



Operating Principles for
Impact Management

Norfund

Operating Principles for Impact Management

Norfund Disclosure Statement
April 2026



Norfund is a founding signatory to the Operating Principles for Impact Management (the Impact Principles). The Impact Principles provide a reference point against which the impact management systems of funds and institutions may be assessed. They draw on emerging best practices from a range of asset managers, asset owners, asset allocators, and development finance institutions.

This Disclosure Statement affirms Norfund investments and operations are managed in alignment with the Impact Principles. Total committed capital under management in alignment with the Impact Principles is US\$ 4.5 billion as of December 31st, 2025.



Principle 1 - Strategy

Define strategic impact objective(s), consistent with the investment strategy.

“The Manager shall define strategic impact objectives for the portfolio or fund to achieve positive and measurable social or environmental effects, which are aligned with the Sustainable Development Goals (SDGs), or other widely accepted goals. The impact intent does not need to be shared by the investee. The Manager shall seek to ensure that the impact objectives and investment strategy are consistent; that there is a credible basis for achieving the impact objectives through the investment strategy; and that the scale and/or intensity of the intended portfolio impact is proportionate to the size of the investment portfolio.”

- Norfund is fully funded over the Norwegian development aid budget and the fund’s operations and mandate are set out in the “Norfund Act” (Act nr. 26 of 9th of May 1997). In accordance with this law, Norfund invests with a development objective and is assessed based on development impacts achieved. Norfund aims to achieve impact on all investments and reports on its operations to the Ministry of Foreign Affairs.
- Since 2022, Norfund has also managed the Climate Investment Fund, also funded over the Norwegian development aid budget, but with the aim to contribute to reducing or avoiding GHG emissions by investing in renewable energy in developing countries.
- Since 2024, Norfund also manages the Ukraine mandate, likewise funded over the Norwegian development aid budget, with a mandate to contribute to sustainable private sector development and job creation in Ukraine.
- According to its parliamentary mandate Norfund operates to “assist in developing sustainable business and industry in developing countries” by taking on high-risk investments through equity, loans or guarantees.
- Norfund’s Board of Directors (BoD) approves the strategies for both the development mandate (2023-2026), the climate mandate (2022-2026) and the Ukraine mandate with clear ambitions for portfolio impact performance. These ambitions are aligned with specific SDGs and SDG targets. Norfund’s investment areas and priority markets are selected based on where we are likely to have the highest development impact.
- In accordance with the strategy, Norfund has four investment areas; namely Renewable Energy, Financial Inclusion, Scalable Enterprises and Green Infrastructure. These have been chosen based on development rationales formalised in sectoral theories of change for each investment area. The theories of change have been revised throughout 2024 and are finalised in 2025, including an updated evidence base.
- Norfund’s strategies for all three mandates are being updated in 2026 and will be effective for 2027-2030 subject to approval by Norfund’s BoD.
- Each investment area is tracked against specific impact ambitions, as well as other impact indicators tracking cross portfolio impacts, all aligned with the SDGs. Specifically, Norfund’s impact ambitions are aligned with SDG 7, 8, 9 and 11 for the Development mandate and Ukraine mandate, and SDG 13 for the Climate Investment Fund.
- To ensure investments are conducted in areas with high expected impact, Norfund targets its investments geographically to select core developing countries under the development mandate and the climate mandate. Norfund may also invest directly in other countries in Sub-Saharan Africa and Least Developed Countries (LDCs). The geographic approach was revised as part of the strategy review in 2022, based on criteria related to additionality, impact, and Norfund’s competence.



- Norfund has set KPIs for portfolio shares invested in specific sectors, geographic regions and instruments, defined through assessments of additionality and impact expectations. While not absolute, these KPIs act as signposts to ensure that allocations are made in line with strategic priorities.
- Finally, to deliver on our mandate to support sustainable businesses, Norfund also operates with an internal rate of return threshold. This reflects that profitability of investees is considered key for impact sustainability and to deliver on our mandate; a business that runs deficits will not survive. All returns are reinvested.

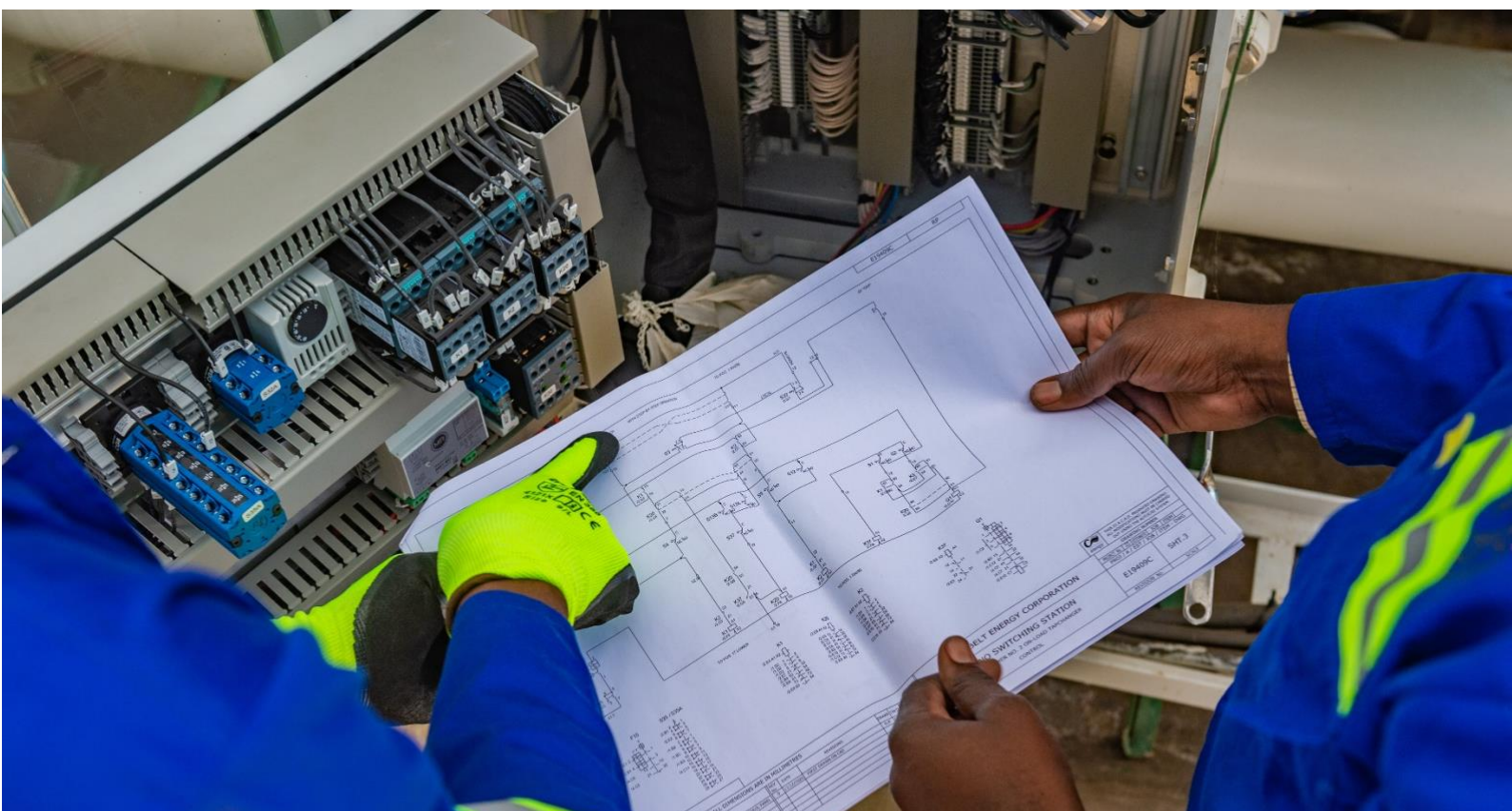


Principle 2 – Impact Management

Manage strategic impact on a portfolio basis.

“The Manager shall have a process to manage impact achievement on a portfolio basis. The objective of the process is to establish and monitor impact performance for the whole portfolio, while recognizing that impact may vary across individual investments in the portfolio. As part of the process, the Manager shall consider aligning staff incentive systems with the achievement of impact, as well as with financial performance.”

- Norfund operates with a development mandate, with investment strategies developed based on this mandate. Impact considerations guide the choice of investment areas, geographical allocations, and choice of priority instruments. This is designed to optimise impact at portfolio level through asset allocation.
- Norfund performs primary data collection on a set of harmonised development impact indicators annually for the entire portfolio, including both generic and sector-specific indicators. This allows for tracking of developments in individual investments and aggregation at the portfolio level.
- Development impact data is presented to the BoD for approval on an annual basis and published in the annual report, presenting each investment area’s financial and development impact results.
- Norfund maintains a limited bonus policy awarded based on qualitative assessments of outstanding performance by individuals to resolve specific cases or longstanding issues. This is to incentivise efforts to improve quality in Norfund’s processes and is not directly connected to financial or impact performance.





Principle 3 – Investor Contribution

Establish the Manager’s contribution to the achievement of impact.

“The Manager shall seek to establish and document a credible narrative on its contribution to the achievement of impact for each investment. Contributions can be made through one or more financial and/or non-financial channels. The narrative should be stated in clear terms and supported, as much as possible, by evidence.”

- According to Norfund’s mandate, Norfund invests in viable, profitable undertakings that “would not otherwise be initiated because of the high risk involved.”
- Additionality assessment is an integrated part of the investment process for all new investments.
- Norfund uses an additionality framework that establishes expected additionality based on quantitative and qualitative indicators relating to market context, investment modality and project characteristics. The framework includes both financial and value (non-financial) additionality. The additionality framework was updated in 2024 to align with the updated definitions of additionality in the OECD framework for Private Sector Instruments
- For Investment and Credit Committee papers for Clearance in Principle (CIP) and Final Approval (FA), investment teams must include a narrative description of Norfund’s expected additionality as well as an additionality score, generated with Norfund’s additionality calculator. The calculator scores the project on the seven ambitions in the additionality framework.
- Norfund can utilise a business support facility to co-finance impact-enhancing measures with grant funding (e.g. leadership training program for female employees, climate strategy development, investment-related community development initiatives, etc.).
- Norfund’s additionality framework has been evaluated, both in an external evaluation and as part of the OECD’s evaluation of Norfund’s ODA eligibility. Norfund has also published case studies highlighting Norfund’s contribution in the specific cases. Norfund’s approach to additionality, along with high-level portfolio additionality results, is [published on Norfund’s webpages](#).



Principle 4 – Assess Impact

Assess the expected impact of each investment, based on a systematic approach.

“For each investment the Manager shall assess, in advance and, where possible, quantify the concrete, positive impact potential deriving from the investment. The assessment should use a suitable results measurement framework that aims to answer these fundamental questions: (1) What is the intended impact? (2) Who experiences the intended impact? (3) How significant is the intended impact? The Manager shall also seek to assess the likelihood of achieving the investment’s expected impact. In assessing the likelihood, the Manager shall identify the significant risk factors that could result in the impact varying from ex-ante expectations. In assessing the impact potential, the Manager shall seek evidence to assess the relative size of the challenge addressed within the targeted geographical context. The Manager shall also consider opportunities to increase the impact of the investment. Where possible and relevant for the Manager’s strategic intent, the Manager may also consider indirect and systemic impacts. Indicators shall, to the extent possible, be aligned with industry standards and follow best practice., by evidence.”

- For each sector Norfund invests in, a Theory of Change has been developed to explain how and why the desired change is expected to occur. These theories are periodically updated and were last updated in 2024-25.
- Each theory of change is accompanied by a background note that outlines the development challenge, the underlying hypothesis of change, relevant supporting literature, key assumptions, and an analysis of impact risks. In addition, a visual diagram illustrates the pathways from inputs to outputs, through short- and medium-term outcomes, and ultimately to the intended long-term impact. The outputs identified in the diagram are monitored annually, while progress toward short- and medium-term outcomes is captured through case studies, external surveys and modelled estimates.
- The Norfund investment process includes multiple stages of assessments and approvals. Investment departments undertake all activities, screenings and analysis related to the investment, but require approval at key stages for projects they deem promising. After initial screening, Clearance in Principle (CIP) by the Investment or Credit Committee (IC/CC) is required to proceed to due diligence, deeper analysis, and negotiations. Final Approval (FA) by the IC/CC is then required before an agreement can be signed. Investments of a certain size or characteristics require additional approval by the BoD. At the other end, an exit approval by the IC is required for equity sales and a post-exit analysis is submitted after completion of an exit as lessons learned documentation.
- The IC and CC are constituted by Norfund Management staff members, a Norfund E&S officer and external members, whose objective is to ensure the quality of Norfund investments and exchange of experience within Norfund. The IC and CC are both headed by the CEO.
- The BoD consists of members appointed by the General Assembly, which is constituted by the Minister of International Development, and in addition two members elected among and by Norfund’s employees.
- Investment and credit committee documents for CIP and FA include a section wherein the project manager states the expected development impacts of the proposed investment.



- For each proposed direct investment, project managers are required to present quantitative baselines and targets for the sector specific impact ambitions before the investment decision is taken, allowing for subsequent progress tracking on project and portfolio level against target impact.
- For investments through funds, the requirement of a baseline and target is currently waived due to the inherent uncertainty regarding portfolio composition of the fund. Once invested, development impact of fund investees is tracked in the same way as direct investments.
- Impact ambitions are set, monitored, and reported using the [*Harmonised Indicators for Private Sector Operations \(HIPSO\)*](#) and/ or the [*Joint Impact Indicators*](#) where possible and indicators aligned with standardised metrics, such as [*IRIS+*](#), when not available in the catalogue of HIPSO. Indicators are tracked on an annual basis.
- All potential investments are also subject to climate risk and opportunities assessment, including Paris alignment assessment, identifying risk mitigating measures and positioning the investment for the opportunities.
- Additionally, gender equality is assessed for all new investments based on the [*2X Challenge framework*](#).
- Risk factors of an investment are rated, and necessary mitigating measures are mapped in investment committee notes for preliminary and final approval.





Principle 5 – ESG Risk Management

Assess, address, monitor, and manage potential negative impacts of each investment.

“For each investment the Manager shall seek, as part of a systematic and documented process, to identify and avoid, and if avoidance is not possible, mitigate and manage Environmental, Social and Governance (ESG) risks. Where appropriate, the Manager shall engage with the investee to seek its commitment to take action to address potential gaps in current investee systems, processes, and standards, using an approach aligned with good international industry practice. As part of portfolio management, the Manager shall monitor investees’ ESG risk and performance, and where appropriate, engage with the investee to address gaps and unexpected events.”

- Norfund’s approach to Environmental and Social (E&S) Risk Management is described in our Environmental and Social Management System (ESMS). The ESMS consists of four parts: (i) a policy for E&S Sustainability, (ii) an overview of Roles and Responsibilities related to E&S, (iii) Procedures for E&S Risk Management and (iv) Performance Management indicators.
- Norfund’s [Policy for E&S Sustainability](#) was revised in June 2024. The policy presents our sustainability objectives and outlines the main standards we use in our work. The policy also describes how we work to identify, assess and manage the environmental and social risks associated with the operations of our clients. The policy covers Norfund’s mandates and all types of investees.
- E&S risk management is integrated into the investment process, and is supported by training, procedures and tools. The organisation has dedicated specialists on environmental, climate and social issues who work with investment teams and investees to identify, assess and manage relevant issues throughout all investment phases, from screening to exit.
- Norfund will only invest in projects that are in line with [EDFI Exclusion List](#), [EDFI Fossil Fuel Exclusion List](#) and [Norfund Fossil Fuel Standard](#). Investees must comply with applicable laws and regulations while working towards compliance with international environmental and social standards. The IFC Performance Standards for environmental and social sustainability (“[IFC Performance Standards](#)”) and the [World Bank Environmental, Health and Safety Guidelines](#) are the main standards for operationalising Norfund’s sustainability commitments. A central element of the IFC PS is the application of a mitigation hierarchy to anticipate and avoid adverse impacts on workers, communities, and the environment, or where avoidance is not possible, to minimize, and where residual impacts remain, compensate/offset for the risks and impacts, as appropriate. We take a proportionate approach and adjust our requirements to the nature, size and risk profile of each investee.
- Roles and responsibilities related to E&S are described in the ESMS. Project Managers have the overall responsibility for all aspects of a project, including E&S, and take part in regular E&S training. Each investment department has dedicated E&S specialists who lead or support E&S work depending on the risk profile and performance of the project.
- The Environmental and Social Risk Management Procedures (E&S Procedures) describe the E&S 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. The procedures are based on EDFI’s Harmonised E&S standards and are integrated into the investment process described in Norfund’s Investment Manual.



- The E&S Procedures outline objectives, actions, and outputs for each step of the project cycle. The outputs of each phase must be documented before the project can proceed to the next phase.
- Every investment decision is taken based on two investment committee notes (Clearance in Principle and Final Approval), wherein the investment team includes their E&S assessment in a separate section, ensuring that E&S considerations are highlighted at both stages of the decision-making process. E&S specialists sit on the investment and credit committees.
- Shortcomings and value add opportunities are included in an Environmental and Social Action Plan which is made part of the Investment Agreement.
- E&S monitoring involves reviewing relevant documentation on E&S performance, site visits, and meetings with the client, board members, and co-investors. The monitoring intensity is determined by an E&S Performance Assessment framework, classifying key E&S criteria on a four-level spectrum from strong to poor. We provide training and may also use our Business Support facility to assist investees in strengthening their understanding and management of E&S risks and opportunities.
- As a responsible investor, we are in dialogue with and value the views and interests of relevant stakeholders. We further seek to ensure that relevant views and interests are addressed in a balanced manner through sound governance of our investees. We work with our investees to implement appropriate governance requirements, practices and processes with the aim to make better business decisions and ensure compliance with laws and regulations.
- Norfund is a signatory to the corporate governance development framework ([CGDF](#)) and seeks to integrate sound corporate governance throughout its investment activities based on the elements of this framework.
- Norfund is committed to the [EDFI Statement on Climate and Energy Finance](#), which includes aligning all new financing with the Paris Agreement, assessing climate risks and opportunities, and aligning the portfolio with a net zero target. Norfund is implementing its 2024-2030 Net Zero Strategy and strengthening how it assesses climate risks and opportunities and supports investees' climate resilience.





Principle 6 – Impact Monitoring

Monitor the progress of each investment in achieving impact against expectations and respond appropriately.

“The Manager shall use the results framework (referenced in Impact Principle 4) to monitor progress toward the achievement of positive impacts in comparison to the expected impact for each investment. Progress shall be monitored using a predefined process for sharing performance data with the investee. To the best extent possible, this shall outline how often data will be collected; the method for data collection; data sources; responsibilities for data collection; and how, and to whom, data will be reported. When monitoring indicates that the investment is no longer expected to achieve its intended impacts, the Manager shall seek to pursue appropriate action. The Manager shall also seek to use the results framework to capture investment outcomes.”

- As part of investment agreements, Norfund requires investee reporting on key development impact indicators, in line with Norfund’s yearly reporting schedule.
- Norfund utilises impact monitoring indicators based on relevant HIPSO and other harmonised definitions, to monitor the development impact performance of investments, disaggregated by gender wherever possible and relevant.
- Norfund collects a set of development impact data for all investments on an annual basis through its development impact reporting system. In the last couple of years, the collection and structuring of these data have been improved.
- Each direct investment requires a baseline and target for key impact ambitions at time of investment. The development effects reporting enables us to track progress annually against target impact.
- The gender-disaggregated indicators further enables us to track progress against the gender equality baseline that is required at time of investment based on the [2X Challenge framework](#).
- Norfund is further using survey tools provided by external parties to capture and quantify outcome data for selected investments.
- Targeted, in-depth [case studies](#) and impact studies are undertaken to capture wider development outcomes of selected strategic investments.



Principle 7 – Impact at exit

Conduct exits considering the effect on sustained impact

“When conducting an exit, the Manager shall, in good faith and consistent with its fiduciary concerns, consider the effect which the timing, structure, and process of its exit will have on the sustainability of the impact.”

- Norfund is an evergreen investment fund and can thus recycle investment proceeds. Exits are part of Norfund’s strategy as circulating capital strengthens our ability to be additionality and increase the development effects. Further, exits enables us to mobilise private investors and thereby increase the capital flows to the markets in which Norfund operates.
- Exit opportunities are considered already prior to commitment. Norfund has no fixed holding period; instead Norfund focuses on flexibility in the game plan to be able to support the investees through the ownership.
- An exit is considered when Norfund no longer sees itself as additional, meaning that the investee can continue to operate and grow with commercial financing and investors, or if an investment is seen to require a partner other than Norfund to ensure future growth and sustainability. However, as Norfund is a minority investor the exit opportunities may depend on the co-investors.
- An exit is then pursued if an appropriate buyer can be identified. The project team is required to consider to what extent the exit may affect the impact and ESG risks, including timing, structure, and process of the exit.
- Each equity exit (with exceptions for certain pre-defined exit arrangements) requires a presentation to the investment committee for approval. This is documented with an exit approval note presenting the overall situation of the investment, as well as options and recommendations for exit strategies. This document includes a section specifically on development impact.





Principle 8 – Impact review

Review, document, and improve decisions and processes based on the achievement of impact and lessons learned

“The Manager shall review and document the impact performance of each investment, compare the expected and actual impact, and other positive and negative impacts, and use these findings to improve operational and strategic investment decisions, as well as management processes.”

- Norfund reviews the overall performance of its portfolio on key impact ambitions associated with each investment area through the aggregation of investee data gathered through development effects reporting templates. Progress is presented in [Norfund's annual reports](#).
- Every investment exit requires a post-exit note, wherein process, management and results are discussed. A specific section on lessons learned is written and included, and development impact is considered along with financial and ESG performance.
- An investment baseline and target are mandatory inclusions in investment decision papers and project impact performance is assessed at exit in the exit approval note.
- Norfund regularly analyses the development of exited projects at the portfolio level to extract learnings. Data is collected for investees after Norfund's exit and an analysis is conducted for investee survival and post-exit performance on various impact and financial indicators. The analysis was updated again in 2025. This is instituted as an internal learning tool, but with select [publication of results](#).
- Norfund also conducts impact analyses and reviews to reflect on investment, sector, and strategy-level lessons learned on ad hoc basis and as part of the process for Norfund's strategy update. Examples include case studies, learnings from previous sector or geographic specific strategies, and failed investments.
- In 2025, [OsloMet conducted a case study assessment of Norfund's work with gender equality](#), focusing on Norfund's Business Support in East-African agribusinesses. The report discusses various approach to working with gender equality and Norfund's engagement on the topic. It also includes proposals for adjustments, incl. stronger reporting and communication of Norfund's work with gender equality.
- In 2024, Norad conducted [an evaluation of Norfund's Renewable Energy investments from 2015-2023](#) as part of their independent evaluation programme. The report shows that Norfund's investments have contributed to increased electricity production, improved access to renewable energy, and avoided greenhouse gas emissions in developing countries. The evaluation also includes proposals for adjustments, including investing more in the power grid to reduce bottlenecks in energy development.



Principle 9 - Disclosure

Publicly disclose alignment with the Impact Principles and provide regular independent verification of the alignment.

“The Manager shall publicly disclose, on an annual basis, the alignment of its impact management systems with the Impact Principles and, at regular intervals, arrange for independent verification of this alignment. The conclusions of this verification report shall also be publicly disclosed. These disclosures are subject to fiduciary and regulatory concerns.”

- This disclosure statement is published on Norfund’s website annually.
- Norfund’s alignment with the principles will be independently verified every four years.
- In 2023, Norfund engaged BlueMark to independently verify the alignment of Norfund’s impact management practices with the Operating Principles for Impact Management.
- BlueMark has office locations in London, UK; New York, NY; Portland, OR; and San Francisco, CA and is headquartered at 915 Battery St, San Francisco, CA 94111, USA.
- BlueMark is a leading provider of impact verification services in the impact investing market. It conducted the verification with an independent and unconflicted team experienced in relevant impact measurement and management issues.
- BlueMark’s assessment findings covered both areas of strength and areas for improvement, as reflected in [the Verifier Statement](#). BlueMark’s full assessment methodology, based on its professional judgment, consisted of:
 1. Assessment of the IM system in relation to the Impact Principles, using BlueMark’s proprietary rubric, and examining processes and policies against the following criteria: • Compliance of the IM system with a threshold level of practice; • Quality of the IM system’s design in terms of its consistency and robustness; and • Depth of sub-components of the system, focused on completeness
 2. Interviews with Norfund staff responsible for defining and implementing the IM system;
 3. Testing of selected Norfund transactions to check the application of the IM system; and
 4. Delivery of detailed assessment findings to Norfund, outlining areas of strong alignment and recommended improvement, as well as BlueMark’s proprietary benchmark ratings on the extent of alignment to each of the Impact Principles.

Disclaimer:

The information contained in this Disclosure Statement has not been verified or endorsed by the Global Impact Investing Network (“the GIIN”) or the Secretariat or Advisory Board. All statements and/or opinions expressed in these materials are solely the responsibility of the person or entity providing such materials and do not reflect the opinion of the GIIN. The GIIN shall not be responsible for any loss, claim or liability that the person or entity publishing this Disclosure Statement or its investors, Affiliates (as defined below), advisers, employees or agents, or any other third party, may suffer or incur in relation to this Disclosure Statement or the impact investing principles to which it relates. For purposes hereof, “Affiliate” shall mean any individual, entity or other enterprise or organization controlling, controlled by, or under common control with the Signatory.

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