

TRANSPARENCY ACT STATEMENT

2025

Norfund 

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Norfund has published an account of Norfund's approach to due diligence assessments in accordance with the Norwegian Transparency Act. The account aims to provide an overview of (i) relevant parts of the Norfund governance framework, (ii) identified actual adverse impacts and significant risks of adverse impacts in our business operations as part of our due diligence requirements and (iii) measures and procedures to mitigate such risk.

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Introduction

Norfund is the Norwegian Investment Fund for developing countries, investing to create jobs, improve lives and support the transition to net zero. Norfund is owned and funded by the Norwegian Government through the Ministry of Foreign Affairs.

Norfund's overall 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. In addition to our core development mandate, Norfund is currently also managing the Norwegian Climate Investment Fund and the Ukraine Investment Fund.

A more detailed description of Norfund's structure and area of operations can be found on our [website](#) and [annual report](#).

This account outlines Norfund's approach to due diligence assessments in accordance with the [Norwegian Transparency Act](#).

In addition to the Norfund Act, Norfund has a governance framework consisting of statutes and instructions adopted by our owner (including relevant elements of the general framework for government owned entities), a set of policies and instructions adopted by the board of directors and underlying steering documents adopted by the administration. Together, these documents provide the governance framework under which Norfund operates.

The Norfund governance framework encompasses the requirements, procedures and guidelines for handling actual and potential adverse impacts on fundamental human rights and decent working conditions (hereafter "adverse impacts").

This account aims to provide an overview of (i) relevant parts of the Norfund governance framework, (ii) identified actual adverse impacts and significant risks of adverse impacts in our business operations as part of our due diligence requirements and (iii) measures and procedures to mitigate such risks and impacts.

More information on Norfund's approach to responsible investment practices is available in the ["Responsible Investor" chapter on Norfund's website](#).

Our approach

Norfund's approach to due diligence aligns with the OECD Guidelines for Multinational Enterprises, relevant provisions in Norwegian legislation, including the [Equality and Anti-Discrimination Act](#), the [Working Environment Act](#), and the [Accounting Act](#).

Norfund recognises the market context in which we invest and operate, applying a risk-based approach to continuously evaluate the likelihood and materiality of potential breaches of our principles and guidelines, including fundamental human rights and labour rights. We predominantly focus on risks assessed to be particularly relevant, our specialized sector knowledge, recommendations from Norwegian authorities, and relevant networks and forums where Norfund participates.

We carry out risk-based due diligence to avoid and address adverse impacts associated with our investment activities and general operations, including our supply chain. This account is structured as follows:

- Norfund as an employer
- Norfund as a purchaser
- Norfund as an investor

Grievance mechanism

In addition to due diligence, it is instrumental to have a well-functioning grievance mechanism to enable detection of potential or actual adverse impacts.

Norfund's [Whistleblowing channel service](#) makes it possible for employees, business partners and any other external stakeholder to report claims and allegations of illegal, unethical or other unacceptable circumstances within Norfund itself or related to Norfund's investments. Norfund's whistleblowing channel is managed by an external third party and ensures full confidentiality and best practice handling of incoming claims and allegations. Norfund has previously obtained an external assessment on whether Norfund's Whistleblowing Standard and Procedure align with requirements set out in the UNGP Principle 22 on remediation, Principle 29 on operational-level grievance mechanism, and the effectiveness criteria outlined in Principle 31. The external assessment concluded that "Norfund's overall procedures and framework concerning the safeguarding of human rights and human rights due diligence, are robust and generally align well with the expectations and requirements set out in the various principles of the UNGP, including Principles 22, 29 and 31."

In 2025, Norfund received a total of 9 claims and allegations through the whistleblowing channel, none of which were concluded to entail actual or potential adverse impacts in relation to Norfund's investment activities or general operations.

Norfund as an employer

The norfund team

Norfund places a high value on its employees, recognizing that they are the cornerstone of our success. At the end of 2025, Norfund had 180 employees, of whom 165 are permanent positions, and with 34 nationalities represented. About 60 per cent of Norfund's employees work directly with investments, while 40 per cent are administrative and mid-office functions. Further, 70 per cent of Norfund's employees are based in Oslo, while the remaining 30 per cent of Norfund's employees are based at our regional offices in Costa Rica, Ghana, Kenya, South Africa and Thailand. Strong regional offices with experienced teams working closely with our markets are crucial for the success of Norfund's investment strategy. We believe that a motivated and engaged workforce is vital for achieving our organisational objectives and driving sustainable development.

Code of conduct

Our Code of Conduct sets ethical standards for employees, focusing on human rights, responsible decisions, proper work conditions and integrity. All employees review and sign the policy upon joining the team, and annually thereafter. The Code of Conduct is built on the five core values of our cultural platform – The Norfund Way:



Be courageous
Serve the mandate
Be kind
Walk the talk
Make a difference

- **The Integrity to Be Me:** To be courageous refers both to taking on the expected responsibility in your position, as well as the courage that is required to act with integrity.
- **My Work:** To serve the mandate refers to the way you preserve Norfund's assets, reputation, and interests.
- **Our Working Environment:** To be kind refers to the way you are expected to contribute to a safe, inclusive, and friendly working environment.
- **Being a Role Model:** To walk the talk refers to the way you are expected to acknowledge and understand your responsibility when you are a leader, a project manager, or in other ways act as a role model.
- **How We Relate to Our Community:** To make a difference refers to how we impact as a commercial investor with a development mandate.

HR policy

The purpose of the HR policy is to set out the main governing principles for activities related to human resources (HR) in Norfund and describes how Norfund aims to recruit, develop, and retain employees. The policy is built on the principles in Norfund's Code of Conduct and applies to all employees in Norfund. All HR activities shall adhere to all local applicable laws and regulations related to working conditions, privacy, and the environment. In addition, we adhere to core conventions and recommendations of the International Labour Organisation (ILO).

Health, Safety, Security and Environment (HSSE) is also a key focus for Norfund, and we strive to offer a safe, secure, and healthy work environment. In Norfund, employees work as one team and contribute to each other's success. We have zero tolerance for bullying and harassment.

Enterprise risk management (ERM)

In line with our commitment to responsible business conduct, we conduct risk analyses twice per year with the purpose of assessing and mitigating key risks across our organisation including:

- Employee health and safety.
- A sound organisational culture.
- Compliance with labour and ethical standards.

Norfund employees are particularly exposed to travel risk related to our mandated investment regions, many of which qualify as high-risk destinations. Mitigating measures are in place to reduce vulnerability and ensure the safety of our employees when travelling. Norfund's crisis management team has received training on travel security, and we have arrangements with a third-party service provider that offers assistance before, during and after travel. In addition, there are regular training sessions and classroom training on travel security and focus sessions with the extended management team on how we can ensure compliance with our travel guidelines.

Work environment committee

To ensure compliance with workplace regulations and foster a safe and inclusive environment, we maintain a Work Environment Committee (WEC). This committee meets at least four times per year to address workplace issues, monitor employee health and safety, and proactively resolve concerns. The committee includes representatives from both the employer and employee side, ensuring balanced and transparent discussions. The Safety Representative is always a member of the WEC.

Trade union

As an employer, we are committed to adhering to international frameworks for workers' rights and to a workplace free from harmful influences. We promote inclusion and diversity in the workplace and support the right to organise and bargain collectively. There are quarterly meetings between Norfund and representatives for the trade union, with the focus being to protect workers' rights, negotiate wages, and ensure fair working conditions.

A sound organisational culture

We promote a balanced work-life approach, understanding the importance of well-being in maintaining productivity and job satisfaction. Our leadership emphasises the value of employee input, encouraging feedback and collaboration to shape a thriving workplace culture.

We conduct regular employee surveys throughout the year to evaluate satisfaction, engagement, and overall well-being. By gathering feedback, we aim to identify areas of improvement and implement changes that can enhance our workplace culture and satisfaction. The surveys are anonymous, and all employees are encouraged to provide feedback and add comments to the questions.

Norfund as a purchaser

Norfund's operations encompass suppliers with specific competencies from our core markets abroad, as well as suppliers to our Norwegian headquarters and our regional offices. Finding the right supplier, especially for our investment activities, requires careful assessment of competence, price and business conduct.

Norfund is committed to conducting responsible procurement in line with the Norwegian Transparency Act. This includes carrying out risk-based due diligence of our suppliers to identify, prevent and mitigate adverse impacts on human rights and decent working conditions. Norfund also places particular emphasis on sustainability (see more on the eco-lighthouse certification below).

To ensure compliant and responsible purchases, procurement requirements are documented in Norfund's governance framework. When procuring goods and services for or on behalf of Norfund, special care shall be exercised to ensure that the entire process meets the following requirements: When procuring goods and services for or on behalf of Norfund, special care shall be exercised to ensure that the entire process:

- Complies with Norfund's governance framework and compliance system, in particular related to appropriate approval processes and powers of attorney;
- Is in accordance with Norfund's [Code of Conduct](#) and [Business Integrity Policy](#);
- Adheres to high standards of responsibility in terms of environmental, social and economic sustainability; and
- Adheres to relevant local, national and international regulations and standards.

Working with suppliers who share our commitment to ethical practices and transparency is important to Norfund. When selecting suppliers, we require all suppliers of goods and services, contractors, consultants and business partners to acknowledge and adhere to our Supplier's Code of Conduct. The Supplier Code of Conduct sets out key requirements such as compliance with laws and regulations, proper business conduct and adherence to fundamental human rights and labour conditions.

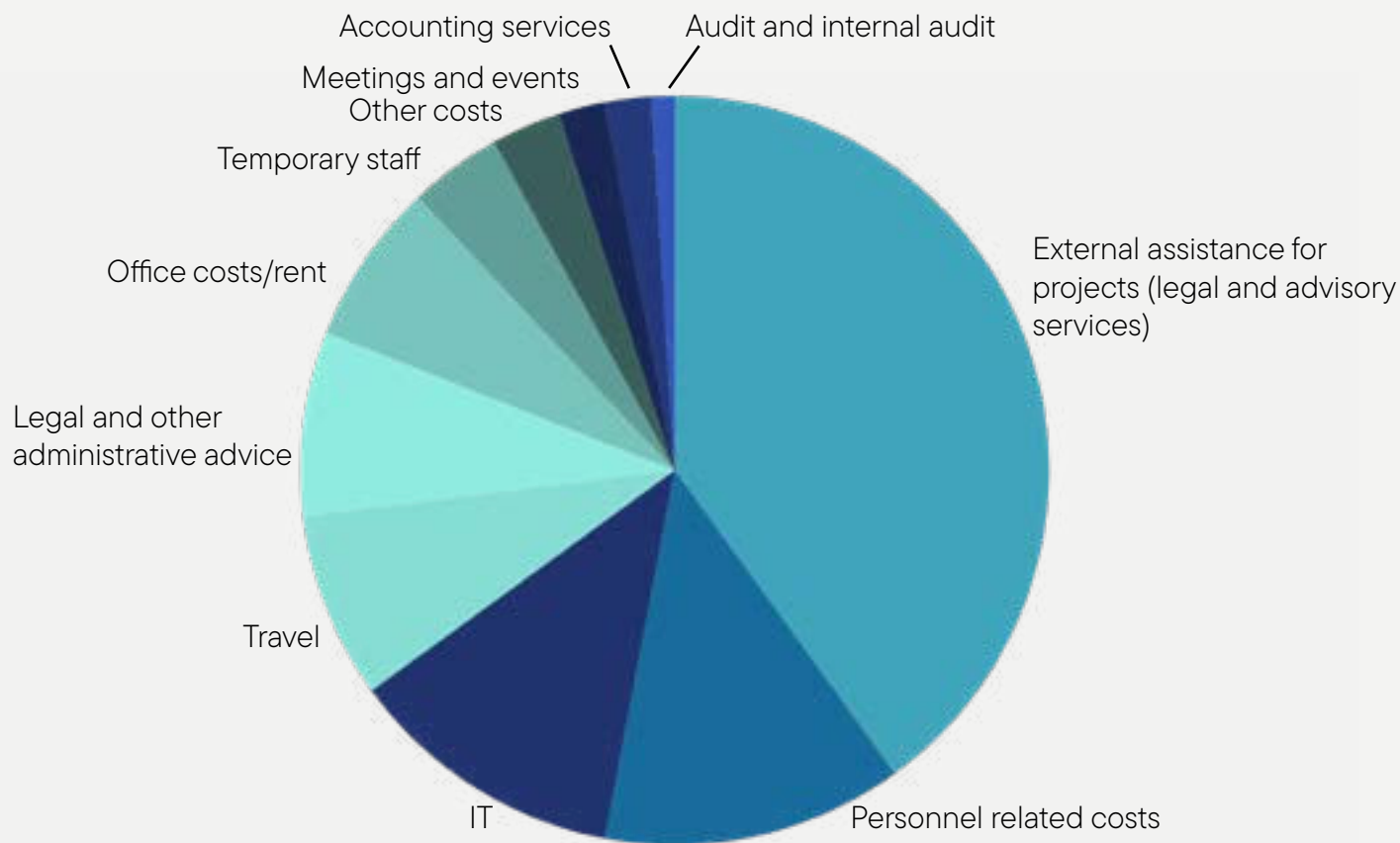
Purchases 2025

In 2025, Norfund purchased goods and services for approximately MNOK 192. The costs are distributed to approximately 500 suppliers, of which around 20 per cent of the suppliers account for 80 per cent of the costs.

The costs distribute over several supplier categories, with external assistance within legal and advisory services as the largest, accounting for 40 per cent of the total. This includes mainly due diligence and legal services for our investment activities. This type of advisory service is deemed to entail limited potential for adverse impacts in rendering their services.

Likewise, our typical office-related suppliers (IT, accounting and audit services, office rent, etc) are also deemed to entail limited potential for adverse impacts. However, potential risks may still arise indirectly through subcontractors, global supply chains or geographic exposure.

In conclusion, Norfund as a purchaser is overall assessed as low risk, with potential exposure related to use of global supply chains and jurisdictional risk in certain markets.



Eco-Lighthouse

Norfund is certified as an Eco-Lighthouse, a management system that helps businesses reduce environmental impact and improve working conditions in their supply chain. The Eco-Lighthouse certification is a key tool for ensuring appropriate assessments of our suppliers and service providers.

As part of this certification, Norfund has strengthened its procurement routines, with particular emphasis on sustainable procurements related to operations to reduce negative social and environmental impacts. Considering the scale of global supply chains and related business activities, ensuring sustainable procurements is deemed to have significant positive impact, affecting social and environmental aspects such as consumption, waste, and climate emissions. Norfund’s procurement routine is mandatory for all our procurements, emphasizing necessity and certified suppliers. Approximately half of Norfund’s key suppliers hold recognized certifications such as Eco-Lighthouse or ISO standards. Increasing the share of certified suppliers remains a priority.

Priorities for 2026

Norfund continuously strives to improve internal routines and processes. In 2026, our work on responsible procurements will focus on responsibility awareness training with respect to our procurement practices and requirements. Also, the Norfund Enterprise Risk Management framework will be reviewed and assessed to ensure continued regulatory compliance. We further envisage reviewing our supplier contracts for IT and will consider tender processes targeting sustainable choices and how our procurements can contribute to positive impact.

Norfund as an investor

Governance framework

Norfund carries out risk-based due diligence to avoid and address actual and potential adverse impacts associated with our investment activities. Our assessments and due diligence normally cover a wide spectrum of risk elements, including financial, market/macro, political, governance, business integrity and environmental and social risks in the markets where we operate.

Key components of our governance framework here are Norfund's [Policies for Environmental and Social Sustainability](#) (E&S Policy) and [Business Integrity](#), which gives direction for Norfund's E&S and business integrity work.

Most relevant for this account is Norfund's approach to environmental and social issues in our investment activities.

The E&S policy sets out relevant sustainability objectives and frameworks that guide Norfund's work and outlines how environmental and social considerations are integrated into the investment process. This policy applies across all mandates and investees.

Through our investment activities, Norfund seeks to strengthen investees' E&S performance and prevent adverse environmental and social impacts. The policy explicitly affirms Norfund's commitment to respecting human rights, as defined by the [International Bill of Human Rights](#), and promoting decent work. Norfund draws on the United Nations Guiding Principles on Business and Human Rights (UNGP) and is committed to promoting compliance with [ILO's Declaration on Fundamental Principles and Rights at Work](#).

E&S sustainability framework

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.

To ensure consistency with best practices, Norfund aligns its standards with recognised frameworks and peers. Norfund has endorsed the [EDFI Principles for Responsible Financing of Sustainable Development](#) and commits to operate in accordance with the EDFI Statement on Climate and Energy Finance and Harmonised EDFI Environmental and Social Standards.

The [IFC Performance Standards \(IFC PS\)](#) on Environmental and Social Sustainability and the [World Bank Environmental, Health, and Safety Guidelines](#) serve as Norfund's primary operational frameworks. These globally recognised benchmarks define clients' responsibilities in 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

Each standard includes human rights considerations. A key principle of the IFC PS is the application of the mitigation hierarchy, which prioritises avoiding and minimising negative impacts on workers, communities, and the environment.

Client protection

Norfund applies a proportionate approach, tailoring requirements based on the investee's nature, size, and risk profile. Norfund remains committed to promoting safe, responsible, and fair treatment of clients and consumers across our portfolio to reduce the risk of over-indebtedness. Building on the Financial Inclusion approach established in 2024, the 2025–2026 focus has deepened within the off-grid solar sector, recognising the need to better manage risks at the intersection of energy access and embedded finance. Norfund has partnered with industry experts to support the update of the Client Protection Code for the off-grid solar sector. The revised framework will align more closely with microfinance best practices, including responsible lending, affordability assessments, transparency, fair collections, and effective grievance mechanisms.

Armed conflict

Given our increased exposure to conflict-related human rights risks through the Ukraine mandate, we have also launched an internal guidance note on Armed Conflict and International Humanitarian Law to clarify expectations related to conflict analysis, incident monitoring and heightened due diligence requirements.

Due Diligence Process

E&S risk assessment and management is integrated into the investment process and outlined through detailed manuals, guidelines, working procedures, tools and templates within our governance framework.

The organisation has a team of thirteen dedicated E&S specialists who work with investment teams and investees to identify, assess, and manage relevant issues throughout all investment phases, from screening to exit. Each regional office is supported by an E&S specialist with in-depth knowledge of the local context and regulatory requirements.

Screening:

Our investment process starts with screening the project against relevant exclusion lists and assigning the project a risk category, reflecting our assessment of the potential E&S impacts and risks. This assessment considers criteria such as the project's sector, country context, purpose of financing, size of the transaction, etc. Our approach is aligned with EDFI's E&S Standards, and the categories assigned are defined as follows:

- High Impact / Risk (A) includes business activities with significant potential adverse social or environmental impacts or risks that are diverse, irreversible, or unprecedented.
- Medium High Impact / Risk (B+) are financed business activities with generally limited potential adverse social or environmental impacts or risks that are site-specific and readily addressed through mitigation measures but having some specific features which can have significantly larger adverse social or environmental impacts.
- Medium Low Impact / Risk (B) are business activities with limited potential adverse social or environmental impacts or risks that are site-specific and readily addressed through well-known mitigation measures.
- Low Impact / Risk (C) are business activities with minimal or no adverse social or environmental impacts or risks.

Due diligence:

If the project passes initial screening and receives initial approval from our investment/credit committees, we conduct due diligence to identify and assess E&S risks and impacts (including human rights and working conditions) and determine their significance.

We have a 'boots on the ground' principle as our main due diligence approach, as we believe visiting and meeting our investees, their facilities and workers are essential to fully assess the environmental and social conditions of our prospective investments. Our approach is risk-based, and the risk category, together with other project characteristics, influences the depth of E&S due diligence, E&S requirements, and the degree of E&S expert involvement necessary in the project cycle.

Due diligence also includes evaluating the potential investee's capacity, commitment and track record in managing such issues, determining how gaps and opportunities can be addressed and assessing whether the risk profile, including mitigation measures, meets Norfund's risk appetite. The findings of this phase inform the final investment decision. E&S specialists are part of the investment committees, ensuring that environmental and social considerations are integrated into the decision-making process.

Investment agreement:

The companies we invest in are required to work towards recognised E&S standards and the investment agreement incorporates specific requirements tailored to each individual investee. Project-specific E&S action plans addressing gaps against relevant frameworks identified during the due diligence phase are included where relevant.

Monitoring:

Monitoring the project's risk management and identifying opportunities for improving performance are key activities post-investment. We require regular reporting on E&S performance from our investees and track the implementation of the E&S action plans. We use RepRisk to monitor publicly available information about E&S issues related to our portfolio companies.

We assess the E&S performance of investees on a four-point scale and prioritise follow-up of projects with the highest residual risk. We also conduct site visits as part of our auditing measures, provide training and may use Norfund's Business Support facility to assist investees in strengthening their understanding and management of E&S risks and opportunities.

Due diligence findings and mitigating measures

In 2025, Norfund made 59 investments, the majority of which fell into the two highest risk categories. This is consistent with 2023 and 2024 and reflects our strategic focus on sectors such as renewable energy, agriculture, and manufacturing, which inherently carry elevated E&S risks.

Table 1. E&S Risk Categories for 2025 Commitments (% of projects)

Inherent risk	2025	2024	2023
High	14%	12%	20%
Medium-high	43%	45%	38%
Medium	22%	22%	22%
Low	21%	22%	20%

Norfund invests in regions characterised by high risk. In 2025, 71 per cent of commitments were to projects in Africa, 16 per cent to projects in Latin America, 11 per cent to projects in Asia, and 5 per cent to projects in Ukraine. Our website, provides an overview of the projects we invested in last year, including the committed amount, sector, and country of operation. Each project underwent a thorough assessment against Norfund's sustainability framework.

Key findings and risk mitigation measures

All projects were assessed against IFC Performance Standard 1 (PS1), which sets expectations for clients' Environmental and Social Management Systems (ESMS). This standard includes requirements related to risk identification, management programmes, stakeholder engagement, and grievance mechanisms for affected communities.

Risks related to labour and working conditions were the most prevalent in 2025, relevant for 90 per cent of investments. These companies must comply with IFC Performance Standard 2 (PS2), covering areas such as occupational health and safety, the right to organise, and supply chain management.

Risks related to the projects' impact on local communities were identified in a majority of the projects we invested in last year. Business activities may expose local communities to increased risks and adverse impacts related to worksite accidents, hazardous materials, the spread of diseases, or interactions with private security personnel. Norfund requires companies to adopt responsible practices to reduce such risks, including through emergency preparedness and response, security force management, and design safety measures.

Human rights risks were also present in the projects that triggered IFC Performance Standards 5-8. For example, land acquisition and potential involuntary resettlement (PS5) was identified as a relevant risk in 29 per cent of projects. In these cases, Norfund required compliance with IFC PS5, which advises companies to avoid involuntary resettlement wherever possible and to minimise its impact on those displaced through mitigation measures such as fair compensation and improvements to living conditions. Active community engagement throughout the process is essential.

Action plans in agreements to mitigate risks

All investees are required to comply with our standard E&S requirements. To further strengthen risk management, 79 per cent of 2025 investments also included specific action plans aimed at preventing and mitigating adverse impacts. These action plans were incorporated into project agreements to ensure accountability and implementation.

Active engagement and provision of training

As a value-adding investor, Norfund actively participates in investee governance structures to enhance E&S risk management. In 2025, Norfund required in 34 per cent of investments that advisory E&S panels with Norfund's participation should be established or maintained.

Training is another key component of our engagement strategy. In 2025, Norfund expanded our training module focused on strengthening investees' capacity to prevent and manage gender-based violence and harassment in the workplace, reaching over 30 investees to date.

Incident investigations and corrective actions

Norfund requires investees to report serious incidents, conduct root cause analyses, and implement corrective actions to prevent recurrence. In 2025, direct investees reported 12 work-related fatalities, of which eight were road traffic related. Traffic incidents have been the leading cause of fatalities over the past three years. To address this, Norfund has expanded an ongoing business support initiative to strengthen investees' road safety management systems, increasing coverage among investees exposed to traffic risks across our invested geographies.

Priorities for 2026

Norfund is committed to continuous improvement in managing E&S risks. For 2026, we will continue to refine our procedure for managing serious incidents in our portfolio, further scale the road safety management program for investees, and strengthen our application of conflict guidance across our portfolio, and work more directly with Norfund-appointed external board members of our portfolio companies to advance E&S considerations at board level.