



PRIVATE TRANSPARENCY REPORT

2024

Norfund

Generated 25-11-2024

About this report

PRI reporting is the largest global reporting project on responsible investment. It was developed with investors, for investors. PRI signatories are required to report publicly on their responsible investment activities each year. In turn, they receive a number of outputs, including a public and private Transparency Report.

The private Transparency Reports, which are produced using signatories' reported information, support signatories to have internal discussions about their practices. Signatories can also choose to make these available to clients, beneficiaries, and other stakeholders.

This private Transparency Report is an export of your responses to the PRI Reporting Framework during the 2024 reporting period. It includes all responses (public and private) to core and plus indicators.

In response to signatory feedback, the PRI has not summarised your responses – the information in this document is presented exactly as it was reported.

For each of the indicators in this document, all options that you selected are presented, including links and qualitative responses. In some indicators, all applicable options are included for additional context.

Disclaimers

Legal Context

PRI recognises that the laws and regulations to which signatories are subject differ by jurisdiction. We do not seek or require any signatory to take an action that is not in compliance with applicable laws. All signatory responses should therefore be understood to be subject to and informed by the legal and regulatory context in which the signatory operates.

Responsible investment definitions

Within the PRI Reporting Framework Glossary, we provide definitions for key terms to guide reporting on responsible investment practices in the Reporting Framework. These definitions may differ from those used or proposed by other authorities and regulatory bodies due to evolving industry perspectives and changing legislative landscapes. Users of this report should be aware of these variations, as they may impact interpretations of the information provided.

Data accuracy

This document presents information reported directly by signatories in the 2024 reporting cycle. This information has not been audited by the PRI or any other party acting on its behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented.

The PRI has taken reasonable action to ensure that data submitted by signatories in the reporting tool is reflected in their official PRI reports accurately. However, it is possible that small data inaccuracies and/or gaps remain, and the PRI shall not be responsible or liable for such inaccuracies and gaps.

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SENIOR LEADERSHIP STATEMENT (SLS)

SENIOR LEADERSHIP STATEMENT

SENIOR LEADERSHIP STATEMENT

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SLS 1	CORE	N/A	N/A	PUBLIC	Senior Leadership Statement	GENERAL

Section 1. Our commitment

- Why does your organisation engage in responsible investment?
- What is your organisation's overall approach to responsible investment, and what major responsible investment commitment(s) have you made?

Responsible investment is at the core of Norfund's existence. Norfund - the Norwegian Investment Fund for Developing Countries - is fully owned and funded by the Norwegian Government and is the Government's most important tool for strengthening the private sector in developing countries, and for reducing poverty.

Norfund's mandate is defined by the Norfund Act of 1997. The Act states that Norfund's role is to assist in building sustainable businesses and industries in developing countries by providing equity capital and other risk capital. The statutes state that "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."

Norfund's mission is to create jobs and improve lives by investing in businesses that drive sustainable development.

Norfund's 2019-2022 strategy has proven resilient even in unprecedented circumstances, exhibiting flexibility in adapting to the challenges of developing markets. We achieved record commitments every year and supported our investees through difficult periods.

From May 2022, Norfund has managed The Climate Investment Fund on behalf of the Ministry of Foreign Affairs in Norway. Norfund hence manages two mandates. The current strategy that was approved by the Norfund board in December 2022, valid for the period 2023-2026, is anchored in the fund's mandate, informed by the UN Sustainable Development Goals, and reflective of the priorities of the Norwegian government's development assistance policy. The strategy for the climate investment mandate is to help developing countries build their economy on the backbone of renewable energy. The Climate Investment Fund will allocate 10 billion NOK from 2022-2027 to invest in renewable energy and low carbon technologies.

At the heart of the strategy for the development mandate are the four investment areas, appr. 30 core investment countries, quantified impact ambitions for each investment area and portfolio KPIs to ensure additionality. Norfund has defined four investment areas where the potential for development impact is substantial and that are aligned with the SDGs: renewable energy, financial inclusion, green infrastructure, and scalable enterprises. Similarly, our investment countries are selected based on our ability to create impact and the underlying development needs in each country. Norfund's main investment region is Sub-Saharan Africa. Norfund also invests in selected countries in Asia and Latin America. Norfund provides growth capital in the form of equity, debt and fund investments. Preference is given to equity investments as this is the scarcest type of capital.

Appropriate Environmental & Social (E&S) measures reduce risk to workers, the environment and local communities and provide business benefits which increase our impact. The assessment of development impact and E&S performance covers our full portfolio.

Norfund's Environmental, Social and Governance (ESG) Policy is approved by the Board of Directors. The policy sets direction for Norfund's E&S work and presents our sustainability commitments and the main standards we use in our work. The policy describes how we work to identify, assess and manage the environmental and social risks associated with the operations of our clients, and provides an overview of the cross-cutting issues that guide our work. The four cross-cutting areas that need to be considered in all Norwegian development assistance projects are Climate & Environment, Gender Equality, Human Rights and Corruption Prevention. The management of environmental and social risks is an integral part of Norfund's investment process. The IFC Performance Standards for Environmental and Social Sustainability and the World Bank Group Environmental, Health and Safety Guidelines are the main standards for operationalising Norfund's responsible investment commitments. These standards are globally recognised benchmarks for environmental and social risk management in the private sector.

The eight Performance Standards define clients' responsibilities for managing environmental and social risks, including:

1. Assessment and Management of Environmental and Social Risks and Impacts
2. Labour and Working Conditions
3. Resource Efficiency and Pollution Prevention
4. Community Health, Safety and Security
5. Land Acquisition and Involuntary Resettlement
6. Biodiversity Conservation and Sustainable Management of Living Natural Resources
7. Indigenous Peoples
8. Cultural Heritage

The ESG policy also sets direction for Norfund's work related to governance. A key part of Norfund's added value as an investor is to ensure that appropriate governance requirements, practices and processes are in place.

Section 2. Annual overview

- Discuss your organisation's progress during the reporting year on the responsible investment issue you consider most relevant or material to your organisation or its assets.
- Reflect on your performance with respect to your organisation's responsible investment objectives and targets during the reporting year. Details might include, for example, outlining your single most important achievement or describing your general progress on topics such as the following (where applicable):
 - refinement of ESG analysis and incorporation
 - stewardship activities with investees and/or with policymakers
 - collaborative engagements
 - attainment of responsible investment certifications and/or awards

Governance

Norfund began a significant overhaul of our Environmental and Social Management System (ESMS) in 2020. This work was concluded in early 2023 and our focus for the rest of the year was on ensuring effective implementation within the investment departments and onboarding new team members. The ESMS has provided us with a better methodology for the systematic follow-up of E&S in the investment portfolios and a significantly improved overview of the portfolio's E&S risk profile.

Environmental and Social Management System

Norfund's Environmental and Social Management System (ESMS) contains four parts; (i) an ESG policy, (ii) an overview of Roles and Responsibilities related to E&S, (iii) Procedures for E&S Risk Management and (iv) Performance Management indicators. The ESMS is based on good industry practice and seeks to formalize existing Norfund practices, harmonise work across Norfund's departments and geographies, and improve E&S risk management through regular monitoring.

The ESG policy outlines the key elements of our E&S work:

- We incorporate appraisal of E&S risks into our analysis and decision-making processes
- We require the companies we invest in to adhere to high standards
- We monitor and promote environmental and social performance throughout our investment period
- We work to improve capacity and competence
- We promote transparency and disclosure of performance

The ESMS describes Roles and Responsibilities relating to E&S risk management, including governance, oversight, and E&S day-to-day working practices. Our E&S training programme for investment staff was strengthened in 2022-2023, and now contains modules on ESMS, the IFC PS and how to identify environmental, health and safety issues on site-visits. Ensuring sufficient specialist E&S resources is important as Norfund continues to grow, and regular monitoring of E&S resource capacity has been introduced. As a result, two additional positions have been added in 2023, increasing the size of the specialist team to 12 permanent positions. We have now reached a capacity and mix of competence that will enable us to better support portfolio companies improving their E&S risk management systems post-investment and advance thematic priorities. Having E&S specialists in each regional office enables us to add value through regular engagement and site visits.

The E&S Procedures describe the actions that must be implemented throughout the project cycle to identify, assess, and manage the E&S risks associated with the operations of our clients. As a Development Finance Institution and a member of the EDFI network, we follow the standards and exclusions lists harmonised within the EDFI community. The procedures are based on EDFI's Harmonised E&S standards.

Performance Management: Norfund is monitoring performance at two levels:

- Norfund level: A set of KPIs for the different stages of the investment cycle on E&S related issues has been introduced, and these are closely followed-up and reported on to the management team and to the Norfund board.
- Investee level: Norfund introduced a new system for monitoring investees' E&S performance in 2022, which was implemented throughout 2023. The system enables us to gain overview of E&S risk and performance at project, department and portfolio level, analyse changes over time and identify strategic focus areas. Each investee's E&S risk management performance is rated annually on a four-point scale (poor, needs improvement, adequate, strong) based on five criteria. Follow-up actions are determined based on the level of risk and performance.

Business Integrity

Norfund has adopted a governance framework consisting of overarching policies adopted by our Board of Directors, relevant underlying guidelines and requirements approved by the management, and detailed procedures and templates to help ensure compliance and consistency throughout the organization. The governance framework underwent a major overhaul in 2020 and implementation efforts continued throughout 2023. The governance framework is regularly reviewed to make sure it is up to date and relevant. In 2023, Norfund further updated the Code of Conduct, Business Integrity Policy, IT requirements and other underlying steering documents. Changes to streamline and enhance Norfund's internal systems and reporting were also implemented, both in relation to the overall governance framework and corresponding working procedures, as well as Business Integrity incident reporting. An assessment of Norfund's whistleblowing channel against the Norwegian Working Environment Act was conducted by a consultancy firm in 2023, which provided valuable input into further enhancing Norfund's whistleblowing channel and working procedures.

Section 3. Next steps

- What specific steps has your organisation outlined to advance your commitment to responsible investment in the next two years?

In the next two years, Norfund will first and foremost continue our focus on delivering on our two mandates: the development mandate and the climate mandate by carrying out the strategy for the period 2023-26. Compared to the last strategy period we aim to strengthen catalysation of private capital to developing countries and have a more systematic approach to circulating capital. Our work on climate will also be strengthened and is an important priority during the next four years.

To succeed, good implementation and continuous improvement of our ESMS is key. A key deliverable for 2024 is the update of the Policy for E&S Sustainability. Implementation of the policy and monitoring of such will be captured in Norfund's ESMS. Certain procedures and tools will be updated to fit with the updated policy.

Regular reviews of E&S risk and performance at department and Norfund level are also planned to ensure that projects with the highest residual risk gets sufficient attention.

The E&S team is currently working on strengthening our approach to several thematic areas, including Client Protection and GBVH, which are key priorities for 2024. Implementing a Business Support project on road safety management is another key priority for 2024. Lastly, business integrity is a priority for the coming period. Norfund will continue to develop our business integrity procedures and ensure implementation throughout the organisation as well as monitor and follow-up business integrity incidents related to our investments.

Section 4. Endorsement

'The Senior Leadership Statement has been prepared and/or reviewed by the undersigned and reflects our organisation-wide commitment and approach to responsible investment'.

Name

Tellef Thorleifsson

Position

Chief Executive Officer

Organisation's Name

Norfund

A

'This endorsement applies only to the Senior Leadership Statement and should not be considered an endorsement of the information reported by the above-mentioned organisation in the various modules of the Reporting Framework. The Senior Leadership Statement serves as a general overview of the above-mentioned organisation's responsible investment approach. The Senior Leadership Statement does not constitute advice and should not be relied upon as such. Further, it is not a substitute for the skill, judgement and experience of any third parties, their management, employees, advisors and/or clients when making investment and other business decisions'.

B

ORGANISATIONAL OVERVIEW (OO)

ORGANISATIONAL INFORMATION

REPORTING YEAR

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 1	CORE	N/A	N/A	PUBLIC	Reporting year	GENERAL

What is the year-end date of the 12-month period you have chosen to report for PRI reporting purposes?

	Date	Month	Year
Year-end date of the 12-month period for PRI reporting purposes:	31	12	2023

SUBSIDIARY INFORMATION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 2	CORE	N/A	OO 2.1	PUBLIC	Subsidiary information	GENERAL

Does your organisation have subsidiaries?

- (A) Yes
- (B) No

ASSETS UNDER MANAGEMENT

ALL ASSET CLASSES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 4	CORE	OO 3	N/A	PUBLIC	All asset classes	GENERAL

What are your total assets under management (AUM) at the end of the reporting year, as indicated in [OO 1]?

USD

(A) AUM of your organisation, including subsidiaries, and excluding the AUM subject to execution, advisory, custody, or research advisory only

US\$ 3,494,060,819.00

(B) AUM of subsidiaries that are PRI signatories in their own right and excluded from this submission, as indicated in [OO 2.2]

US\$ 0.00

(C) AUM subject to execution, advisory, custody, or research advisory only

US\$ 0.00

Additional information on the exchange rate used: (Voluntary)

Total committed portfolio CIM+DIM, USD rate 31.12.2023

ASSET BREAKDOWN

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5	CORE	OO 3	Multiple indicators	PRIVATE	Asset breakdown	GENERAL

Provide a percentage breakdown of your total AUM at the end of the reporting year as indicated in [OO 1].

	(1) Percentage of Internally managed AUM	(2) Percentage of Externally managed AUM
(A) Listed equity	0%	0%
(B) Fixed income	30%	0%
(C) Private equity	45%	25%
(D) Real estate	0%	0%
(E) Infrastructure	0%	0%
(F) Hedge funds	0%	0%
(G) Forestry	0%	0%
(H) Farmland	0%	0%
(I) Other	0%	0%
(J) Off-balance sheet	0%	0%

ASSET BREAKDOWN: EXTERNALLY MANAGED ASSETS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5.2	CORE	OO 5, OO 5.1	SAM 3, SAM 8	PRIVATE	Asset breakdown: Externally managed assets	GENERAL

Provide a breakdown of your organisation's externally managed AUM between segregated mandates and pooled funds or investments.

	(1) Segregated mandate(s)	(2) Pooled fund(s) or pooled investment(s)
(E) Private equity	0%	100%

ASSET BREAKDOWN: INTERNALLY MANAGED FIXED INCOME

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5.3 FI	CORE	OO 5	Multiple	PRIVATE	Asset breakdown: Internally managed fixed income	GENERAL

Provide a further breakdown of your internally managed fixed income AUM.

(A) Passive – SSA	0%
(B) Passive – corporate	0%
(C) Active – SSA	0%
(D) Active – corporate	100%
(E) Securitised	0%
(F) Private debt	0%

ASSET BREAKDOWN: INTERNALLY MANAGED PRIVATE EQUITY

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5.3 PE	CORE	OO 5	N/A	PRIVATE	Asset breakdown: Internally managed private equity	GENERAL

Provide a further breakdown of your internally managed private equity AUM.

(A) Venture capital 2%

(B) Growth capital 89%

(C) (Leveraged) buy-out 0%

(D) Distressed, turnaround or
special situations 0%

(E) Secondaries 9%

(F) Other 0%

MANAGEMENT BY PRI SIGNATORIES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 6	CORE	OO 5	N/A	PRIVATE	Management by PRI signatories	GENERAL

What percentage of your organisation's externally managed assets are managed by PRI signatories?

20%

GEOGRAPHICAL BREAKDOWN

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 7	CORE	Multiple, see guidance	N/A	PUBLIC	Geographical breakdown	GENERAL

How much of your AUM in each asset class is invested in emerging markets and developing economies?

AUM in Emerging Markets and Developing Economies

(C) Fixed income – corporate	(11) >90 to <100%
(F) Private equity	(11) >90 to <100%

STEWARDSHIP

STEWARDSHIP

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 8	CORE	Multiple, see guidance	Multiple indicators	PUBLIC	Stewardship	GENERAL

Does your organisation conduct stewardship activities, excluding (proxy) voting, for any of your assets?

	(3) Fixed income - active	(5) Private equity
(A) Yes, through internal staff	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) Yes, through service providers	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(C) Yes, through external managers	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(D) We do not conduct stewardship	<input type="radio"/>	<input type="radio"/>

ESG INCORPORATION

INTERNALLY MANAGED ASSETS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 11	CORE	Multiple, see guidance	Multiple indicators	PUBLIC	Internally managed assets	1

For each internally managed asset class, does your organisation incorporate ESG factors, to some extent, into your investment decisions?

(1) Yes, we incorporate ESG factors into our investment decisions

(2) No, we do not incorporate ESG factors into our investment decisions

(F) Fixed income - corporate



(I) Private equity



EXTERNAL MANAGER SELECTION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 12	CORE	OO 5, OO 5.1	Multiple indicators	PUBLIC	External manager selection	1

For each externally managed asset class, does your organisation incorporate ESG factors, to some extent, when selecting external investment managers?

(1) Yes, we incorporate ESG factors when selecting external investment managers

(2) No, we do not incorporate ESG factors when selecting external investment managers

(E) Private equity



EXTERNAL MANAGER APPOINTMENT

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 13	CORE	OO 5, OO 5.1	Multiple indicators	PUBLIC	External manager appointment	1

For each externally managed asset class, does your organisation incorporate ESG factors, to some extent, when appointing external investment managers?

(1) Yes, we incorporate ESG factors when appointing external investment managers

(2) No, we do not incorporate ESG factors when appointing external investment managers

(E) Private equity



EXTERNAL MANAGER MONITORING

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 14	CORE	OO 5, OO 5.1	Multiple indicators	PUBLIC	External manager monitoring	1

For each externally managed asset class, does your organisation incorporate ESG factors, to some extent, when monitoring external investment managers?

(1) Yes, we incorporate ESG factors when monitoring external investment managers

(2) No, we do not incorporate ESG factors when monitoring external investment managers

(E) Private equity



ESG STRATEGIES

FIXED INCOME

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 17 FI	CORE	OO 5.3 FI, OO 11	Multiple, see guidance	PRIVATE	Fixed income	1

Which ESG incorporation approach and/or combination of approaches does your organisation apply to your internally managed active fixed income?

(2) Fixed income - corporate

(A) Screening alone	0%
(B) Thematic alone	0%
(C) Integration alone	0%
(D) Screening and integration	0%
(E) Thematic and integration	0%
(F) Screening and thematic	0%
(G) All three approaches combined	100%
(H) None	0%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 17.1 FI	CORE	OO 17 FI	N/A	PRIVATE	Fixed income	1

What type of screening does your organisation use for your internally managed active fixed income where a screening approach is applied?

(2) Fixed income - corporate

(A) Positive/best-in-class screening only	0%
(B) Negative screening only	0%
(C) A combination of screening approaches	100%

ESG/SUSTAINABILITY FUNDS AND PRODUCTS

LABELLING AND MARKETING

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 18	CORE	OO 11–14	OO 18.1	PUBLIC	Labelling and marketing	1

Do you explicitly market any of your products and/or funds as ESG and/or sustainable?

- (A) Yes, we market products and/or funds as ESG and/or sustainable
- (B) No, we do not offer products or funds explicitly marketed as ESG and/or sustainable
- (C) Not applicable; we do not offer products or funds

Additional information: (Voluntary)

As a DFI, Norfund is fully funded by the Ministry of Foreign Affairs in Norway, and we do not offer products as such.

THEMATIC BONDS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 20	CORE	OO 17 FI	FI 15, FI 17	PRIVATE	Thematic bonds	1

What percentage of your total environmental and/or social thematic bonds are labelled by the issuers in accordance with industry-recognised standards?

Percentage of your total environmental and/or social thematic bonds labelled by the issuers

(A) Green or climate bonds	0%
(B) Social bonds	0%
(C) Sustainability bonds	0%
(D) Sustainability-linked bonds	0%
(E) SDG or SDG-linked bonds	0%
(F) Other	100%
(G) Bonds not labelled by the issuer	0%

(F) Other - Specify:

None of the above. We do not invest in certified thematic bonds or non-labelled thematic bonds.

SUMMARY OF REPORTING REQUIREMENTS

SUMMARY OF REPORTING REQUIREMENTS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 21	CORE	Multiple indicators	Multiple indicators	PUBLIC	Summary of reporting requirements	GENERAL

The following table shows which modules are mandatory or voluntary to report on in the separate PRI asset class modules. Where a module is voluntary, indicate if you wish to report on it.

Applicable modules	(1) Mandatory to report (pre-filled based on previous responses)	(2.1) Voluntary to report. Yes, I want to opt-in to reporting on the module	(2.2) Voluntary to report. No, I want to opt-out of reporting on the module
Policy, Governance and Strategy	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Confidence Building Measures	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
(X) External manager selection, appointment and monitoring (SAM) – private equity	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

SUBMISSION INFORMATION

REPORT DISCLOSURE

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 32	CORE	OO 3, OO 31	N/A	PUBLIC	Report disclosure	GENERAL

How would you like to disclose the detailed percentage figures you reported throughout the Reporting Framework?

- (A) Publish as absolute numbers
- (B) Publish as ranges

POLICY, GOVERNANCE AND STRATEGY (PGS)

POLICY

RESPONSIBLE INVESTMENT POLICY ELEMENTS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 1	CORE	OO 8, OO 9	Multiple indicators	PUBLIC	Responsible investment policy elements	1, 2

Which elements are covered in your formal responsible investment policy(ies)?

- (A) Overall approach to responsible investment
- (B) Guidelines on environmental factors
- (C) Guidelines on social factors
- (D) Guidelines on governance factors
- (E) Guidelines on sustainability outcomes
- (F) Guidelines tailored to the specific asset class(es) we hold
- (G) Guidelines on exclusions
- (H) Guidelines on managing conflicts of interest related to responsible investment
- (I) Stewardship: Guidelines on engagement with investees
- (J) Stewardship: Guidelines on overall political engagement
- (K) Stewardship: Guidelines on engagement with other key stakeholders
- (M) Other responsible investment elements not listed here
- (N) Our organisation does not have a formal responsible investment policy and/or our policy(ies) do not cover any responsible investment elements

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 2	CORE	PGS 1	Multiple, see guidance	PUBLIC	Responsible investment policy elements	1

Does your formal responsible investment policy(ies) include specific guidelines on systematic sustainability issues?

- (A) Specific guidelines on climate change (may be part of guidelines on environmental factors)
 - (B) Specific guidelines on human rights (may be part of guidelines on social factors)
 - (C) Specific guidelines on other systematic sustainability issues
- Specify:
- protection of biodiversity and ecosystems, diversity and gender equality, client and consumer protection
- (D) Our formal responsible investment policy(ies) does not include guidelines on systematic sustainability issues

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 3	CORE	PGS 1, PGS 2	N/A	PUBLIC	Responsible investment policy elements	6

Which elements of your formal responsible investment policy(ies) are publicly available?

(A) Overall approach to responsible investment

Add link:

<https://www.norfund.no/wp-content/uploads/2023/10/Norfund-ESG-Policy.pdf>

(B) Guidelines on environmental factors

Add link:

<https://www.norfund.no/wp-content/uploads/2023/10/Norfund-ESG-Policy.pdf>

(C) Guidelines on social factors

Add link:

<https://www.norfund.no/wp-content/uploads/2023/10/Norfund-ESG-Policy.pdf>

(D) Guidelines on governance factors

Add link:

<https://www.norfund.no/wp-content/uploads/2023/10/Norfund-Business-Integrity-Policy-ID-359166.pdf>

(E) Guidelines on sustainability outcomes

Add link:

<https://www.norfund.no/wp-content/uploads/2023/10/Norfund-ESG-Policy.pdf>

(F) Specific guidelines on climate change (may be part of guidelines on environmental factors)

Add link:

<https://www.norfund.no/responsible-investor/#climate-1>

(G) Specific guidelines on human rights (may be part of guidelines on social factors)

Add link:

<https://www.norfund.no/wp-content/uploads/2023/10/Norfund-ESG-Policy.pdf>

(H) Specific guidelines on other systematic sustainability issues

Add link:

<https://www.norfund.no/wp-content/uploads/2023/10/Norfund-ESG-Policy.pdf>

(I) Guidelines tailored to the specific asset class(es) we hold

Add link:

<https://www.norfund.no/wp-content/uploads/2023/10/Norfund-ESG-Policy.pdf>

(J) Guidelines on exclusions

Add link:

<https://edfi-website-v1.s3.fr-par.scw.cloud/uploads/2021/02/EDFI-Fossil-Fuel-Exclusion-List-October-2020.pdf>

(K) Guidelines on managing conflicts of interest related to responsible investment

Add link:

<https://www.norfund.no/wp-content/uploads/2023/10/Norfund-ESG-Policy.pdf>

(L) Stewardship: Guidelines on engagement with investees

Add link:

<https://www.norfund.no/wp-content/uploads/2023/10/Norfund-ESG-Policy.pdf>

(M) Stewardship: Guidelines on overall political engagement

Add link:

<https://www.norfund.no/wp-content/uploads/2023/10/Norfund-ESG-Policy.pdf>

(N) Stewardship: Guidelines on engagement with other key stakeholders

Add link:

<https://www.norfund.no/wp-content/uploads/2023/10/Norfund-ESG-Policy.pdf>

- (Q) No elements of our formal responsible investment policy(ies) are publicly available

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 5	CORE	PGS 1	N/A	PUBLIC	Responsible investment policy elements	2

Which elements are covered in your organisation's policy(ies) or guidelines on stewardship?

- (A) Overall stewardship objectives**
- (B) Prioritisation of specific ESG factors to be advanced via stewardship activities**
- (C) Criteria used by our organisation to prioritise the investees, policy makers, key stakeholders, or other entities on which to focus our stewardship efforts**
- (D) How different stewardship tools and activities are used across the organisation**
- (E) Approach to escalation in stewardship**
- (F) Approach to collaboration in stewardship**
- (G) Conflicts of interest related to stewardship**
- (H) How stewardship efforts and results are communicated across the organisation to feed into investment decision-making and vice versa**
- (I) Other
- (J) None of the above elements is captured in our policy(ies) or guidelines on stewardship

RESPONSIBLE INVESTMENT POLICY COVERAGE

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 8	CORE	PGS 1	N/A	PUBLIC	Responsible investment policy coverage	1

What percentage of your total AUM is covered by the below elements of your responsible investment policy(ies)?

Combined AUM coverage of all policy elements

(A) Overall approach to responsible investment

(B) Guidelines on environmental factors

(C) Guidelines on social factors

(D) Guidelines on governance factors

(7) 100%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 9	CORE	PGS 2	N/A	PUBLIC	Responsible investment policy coverage	1

What proportion of your AUM is covered by your formal policies or guidelines on climate change, human rights, or other systematic sustainability issues?

AUM coverage

(A) Specific guidelines on climate change

(1) for all of our AUM

(B) Specific guidelines on human rights

(1) for all of our AUM

(C) Specific guidelines on other systematic sustainability issues

(1) for all of our AUM

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 10	CORE	OO 8, OO 9, PGS 1	N/A	PUBLIC	Responsible investment policy coverage	2

Per asset class, what percentage of your AUM is covered by your policy(ies) or guidelines on stewardship with investees?

(B) Fixed income

(1) Percentage of AUM covered

- (1) >0% to 10%
- (2) >10% to 20%
- (3) >20% to 30%
- (4) >30% to 40%
- (5) >40% to 50%
- (6) >50% to 60%
- (7) >60% to 70%
- (8) >70% to 80%
- (9) >80% to 90%
- (10) >90% to <100%

(11) 100%

(C) Private equity

(1) Percentage of AUM covered

- (1) >0% to 10%
- (2) >10% to 20%
- (3) >20% to 30%
- (4) >30% to 40%
- (5) >40% to 50%
- (6) >50% to 60%
- (7) >60% to 70%
- (8) >70% to 80%
- (9) >80% to 90%
- (10) >90% to <100%

(11) 100%

GOVERNANCE

ROLES AND RESPONSIBILITIES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 11	CORE	N/A	Multiple indicators	PUBLIC	Roles and responsibilities	1

Which senior level body(ies) or role(s) in your organisation have formal oversight over and accountability for responsible investment?

(A) Board members, trustees, or equivalent

(B) Senior executive-level staff, or equivalent

Specify:

The CEO and the Management Team consisting of General Counsel, EVP for the investment areas and Head of Finance, IT and HR

(C) Investment committee, or equivalent

Specify:

The Investment Committee and Credit Committee consisting of internal and external members. There is one E&S specialist in each committee

(D) Head of department, or equivalent

Specify department:

All EVPs - EVP for Renewable Energy, EVP for Scalable Enterprises and EVP for Financial Inclusion, and Senior Vice President for Green Infrastructure.

EVP for Scalable Enterprises has the overall responsibility for E&S at Norfund.

General Counsel is responsible for governance and business integrity and works as a point of contact in cases where EVP for Scalable Enterprises for some reason cannot be for the E&S specialists.

- (E) None of the above bodies and roles have oversight over and accountability for responsible investment

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 11.1	CORE	PGS 1, PGS 2, PGS 11	N/A	PUBLIC	Roles and responsibilities	1, 2

Does your organisation's senior level body(ies) or role(s) have formal oversight over and accountability for the elements covered in your responsible investment policy(ies)?

	(1) Board members, trustees, or equivalent	(2) Senior executive-level staff, investment committee, head of department, or equivalent
(A) Overall approach to responsible investment	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) Guidelines on environmental, social and/or governance factors	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(C) Guidelines on sustainability outcomes	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(D) Specific guidelines on climate change (may be part of guidelines on environmental factors)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(E) Specific guidelines on human rights (may be part of guidelines on social factors)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(F) Specific guidelines on other systematic sustainability issues	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(G) Guidelines tailored to the specific asset class(es) we hold	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(H) Guidelines on exclusions	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

(I) Guidelines on managing conflicts of interest related to responsible investment	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(J) Stewardship: Guidelines on engagement with investees	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(K) Stewardship: Guidelines on overall political engagement	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(L) Stewardship: Guidelines on engagement with other key stakeholders	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(N) This role has no formal oversight over and accountability for any of the above elements covered in our responsible investment policy(ies)	<input type="radio"/>	<input type="radio"/>

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
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PGS 11.2	CORE	N/A	N/A	PUBLIC	Roles and responsibilities	1 – 6
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Does your organisation have governance processes or structures to ensure that your overall political engagement is aligned with your commitment to the principles of PRI, including any political engagement conducted by third parties on your behalf?

- (A) Yes
- (B) No
- (C) Not applicable, our organisation does not conduct any form of political engagement directly or through any third parties**

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
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PGS 12	CORE	N/A	N/A	PUBLIC	Roles and responsibilities	1
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In your organisation, which internal or external roles are responsible for implementing your approach to responsible investment?

- (A) Internal role(s)**
Specify:
 - CEO and management team
 - Head of departments
 - Investment professionals
 - E&S professionals and legal professionals
- (B) External investment managers, service providers, or other external partners or suppliers**
Specify:

Engaged external consultants
 Appointed board members for direct investments
 Fund managers for fund investments
 Co-investors

- (C) We do not have any internal or external roles with responsibility for implementing responsible investment

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 13	CORE	PGS 11	N/A	PUBLIC	Roles and responsibilities	1

Does your organisation use responsible investment KPIs to evaluate the performance of your board members, trustees, or equivalent?

- (A) Yes, we use responsible investment KPIs to evaluate the performance of our board members, trustees, or equivalent

Describe: (Voluntary)

Norfund has a set of KPIs for responsible investments at different organisational levels, and we monitor performance internally. In 2023, we introduced a recommendation for Norfund's appointed board members to have undergone E&S training. This training was held at the Norfund board member seminar.

- (B) No, we do not use responsible investment KPIs to evaluate the performance of our board members, trustees, or equivalent

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 14	CORE	PGS 11	N/A	PUBLIC	Roles and responsibilities	1

Does your organisation use responsible investment KPIs to evaluate the performance of your senior executive-level staff (or equivalent), and are these KPIs linked to compensation?

- (A) Yes, we use responsible investment KPIs to evaluate the performance of our senior executive-level staff (or equivalent)

Indicate whether these responsible investment KPIs are linked to compensation

- (1) KPIs are linked to compensation
- (2) KPIs are not linked to compensation as these roles do not have variable compensation

- (3) KPIs are not linked to compensation even though these roles have variable compensation

Describe: (Voluntary)

- (B) No, we do not use responsible investment KPIs to evaluate the performance of our senior executive-level staff (or equivalent)

EXTERNAL REPORTING AND DISCLOSURES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 16	CORE	N/A	N/A	PUBLIC	External reporting and disclosures	6

What elements are included in your regular reporting to clients and/or beneficiaries for the majority of your AUM?

- (A) Any changes in policies related to responsible investment
- (B) Any changes in governance or oversight related to responsible investment
- (C) Stewardship-related commitments
- (D) Progress towards stewardship-related commitments
- (E) Climate-related commitments
- (F) Progress towards climate-related commitments
- (G) Human rights-related commitments
- (H) Progress towards human rights-related commitments
- (I) Commitments to other systematic sustainability issues
- (J) Progress towards commitments on other systematic sustainability issues
- (K) We do not include any of these elements in our regular reporting to clients and/or beneficiaries for the majority of our AUM

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 17	CORE	N/A	N/A	PUBLIC	External reporting and disclosures	6

During the reporting year, did your organisation publicly disclose climate-related information in line with the Task Force on Climate-Related Financial Disclosures' (TCFD) recommendations?

- (A) Yes, including all governance-related recommended disclosures
- (B) Yes, including all strategy-related recommended disclosures
- (C) Yes, including all risk management-related recommended disclosures
- (D) Yes, including all applicable metrics and targets-related recommended disclosures

(E) None of the above

Add link(s):

<https://www.norfund.no/annualreport-2023/wp-content/uploads/sites/6/2024/05/2023-TCFD-Disclosure.pdf>

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 18	PLUS	N/A	N/A	PUBLIC	External reporting and disclosures	6

During the reporting year, to which international responsible investment standards, frameworks, or regulations did your organisation report?

- (A) Disclosures against the European Union's Sustainable Finance Disclosure Regulation (SFDR)
- (B) Disclosures against the European Union's Taxonomy
- (C) Disclosures against the CFA's ESG Disclosures Standard
- (D) Disclosures against other international standards, frameworks or regulations**

Specify:

Disclosure statement on Operating Principles for Impact Management

Link to example of public disclosures

<https://www.norfund.no/wp-content/uploads/2023/04/2023-OPIM-Disclosure-statement-ID-389443.pdf>

- (E) Disclosures against other international standards, frameworks or regulations
- (F) Disclosures against other international standards, frameworks or regulations
- (G) Disclosures against other international standards, frameworks or regulations

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 19	CORE	N/A	N/A	PUBLIC	External reporting and disclosures	6

During the reporting year, did your organisation publicly disclose its membership in and support for trade associations, think tanks or similar bodies that conduct any form of political engagement?

- (A) Yes, we publicly disclosed our membership in and support for trade associations, think tanks, or similar bodies that conduct any form of political engagement**

Add link(s):

<https://www.norfund.no/transparency/>

- (B) No, we did not publicly disclose our membership in and support for trade associations, think tanks, or similar bodies that conduct any form of political engagement
- (C) Not applicable, we were not members in or supporters of any trade associations, think tanks, or similar bodies that conduct any form of political engagement during the reporting year

STRATEGY

CAPITAL ALLOCATION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 20	CORE	N/A	N/A	PUBLIC	Capital allocation	1

Which elements do your organisation-level exclusions cover?

- (A) Exclusions based on our organisation's values or beliefs regarding particular sectors, products or services
- (B) Exclusions based on our organisation's values or beliefs regarding particular regions or countries
- (C) Exclusions based on minimum standards of business practice aligned with international norms such as the OECD Guidelines for Multinational Enterprises, the International Bill of Human Rights, UN Security Council sanctions or the UN Global Compact
- (D) Exclusions based on our organisation's climate change commitments
- (E) Other elements
- (F) Not applicable; our organisation does not have any organisation-level exclusions

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 21	CORE	N/A	N/A	PUBLIC	Capital allocation	1

How does your responsible investment approach influence your strategic asset allocation process?

- (A) We incorporate ESG factors into our assessment of expected asset class risks and returns
 Select from dropdown list:
 - (1) for all of our AUM subject to strategic asset allocation
 - (2) for a majority of our AUM subject to strategic asset allocation
 - (3) for a minority of our AUM subject to strategic asset allocation
- (B) We incorporate climate change-related risks and opportunities into our assessment of expected asset class risks and returns
 Select from dropdown list:
 - (1) for all of our AUM subject to strategic asset allocation
 - (2) for a majority of our AUM subject to strategic asset allocation
 - (3) for a minority of our AUM subject to strategic asset allocation
- (C) We incorporate human rights-related risks and opportunities into our assessment of expected asset class risks and returns
 Select from dropdown list:
 - (1) for all of our AUM subject to strategic asset allocation
 - (2) for a majority of our AUM subject to strategic asset allocation
 - (3) for a minority of our AUM subject to strategic asset allocation
- (D) We incorporate risks and opportunities related to other systematic sustainability issues into our assessment of expected asset class risks and returns
 Select from dropdown list:
 - (1) for all of our AUM subject to strategic asset allocation
 - (2) for a majority of our AUM subject to strategic asset allocation
 - (3) for a minority of our AUM subject to strategic asset allocation
 Specify: (Voluntary)
 - (E) We do not incorporate ESG factors, climate change, human rights or other systematic sustainability issues into our assessment of expected asset class risks and returns

- (F) Not applicable; we do not have a strategic asset allocation process

STEWARDSHIP: OVERALL STEWARDSHIP STRATEGY

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 22	CORE	OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

For the majority of AUM within each asset class, which of the following best describes your primary stewardship objective?

(2) Fixed income

(3) Private equity

(A) Maximise our portfolio-level risk-adjusted returns. In doing so, we seek to address any risks to overall portfolio performance caused by individual investees' contribution to systematic sustainability issues.

(B) Maximise our individual investments' risk-adjusted returns. In doing so, we do not seek to address any risks to overall portfolio performance caused by individual investees' contribution to systematic sustainability issues.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 24	CORE	OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

Which of the following best describes your organisation's default position, or the position of the external service providers or external managers acting on your behalf, concerning collaborative stewardship efforts?

- (A) We recognise the value of collective action, and as a result, we prioritise collaborative stewardship efforts wherever possible
- (B) We collaborate on a case-by-case basis
- (C) Other
- (D) We do not join collaborative stewardship efforts

STEWARDSHIP: ESCALATION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 37	CORE	Multiple, see guidance	N/A	PUBLIC	Stewardship: Escalation	2

For your corporate fixed income assets, what escalation measures did your organisation, or the external investment managers or service providers acting on your behalf, use in the past three years?

- (A) Joining or broadening an existing collaborative engagement or creating a new one
- (B) Publicly engaging the entity, e.g. signing an open letter
- (C) Not investing
- (D) Reducing exposure to the investee entity
- (E) Divesting
- (F) Litigation
- (G) Other
- (H) In the past three years, we did not use any of the above escalation measures for our corporate fixed income assets

STEWARDSHIP: ENGAGEMENT WITH POLICY MAKERS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 39	CORE	OO 8, OO 9	PGS 39.1, PGS 39.2	PUBLIC	Stewardship: Engagement with policy makers	2

Did your organisation, or the external investment managers or service providers acting on your behalf, engage with policy makers as part of your responsible investment approach during the reporting year?

- (A) Yes, we engaged with policy makers directly
- (B) Yes, we engaged with policy makers through the leadership of or active participation in working groups or collaborative initiatives, including via the PRI
- (C) Yes, we were members of, supported, or were in another way affiliated with third party organisations, including trade associations and non-profit organisations, that engage with policy makers, excluding the PRI
- (D) We did not engage with policy makers directly or indirectly during the reporting year beyond our membership in the PRI

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 39.1	CORE	PGS 39	N/A	PUBLIC	Stewardship: Engagement with policy makers	2

During the reporting year, what methods did you, or the external investment managers or service providers acting on your behalf, use to engage with policy makers as part of your responsible investment approach?

- (A) We participated in 'sign-on' letters
- (B) We responded to policy consultations
- (C) We provided technical input via government- or regulator-backed working groups

Describe:

Consulted with both government initiated and CSO initiated policy groups.

(D) We engaged policy makers on our own initiative

Describe:

Consultations with our owner, the Ministry of Foreign Affairs.
Political parties in Norway, civil servants and members of parliament.
Close collaboration with Norway's embassies in the markets we operate.
Contact with the governments in countries we invest in is on an ad-hoc basis.

(E) Other methods

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 39.2	CORE	PGS 39	N/A	PUBLIC	Stewardship: Engagement with policy makers	2

During the reporting year, did your organisation publicly disclose details of your engagement with policy makers conducted as part of your responsible investment approach, including through external investment managers or service providers?

- (A) We publicly disclosed all our policy positions
- (B) We publicly disclosed details of our engagements with policy makers
- (C) No, we did not publicly disclose details of our engagement with policy makers conducted as part of our responsible investment approach during the reporting year**

Explain why:

Norfund did not disclose details on engagement with policy makers. However, all meetings (both the ones open to the public and the closed meetings) with the Norwegian government are publicly listed on their webpage.

CLIMATE CHANGE

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 41	CORE	N/A	PGS 41.1	PUBLIC	Climate change	General

Has your organisation identified climate-related risks and opportunities affecting your investments?

(A) Yes, within our standard planning horizon

Specify the risks and opportunities identified and your relevant standard planning horizon:

Norfund is subject to a wide range of climate-related risks, with substantial exposure to regions and sectors vulnerable to the physical impact of climate change, while also opening up for opportunities. Climate risks and opportunities have a large potential impact on the viability of the businesses in Norfund's portfolio. Therefore, climate risk and opportunity assessments are incorporated into our investment process. Still, we are committed to further enhancing our practices and processes and are working on improving tools and procedures to assess climate risk and enable the investees to reduce climate risks.

Norfund has identified climate-related risks and opportunities within its standard planning horizon. The risks include physical risks such as geographic vulnerability, with approximately 47% of Norfund's portfolio in countries with extreme risk from physical hazards and 34% in high-risk countries. Sectoral exposure is another concern, as around 51% of the portfolio is in sectors vulnerable to physical climate risks like infrastructure and agriculture, with key risks including damage to infrastructure, supply chain disruptions, and reduced crop yields. Transition risks are also significant, particularly due to regulatory and political factors such as the anticipated escalation of carbon taxation in South Africa. Opportunities identified within the standard planning horizon include increased demand for renewable energy and low-emission products, projects focusing on sustainable agricultural or manufacturing practices, and introducing green product lines through indirect investments.

Norfund has disclosed our exposure, strategy, targets, and governance related to climate risk in accordance with recommendations from the Task Force on Climate-Related Financial Disclosures (TCFD) in our 2023 report in the link below.

<https://www.norfund.no/annualreport-2023/wp-content/uploads/sites/6/2024/05/2023-TCFD-Disclosure.pdf>

(B) Yes, beyond our standard planning horizon

Specify the risks and opportunities identified and your relevant standard planning horizon:

Norfund has identified climate-related risks and opportunities beyond its standard planning horizon. The long-term risks include physical risks such as higher temperatures, sea level rise, and more frequent extreme weather events, as well as transition risks from future changes in international and national climate policies. The opportunities identified involve investing in climate solutions with a commitment to align the portfolio with a 1.5-degree pathway to net zero by 2050, and strengthening efforts to ensure investments can withstand long-term climate impacts.

Norfund has disclosed our exposure, strategy, targets, and governance related to climate risk in accordance with recommendations from the Task Force on Climate-Related Financial Disclosures (TCFD) in our 2023 report in the link below.

<https://www.norfund.no/annualreport-2023/wp-content/uploads/sites/6/2024/05/2023-TCFD-Disclosure.pdf>

- (C) No, we have not identified climate-related risks and/or opportunities affecting our investments

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 41.1	CORE	PGS 41	N/A	PUBLIC	Climate change	General

Does your organisation integrate climate-related risks and opportunities affecting your investments in its overall investment strategy, financial planning and (if relevant) products?

(A) Yes, our overall investment strategy, financial planning and (if relevant) products integrate climate-related risks and opportunities

Describe how climate-related risks and opportunities have affected or are expected to affect your investment strategy, financial planning and (if relevant) products:

Climate change poses a significant threat to global development, disproportionately impacting developing countries. In response, Norfund has steadfastly advanced its commitment to supporting the transition to net zero. In 2023, we've made substantial progress in refining our approach to combating climate change. We have increased climate finance, successfully developed our net zero strategy, updated our stance on fossil fuel exclusion, and achieved considerable improvements in our Paris alignment assessments. Our newly developed net zero strategy describes the role Norfund plays in the net zero transition in developing countries. It has been key to Norfund that the approach makes sense in the developing world context we operate in, as well as the mission we have: Developing countries require significant growth if we are to reach the Sustainable Development Goals, which likely will entail increased emissions. Additionally, there is a lack of decarbonization pathways for the markets we operate in, and investees are often unable to measure and report on emissions. The strategy focuses on what Norfund will do in the short term and seeks to be actionable in each of the investment areas, despite data challenges. In the coming year, more department and sector specific climate action plans will be developed.

Read more in our annual report: <https://www.norfund.no/annualreport-2023/this-is-norfund/responsible-investor/climate-and-environment/>

- (B) No, our organisation has not yet integrated climate-related risks and opportunities into its investment strategy, financial planning and (if relevant) products

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 43	CORE	N/A	N/A	PUBLIC	Climate change	General

Has your organisation assessed the resilience of its investment strategy in different climate scenarios, including one in which the average temperature rise is held to below 2 degrees Celsius (preferably to 1.5 degrees Celsius) above pre-industrial levels?

- (A) Yes, using the Inevitable Policy Response Forecast Policy Scenario (FPS) or Required Policy Scenario (RPS)
- (B) Yes, using the One Earth Climate Model scenario
- (C) Yes, using the International Energy Agency (IEA) Net Zero scenario
- (D) Yes, using other scenarios**
Specify:

Norfund's management team has assessed the potential impacts of different climate scenarios on strategy and planning in a qualitative manner. Two scenarios were assessed:

1. Successful transition (2-degree or lower scenario) – characterized by high transition risk and rapid roll out of climate solutions
2. Unsuccessful transition (greater than 2-degree scenario) – characterized by high physical risks driven by higher temperatures, sea level rise, extreme weather etc.

Overall, Norfund's strategy was assessed to be robust in a range of climate scenarios, acknowledging that efforts related to adaptation and resilience will need to be strengthened regardless of scenario. Climate is an important part of Norfund's revised strategy for the period 2023-26, including adaptation and resilience specifically.

- (E) No, we have not assessed the resilience of our investment strategy in different climate scenarios, including one that holds temperature rise to below 2 degrees

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 44	CORE	N/A	N/A	PUBLIC	Climate change	General

Does your organisation have a process to identify, assess, and manage the climate-related risks (potentially) affecting your investments?

- (A) Yes, we have a process to identify and assess climate-related risks**
(1) Describe your process

Norfund has incorporated assessments of climate risk as part of the investment process aligned with the TCFD framework: The TCFD divides climate-related risks into two overarching categories: 1. Risks which relate to the physical impacts of climate change (Physical Risks); and 2. Risks which relate to the transition to a lower-carbon economy (Transition Risks). There are two lenses through which the climate risk associated with an investment can be assessed in the due diligence process: 1. Assessing the investee's underlying climate risk exposure and 2. Assessing the investee's capabilities in managing its climate risk exposure.

During the CIP phase, a high-level assessment of lens (1), the underlying climate risk exposure, should be conducted to identify the material risks that should be further assessed in the due diligence phase.

During the due diligence phase a more thorough assessment should be conducted of the material climate risks identified in accordance with lens (1) in the CIP phase. In addition, an assessment of lens (2), the investee's capabilities in managing climate risk should be assessed. Climate risk in our portfolio is driven by two main factors: the characteristics of the sectors we are exposed to, and the physical location of our investments.

Norfund's Guidance Note on Climate Risk Assessment for New Investments clearly outlines the process. The organization utilizes an internally developed Climate Tool to support investment teams in evaluating risks and opportunities during the initial investment phase and due diligence. The Climate Tool helps identify climate-related risks by analyzing factors such as geographic vulnerability and sectoral exposure. Additionally, Norfund uses risk indicators from Maplecroft's GlobalRisk Dashboard and supplements this with open-source information where necessary. This process ensures that climate-related risks are identified and assessed comprehensively for each potential investment.

(2) Describe how this process is integrated into your overall risk management

The process of identifying and assessing climate-related risks is embedded within Norfund's overall risk management framework. In 2023, climate risk was included in Norfund's risk appetite statement. Climate risk is further integrated into Norfund's overall enterprise risk framework and risk catalogue with designated risk owners.

At the investment level, Norfund includes climate risk and opportunities identification, assessment, and management into the investment process. The approach is described in Norfund's Investment Manual and supplemented by a separate practical guidance note on climate risk assessments. Norfund sees climate risk not as a new stand-alone risk category, but as a supplementing factor for the categories already covered in our risk assessments (financial, E&S (Environmental & Social), reputational etc.). By integrating climate risk assessment into the broader risk framework, Norfund ensures that these risks are evaluated alongside other critical investment considerations. In accordance with the process laid out in the Investment Manual, a risk appraisal exercise should be conducted using the Risk Mapping Tool. Key climate risks with financial impacts shall be addressed in the financial analysis of the investment case in the form of sensitivities or stress tests.

The portfolio-level climate risk is reviewed quarterly by the Management Team, ensuring that climate-related risks are continuously monitored and managed in conjunction with other risks.

(B) Yes, we have a process to manage climate-related risks

(1) Describe your process

During the thorough assessment done during due diligence, material climate risks are identified in accordance with lens (1) and (2), the investee's capabilities in managing climate risk should be assessed. After assessing an investee's exposure to climate-related risks (and opportunities), and their capabilities in managing them, Norfund needs to choose how to respond to the identified risks and opportunities. Project risk ratings, including climate risk considerations, are monitored in accordance with the guidance laid out in the Investment Manual.

(2) Describe how this process is integrated into your overall risk management

The process of managing climate-related risks is integrated into Norfund's broader enterprise risk management framework. Climate risk management practices are embedded within the existing risk assessment categories, enhancing the comprehensive evaluation of potential investments. Designated risk owners within the organization are responsible for overseeing climate risk management, ensuring accountability and systematic application of risk mitigation strategies. Project risk ratings, including climate risk considerations, are monitored in accordance with the guidance laid out in the Investment Manual.

(C) No, we do not have any processes to identify, assess, or manage the climate-related risks affecting our investments

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 45	CORE	N/A	N/A	PUBLIC	Climate change	General

During the reporting year, which of the following climate risk metrics or variables affecting your investments did your organisation use and publicly disclose?

(A) Exposure to physical risk

- (1) Indicate whether this metric or variable was used and disclosed, including the methodology
 - (1) Metric or variable used
 - (2) Metric or variable used and disclosed**
 - (3) Metric or variable used and disclosed, including methodology
- (2) Provide link to the disclosed metric or variable, including the methodology followed, as applicable

<https://www.norfund.no/annualreport-2023/wp-content/uploads/sites/6/2024/05/2023-TCFD-Disclosure.pdf>

(B) Exposure to transition risk

- (1) Indicate whether this metric or variable was used and disclosed, including the methodology
 - (1) Metric or variable used**
 - (2) Metric or variable used and disclosed
 - (3) Metric or variable used and disclosed, including methodology

(C) Internal carbon price

(D) Total carbon emissions

- (1) Indicate whether this metric or variable was used and disclosed, including the methodology
 - (1) Metric or variable used
 - (2) Metric or variable used and disclosed
 - (3) Metric or variable used and disclosed, including methodology**
- (2) Provide link to the disclosed metric or variable, including the methodology followed, as applicable

<https://www.norfund.no/annualreport-2023/this-is-norfund/responsible-investor/climate-and-environment/>

(E) Weighted average carbon intensity

- (1) Indicate whether this metric or variable was used and disclosed, including the methodology
 - (1) Metric or variable used
 - (2) Metric or variable used and disclosed
 - (3) Metric or variable used and disclosed, including methodology**
- (2) Provide link to the disclosed metric or variable, including the methodology followed, as applicable

<https://www.norfund.no/annualreport-2023/this-is-norfund/responsible-investor/climate-and-environment/>

(F) Avoided emissions

- (1) Indicate whether this metric or variable was used and disclosed, including the methodology
 - (1) Metric or variable used
 - (2) Metric or variable used and disclosed
 - (3) Metric or variable used and disclosed, including methodology**
- (2) Provide link to the disclosed metric or variable, including the methodology followed, as applicable

<https://www.norfund.no/annualreport-2023/climate-mandate/impact-climate-mandate/emissions-avoided-climate-mandate/>

(G) Implied Temperature Rise (ITR)

(H) Non-ITR measure of portfolio alignment with UNFCCC Paris Agreement goals

(I) Proportion of assets or other business activities aligned with climate-related opportunities

- (1) Indicate whether this metric or variable was used and disclosed, including the methodology
 - (1) Metric or variable used
 - (2) Metric or variable used and disclosed**
 - (3) Metric or variable used and disclosed, including methodology
- (2) Provide link to the disclosed metric or variable, including the methodology followed, as applicable

- (J) Other metrics or variables
- (K) Our organisation did not use or publicly disclose any climate risk metrics or variables affecting our investments during the reporting year

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 46	CORE	N/A	N/A	PUBLIC	Climate change	General

During the reporting year, did your organisation publicly disclose its Scope 1, Scope 2, and/or Scope 3 greenhouse gas emissions?

- (A) Scope 1 emissions**
 - (1) Indicate whether this metric was disclosed, including the methodology
 - (1) Metric disclosed
 - (2) Metric and methodology disclosed**
 - (2) Provide links to the disclosed metric and methodology, as applicable
 - <https://www.norfund.no/annualreport-2023/this-is-norfund/responsible-investor/climate-and-environment/>
- (B) Scope 2 emissions**
 - (1) Indicate whether this metric was disclosed, including the methodology
 - (1) Metric disclosed
 - (2) Metric and methodology disclosed**
 - (2) Provide links to the disclosed metric and methodology, as applicable
 - <https://www.norfund.no/annualreport-2023/this-is-norfund/responsible-investor/climate-and-environment/>
- (C) Scope 3 emissions (including financed emissions)**
 - (1) Indicate whether this metric was disclosed, including the methodology
 - (1) Metric disclosed
 - (2) Metric and methodology disclosed**
 - (2) Provide links to the disclosed metric and methodology, as applicable
 - <https://www.norfund.no/annualreport-2023/this-is-norfund/responsible-investor/climate-and-environment/>
- (D) Our organisation did not publicly disclose its Scope 1, Scope 2, or Scope 3 greenhouse gas emissions during the reporting year

SUSTAINABILITY OUTCOMES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 47	CORE	N/A	Multiple indicators	PUBLIC	Sustainability outcomes	1, 2

Has your organisation identified the intended and unintended sustainability outcomes connected to its investment activities?

- (A) Yes, we have identified one or more specific sustainability outcomes connected to our investment activities**
- (B) No, we have not yet identified the sustainability outcomes connected to any of our investment activities

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 47.1	CORE	PGS 47	N/A	PUBLIC	Sustainability outcomes	1, 2

Which widely recognised frameworks has your organisation used to identify the intended and unintended sustainability outcomes connected to its investment activities?

- (A) The UN Sustainable Development Goals (SDGs) and targets
- (B) The UNFCCC Paris Agreement
- (C) The UN Guiding Principles on Business and Human Rights (UNGPs)
- (D) OECD frameworks: OECD Guidelines for Multinational Enterprises and Guidance on Responsible Business Conduct for Institutional Investors
- (E) The EU Taxonomy
- (F) Other relevant taxonomies
- (G) The International Bill of Human Rights
- (H) The International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the eight core conventions
- (I) The Convention on Biological Diversity
- (J) Other international framework(s)
Specify:

IFC Performance Standards on Environmental and Social Sustainability; EDFI Statement on Climate and Energy Finance; EDFI Exclusion List; EDFI Fossil Fuel Exclusion List; EDFI Principles for Responsible Financing of Sustainable Development ; EDFI Principles for Responsible Tax in Developing Countries, World Bank Group Environmental, Health and Safety Guidelines

- (K) Other regional framework(s)
- (L) Other sectoral/issue-specific framework(s)
Specify:

World Bank Group Environmental, Health and Safety Guidelines for sectors

- (M) Our organisation did not use any widely recognised frameworks to identify the intended and unintended sustainability outcomes connected to its investment activities

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 47.2	CORE	PGS 47	PGS 48	PUBLIC	Sustainability outcomes	1, 2

What are the primary methods that your organisation has used to determine the most important intended and unintended sustainability outcomes connected to its investment activities?

- (A) Identify sustainability outcomes that are closely linked to our core investment activities
- (B) Consult with key clients and/or beneficiaries to align with their priorities
- (C) Assess which actual or potential negative outcomes for people are most severe based on their scale, scope, and irremediable character
- (D) Identify sustainability outcomes that are closely linked to systematic sustainability issues
- (E) Analyse the input from different stakeholders (e.g. affected communities, civil society, trade unions or similar)
- (F) Understand the geographical relevance of specific sustainability outcome objectives
- (G) Other method
- (H) We have not yet determined the most important sustainability outcomes connected to our investment activities

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 48	CORE	PGS 47.2	PGS 48.1, SO 1	PUBLIC	Sustainability outcomes	1, 2

Has your organisation taken action on any specific sustainability outcomes connected to its investment activities, including to prevent and mitigate actual and potential negative outcomes?

- (A) Yes, we have taken action on some of the specific sustainability outcomes connected to our investment activities
- (B) No, we have not yet taken action on any specific sustainability outcomes connected to our investment activities

MANAGER SELECTION, APPOINTMENT AND MONITORING (SAM)

OVERALL APPROACH

EXTERNAL INVESTMENT MANAGERS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 1	CORE	OO 21	N/A	PUBLIC	External investment managers	4

For the majority of your externally managed AUM in each asset class, which responsible investment aspects does your organisation consider important in the assessment of external investment managers?

(5) Private equity

Organisation

(A) Commitment to and experience in responsible investment



(B) Responsible investment policy(ies)



(C) Governance structure and senior-level oversight and accountability



People and Culture

(D) Adequate resourcing and incentives



(E) Staff competencies and experience in responsible investment



Investment Process

(F) Incorporation of material ESG factors in the investment process



(G) Incorporation of risks connected to systematic sustainability issues in the investment process

(H) Incorporation of material ESG factors and ESG risks connected to systematic sustainability issues in portfolio risk assessment

Stewardship

(I) Policy(ies) or guidelines on stewardship

(J) Policy(ies) or guidelines on (proxy) voting

(K) Use of stewardship tools and activities

(L) Incorporation of risks connected to systematic sustainability issues in stewardship practices

(M) Involvement in collaborative engagement and stewardship initiatives

(N) Engagement with policy makers and other non-investee stakeholders

(O) Results of stewardship activities

Performance and Reporting

(P) ESG disclosure in regular client reporting

(Q) Inclusion of ESG factors in contractual agreements

(R) We do not consider any of the above responsible investment aspects important in the assessment of external investment managers

SERVICE PROVIDERS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 2	CORE	OO 21	N/A	PUBLIC	Service providers	4

Which responsible investment aspects does your organisation consider important when assessing all service providers that advise you in the selection, appointment and/or monitoring of external investment managers?

- (A) Incorporation of their responsible investment policy into advisory services
- (B) Ability to accommodate our responsible investment policy
- (C) Level of staff's responsible investment expertise
- (D) Use of data and analytical tools to assess the external investment manager's responsible investment performance
- (E) Other
- (F) We do not consider any of the above responsible investment aspects important when assessing service providers that advise us in the selection, appointment and/or monitoring of external investment managers
- (G) Not applicable; we do not engage service providers in the selection, appointment or monitoring of external investment managers

SELECTION

RESPONSIBLE INVESTMENT PRACTICES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 4	CORE	OO 12, OO 21	SAM 5, SAM 6, SAM 7	PUBLIC	Responsible investment practices	General

During the reporting year, did your organisation select new external investment managers or allocate new mandates to existing investment managers?

- (A) Yes, we selected external investment managers or allocated new mandates to existing investment managers during the reporting year
- (B) No, we did not select new external investment managers or allocate new mandates to existing investment managers during the reporting year
- (C) Not applicable; our organisation is in a captive relationship with external investment managers, which applies to 90% or more of our AUM

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 5	CORE	SAM 4	N/A	PUBLIC	Responsible investment practices	4

During the reporting year, what responsible investment aspects did your organisation, or the service provider acting on your behalf, review and evaluate when selecting new external investment managers or allocating new mandates to existing investment managers?

Organisation

(A) Commitment to and experience in responsible investment (e.g. commitment to responsible investment principles and standards)

Select from dropdown list

- (1) for all of our mandates**
- (2) for a majority of our mandates
- (3) for a minority of our mandates

(B) Responsible investment policy(ies) (e.g. the alignment of their responsible investment policy with the investment mandate)

Select from dropdown list

- (1) for all of our mandates**
- (2) for a majority of our mandates
- (3) for a minority of our mandates

(C) Governance structure and senior-level oversight and accountability (e.g. the adequacy of their governance structure and reported conflicts of interest)

Select from dropdown list

- (1) for all of our mandates**
- (2) for a majority of our mandates
- (3) for a minority of our mandates

People and Culture

(D) Adequate resourcing and incentives (e.g. their team structures, operating model and remuneration structure, including alignment of interests)

Select from dropdown list

- (1) for all of our mandates**
- (2) for a majority of our mandates
- (3) for a minority of our mandates

(E) Staff competencies and experience in responsible investment (e.g. level of responsible investment responsibilities in their investment team, their responsible investment training and capacity building)

Select from dropdown list

- (1) for all of our mandates**
- (2) for a majority of our mandates
- (3) for a minority of our mandates

Investment Process

(F) Incorporation of material ESG factors in the investment process (e.g. detail and evidence of how such factors are incorporated into the selection of individual assets and in portfolio construction)

Select from dropdown list

- (1) for all of our mandates**
- (2) for a majority of our mandates
- (3) for a minority of our mandates

(G) Incorporation of risks connected to systematic sustainability issues in the investment process (e.g. detail and evidence of how such risks are incorporated into the selection of individual assets and in portfolio construction)

Select from dropdown list

- (1) for all of our mandates**
- (2) for a majority of our mandates
- (3) for a minority of our mandates

(H) Incorporation of material ESG factors and ESG risks connected to systematic sustainability issues in portfolio risk assessment (e.g. their process to measure and report such risks)

Select from dropdown list

- (1) for all of our mandates**
- (2) for a majority of our mandates
- (3) for a minority of our mandates

Performance and Reporting

(I) ESG disclosure in regular client reporting

Select from dropdown list

- (1) for all of our mandates**
- (2) for a majority of our mandates
- (3) for a minority of our mandates

(J) Inclusion of ESG factors in contractual agreements

Select from dropdown list

- (1) for all of our mandates**
- (2) for a majority of our mandates
- (3) for a minority of our mandates

(K) We did not review and evaluate any of the above responsible investment aspects when selecting new external investment managers or allocating new mandates to existing investment managers during the reporting year

STEWARDSHIP

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 6	CORE	OO 8, OO 21, SAM 4	N/A	PUBLIC	Stewardship	4

During the reporting year, which aspects of the stewardship approach did your organisation, or the service provider acting on your behalf, review and evaluate when selecting new external investment managers or allocating new mandates to existing investment managers?

(A) The alignment of their policy(ies) or guidelines on stewardship with the investment mandate

Select from dropdown list

- (1) for all of our mandates**
- (2) for a majority of our mandates
- (3) for a minority of our mandates

(B) Evidence of how they implemented their stewardship objectives, including the effectiveness of their activities

Select from dropdown list

- (1) for all of our mandates**
- (2) for a majority of our mandates
- (3) for a minority of our mandates

(C) Their participation in collaborative engagements and stewardship initiatives

Select from dropdown list

- (1) for all of our mandates**
- (2) for a majority of our mandates
- (3) for a minority of our mandates

(D) Details of their engagements with companies or issuers on risks connected to systematic sustainability issues

Select from dropdown list

- (1) for all of our mandates**
- (2) for a majority of our mandates
- (3) for a minority of our mandates

(E) Details of their engagement activities with policy makers

Select from dropdown list

- (1) for all of our mandates**
- (2) for a majority of our mandates
- (3) for a minority of our mandates

(F) Their escalation process and the escalation tools included in their policy on stewardship

Select from dropdown list

- (1) for all of our mandates
 - (2) for a majority of our mandates
 - (3) for a minority of our mandates
- (G) We did not review and evaluate any of the above aspects of the stewardship approach when selecting new external investment managers or allocating new mandates to existing investment managers during the reporting year

MONITORING

RESPONSIBLE INVESTMENT PRACTICES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 9	CORE	OO 14, OO 21	N/A	PUBLIC	Responsible investment practices	4

For the majority of your externally managed AUM in each asset class, which aspects of your external investment managers' responsible investment practices did your organisation, or the service provider acting on your behalf, monitor during the reporting year?

(5) Private equity

Organisation

(A) Commitment to and experience in responsible investment (e.g. commitment to responsible investment principles and standards)



(B) Responsible investment policy(ies) (e.g. the continued alignment of their responsible investment policy with the investment mandate)



(C) Governance structure and senior level oversight and accountability (e.g. the adequacy of their governance structure and reported conflicts of interest)



People and Culture

(D) Adequate resourcing and incentives (e.g. their team structures, operating model and remuneration structure, including alignment of interests)



(E) Staff competencies and experience in responsible investment (e.g. level of responsible investment responsibilities in their investment team, their responsible investment training and capacity building)

Investment Process

(F) Incorporation of material ESG factors in the investment process (e.g. detail and evidence of how such factors are incorporated into the selection of individual assets and in portfolio construction)

(G) Incorporation of risks connected to systematic sustainability issues in the investment process (e.g. detail and evidence of how such risks are incorporated into the selection of individual assets and in portfolio construction)

(H) Incorporation of material ESG factors and ESG risks connected to systematic sustainability issues in portfolio risk assessment (e.g. their process to measure and report such risks, their response to ESG incidents)

Performance and Reporting

(I) ESG disclosure in regular client reporting (e.g. any changes in their regular client reporting)

(J) Inclusion of ESG factors in contractual agreements

(K) We did not monitor any of the above aspects of our external investment managers' responsible investment practices during the reporting year

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 12	CORE	OO 14, OO 21	N/A	PUBLIC	Responsible investment practices	1

For the majority of your externally managed AUM in each asset class, how often does your organisation, or the service provider acting on your behalf, monitor your external investment managers' responsible investment practices?

(5) Private equity

(A) At least annually	<input checked="" type="checkbox"/>
(B) Less than once a year	<input type="checkbox"/>
(C) On an ad hoc basis	<input type="checkbox"/>

STEWARDSHIP

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 13	CORE	OO 8, OO 21	N/A	PUBLIC	Stewardship	1, 2

For the majority of your externally managed AUM in each asset class, which aspects of your external investment managers' stewardship practices did your organisation, or the service provider acting on your behalf, monitor during the reporting year?

(5) Private equity

(A) Any changes in their policy(ies) or guidelines on stewardship	<input checked="" type="checkbox"/>
(B) The degree of implementation of their policy(ies) or guidelines on stewardship	<input checked="" type="checkbox"/>
(C) How they prioritise material ESG factors	<input checked="" type="checkbox"/>
(D) How they prioritise risks connected to systematic sustainability issues	<input type="checkbox"/>

(E) Their investment team's level of involvement in stewardship activities

(F) Whether the results of stewardship actions were fed back into the investment process and decisions

(G) Whether they used a variety of stewardship tools and activities to advance their stewardship priorities

(H) The deployment of their escalation process in cases where initial stewardship efforts were unsuccessful

(I) Whether they participated in collaborative engagements and stewardship initiatives

(J) Whether they had an active role in collaborative engagements and stewardship initiatives

(K) Other

(L) We did not monitor our external investment managers' stewardship practices during the reporting year

(K) Other - Specify:

We do not require a stand-alone stewardship policy, but review and monitor how our fund managers implement their ESG policy and other policies as well as their environmental and social management system in their investments.

ENGAGEMENT AND ESCALATION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 16	CORE	OO 14, OO 21	N/A	PUBLIC	Engagement and escalation	4

What actions does your organisation, or the service provider acting on your behalf, include in its formal escalation process to address concerns raised during monitoring of your external investment managers' responsible investment practices?

(5) Private equity

(A) Engagement with their investment professionals, investment committee or other representatives



(B) Notification about their placement on a watch list or relationship coming under review



(C) Reduction of capital allocation to the external investment managers until any concerns have been rectified



(D) Termination of the contract if failings persist over a (notified) period, including an explanation of the reasons for termination



(E) Holding off selecting the external investment managers for new mandates or allocating additional capital until any concerns have been rectified



(F) Other



(G) Our organisation does not have a formal escalation process to address concerns raised during monitoring



VERIFICATION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 17	CORE	OO 14, OO 21	N/A	PUBLIC	Verification	1

For the majority of your externally managed AUM in each asset class, how did your organisation, or the service provider acting on your behalf, verify that the information reported by external investment managers on their responsible investment practices was correct during the reporting year?

(5) Private equity

(A) We checked that the information reported was verified through a third-party assurance process

(B) We checked that the information reported was verified by an independent third party

(C) We checked for evidence of internal monitoring or compliance

(D) Other

(E) We did not verify the information reported by external investment managers on their responsible investment practices during the reporting year

(D) Other - Specify:

Norfund usually require funds to share and reviews the first three E&S due diligence reports, ahead of investing, often conducted by external third parties.

Norfund may also from time to time, require an audit of their action plan and/ or management systems implementation.

CONFIDENCE-BUILDING MEASURES (CBM)

CONFIDENCE-BUILDING MEASURES

APPROACH TO CONFIDENCE-BUILDING MEASURES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
CBM 1	CORE	N/A	Multiple indicators	PUBLIC	Approach to confidence-building measures	6

How did your organisation verify the information submitted in your PRI report this reporting year?

- (A) We conducted independent third-party assurance of selected processes and/or data related to the responsible investment processes reported in our PRI report, which resulted in a formal assurance conclusion
- (B) We conducted a third-party readiness review and are making changes to our internal controls or governance processes to be able to conduct independent third-party assurance next year
- (C) We conducted an internal audit of selected processes and/or data related to the responsible investment processes reported in our PRI report
- (D) Our board, trustees (or equivalent), senior executive-level staff (or equivalent), and/or investment committee (or equivalent) signed off on our PRI report
- (E) We conducted an external ESG audit of our holdings to verify that our funds comply with our responsible investment policy
- (F) We conducted an external ESG audit of our holdings as part of risk management, engagement identification or investment decision-making
- (G) Our responses in selected sections and/or the entirety of our PRI report were internally reviewed before submission to the PRI
- (H) We did not verify the information submitted in our PRI report this reporting year

INTERNAL REVIEW

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
CBM 6	CORE	CBM 1	N/A	PUBLIC	Internal review	6

Who in your organisation reviewed the responses submitted in your PRI report this year?

- (A) Board, trustees, or equivalent
- (B) Senior executive-level staff, investment committee, head of department, or equivalent
 - Sections of PRI report reviewed
 - (1) the entire report
 - (2) selected sections of the report
 - (C) None of the above internal roles reviewed selected sections or the entirety of the responses submitted in our PRI report this year