%, compared to 41% by year end 2021.

Number of employees with time limited employment contracts

Norfund in general doesn't make use of time limited employment, unless it is to substitute for certain positions on leave, or when special needs occur for a limited time. We also have time limited employment contracts for our internship program. As of end of year 2022 5% of the employees were on temporary contracts, whereof 71% of these were on an internship contract. Out of these 5%, 3% are male and 2% female.

Average number of weeks leave taken in 2022

During the course of the year, men had on average 10,5 weeks of leave, while women had 9,3 weeks. In Norfund we encourage all to share their leave as equally as possible, but we see that the generous leave scheme in Norway gives uneven numbers. Up until now the guideline has been to follow local legislation for all local offices. This means that for some new parents the amount of leave that can be taken could be zero days. From 2023 we are therefore looking at implementing 4 weeks parental leave as a minimum for all Norfund employees outside of Norway.

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 registered. Part-time employment is usually in use when requested by the individual employee, and for 2022 this accounted for 3% of all employees.

Wage differences

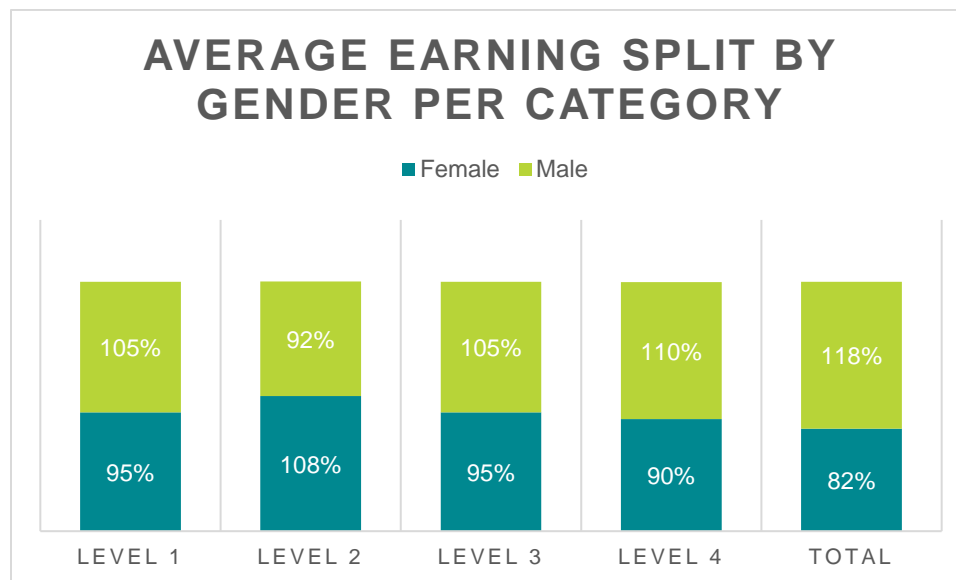
In connection with the annual salary settlement, anonymized salaries of all staff are analyzed together with the trade union.

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 salaried employees (level 4). In addition to these groups, we look at the two main categories of employees, being investment staff and corporate staff.

In total fixed salary and bonus paid in 2022, females on average earned 82 % of men.

When breaking down these numbers, the main findings are that:

- Even though the gender balance for bonus was aligned with the organisation (48% of candidates were women), the largest payments went to male employees in level 2 positions.
- More women are working in administrative positions that in general are lower paid graded jobs.
- The average age for women is lower than for men, with 39,1 for women and 41,6 for men.



As we can see from the table, it is at level 4 we have the biggest discrepancy. However, no systematic pay differences between the genders have been revealed, and salary mainly reflects position, competence, responsibility, and experience.

Gender distribution across various levels

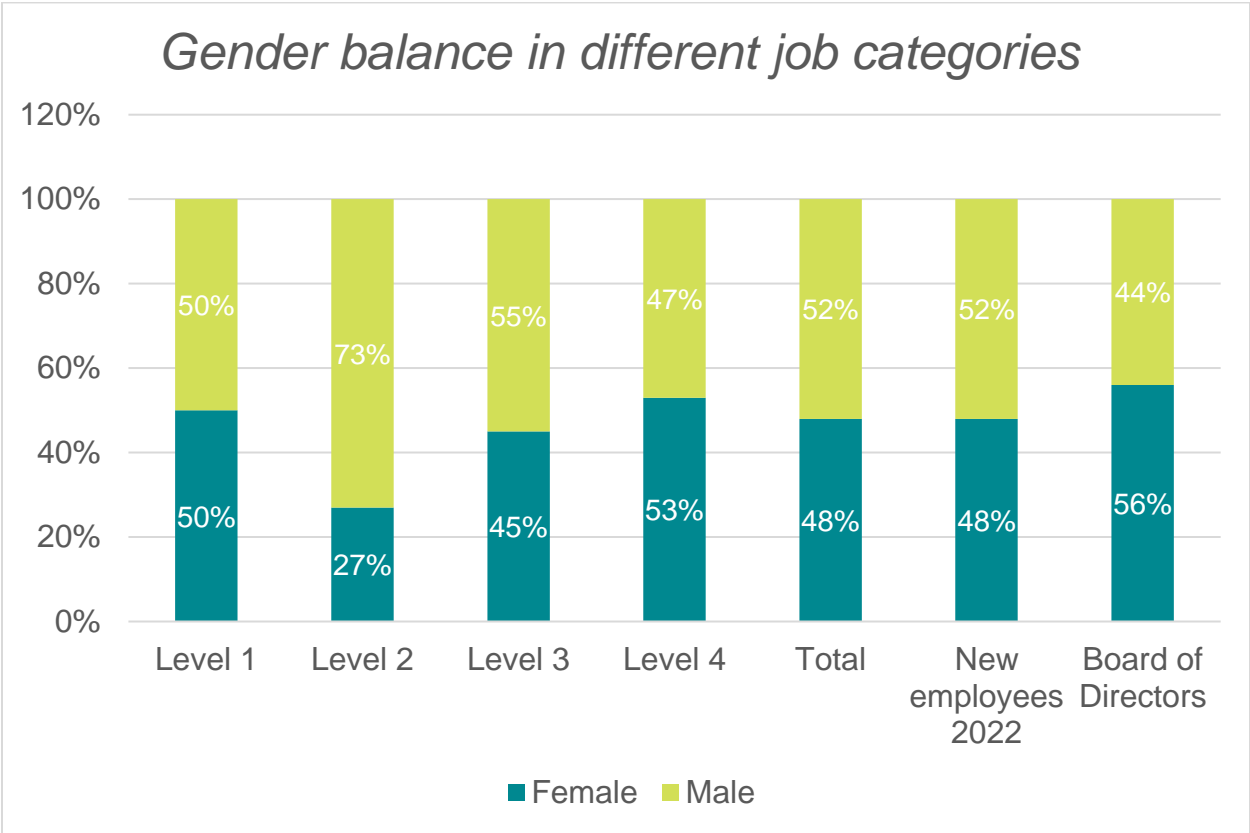
When we look at gender distribution for the various levels, the female share in the executive management team is at 43%. For our Board of Directors 56% are women.

For level two positions, which is the Extended Management Team (excl. level 1), the female share is only 29%. This level was established when the matrix structure was implemented in 2019, and at this time we only had one female represented at this level. As the organisation grows, we need more attention on recruiting and grooming females for these positions.

When looking at employees classified as broader responsibilities either with personnel responsibility or disciplinary expertise (level 3), we see that the female share is at 63%.

While we have job groupings established in Norfund already, as Norfund is growing and becoming more complex when it comes to how we are organised, we see that there is a need to structure position levels to better align across the organisation.

A job structure project has therefore been initiated in 2023 to reflect this, where HR together with an external consultant will design the structure for both investment- and corporate personnel.



Part 2 – Our work to promote equality and combat discrimination

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 general career development.

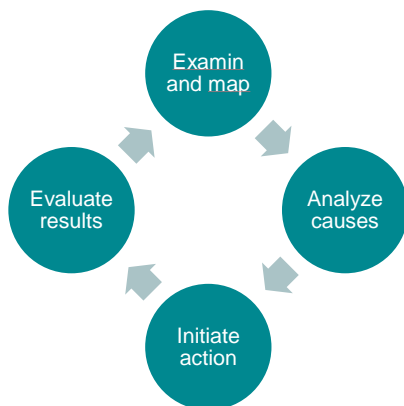
In Norfund the HR Policy is setting the overall principles for all employees. In this policy we highlight the importance of Norfund's mandate to assist in building sustainable businesses and industries in developing countries. We acknowledge that we have a complicated mandate, and to meet this our most valuable resource is our employees.

The HR policy is based on key principles in our Code of Conduct, where inclusion is the foundation in two of these principles:

- Treat every person with respect, tolerance, and dignity (regardless of gender, gender identity and expression, race, colour, national or ethnical origin, religious belief, sexual orientation, political views, customs, age or disability)
- Norfund shall maintain an environment of openness, allowing employees to freely discuss dilemmas without fear of reprisal

As part of the onboarding process, all employees sign off that they have read and understood the Code of Conduct. The Code of Conduct addresses the objective of the Equality and Discrimination Act and includes guidelines aimed at preventing discrimination on the grounds of such as ethnicity, nationality, heritage, skin colour, language, religion, or beliefs. All employees must read and sign off the Code of Conduct every year.

Work with diversity



Working on issues relating to diversity and inclusion should follow a four-step model 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 in on 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 foras for discussion on employee wellbeing and inclusion, are the Work Environment Committee and the quarterly meetings with our trade union representatives.

The Norfund Way

Culture and corporate identity have a strong foundation in the Norfund mandate and mission. When asked about the Norfund culture, many employees said that they perceive the Norfund culture as good, but that it is not clearly communicated what our desired corporate culture is, and if there are any common

standards for our attitude and behavior when working for Norfund. In 2022 we therefore launched a new cultural platform, called The Norfund Way.

The Norfund Way consists of five layers, where we first start with **Me**, and How I act as an individual. After that we look at the **Work**, how I perform my work. The third layer is the **Team**, which focuses on How I interact with my colleagues. **Leadership** comes next, looking into How to lead or set a good example as a role model. Finally, there is the greater **Community** – How do we interact with the community.

Based on this, a selection of five action driven values were chosen for Norfund's cultural platform:

- Me: Be courageous
- Work: Serve the mandate
- Team: Be kind
- Leadership: Walk the talk
- 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 hope to foster an open and honest feedback culture, where all employees have the courage to speak up.

Employee Engagement Survey

To uncover how the status is for diversity and inclusion is in Norfund, we decided at the start of 2022 to move away from the traditional employee engagement surveys conducted every other year, to a pulse survey method. By sending more frequent and short surveys, we hope to be better able to take the temperature of the organisation, and make sure that results are set on the agenda for each team throughout the year. These pulses are our main tool for looking into issues relating to discrimination.

In 2022 we sent out two pulse surveys, where we included questions on general employee wellbeing, stress management, and also discrimination in the workplace related to gender, sexual orientation, age, racial or ethnic origin and disability.

The results from the surveys confirmed that the great majority of our employees experience Norfund as workplace free of discrimination. However, a small but important minority reported either "yes" or "not sure" on the question whether they had experienced discrimination at work.

HR as well as the management team has encouraged employees to come forward with any incidents that should be addressed, but no concrete incidents has surfaced. The result was also addressed in the working environment committee, and a HR representative participated in some departmental discussion on the survey results. Based on the discussion in these fora it seems that some of the concern is unconscious biases and not being aware how comments might be interpreted differently by different audiences. Further insight is needed to make concrete measures.

For 2023 we have therefore decided to conduct an in-depth survey focusing solely on diversity and inclusiveness, and with this gather sufficient facts to be able to initiate the most effective and targeted actions.

Obstacles to equality

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

Recruitment

In 2022 we had 23 new employees, where 48% of these were female. Out of these 23 there's 9 different nationalities.

For all recruitment processes initiated, our guideline is that at least both genders shall be represented for the first round of interviews. But ultimately, we hire the candidate with the best qualifications for the job, regardless of gender, age or race.

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 2022 we had 24 nationalities represented globally, and we are seeing a positive growth in nationality diversity also in the Oslo office.

Further to this, all our job postings clearly states that Norfund wishes to reflect the diversity in the society and encourages all qualified candidates to apply.

Employee development

In 2022 33% of the candidates who earned a promotion were women. We strive to have a neutral and consolidated approach to the promotion process, where candidates are nominated by the immediate manager, and the Management Team consolidates across disciplines and managers. Promotion candidates are then evaluated by at least one peer and their manager, and by someone more junior if there are any.

Seeing that there is not so clear career progression for corporate staff, getting distinct role descriptions for all levels of the organisation is one area that we will focus on going forward. It is important to ensure that it is clearer for the employees to see career paths, as well as for managers and HR to ensure that we have a neutral approach in assessing candidates.

Going forward

To better understand and address diversity & inclusion in Norfund, we will for the first Extended Management (EMT) summit of 2023 have Inclusive Leadership on the agenda, facilitated by an external expert. Setting the topic on the agenda is the first step, and educating our management on this important topic will make for better discussions within each team.

We will also look into if we will launch a course for a wider audience following this first workshop, where the focus will be on inclusion and what unconscious bias can do.

HR will continue to focus on transparency for all processes regarding both recruitments, bonuses, promotion and following up on results from employee engagement pulse surveys throughout the year.