

<b>Policy</b>	 <b>Norfund</b>		
<b>Issued by:</b>	<b>Approved by:</b>	<b>Originally issued:</b>	<b>Revision date:</b>
LEG	2. BoD	30.01.2019	17.06.2026

# Norfund's Responsible Tax Policy

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## 1. Introduction

Norfund's mandate is to contribute to the development of sustainable businesses and industry in developing countries that would not otherwise be initiated because of the high risk involved. Profitable businesses generate tax revenues that fund infrastructure, public services, and sustainable development, thereby contributing to the UN Sustainable Development Goals.

Responsible tax behavior is integral to corporate responsibility and development effectiveness. This policy sets out Norfund's approach to tax compliance, tax governance, and responsible tax conduct.

## 2. Seven Fundamental Principles

Norfund's approach to taxation is based on seven fundamental principles:

### (i) Compliance with tax laws and regulations

Norfund complies with applicable tax laws and regulations in Norway and in the other countries where it operates or invests, respecting both the letter and the spirit of the laws.

### (ii) Investees pay taxes to the countries where they operate and income occurs

Norfund requires its investees to act responsibly and transparently on taxation, comply with local tax law, and pay taxes where they operate and income occurs. Norfund is a minority investor but, through active ownership, seeks to ensure that investees are run professionally, responsibly and predictably. Norfund encourages co-investors to apply similar standards and seeks alignment where possible.

Investees should not use intragroup transactions or inappropriate transfer pricing to artificially divert taxable profits from the countries where they operate and have their economic activities.

Norfund considers it appropriate for itself and its investees to apply generally available tax incentives, reliefs, and exemptions where these are consistent with legislative intent, legitimate business purposes, and do not promote harmful tax practices.

### (iii) No aggressive tax planning or artificial arrangements

Norfund conducts tax due diligence on prospective investees and investment structures. Investees should not engage in aggressive tax planning that erodes local tax bases. Where concerns are identified, Norfund works with investees to develop appropriate remedies.

### (iv) Investments through offshore financial centers

Norfund may invest through offshore financial centers or other intermediate jurisdictions where this is justified by e.g. development priorities in high-risk markets, capital protection, or co-investor requirements. Offshore financial centers provide stable jurisdictions that

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mitigate investment risks in countries with capacity constraints. Norfund shall be considerate of the principles in this policy when using intermediate jurisdictions and avoid structures intended to artificially limit source-country taxation, facilitate aggressive tax planning, or obscure transparency. Norfund supports the efforts of civil society and political leaders to promote transparency and combat illicit capital flows.

Norfund strives to invests through holding companies and funds registered in countries that *comply* with the standards of [Global Forum on Transparency and Exchange of Information for Tax Purposes](#) and in countries with which Norway has tax information exchange agreements. In certain cases, *largely compliant* countries may be used where this is explained in the investment documentation.

Direct investments can be made in all developing countries, regardless of Global Forum classification.

**(v) Fund investment requirements**

Norfund invests part of its capital through private equity funds. While these funds operate independently and make their own investment decisions, Norfund requires the fund's investment policy to align with Norfund's responsible tax principles for both investee companies and management structures. Funds must manage tax affairs responsibly and comply with applicable laws. Ordinarily, Norfund obtains information on ultimate beneficial owners of limited partners and other stakeholders of a fund at the time of investment, in line with item (vi) below.

**(vi) Transparency and disclosure**

Norfund provides accurate and timely information to stakeholders about its activities and investments. Financial statements and tax reporting reflect the reality of our business operations and tax obligations.

Norfund publishes annually, on a country-by-country basis, the aggregate amount of taxes and fees paid by our investees to tax authorities in each jurisdiction. Where disclosure could compromise confidentiality (e.g., few investees or dominant taxpayers), amounts may be aggregated at a regional level.

Norfund requires our investees to disclose to us information about their ultimate beneficial owners, in line with our due diligence requirements. Such information is typically subject to confidentiality obligations and not publicly disclosed. Corporate structures must be transparent to relevant tax authorities in accordance with applicable law.

**(vii) Regular policy review**

Norfund reviews this policy at least every two years to ensure alignment with evolving international standards and best practice. Civil society will be involved in the review process.

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### **3. Tax governance**

The Board of Directors is responsible for this tax policy and its oversight. The Board shall be informed of material tax matters, and the Board will receive an annual update on compliance with this policy.

Compliance with this policy is integrated into Norfund's operational guidelines. The CEO is responsible for day-to-day practice and tax strategy.

Norfund is exempt from Norwegian corporation tax but is subject to other Norwegian taxes. Investments may also be subject to source-country taxation. Norfund maintains open, cooperative relationships with tax authorities in all relevant jurisdictions, responds promptly to inquiries, and manages disputes constructively.

Engagement with tax authorities and civil society is based on integrity, transparency and fairness with a goal of cooperative compliance.