

<b>Policy</b>	 <b>Norfund</b>		
<b>Issued by:</b>	<b>Approved by:</b>	<b>Originally issued:</b>	<b>Revision date:</b>
Legal Department	Board of Directors	24.09.2020	20.06.2023

# Norfund Business Integrity Policy

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## 1. Introduction

*Norfund works actively against and has a zero-tolerance approach to corruption, money laundering, financing of terrorism and any other form of economic crime.*

*Norfund is dedicated to promoting integrity, transparency, and accountability through our business dealings, and requires high standards of Business Integrity from its employees (full-time, part-time and temporary), board members, board and committee members assigned to portfolio companies and others who act on behalf of Norfund (“Norfund Representatives”). We require the same high standards from our investees, suppliers, intermediaries and other business partners (“Norfund Partners”).*

*Further guidance on appropriate procedures and tools for handling Business Integrity matters can be found in the Norfund Investment Manual (the “Investment Manual”). Any questions regarding this Policy shall be addressed to your line manager or Norfund’s Legal Department.*

## 2. Accountability

### 2.1 Norfund Representatives

This Business Integrity Policy (this “Policy”) shall be annually acknowledged in writing by all Norfund Representatives, and all Norfund Representatives shall:

- Familiarize themselves with and comply with this Policy
- Ensure that Norfund’s investments and/or operational activities are executed in accordance with this Policy and that these requirements and expectations are made clear to all relevant Norfund Partners. When entering into legal agreements with Norfund Partners, appropriate Business Integrity compliance provisions shall be included
- Carefully observe the applicable provisions in this Policy and endeavor to implement its principles in the companies where they represent or otherwise act on behalf of Norfund
- Report any violations of this Policy, including agreed Business Integrity provisions, in accordance with the [Whistleblowing and Incident Standard](#).

Failure to comply with Norfund’s Business Integrity Policy, Code of Conduct, other Governance Framework or applicable laws and regulations may result in internal disciplinary actions, dismissal or reporting to the relevant authorities.

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## 2.2 Norfund Partners

All Norfund Partners are expected to comply with applicable laws and regulations as well as the Business Integrity provisions relevant to their activities, and as agreed between Norfund and the respective Norfund Partner.

Norfund 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 as agreed between the parties.

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

## 2.3 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.

## 2.4 Violations

Norfund shall promptly and without exception act upon a perceived or actual occurrence of a breach of this Policy by Norfund Representatives, Partners or other external parties, including any agreed Business Integrity provisions. Any perceived or actual violations shall be properly documented, duly reported within or to Norfund and, when appropriate, to the Board of Directors, the Ministry of Foreign Affairs and relevant authorities.

To the extent possible, Norfund 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. Applicable laws

Norfund, Norfund Representatives and Partners are subject to various 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 as well as other economic crime. If there are differences between applicable laws and regulations and Norfund's Business Integrity Policy, we seek to follow the highest standard.

## 4. Prohibited Practices

Norfund, Norfund Representatives shall never engage in or contribute to any form of illegal or unethical activities, including, but not limited to, the Prohibited Practices defined in this section 4.

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

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- 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 (“**active bribery**”). Active bribery includes situations where an advantage is provided with the knowledge or suspicion that receipt is prohibited, as well as situations where there is an intention to improperly influence or reward improper conduct;

*\*In respect of companies, active bribery may be direct, through an officer, employee or subsidiary of the company, or indirect, through an intermediary or any third party (individual or corporate) acting on the company’s behalf*

- 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 (“**passive bribery**”);
- 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**”);
- d) requesting, accepting or receiving, for oneself, or others, an improper advantage in return for influencing or attempting to influence the conduct of another person's position, office or assignment or giving, offering or promising any person an improper advantage in return for influencing or attempting to influence the conduct of another person's position, office or performance of an assignment (usually called “**trading in influence**”); or
- e) the abuse of entrusted power or position for private or improper gain.

“**Extortion payments**” are payments made upon request, when the request is accompanied by credible imminent threats to life, safety, health, property or other interests.

“**Money Laundering**” typically means:

- a) any transaction involving the acquisition, use, possession, control, concealment, disguise, conversion or transfer of any property — including money and all other forms of property, such as shares or legal rights — that constitutes or represents the benefit of criminal activity by any person in any location, including any Corrupt Practices; or
- b) any transaction that facilitates the acquisition, use, possession, control, concealment, disguise, conversion or transfer of any such property by or on behalf of another person.

“**Financing of Terrorism**” is generally defined as:

- a) providing, receiving, sending, procuring or raising money other property;

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- b) inviting another person or entity to provide, receive, send, procure or raise money or other property; or
- c) entering into an arrangement as a result of which money or other property is made available to another person,

with the intention, knowledge, or reasonable cause to suspect that the money or other property, wholly or partly, should, will, or may be used for the purposes of terrorism. Financing of terrorism does not necessarily require the provision of funds to a proscribed terrorist organization.

## 5. Risk Assessment

Norfund's Compliance & Legal Counsel has been delegated the responsibility to manage the Compliance System which seeks to prevent, detect and mitigate Compliance/Business Integrity risks in Norfund. The Compliance & Legal Counsel shall manage these risks in accordance with Norfund's Enterprise Risk Management Framework.

Norfund's Compliance & Legal Counsel shall further develop and maintain a Compliance/Business Integrity Risk Assessment of the investment portfolio, that shall form the basis of Norfund's Business Integrity Due Diligence routines as well as the Business Integrity Risk Classification of investments.

## 6. Risk classification

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 Representatives and Partners are able to meet the Business Integrity standards set out in this Policy.

For risk classifications of Norfund's investments, the IDD shall follow the guidelines provided in the Investment Manual. Potential Norfund Partners are expected to contribute to Norfund's IDD by completing partner risk assessment questionnaires (KYC) as outlined in the Investment Manual.

If any red flags are identified during an IDD, Norfund shall only enter into a business relationship with such Norfund Representative or Partner after becoming comfortable that the identified risks can be (i) adequately mitigated and (ii) that appropriate mechanisms have been put in place to that effect.

The findings from the IDDs shall be properly documented and stored in accordance with applicable laws and Norfund requirements provided in the Investment Manual (for Norfund's investments) and requirements in Norfund's Governance Framework (for other IDDs).

## 7. 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 4 above. Norfund Representatives shall act with particular care when engaging intermediaries and monitoring their activities.

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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.

## **8. Facilitation and Extortion payments**

Norfund Representatives and Partners are not allowed, under any circumstances, to make or encourage any facilitation payment, independently of 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 life, health or safety. However, when possible and considered safe, Norfund Representatives and Partners shall refuse to make Extortion payments.

## **9. Gifts and hospitality**

Norfund has a zero tolerance for corruption and does not tolerate giving, offering or receiving gifts or hospitalities that could be interpreted as intending to influence business decisions. Gifts and hospitality may never be offered or received in situations of contract negotiation, bidding or award, or in relation to any public or governmental decision making. Monetary gifts are never acceptable regardless of culture or occasion.

Further requirements are set out in [Norfund's Gifts & Hospitality Standard](#) and shall be adhered to by all Norfund Representatives. Norfund Partners are expected to have appropriate Gifts and hospitality guidelines implemented.

## **10. Sanctions**

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

## **11. Responsible Tax Behavior**

Norfund recognizes that tax receipts are fundamental to the ability of governments to stimulate sustainable development. Appropriate, prudent and transparent tax behavior is therefore a key component of our corporate responsibility, and the expectations of Norfund and our investees are outlined in [Norfund's Responsible Tax Policy](#).

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

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## **12. Competition Compliance**

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.

## **13. Data protection and confidentiality**

Norfund shall conduct its activities in accordance with applicable data protection and confidentiality laws and regulations.

Norfund Representatives shall undertake not to disclose any sensitive or confidential information pertaining to Norfund, Norfund Partners or potential investees and not to trade on or otherwise misuse sensitive information obtained through the employment in or engagements for Norfund. Further requirements are set out in Norfund's Code of Conduct, IT User Requirements and the respective employment or assignment contract.

## **14. Whistleblowing and incident reporting**

Norfund encourages the reporting of any actual, potential, perceived or alleged violation of this Policy, Norfund's Code of Conduct, adopted Governance Framework, applicable laws and regulations and generally accepted ethical norms. All Norfund employees (full-time, part-time and temporary) have a right and a duty to report concerns in line with Norfund's [Whistleblowing and Incident Standard](#). Such reporting is also encouraged via Norfund's external [Whistleblowing channel](#), which is open for anyone and caters for anonymous reporting to Norfund.