

Norfund 

Annual report

2023



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Letter from the CEO

Last year, while traveling through some of our markets, I had the opportunity to spend time with investees, partners, and local team members. Beyond the insights and knowledge I gain from such travels, I find it particularly inspiring to meet entrepreneurs. The resilience and optimism they demonstrate give me hope and renew my drive as CEO of Norfund.

For instance, I met with the management team of the Kenyan textile producer Balaji. The founder, Mr. Pankaj Bedi, informed me that they employ 12,000 people, including 500 former inmates and 500 individuals with physical impairments. Their salaries support ten times as many people, with approximately 120,000 people dependent on Balaji's business. They are indeed making a significant difference.

2023 proved to be a challenging year in the developing world. First, we faced the aftermath of COVID-19, followed by the repercussions of the Ukraine War. Inflation surged, interest rates spiked, and currency volatility, along with a strong USD, affected many of our markets. State finances were severely strained, and many companies struggled to survive at the micro level. Nonetheless, our entrepreneurs continued to demonstrate that defying the odds and achieving remarkable results is possible.

While total foreign direct investment in developing countries [dropped by 9% to 841 billion USD last year](#), Norfund committed over 6.5 billion NOK, reflecting our record investment from the previous year. Our approach has not only shown resilience in demanding times but has also enabled us to generate a profit. The total annual investments now amount to 2.5 times the funds transferred from the state budget due to returns and sales.

Since our inception in 1997, Norfund has consistently grown and increased its impact. Our progress was built on Norfund's clear mandate and stable governance structure. We have benefited from strong political support across the political

spectrum, with additional funding provided each year. On this solid foundation, Norfund has recruited a highly competent team of dedicated professionals and established a strong presence with local offices in our key markets.

Norfund operates under two mandates: the Development Mandate, where our primary goal is to reduce poverty through job creation, and the Climate Mandate, where we aim to maximize CO2 emissions avoidance. Under the Development Mandate, seeking to maximize our additionality, 38% of our funding is invested in the Least Developed Countries, and no less than 64% is invested in Sub-Saharan Africa.

The Climate Mandate targets ODA countries heavily reliant on fossil fuels, such as India and South Africa. In 2023, we committed 1.6 billion NOK through the Climate Mandate and also mobilized substantial private funding. In total, the projects funded by the Climate Investment Fund are expected to avoid 8.5 tons of CO2 emissions annually.

Earlier this year, I travelled to India and Sri Lanka with our board of directors. In addition to visiting some of our large-scale renewable investments, we met with some of our microfinance clients on the outskirts of New Delhi. Meeting families who have secured loans enabling them to buy proper houses leaves a profound impression. They also shared how life-changing it was to own a fridge and not have to buy groceries every single day.

I am proud to serve as the CEO of Norfund. I have the privilege of leading a group of dedicated and highly competent staff. Working with exceptional entrepreneurs in challenging markets makes our mission incredibly rewarding. Through our investments we are making a significant difference, and our goal is to further increase our impact in the years to come.

Tellef Thorleifsson

Chief Executive Officer

May 2, 2024

Key figures

While total foreign direct investment to developing countries fell last year, Norfund committed almost NOK 6.5 billion, mirroring our record investment from the previous year.

2023 is the second year Norfund reports on both the Development Mandate and the Climate Mandate. For some key figures such as commitments and investments, we present both here, while on others such as certain development effects we report only on the Development Mandate, due to the current relatively small size of the Climate Mandate.

→ [Read more about the Development Mandate](#)

→ [Read more about the Climate Mandate](#)

For more detailed reporting on each mandate refer to their individual sections in the content menu above.

New commitments

4.9 **Development Mandate**
billion NOK in 2023

Excluding Business Support and Frontier Facility

1.6 **Climate Mandate**
billion NOK in 2023

Total commitments

32.5 **Development Mandate**
billion NOK in portfolio

3.8 **Climate Mandate**
billion NOK in portfolio

Investments

21/18 **Development Mandate**
New/follow-on investments in 2023

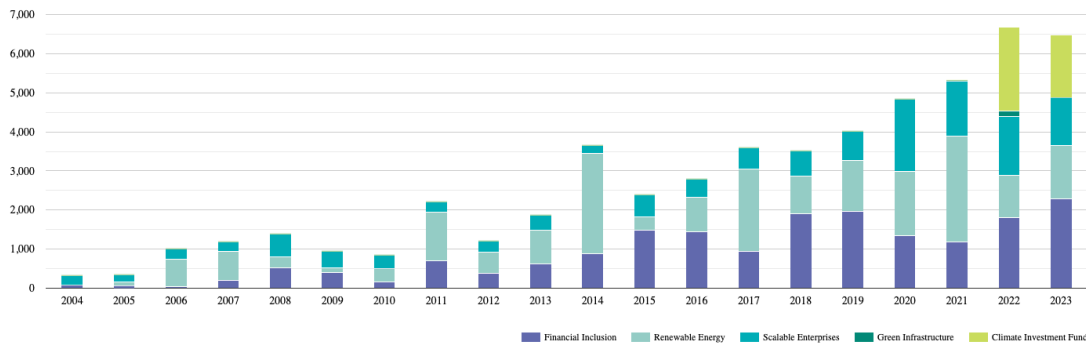
5/1 **Climate Mandate**
New/follow-on investments in 2023

Companies

219/1030 **Development Mandate**
total direct/indirect investees in the portfolio

12 **Climate Mandate**
total direct investees in the portfolio

Committed investments per year (MNOK)



Jobs

625,000

Jobs

in Norfund portfolio companies under Development Mandate

37,200

Jobs created

new jobs created (net) in portfolio companies under Development Mandate

38%

Female employees

in Norfund portfolio companies under Development Mandate

→ [Read more about job creation and the Development Mandate here](#)

Avoided emissions

**6.2 million
tons**

Development Mandate

CO₂e emissions avoided annually from
greenfield projects in 2023 portfolio

**2.2 million
tons**

Climate Mandate

CO₂e emissions avoided annually from
greenfield projects in 2023 portfolio

**Climate Mandate
8.5 million tons**

CO₂e expected annual avoided emissions from projects financed in 2023

→ [Read more about avoided emissions from the Development Mandate](#)

→ [Read more about avoided emissions from the Climate Mandate](#)

New electricity capacity

557 MW

Development Mandate
financed in 2023

4,244 MW

Climate Mandate
financed in 2023

17.9 TWh

Development Mandate
electricity produced in portfolio companies

5.7 TWh

Climate Mandate
electricity produced in portfolio companies

→ [Read more about increased energy access and supply from the Development Mandate](#)

→ [Read more about increased renewable energy supply from the Climate Mandate](#)

Access to finance

11.5 million **New clients**
offered financial services in 2023
under the Development Mandate

121 million **Total clients**
offered financial services in 2023
under the Development Mandate

56 BNOK **Increased lending**
increase in total lending volume
under the Development Mandate

→ [Read more about access to finance](#)

Internal rate of return

1.8% **IRR in 2023**
in investment currency (4.1 % in NOK)
Development Mandate

4.8% **IRR since inception**
in investment currency (7.8 % in NOK)
Development Mandate

IRR in 2023

21.9%

In investment currency (17.8% in NOK)

Climate Mandate

IRR since inception

24.5%

In investment currency (20.4% in NOK)

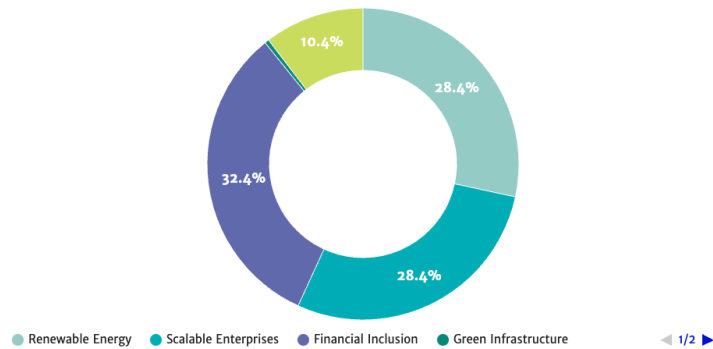
Climate Mandate

→ [Read more about IRR and financial results under the Development Mandate](#)

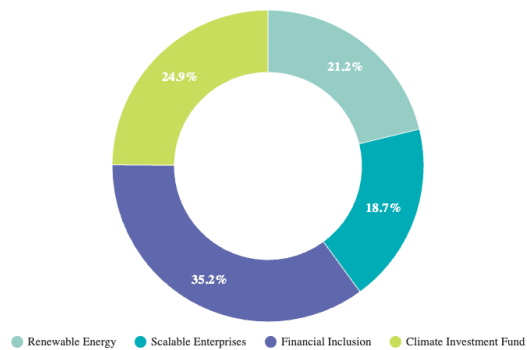
→ [Read more about IRR and financial results under the Climate Mandate](#)

Commitments per investment area

Total portfolio (MNOK)

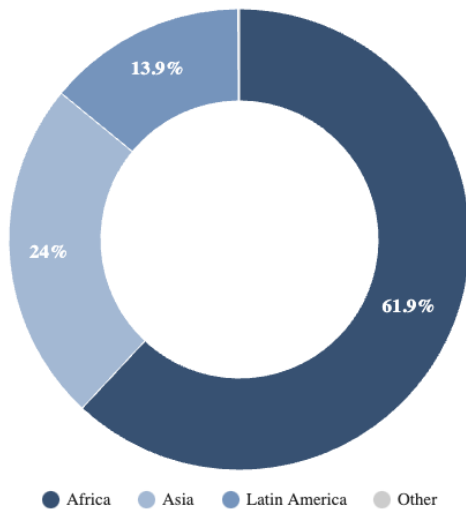


In 2023 (MNOK)

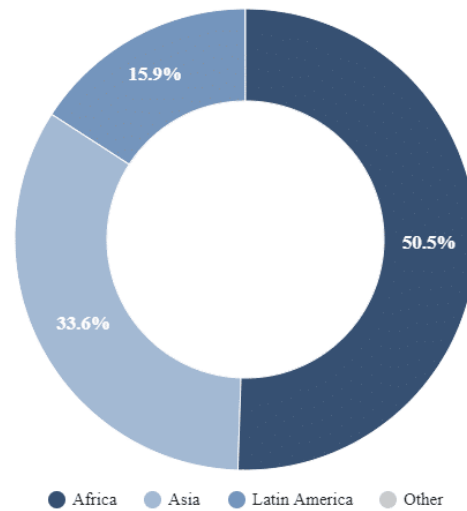


Commitments per region

Total portfolio (MNOK)

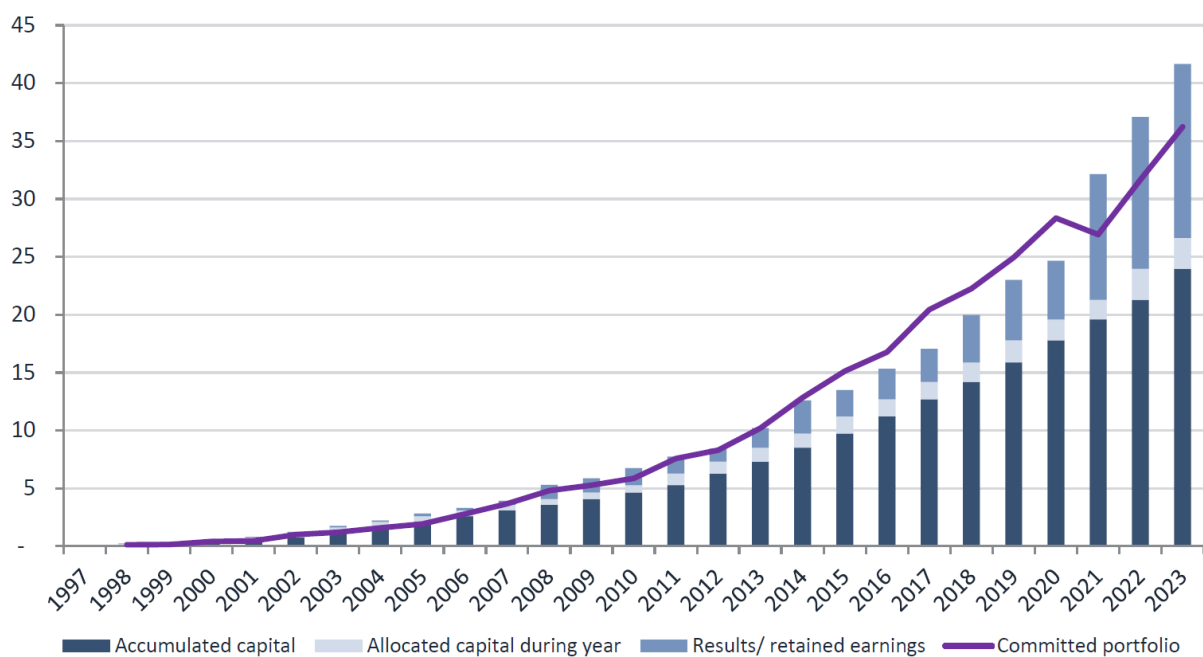


In 2023 (MNOK)



Portfolio since inception

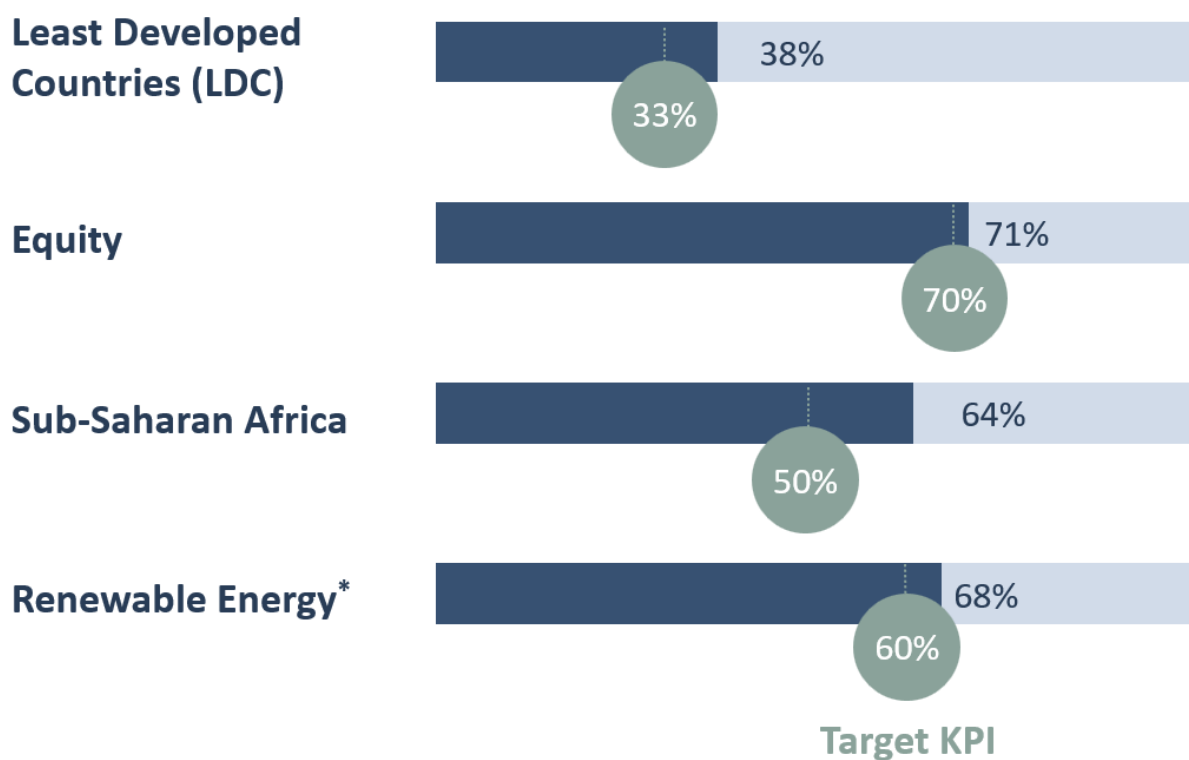
Committed Portfolio and Capital composition (End-of-year, Billion NOK)*



Norfund Key Performance Indicators

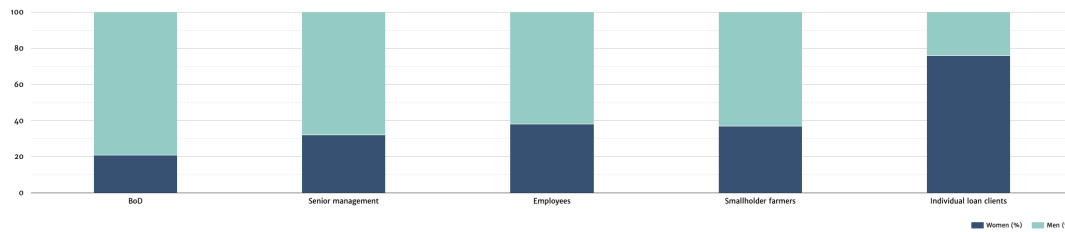
Development Mandate

Four key performance indicators (KPIs) are developed as a tool to secure that the portfolio develops according to Norfund's mandate. The KPIs are all measured at the portfolio level, though also monitored year by year (see table below).

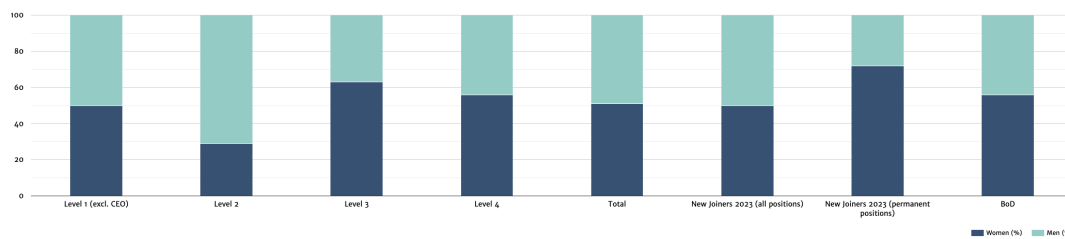


**The RE KPI was new for 2022 and is different from the other portfolio KPI's. The RE KPI is defined as total RE-commitments (at commitment date fx-rate) divided by total allocation from MFA, starting from 2022. This should over time be at least 60%.*

Gender equality in Norfund's investees 2023



Gender equality in Norfund 2023



→ [Read more about gender](#)

Key figures per year

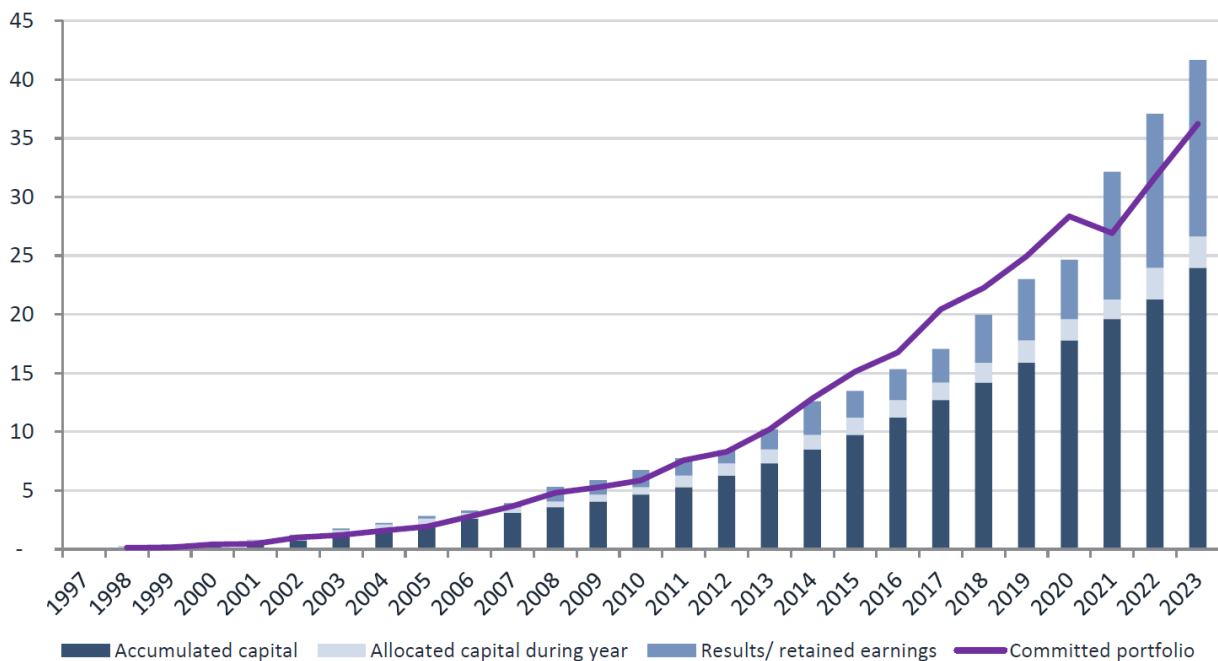
Key figures	2016	2017	2018	2019	2020	2021	2022	2023
Climate and Development Mandates								
Committed portfolio (MNOK)	16 762	20 439	22 253	24 944	28 352	26 924	31 650	36 225
New investments (MNOK)	2 784	3 600	3 511	4 015	4 839	5 320	6 513	6 487
Number of direct investments in portfolio	124	136	149	163	170	198	226	230
Capital allocated by the owner (MNOK)	1 478	1 500	1 690	1 905	1 820	1 680	2 678	2 678
Number of employees in Norfund	69	71	75	82	96	111	113	138
Development Mandate								
Committed portfolio (MNOK)	16 762	20 439	22 253	24 944	28 352	26 924	29 516	32 468
New investments (MNOK)	2 784	3 600	3 511	4 015	4 839	5 320	4 540	4 873
Return on invested capital (IRR) (inv. currency)*	2.9%	14%	4.6%	6.3%	-0.1%	5.2%	5.1%	1.8%
Number of direct investments in portfolio	124	136	149	163	170	195	219	219
KPI: Share of investments in least developed countries	33%	36%	41%	40%	39%	40%	37%	38%

Key figures	2016	2017	2018	2019	2020	2021	2022	2023
KPI: Share of investments in Sub Saharan Africa	52%	50%	55%	53%	53%	65%	63%	64%
KPI: Share of equity and indirect equity	85%	85%	81%	79%	79%	75%	74%	71%
KPI: Renewable energy share of allocated capital >50% (ended 2021)	62%	145%	60%	55%	54%	40%	-	-
KPI: Renewable energy share of allocated capital >60%							64%	68%
Number of jobs in portfolio companies	276 000	292 000	304 000	380 000	377 000	452 000	514 000	625 000
Taxes paid by portfolio companies (BNOK)	10.9	9.3	13.9	14.1	16.9	16.9	23.2	33
Climate Mandate								
Committed portfolio (MNOK)	-	-	-	-	-	-	2 135	3 757
New investments (MNOK)	-	-	-	-	-	-	2135	1 614
Number of direct investments in portfolio	-	-	-	-	-	-	7	12

Portfolio overview

Norfund’s total committed portfolio of 36.2 billion NOK by year end of 2023, consists of 230 direct investees and 1030 indirect investees. Out of the total committed portfolio, 3.76 billion NOK and 12 of the investees were under the Climate Mandate. During 2023, Norfund made a total of 26 new investments and 19 follow-on investments.

Portfolio since inception



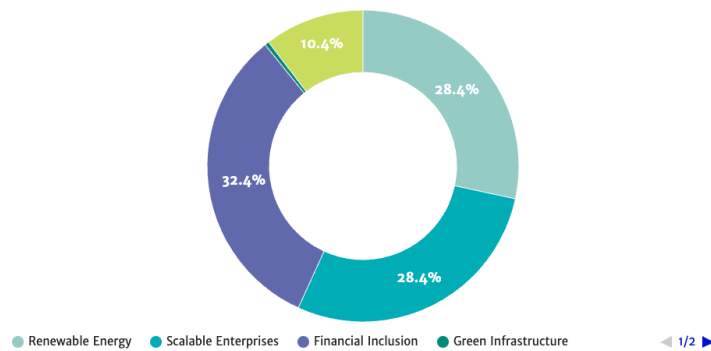
Priority investment areas

Under the Development Mandate, Norfund invests in four areas where the potential for development impact is substantial and aligned with the SDGs: Renewable Energy, Financial Inclusion, Scalable Enterprises and Green Infrastructure.

Under the Climate Mandate, we invest in renewable energy to accelerate the energy transition in developing countries with large emissions from coal and other

fossil power production.

Portfolio per investment area (MNOK)



Key Performance Indicators (KPIs) for Norfund's Development Mandate portfolio

Four Key Performance Indicators are defined for Norfund's Development Mandate portfolio.

Least Developed Countries >33%

The scarcity of capital available in Least Developed Countries (LDC) means the needs for our investments are high. 38% of Norfund's portfolio is in these markets.

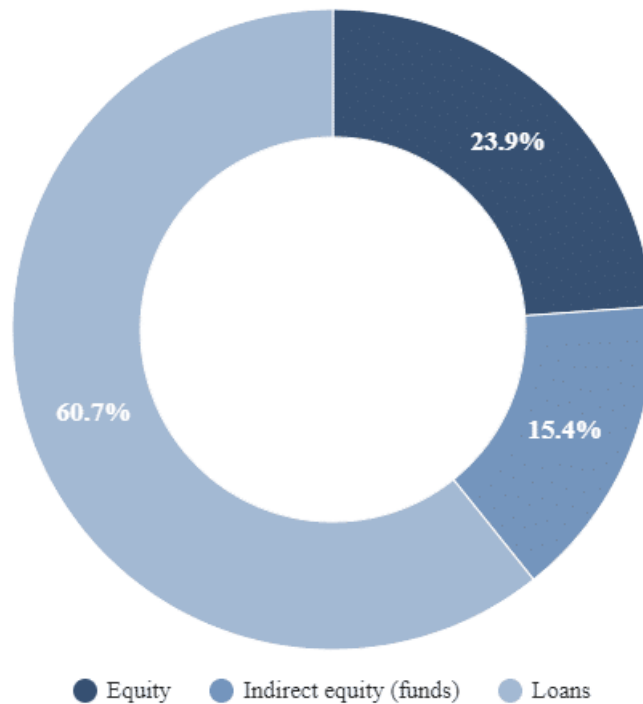
38 % Total portfolio in LDCs

Sub-Saharan Africa >50%

In line with Norfund’s strategic target, 59% of all new commitments in 2023 were in Sub-Saharan Africa, and 64% of the portfolio is now allocated in the region.

64 % Investments in Sub-Saharan Africa

Equity and indirect equity >70%



Norfund provides capital in the form of equity, debt and fund investments. Preference is given to equity investments - both direct investments and through funds - because in most developing countries equity is the scarcest type of capital available to enterprises.

The equity KPI fell to 71% by the end of 2023. This fall was caused by the

dominance of loans in new commitments, with only 39% of commitments in equity/funds, as well as some equity exits during the year.

Renewable energy > 60%

The Renewable Energy KPI was new for 2022 and is different from the other portfolio KPI's. The RE KPI is defined as total RE-commitments (at commitment date fx-rate) divided by total allocation from MFA, starting from 2022. This should over time be at least 60%. As of Q4 2023 this KPI stood at 68.4%.

68 % Renewable energy

→ [Key figures for 2023](#)

How we make a difference

Norfund invests to create jobs, improve lives and support the transition to net zero.

Throughout 2023, we continued to invest in regions where access to capital was notably scarce. We maximize developmental impact and additionality in our investments by focusing on select sectors and countries, thereby significantly contributing to economic growth in these regions. Our approach includes prioritizing equity investments, mobilizing and circulating capital for greater impact, and meeting high ESG standards.

Norfund's strategies towards 2026 are focused on impactful investments in Renewable Energy, Financial Inclusion, Scalable Enterprises and Green Infrastructure.

→ [More about additionality](#)

Read about Norfund's Development Mandate and Climate Mandate



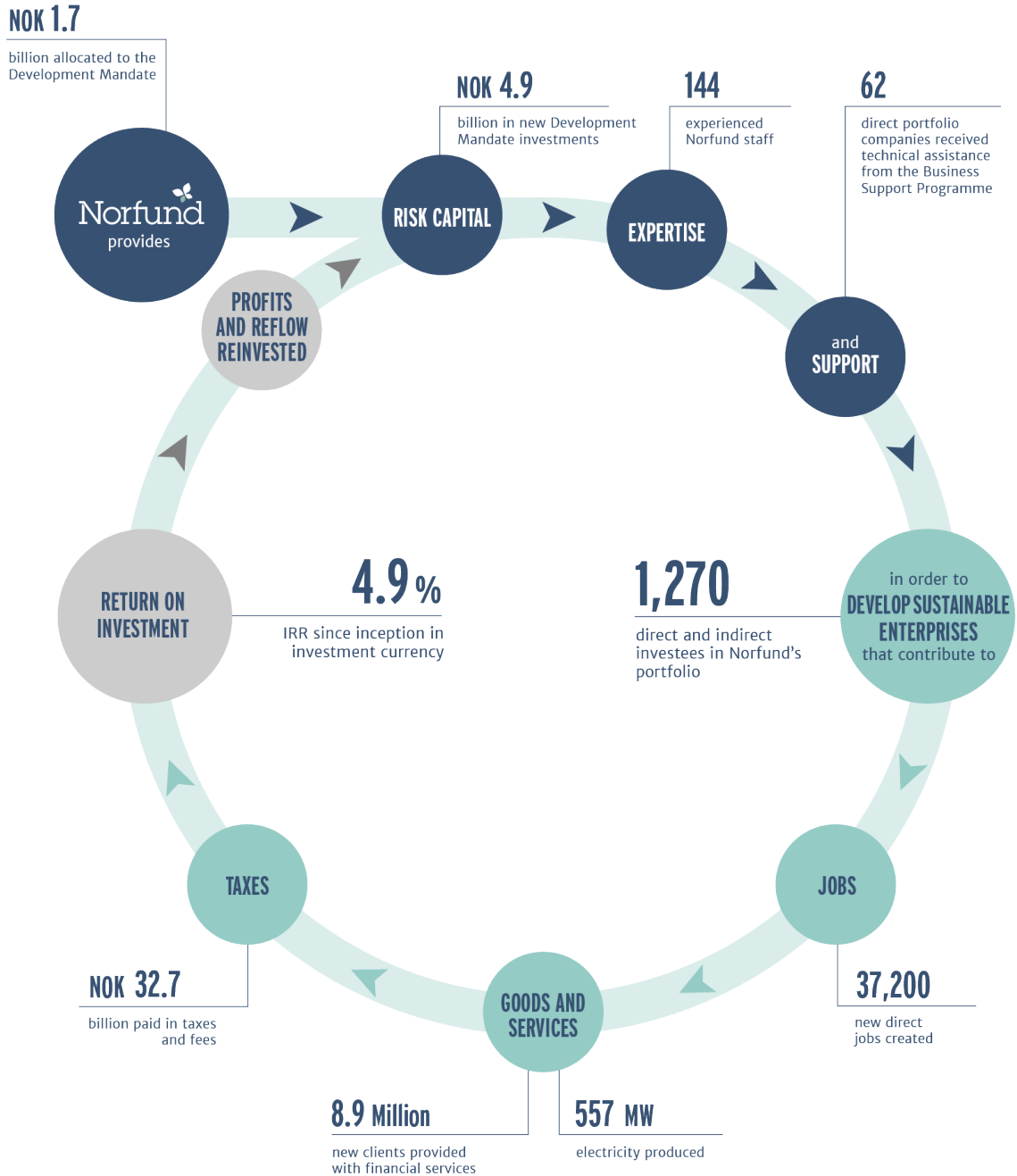
[Creating jobs, improving lives](#)



[Investing in the transition to net zero](#)

The diagram below illustrates Norfund's operations and impact in 2023, showcasing the efforts in job creation, expanding energy accessibility, and advancing financial inclusion. Investments are strategically exited once they no longer require additional support, with the proceeds reinvested in enterprises that have a greater need for risk capital. This ensures a continuous cycle of impact and sustainable development in the specified areas.

→ [Discover Norfund's impact here](#)



Being a responsible investor

Norfund is a responsible owner of our portfolio companies, contributing with expertise and helping our investees to have sound corporate governance and improve on their environmental and social performance.

→ [Norfund's Environmental and Social Risk Management](#)

Recognizing that inadequate management of environmental and social risks can lead to harm for both people and the environment, addressing these risks remained an integral part of Norfund's investment process last year. We are aligned with the Environmental and Social Sustainability Performance Standards of the World Bank's International Finance Corporation (IFC), utilizing these eight standards as the foundation for our assessments and ongoing interventions.

At Norfund, we held our employees and business partners to high standards of business integrity and maintained a clear no-tolerance approach, which we communicated to all stakeholders.

[More about Norfund's business integrity policy and other governing documents](#)

Commitment to responsible investment principles

Since 2017, Norfund has been a signatory to the [Principles for Responsible Investment \(PRI\) initiative](#). These principles, six in total, underscore the growing significance of environmental, social, and corporate governance considerations in investment practices. Norfund also provides [annual reports](#) on its adherence to them.

Impact management

Norfund is a founding signatory of the "[Operating Principles for Impact Management](#)." These principles, introduced by the International Finance Corporation (IFC) and developed in consultation with key stakeholders, establish a market consensus for impact investment management. They serve as a benchmark against which the impact management systems of funds and institutions can be evaluated. We have published Disclosure Statements annually since 2020, outlining the efforts to align investments and operations with the

Impact Principles.

Our approach to impact

→ [You can read more about our approach to impact here.](#)

A minority investor with strategical partners and co-investors

Norfund invests jointly with other [partners](#), and always as a minority investor - a principle defined in the mandate. By being a significant minority investor, Norfund has influence, while supporting local ownership and encouraging other investors to invest in developing countries.

Equity is our preferred instrument, and we often take up Board positions in our portfolio companies.

Our ownership always remains below 35 percent, reinforcing our reliance on capable and trusted collaborators. We meticulously assess potential partners, considering factors such as their expertise, track record, societal roles, and reputation. Co-investing this way enables us to leverage additional capital and to provide the industrial and local knowledge needed for each investment.

Responsible tax policy

The principles that guide our approach to tax-related issues and what we expect from our portfolio companies and co-investors are outlined in [Norfund's Responsible Tax Policy](#). The guidelines are based on internationally agreed principles and were drawn up with input from civil society. It consists of seven fundamental principles. They include requirements regarding transparency, that Norfund's investees shall pay taxes to the countries in which they operate and where the income occurs, and that third countries must only be used when necessary to meet the Norfund's development priority of investing in high-risk markets and to protect the fund's capital.

Business Support

Norfund's Business Support facility aims to enhance the sustainability and development effects of our investments.

By leveraging Business Support, we can exercise responsible ownership and create value additionality for our investments in high-risk sectors and segments.

The Business Support strategy aligns with our overall strategies, and targets ESG risks and the four cross-cutting issues: human rights, anti-corruption, climate and environment, and gender equality.

Frontier Facility

The Frontier Facility is primarily used for projects that have a risk level which is higher than other investments in Norfund's core portfolio and to be used in our most demanding markets. Particularly in fragile states and Least Developed Countries (LDCs). These projects are therefore managed as a separate facility and are not included in Norfund's overall portfolio valuation.

Frontier Facility is funded by the Norwegian Ministry of Foreign Affairs and serves two purposes:

1. Enabling early phase project development within Norfund's investment areas.
 2. Risk mitigation for commercial investors that wish to invest in Norfund funded projects, throughout the project cycle
-

[→ Read more about the Frontier Facility](#)

Norfund and the SDGs

Norfund is committed to contributing to implementing and supporting the UN Sustainable Development Goals.

Norfund invests to create jobs, improve lives and support the transition to net zero.

Our work under the Development Mandate is the Norwegian government's main instrument for strengthening the private sector in developing countries to contribute to poverty reduction.

Our work under the Climate Mandate is the Norwegian government's main instrument for accelerating the global energy transition by investing in renewable energy in developing countries with large emissions from coal and other fossil power production.

Both our Development Mandate mission and strategy for 2023-2026 and our Climate Mandate mission and strategy for 2022-2026 are based on the UN Sustainable Development Goals.



Norfund's mission under the development mandate is to create jobs and improve lives by investing in businesses that drive sustainable development (SDG 8: Decent Work and Economic Growth).

As defined in the development mandate strategy, the investments are concentrated in four investment areas that each also contribute directly to SDG targets:

1. [Renewable Energy investments](#) contribute to SDG 7-1 (universal access to energy services) and SDG 7-2 (increase share of renewables in the global energy mix)
2. [Financial Inclusion investments](#) contribute to SDG 8-10 (universal access to financial services) and SDG 9-3 (increased access to financial services for small and medium sized enterprises (SMEs))
3. [Scalable Enterprises investments](#) contribute to SDG 8-5 (productive employment and decent work for all) and SDG 9-2 (promote inclusive and sustainable industrialization)
4. [Green Infrastructure investments](#) contribute to SDG 11-6 (clean cities), SDG 12-5 (reduce waste generation), and SDG 6-1 (safe drinking water)

→ [**More about Norfund's strategy for the development mandate 2023-2026**](#)

Norfund's mission under the climate mandate is to invest in the transition to net zero in emerging markets (SDG 13: Climate Action). As defined in the strategy for the climate mandate, investments are made in renewable energy directly contributing to SDG 7-1 (universal access to energy services) and SDG 7-2 (increase share of renewables in the global energy mix).

→ [**More about Norfund's strategy for the climate mandate 2022-2026**](#)

In addition, Norfund's work to mobilize capital from other investors contributes to reducing inequalities between countries (SDG 10) and to increasing investments in developing countries (SDG 17).

Cross-cutting issues

The cross-cutting issues in Norway's development policy - human rights (SDG 8), anti-corruption (SDG 16), gender equality (SDG 5), climate and environment (SDG 13) - are assessed in all our investments.

Gender Equality

Norfund is committed to addressing gender equality in our own organisation as well as in our investments. We engage with our investees to promote equal opportunities for men and women across all levels in our investee companies.

[Read more about Norfund's work with gender.](#)



Human rights

The responsibility to respect human rights is a global standard of expected conduct for businesses and their responsibility as employers worldwide (SDG 8.7). We require our investees to respect human rights by adhering to the IFC Performance Standards. These standards cover relevant parts of the Declaration of Human Rights and the UN Guiding Principles on Business and Human Rights. [Read more about this in the E&S page.](#)



Climate

The climate crisis disproportionately affects poor people in developing countries and is a major threat to the goal of eradicating poverty.

[Read more about Norfund's work with climate and environment here.](#)



Zero tolerance for corruption

Norfund has zero tolerance for corruption in all its investments and activities. We make that clear to our portfolio companies and require them to implement anti-corruption programs. All Norfund employees and representatives (including external board members appointed to portfolio companies) have to sign and abide by Norfund's Code of Conduct, which prohibits all forms of corruption. If financial irregularities or corruption are suspected, Norfund has a formal channel to support whistle-blowers. [Read more about this under Governance and Business Integrity.](#)



Read more about Norfund as a responsible investor:

→ [Environmental and social risk management](#)

→ [Governance and business integrity](#)

→ [Climate and environment](#)

→ [Gender](#)

→ [Business Support](#)

Organization and team

Norfund's mandate is to assist in building sustainable businesses and industries in developing countries. Our mandate is complex, and our most valuable resource to meet this mandate is our employees. We believe that with a relatively small organization built on local presence and competence spread across the globe, Norfund is a unique place to work both in terms of our mandate, as well as incorporating the Norfund culture - The Norfund Way.

Investment expertise

By year-end 2023, 83 out of 134 permanent employees were working directly on investments, following the projects through all phases of the investment process. This includes eleven dedicated employees dealing with Environmental and Social issues (E&S).

Norfund has four sector-based investment areas: Renewable Energy, Financial Inclusion, Scalable Enterprises and Green Infrastructure.

Impact expertise, financial analysis, organizational development, and legal support

About 1/3 of Norfund's employees work in one of our corporate departments. The Strategy and Communication department leads strategy development and implementation, analyses development effects and additionality. The department also works with gender, media, and climate. Finally, they manage stakeholder relations and communication, as well as dialogue with Norfund's owner, the Norwegian Ministry of Foreign Affairs.

The Finance, IT, Risk and HR department is responsible for Norfund's accounts, financial analysis, and portfolio reporting, as well as for recruitment, skills, and

staff development. This department is also responsible for Enterprise Risk Management, IT, the Business Support facility, and the Frontier Facility.

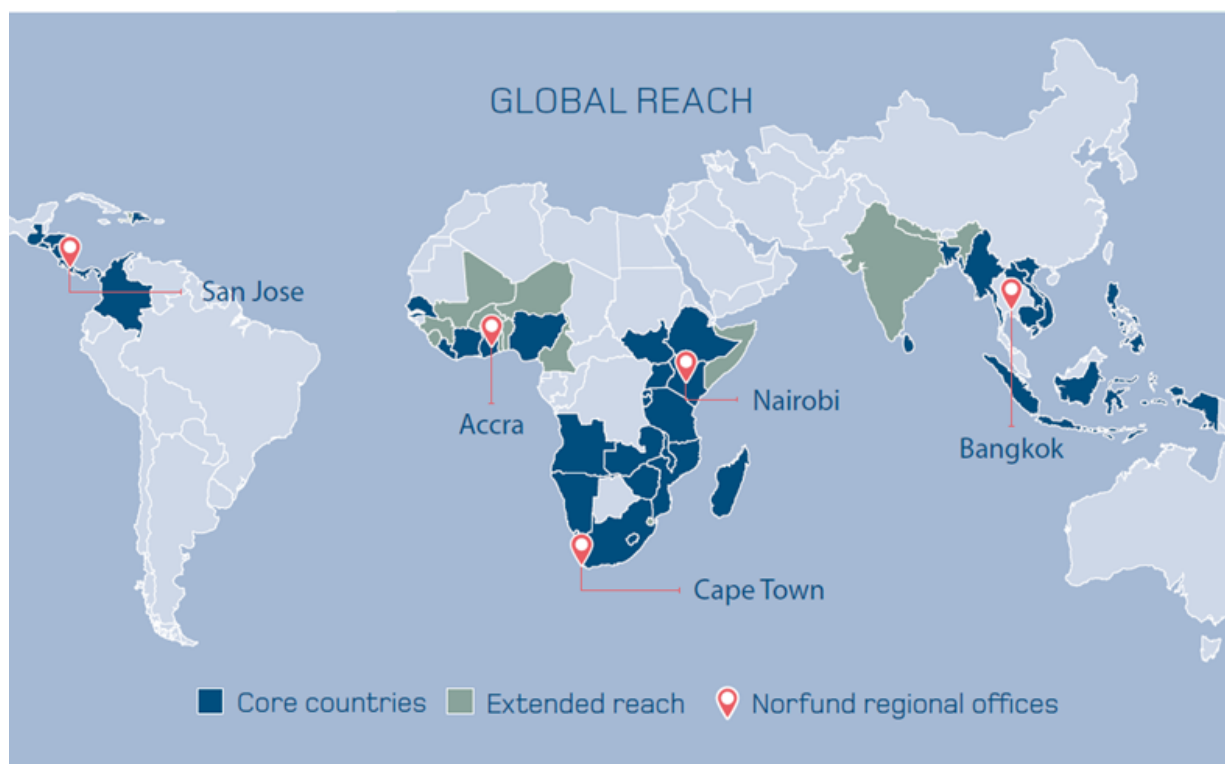
The Legal department is responsible for legal and compliance issues. For more information on gender equality and work with inclusion please refer to the annual report on equality.

[Norfund Annual Report Gender Equality & Inclusion 2023Download](#)

Country presence

To ensure local proximity and knowledge Norfund has five regional offices located in Accra, Bangkok, Cape Town, Nairobi, and San José. The regional offices generate investments, monitor existing commitments, and provide all the sector-based departments with support. 44 Norfund staff members are employed across our regional offices.

The Bangkok office manages Norfund's investments in Asia, focusing on financial services, funds, and renewable energy. Norfund has over 20 years of experience investing in East Africa, focusing on scalable enterprises and financial inclusion. The office in San José handles Norfund's investments in Latin America, focusing on financial inclusion and renewable energy. The office has a particular focus on debt and equity investments and business support projects. The Southern African office is based in Cape Town, and oversees Norfund's investments in key Southern African countries, focusing on scalable enterprises and renewable energy. The Accra office has since its opening in 2018 managed Norfund's investments across West Africa, covering all our sectors.



The Norfund Way

The Norfund Way forms the basis for our corporate culture. It is an integrated part of the company's Governance Framework, Code of Conduct, as well as the business processes. We aim to have a corporate culture which is specific and concrete, describing what types of attitudes and actions we believe best promote Norfund's mandate.

The Norfund Way is an expression of how we act when we are working for Norfund, when delivering at our best. It is illustrated by circles that represent the five dimensions of the Norfund culture, starting with our individual attitude and behavior and ending with how we interact with our community.



The integrity to be ME:

Be courageous

How I do my WORK:

Serve the mandate

How I interact with my TEAM:

Be kind

My responsibility as a LEADER:

Walk the talk

How we relate to our COMMUNITY:

Make a difference

Board of Directors

Norfund's Board of Directors is appointed by the General Assembly. The General Assembly is constituted by the Norwegian Minister of International Development who governs the state's ownership in Norfund.

Norfund's Board of Directors ensures that the Fund operates in accordance with the Norfund Act of 1997 and the fund's statutes. The Board defines Norfund's strategy and approves individual investments exceeding specified thresholds. Other investment decisions are delegated to the CEO.

In 2023, the Board held a total of 7 board meetings.

Olaug Svarva

Chair

Brit Rugland

Director

Martin Skancke

Director

Jarle Roth

Director

Karoline Teien Blystad

Director (Employee Elected)

Lasse David Nergaard

Director (Employee elected, until September)

Pablo Barrera

Director (from June)

Tove Stuhr Sjøblom

Director (until June)

Vegard Benterud

Director (Employee elected)

Vidar Helgesen

Director

Åslaug Haga

Director

Management Team

The management team manages the Fund according to Norfund's mandate of creating jobs and improving lives in developing countries. There have been no changes in the management team in 2023.



Foto: Hanne Marie Lenth Solbø
/ Norfund

Tellef Thorleifsson

Chief Executive Officer

Tellef Thorleifsson has been CEO of Norfund since Autumn 2018. Prior to Norfund, he was a co-founder and managing partner of Northzone. Thorleifsson was instrumental in building Northzone to become a leading international venture fund. Since inception in 1996 it has raised more than EUR 1.5 billion through nine funds and invested in more than 130 companies. Thorleifsson is also a co-founder of the Voxtra Foundation which has been making targeted investments and grants within agribusiness in East Africa. Thorleifsson has held several directorships.



Fride Andrea Hærem

Chief Financial Risk Officer & Head of HR

Fride Andrea Hærem took the position as CFRO and Head of HR in Norfund in 2021. Before joining Norfund, she was EVP for HR, Marketing and Communication, IT and Strategy at Norconsult. She has more than 10 years of experience in HR directorship roles and has held several finance manager positions, including at Posten and Cermaq. She holds a Master of Management with a specialisation in international business leadership from BI Norwegian Business School.



Thomas Fjeld Heltne

Executive Vice President, General Counsel

Thomas Fjeld Heltne took the position as General Counsel in Norfund in 2019. Before joining Norfund, he was Director M&A at Norsk Hydro. Heltne has throughout his career worked with transactions, financing and international projects, both from the legal and commercial side. He holds a degree in law from Norway as well as a Master of Laws from LSE and Corporate Finance from the Norwegian School of Management. Heltne has been member of and observer to boards of Norwegian industrial companies and served on the Trade Policy Panel for the Confederation of Norwegian Enterprise (NHO).



Ylva Lindberg

Executive Vice President, Strategy & Communication

Prior to joining Norfund, Ylva was founding partner of SIGLA, a boutique consultancy on sustainability and business, for 13 years. She has worked with sustainable and impact investments for almost 20 years and has experience with asset management and consumer goods. Ylva is a senior associate of the University of Cambridge Institute for Sustainability Leadership, board member of Lærdal Medical and member of the Responsible Investment Advisory Council of BMO Global Asset Management.



Erik Sandersen

Executive Vice President, Financial Institutions

Erik joined Norfund in 2014 and has represented Norfund on several boards of banks and microfinance institutions. He is currently a board member of the South Africa-based bank investment firm Arise and of the Nordic Microfinance Initiative. Prior to joining Norfund, Erik worked for 10 years as a co-founder and partner in a venture capital firm in the Nordic region. He has also worked as an executive in the IT sector and for the Boston Consulting Group in London and Oslo. He holds a master's degree in engineering from the Norwegian University of Science and Technology (NTNU) and an MBA from Stanford University.



Mark Davis

Executive Vice President, Renewable Energy

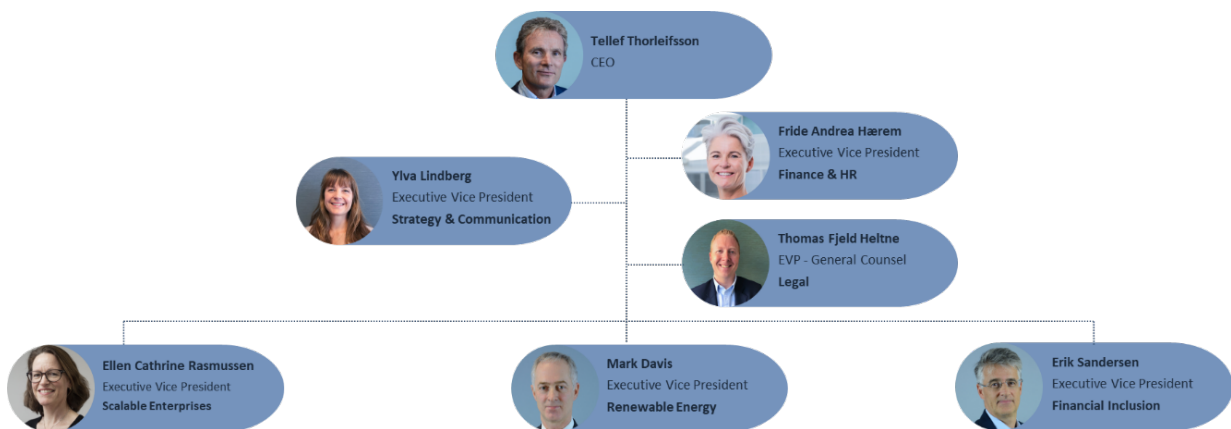
Mark has worked extensively with renewable energy investments, regulation and policy in developing countries, with a focus on Africa. Prior to joining Norfund he was a partner at ECON Analysis, and previously was Postgraduate Director at the Energy & Development Research Centre, University of Cape Town. He holds a PhD in energy economics from the University of Sussex, and earlier degrees in mathematics and applied science from the University of Cape Town.



Ellen Cathrine Rasmussen

Executive Vice President, Green Infrastructure and Scalable Enterprises

Ellen Cathrine Rasmussen joined Norfund as EVP for Scalable Enterprises in March 2020. In 2021 she also took on the role of EVP for Green Infrastructure. Prior to Norfund, Ellen held several senior positions at Yara, the world's leading fertilizer company. Her last position in Yara was as VP of Sustainability Programs and Global Projects. Prior to that, she was country manager for the Ivory Coast. Earlier in her career Ellen spent four years as EVP for Agrinos, an international agriculture input provider, responsible for Europe, Middle East, Africa and Asia. Ellen has also had various management positions at Norsk Hydro and served as a board member for SINTEF. She studied economics in Norway and France.



Norfund Investment Committee

Norfund's Investment Committee (IC) is important for quality assurance and for strengthening decision-making. The IC is chaired by the CEO, Tellef Thorleifsson and has seven additional members:

1. Three external members: Per Aage Jacobsen, Kathryn Baker and Jacob Kholi.
2. Four management team members; Mark Davis, Erik Sandersen, Ellen Cathrine Rasmussen and Thomas Fjeld Heltne.
3. One E&S advisor; Karin Bianca Gullman.

Norfund Credit Committee

Norfund Credit Committee (CC) approves loans to banks.

The committee consists of:

4. Tellef Thorleifsson
5. Thomas Fjeld Heltne
6. Naana Winful Fynn
7. Erik Sandersen
8. Kristin Imafidon
9. Tore Olaf Rimmereid (External)

Norfund Risk and Audit Committee

The Risk and Audit Committee is a preparation and advisory committee for the Board of Directors.

Its function is twofold:

10. Assess the company's overall operational and financial risk and recommend any measures to the board.
11. Assist the Board of Directors in overseeing the company's financial reporting and

control systems and recommend improvements.

The committee consists of three representatives from the Board:

12. Martin Skancke
13. Vidar Helgesen
14. Brit Kristin Sæbø Rugland

And two representatives from Norfund, where Chief Financial and Risk Officer is leading the committee secretariat:

15. Fride Andrea Hærem
16. Hege Elisabeth Seel

Additionality

Norfund is committed to making a difference by ensuring that our capital contributes to outcomes that would otherwise not have happened. This is referred to as “additionality” and is a key criterion for Norfund’s investments.

[The Norfund Act](#) states that Norfund shall contribute to establishing viable, profitable undertakings that would not otherwise be initiated because of the high risk involved.

Proving the additionality of our investments is challenging because it requires insights into what could have happened had we not invested. Norfund substantiates additionality claims by evaluating all potential investments against our additionality framework. We also have portfolio level KPIs and thresholds that ensure that we allocate capital to instruments and markets with high inherent risk.

What does it mean that an investment is additional?

Financially additionality

An investment is financially additional when the private sector partners are unable to obtain financing from capital markets (local or international) for a specific activity at the necessary terms and/or scale, or where it mobilizes finance from the private sector that would otherwise not have been invested.

Value additionality

An investment is value additional in cases where it mobilizes, alongside its investment, non-financial value to private sector partners that the capital markets would not offer and which will lead to better development outcomes. It is often pursued through active ownerships (e.g. board participation), capacity building activities, advisory services and other technical assistance and other ways.

Development additionality

Development additionality is that the investment will deliver development impact that would not have occurred without the partnership between the official and the private sector.

Ten ambitions on additionality

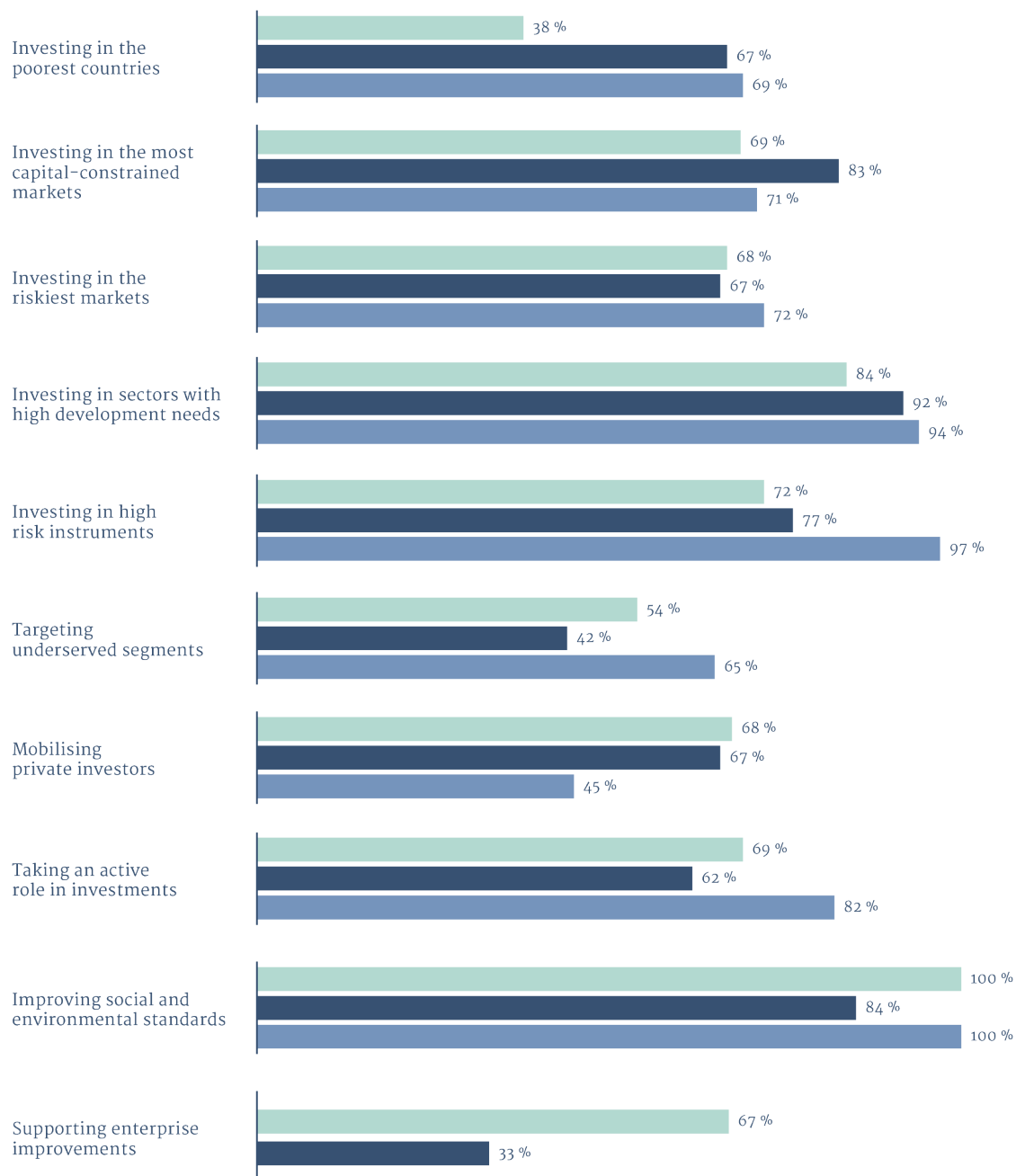
Norfund has a defined additionality framework that helps assess the additionality of our investments and ensure alignment with the OECD definition. This framework consists of ten additionality ambitions (see table below) reflecting both the financial and value additionality of our investments. For each ambition, we have identified relevant indicators to assess the extent to which we meet these ambitions. Investments under the new Climate Investment Mandate are subject to the same additionality assessment. Development additionality is assessed for each new investment by setting baseline and target values for key impact/ climate ambitions, describing what the investment aims to achieve.

Based on our experience with the use of the framework since 2018, the framework has been revised twice to better reflect the markets we operate in. In 2024 Norfund's framework will be updated to align with the new OECD-DAC Private Sector Instrument requirements for additionality.

Additionality informs our investment decisions

The framework informs our investment decisions and the way we report on additionality. Each new potential investment is assessed against the ten ambitions, explained in the graph below, and is accompanied by a narrative description of additionality. More information on which ambitions each investment is particularly additional on, is listed on the individual investment webpages on the Norfund website.

Share of committed capital to new projects in 2023 scoring materially on each additionality ambition ■ 2023 ■ 2022 ■ 2021



From the above table you see that the share of committed capital scoring on the ambition "Investing in the poorest countries" has dropped compared to previous years. However, if we look at the number of new committed projects (instead of

share of committed capital) we see that 27 out of a total of 45 new project scored on this ambition. This shows that Norfund had a high level of activity towards these countries. This also reflects that average ticket size in least developed countries often is smaller compared to investments in low- and middle-income countries.

More than half of the investments made by Norfund in 2023 were investments that target sector-specific underserved segments, meaning the beneficiary are underserved business types or end-clients. This could for instance be a loan issued to a financial institution that target microenterprises or an investment into a company providing off-grid solutions to poor households.

Case - Sun King Financing

To better illustrate how Norfund assesses our additionality in an investment we can use our recent investment in [Sun King Financing](#) as an example. The investments, which was made in 2023, offers a local currency loan that funds a leasing solution (pay-as-you-go model) for customers of the solar home systems sold under the "Sun King" brand in Kenya. The clients of Sun-King are typically low-income households or micro-enterprises.

Additionality ambitions	Score
Investing in the poorest countries	0.5
Investing in the most capital-constrained markets	1
Investing in the riskiest markets	1
Investing in sectors with high development needs	1
Investing in high risk instruments	0.5
Targeting underserved segments	1
Mobilising private investors	0
Taking an active role in investments	0.5
Improving social and environmental performance	0.5
Supporting enterprise improvements	0
Total	6.0

By providing the loan in Kenya Shilling (giving 0.5 points on “Investing in high risk instrument”), Norfund and the other lenders take on the currency risk which otherwise would be passed on to the client in the form of a premium. This will enable even more low-income households to access this attractive financing option for their solar home system.

Leasing ensures that Sun King’s clients can afford solar home systems without having to put up the up-front payment. The pay-as-you-go model also provides Sun-King clients with added flexibility compared to a fixed monthly lease.

Environmental and social risk management

Appropriate Environmental & Social (E&S) measures reduce risk to workers, the environment and local communities and provide business benefits which increase our impact. The management of environmental and social risks is therefore an integral part of Norfund's investment process.

Our sustainability commitments

Norfund's Environmental, Social and Governance Policy (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 also 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.

IFC PERFORMANCE STANDARDS

The [IFC Performance Standards for Environmental and Social Sustainability](#) and the [World Bank Group Environmental, Health and Safety Guidelines](#) are the main standards for operationalizing Norfund's sustainability commitments. These standards are globally recognized benchmarks for environmental and social risk management in the private sector. The standards are used by development finance institutions, commercial banks and other similar institutions.

The eight Performance Standards define clients' responsibilities for managing their environmental and social risks. The following aspects are included:

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

Clear roles and responsibilities

Our Environmental and Social Management System (ESMS) describes roles and responsibilities relating to E&S risk management, including governance, oversight, and E&S day-to-day working practices. Investment staff take part in a training program which includes modules on our ESMS, the IFC PS and how to identify environmental, health and safety issues on site-visits.

Integrated part of investment process

E&S risk management is an integrated part of our investment process and specific actions are required for each step of the project cycle: initial screening, due diligence, legal agreements and monitoring.

Understanding the risk profile of our portfolio companies

In the initial screening phase, Norfund evaluates the project against the EDFI Exclusion lists and performs a high-level assessment of key E&S risks. An inherent risk category is assigned which will determine the depth of due diligence and the

degree of E&S expert involvement. Our approach is aligned with EDFI's E&S Standards.

Assessing E&S risks and impacts

If the project is approved by our investment committee, the E&S due diligence commences. This includes a comprehensive assessment of E&S risks and performance based on document reviews, site visits and interviews with key stakeholders. Evaluating the potential client's capacity and commitment to E&S risk management is an important aspect of this process. Shortcomings and value add opportunities identified in due diligence are described in an Environmental and Social Action Plan (ESAP) which forms part of the investment agreement.

E&S requirements included in legal agreements

Our portfolio companies are required to comply with applicable national laws and regulations as well as international standards such as IFC Performance Standards and World Bank Group Environmental Health and Safety Guidelines. This includes a requirement to develop an Environmental and Social Management System (ESMS) containing an ESG policy, procedures for identifying, managing and monitoring risks, sufficient organizational capacity, emergency preparedness measures and stakeholder engagement.

Monitoring compliance and supporting capacity building

Norfund is a responsible owner and monitors portfolio companies' compliance with our E&S requirements. Investees are required to report at least annually to Norfund on their E&S risk management performance. Our business support facility is an important tool for building E&S capacity and is often used to strengthen portfolio companies' ESMS and provide training.

Transparent reporting

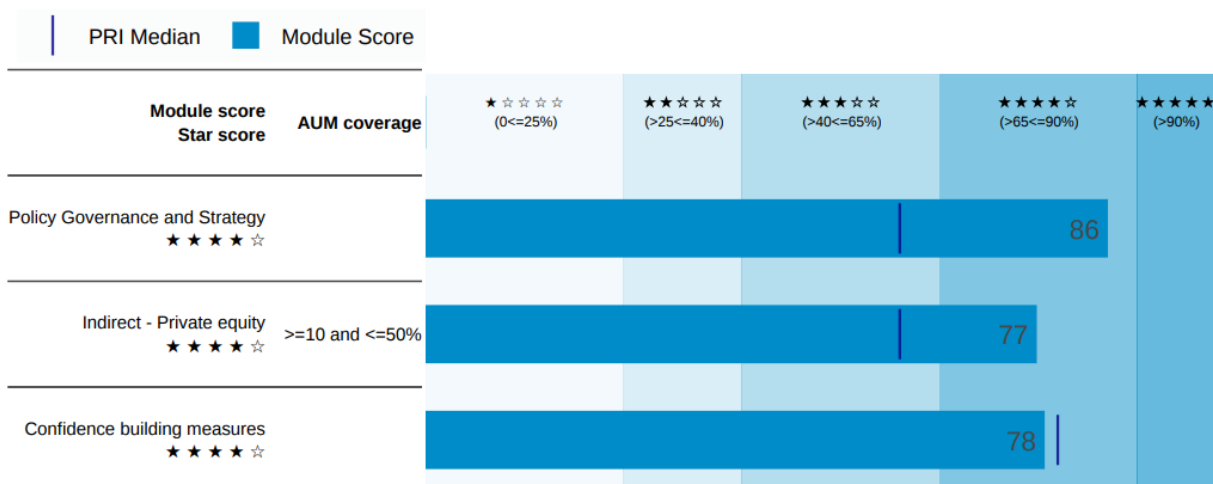
Norfund seeks to be transparent about our approach to risk management. Norfund is a signatory of the UN Principles for Responsible Investment (UNPRI) and the Operating Principles for Impact Management (OPIM) and annually reports on our approach to responsible investments.

UNPRI

Norfund has been a signatory to the UNPRI since 2017. These principles, six in total, underscore the growing significance of environmental, social, and corporate governance considerations in investment practices. Norfund also provides a report annually on how the principles are integrated in our investments, according to principle six. Read our report to get an overview of Norfund’s approach to responsible investments [here](#).

UNPRI score

SUMMARY SCORECARD



See full UNPRI Assessment Report Summary Scorecard [here](#).

Governance and business integrity

High business integrity standards are prerequisites for successfully delivering on Norfund's mandate.

Corruption, money laundering, and other economic crimes have wide-ranging negative effects on societies and are detrimental to reaching the United Nation's Sustainable Development Goals (SDGs). Norfund has a zero-tolerance approach to corruption and other forms of economic crime, and we are committed to promoting integrity, transparency and accountability in all our investments.

The framework that governs our work

Overall framework

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.

Business Integrity framework

The management of Business Integrity risks is an integral part of Norfund's investment process. We require the companies we invest in, our business partners, and our employees to promote and adhere to high standards, including:

1. Norfund Code of Conduct

2. Norfund Supplier Code of Conduct
3. Norfund Compliance System
4. Norfund Business Integrity Policy
5. Norfund Responsible Tax Policy
6. Norfund Gifts and Hospitality Guidelines
7. Whistleblowing and Incident Standard

Risk-based approach

The Business Integrity framework describes how we work to identify, assess and manage the Business Integrity risks associated with the operations of our investments, and provides an overview of the cross-cutting principles that guide our work. In 2023 the focus was on updating existing due diligence routines in response to the risk assessment of our investment portfolio that was conducted in 2022 through 2023. The assessment outlined and weighed Business Integrity risks Norfund is exposed to, reviewed existing mitigating measures and suggested certain additional measures. The assessment has provided valuable external benchmarking and will help strengthen Norfund's Business Integrity processes and procedures going forward.

Dedicated resources

To further raise awareness and secure harmonized practices between all offices, one Business Integrity Ambassador has been appointed for each of Norfund's regional offices. The Ambassadors work together with the Compliance function and participate in a joint Business Integrity Ambassador network. In 2023, Norfund implemented a new screening tool and enhanced the training requirements of employees. In addition, the Compliance team was strengthened by hiring an Integrity Due Diligence analyst, who will contribute to enhancing Norfund's Business Integrity capabilities and routines on an ongoing basis.

Whistleblowing and reports

Norfund encourages the reporting of any suspected breach of its governance framework or applicable laws or regulations in connection with or related to its investments or activities. Norfund staff can report suspected violations to internal functions, and such reporting is also encouraged via Norfund's external

whistleblowing channel. The whistleblowing channel caters for anonymous reporting of illegal, unethical or other unacceptable circumstances within Norfund and our investments. The whistleblowing channel is also open to Norfund representatives, business partners and other stakeholders, and reviewing and following up on Business Integrity incidents has a high priority in Norfund. 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.

Climate and environment

Ready for corrections week

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.

Net zero strategy

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.

Four principles underpin Norfund's work on net zero:

2. **Real-economy decarbonization:** Norfund shall aim to foster real-economy decarbonization through emission reductions of investees, rather than reducing portfolio emissions through divestments and reallocations.
3. **Just transition:** Norfund shall adopt a nuanced approach - transition to net zero in our markets should be just and inclusive. This includes investing in sectors essential to development, including hard-to-abate, with the aim of decarbonizing over time.
4. **Materiality:** Norfund shall focus efforts where the climate effects are large, and where Norfund can play a role.
5. **Investee focus:** Norfund shall support and engage individual investees by designing action plans and solutions that fit each investee's characteristics and climate maturity.

Norfund will contribute to the transition to net zero in developing countries in four ways:

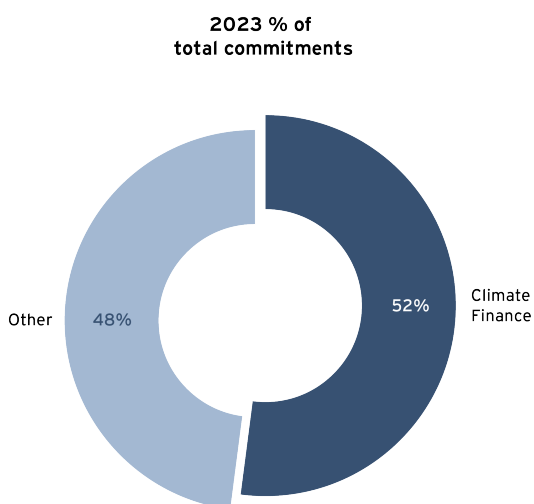
Norfund's strategy aligns with international frameworks and standards and is informed by peer analysis of other developmental finance institutions. SBTi approaches will likely be applied to select investees that are ready for it. However, specific SBTi approval of Norfund or external verification of targets is currently not planned.

Norfund's ambitions and actions are informed by an iterative approach that will evolve as data availability, accuracy, and climate standards develop. To improve data quality and climate engagement, Norfund is working towards improving its investees' capabilities in measuring and reporting emissions.

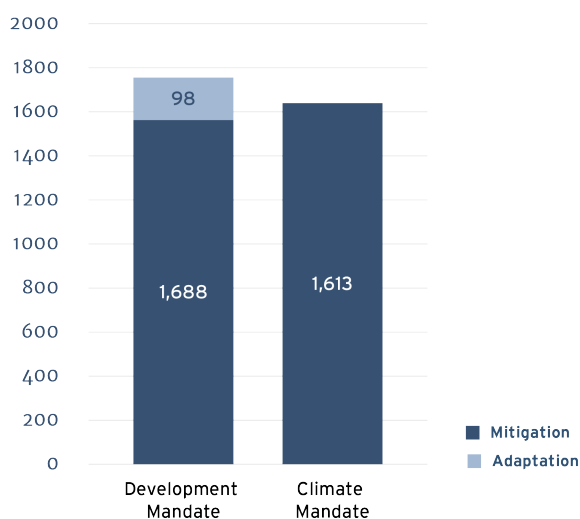
Climate finance

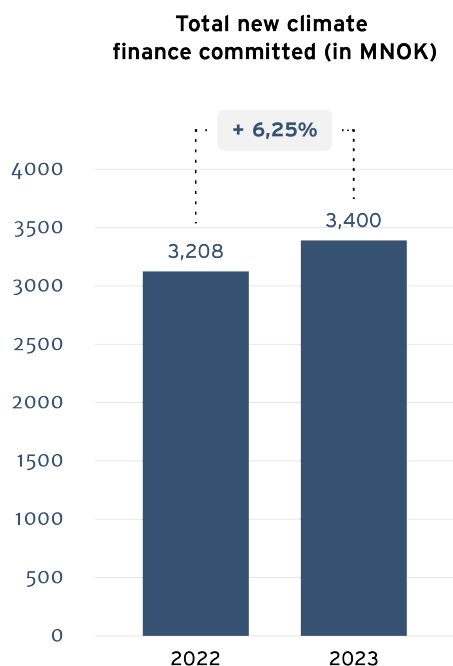
Climate finance refers to the financial investments mobilized to support climate change mitigation and adaptation projects, aiming to reduce emissions and adapt to climate impacts. The criteria used to assess climate finance at Norfund are defined in the [IDC/MDB's Common Principles for Climate Mitigation Finance Tracking](#), and The MDB's [Joint Methodology for Tracking Climate Change](#)

Adaptation Finance. Norfund increased its climate finance commitments in 2023 by 6.25% compared to 2022 totaling to almost 3,5 billion NOK. As explained above, climate finance is also an integral part of our net zero strategy.



Adaptation / Mitigation Finance (in MNOK, 2023)





Climate-related risks and opportunities

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 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.

[TCFD report for 2023](#)

Norfund's financed emissions

Norfund's largest emissions are in the activities of the investees we have invested in. Norfund has estimated its portfolio carbon footprint for the first time. While we have encountered various challenges and experienced high data uncertainty, we use this exercise to learn and improve. The methodology is based on the Partnership for Carbon Accounting Financials (PCAF) Global GHG Accounting and Reporting Standard. For Norfund's operational emissions, [read below](#). This assessment, based on data from 2022 due to issues with retrieving data, covers 71% of Norfund's portfolio in terms of financial volume.

Methodology & challenges

In alignment with the PCAF standard, there are different data options to assess the emissions of an investee. Each of these options has a corresponding data quality score, which provides an indication of how much uncertainty results carry. The scoring ranges from 1-5 with 1 referring to the highest data quality by using verified emission data from the investee. Across Norfund's assessed portfolio, 10% of the investees submitted emission data. The remaining were assessed using economic activity input data (e.g., revenues), modelled via the Joint Impact Model, a widely used tool among EDFIs and banks. This results in a relatively low data quality score.

Norfund reports on investees' scope 1 and 2 this year. The investees' scope 3 emissions, which among others include emissions from companies that are customers of banks in which Norfund has invested, are expected to be significantly higher than the scope 1 and 2 emissions, and associated with even higher levels of uncertainty.

Norfund presents both attributed and non-attributed emissions results. Other impacts, such as avoided emissions and employment impacts, are presented as non-attributed. This reflects ongoing challenges in aligning attribution practices across different institutions and metrics. In this context, it is important to point out to be careful when comparing avoided emissions with financed emissions. You can read more about it how we contribute to climate action by avoiding emissions [here](#).

Norfund's 2022 financed emissions, by scope			
	Attributed	Non-attributed	PCAF Data Quality
Financed Scope 1 (tCO2e)	~220'000	~3'500'000	3.7
Financed Scope 2 (tCO2e)	~45'000	~620'000	3.8
Emission Intensity (tCO2e/MUSD invested)	136	-	-

Despite these various challenges, the analysis has yielded insights that will help Norfund better understand and mitigate its GHG emissions. Future efforts will focus on improving the reliability of footprint calculations and reducing uncertainties in emissions estimations.

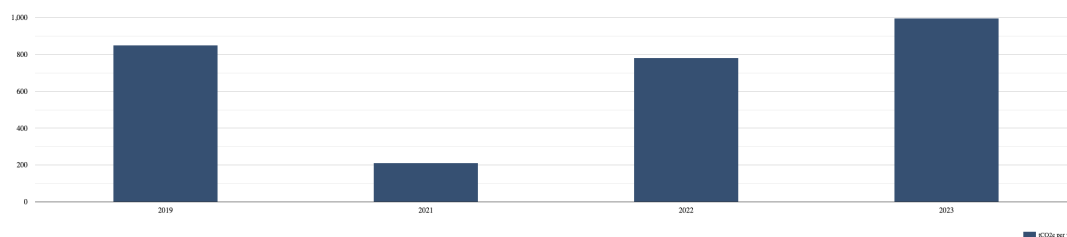
Responsible Workplace Climate & Environment

Beyond our climate-related activities in our investment, we also strive to minimize the footprint of and continuously work to improve our operations.

Norfund's Oslo office was certified as an Eco-Lighthouse (Miljøfyrtårn) in 2022.

We use this framework to advance our internal environmental and social performance. As part of the framework, Norfund reports operational emissions annually.

Operational emissions per year



**For 2019, we reported emissions from air travel, waste and energy for the Oslo office*

**For 2021, we reported emissions from air travel, waste and energy for the Oslo office*

**For 2022, we reported emissions from air travel for all Norfund offices, waste and energy for the Oslo office*

**For 2023, we reported emissions from air travel, employee commute and energy for all Norfund offices, waste and water for the Oslo office*

The increased emissions are largely due to the introduction of new indicators and reporting emissions on behalf of the whole organization and not only the Oslo office. If we were to report on the same indicators in 2023 as in 2019, the emissions reports for 2023 would be appr. 800 tCO2e.

Air travel accounts for more than 95% of Norfund's operational emissions. According to Norfund's business travel guidelines, we always assess the need for physical meetings, and if digital meetings could be a suitable option.

We work continuously to build more responsible operations and better working environments, and we have identified approximately 25 measures to be implemented and followed up within the organization in 2024. Not updated, waiting for Stem:

Norfund's 2023 Operational Emissions, by scope

0 tCO₂e	Scope 1
67 tCO₂e	Scope 2
931 tCO₂e	Scope 3 Category 1-4
998 tCO₂e	TOTAL

**Scope 2 includes emissions from energy for all Norfund offices. Scope 3 emissions within category 1-14, includes emissions from air travel and employee commute for all Norfund offices, and emissions from waste and water for the Oslo office.*

Gender equality

Norfund is committed to promoting gender equality in our own organization and in our investees.

Norfund's work on gender equality is guided by our Gender Position which is regularly updated. Norfund reports annually on the gender balance in Norfund and the companies we are invested in to the Board of Directors and in the annual report.

Norfund's position on gender equality and women's economic empowerment has three objectives:

1. To ensure equal opportunities and promote gender balance across all levels in Norfund
2. To promote equal opportunities for men and women across all levels in investee companies and through access to finance
3. To engage with relevant stakeholders to learn and where possible influence others to promote gender equality

[Norfund Annual Report Gender Equality & Inclusion 2023Download](#)

Gender balance in Norfund's portfolio companies

We collect gender disaggregated data from all investees annually. This enables us to carry out gender analyses at investee and portfolio level, and helps us to create awareness, both internally and externally, about gender equality.

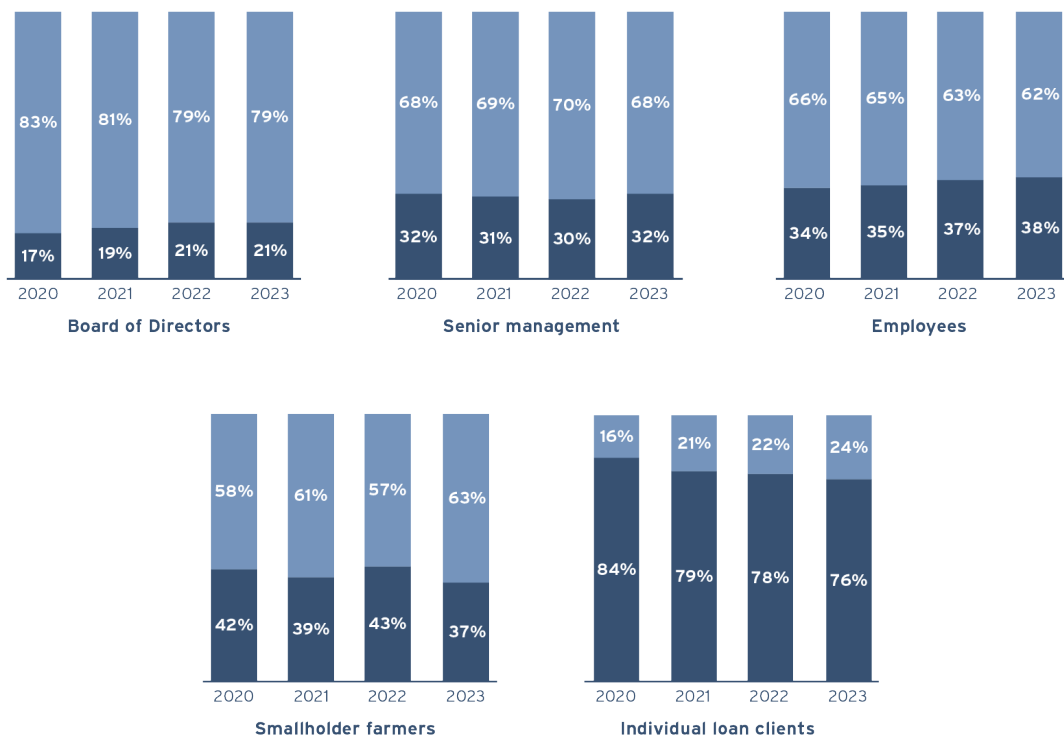
In 2023, the number of direct jobs held by females increased by 10 200 jobs, or 10.2 %, within Norfund's portfolio companies (with two consecutive years of reporting)*.

** Includes investees directly in Norfund portfolio as well as investees through platforms and funds*

Status 2020-2023:

Gender balance in Norfund's portfolio companies

■ Women ■ Men



Empowering women through job creation in the textile industry

In 2023, Norfund made its first investments in Kenya's textile industry. One of the companies Norfund invested in was Hela Apparel Holdings PLC, a social capital-focused, global apparel supply chain solutions provider. Over the years, Hela as an organization has initiated multiple projects to empower and upskill women from underprivileged communities, by providing them with safe and stable working environments and growth opportunities.

Hela employs over 1,800 female workers in Kenya, approximately 70% of the total workforce. As a part of the organization's commitment to improving the

livelihoods of team members and their families, Hela operates Project Freshi, an initiative which provides 20 liters of clean water to each team member across its manufacturing facility in Kenya.

Hela Creche is another key project implemented in Kenya to enable young mothers to return to work with ease while their children are being well taken care of. Through the project, children up to 3 years receive nutritious meals, diapers, warm clothing, and access to enriching early childhood development activities, easing the economic burdens and stress of female employees.

Additionally, Hela is currently working together with the International Finance Corporation (IFC) to implement project Kenya2Equal (K2E). Project K2E is a program designed to bridge the gender gaps, ensuring enhanced access to quality jobs and growth opportunities for women and creating more gender-balanced working environments.

Norfund invested in Hela to further strengthen its strategic vision and growth trajectory for the African region and its communities.

→ [More about job creation in Norfund](#)

Engagement with our investees

Norfund promotes entrepreneurship and self-employment through enabling access to finance as well as promoting equal opportunities for men and women in our investees. Norfund requests information and data on gender balance already as part of the due diligence process to explore areas for improvement and assess the companies' intentionality towards gender equality. We also look for gender diversity when nominating and appointing board directors for our investees.

Our Business Support facility is an important tool in Norfund's work to support our investees. This can facilitate external support on gender gap assessments, gender and diversity strategy development or training.

An example of this support is the work **Fichosa** bank in Honduras, Guatemala, Panama and Nicaragua has performed in collaboration with Norfund to support women entrepreneurs in developing their businesses. In 2023, Fichosa launched an educational, online platform for women entrepreneurs to showcase their business and enroll in educational programs. During the year, more than 3,000 women enrolled in programs to learn about topics such as taxation, labor laws, entrepreneurship, strategy and digital marketing, all tailored to the markets in Honduras, Panama and Nicaragua. They are currently working on broadening the course offer to reach even more women through the platform.

Another example is the business support project "Equal voices" carried out with **Sun King** (formerly known as Greenlight Planet) in 2023. Sun King identified the need for women in entry sales positions to receive upskilling and mentoring to grow into more senior roles and to enable networks for women in more senior sales positions. By engaging women employees in a series of workshops the company has recorded several positive outcomes. After completion of the initial program the results indicated that the employees who had participated feel more confident in their roles and in approaching leaders within the organization. This also affects the employees' contribution and productivity at work. Sun King is currently setting this up as a permanently ongoing program for women employees due to the great results achieved.

Participant in Equal voices program

"Equal voices has helped me in many ways in building my career and helping me overcome my fears,"

In 2023 we also engaged in a partnership with **TheBoardroom Africa**, offering tailored leadership programs to women in senior management or C-suite level positions. The program is being offered to talented women in our portfolio companies. So far Norfund has supported eight women to complete this training, which is supplementing the engagement we still actively pursue with the **Female Future Program**, developed and supported by the Confederation of Norwegian Enterprises (NHO).

See the link below for a more detailed description of TheBoardroom Africa and

the Female Future Program.



[Improving gender equality and diversity in our investees](#)

Addressing gender-based violence and harassment

Encouraging gender equality and diversity across all levels in investees and through their products and services also requires addressing gender-based discrimination, violence and harassment (GBVH), a pervasive and critical global challenge. Norfund is committed to promoting compliance with the ILO Convention on Violence and Harassment C190.

In 2023, several Norfund investees attended a virtual Basic Training on GBVH to learn about core concepts and what risk and incident management entail. Five investees also attended an in-person Advanced Training on GBVH for smaller groups. Both trainings were provided by British International Investment (BII), the British development finance institution.

Engagement with the wider society

To deliver on our gender strategy, we are also committed to enhancing existing and exploring new ways of collaboration addressing gender equality and diversity. As a minority investor, collaboration with partners is essential.

Norfund is a member of the 2X Global and has supported the organization since its inception. The 2X Global is an international membership and field-building organization and a result of an ambition of G7 countries to increase investments in women in developing countries.

→ [2X Global](#)

During 2023, we further strengthened our collaboration with the Nordic DFIs, IFU (Denmark), Swedfund (Sweden) and Finnfund (Finland), on gender equality by sharing and learning as well as exploring collaboration on work related to gender equality within investees in which we have co-invested. In addition, we rely on other partners with subject matter expertise to learn and discuss our approach and challenges.

Business Support

Norfund's Business Support facility aims to enhance the sustainability and development effects of our investments

By leveraging Business Support we can exercise responsible ownership and create value additionality for our investments in high-risk sectors and segments.

Business Support projects actively target the cross-cutting issues human rights, anti-corruption, climate and environment, and gender equality.

Business Support projects in 2023

In 2023, Norfund received 15 million NOK from the Norwegian MFA to provide technical assistance to our portfolio companies.

The Business Support portfolio consisted of 53 active projects, including 17 new projects in 2023, with a committed amount of 72.1 million NOK. During 2023, 19.7 million NOK in new projects was committed.

We saw an increase in Business Support projects focusing on climate, diversity and gender equality and continued to support the Technical Assistance Facilities of some of our fund managers.

Check out our case studies below for more details.

Our work in 2023

There was a high level of activity in the Business Support portfolio during 2023, and a record amount of funding was disbursed and put in use. The demand for the

facility is increasing with Norfund's growing investment portfolio and increasing demand for climate related technical assistance projects. The Facility reaches around a quarter of Norfund's investment portfolio, and the focus is on equity investment, and investments in the most challenging markets and sectors.

During 2023, we continued to develop and implement the new Monitoring and Evaluation Framework for the Business Support Facility - a tool that guides our work on project implementation and evaluation of Business Support projects. The Theory of Change for Business Support is a key component.

Highlights from 2023

1. **15 investees** received assistance to develop and implement Environmental and Social Management Systems in line with IFC Performance Standards
2. **> 1100 employees** of Norfund's investees were trained in ESG, in particular the IFC Performance Standards.
3. **> 18 4700 smallholder farmers** linked to Norfund investees were reached with capacity building, training, and other inputs. These farmers have increased their productivity and income.
4. **25 assessments and new procedures linked to climate and environment** were developed ranging from carbon footprint measurements, net-zero strategies and botanical surveys to assist investees on climate adaptation

For more information about the outcome of Norfund's Business Support:

[Business Support Annual Report 2023](#)

Business Support cases



[A pioneer in carbon footprint measurements](#)



[Elevating Business Impact through ESG](#)



[Securing local oil seed supply in Ethiopia](#)



[Improving gender equality and diversity in our investees](#)

A pioneer in carbon footprint measurements

EcoEnterprises Fund is a women-led venture fund. With a track record of over twenty years, they are building nature-positive, gender-smart investment portfolios in Latin America. As a pioneer in impact investing, the Fund manager works together with small businesses to enhance biodiversity, promote climate solutions, and create socio-economic opportunities for rural communities.



“As the saying goes, what doesn’t get measured doesn’t get managed. It is vital that our investees understand where their emissions are coming from so that they can reduce them.”

Agustina Casaburi, EcoEnterprises Fund, Impact & ESG Officer

EcoEnterprises Fund has an ambitious plan to enhance carbon footprint measurements across all portfolio companies. The initiative made good progress in 2023 and carbon footprint measurements were done with several investees, such as FLP, Equilibria and OMEGA Azul Seafood. One portfolio company, Sistema.bio, had already an existing in-house carbon footprint calculation for which the Fund made external review. By the end of the year, the fund manager

had reached 10 of the 13 portfolio companies with carbon footprint measurement. The remaining three will be done in 2024.

Two important takeaways from the Carbon Footprint measurement projects were:

1. It can be challenging to access upstream data in complex value chains especially for companies that rely on smallholder farmers.
2. Natural forest conservation is crucial to succeed going above-and-beyond net zero.

Climate tech beyond carbon footprints

Following up the carbon footprints measurement projects, EcoEnterprises contracted an external expert to conduct a deep dive into the companies' capability to respond to the findings. The aim was to grasp the essence of climate tech, explore its current and potential utilization within portfolio companies and identify possible opportunities within the companies and across their supply chains for effective adaptation and mitigation purposes.

Climate tech was grouped into the following five categories:

3. **Low-carbon Energy Technologies:** shifting from conventional to cleaner energy sources.
4. **Eco-efficiency Technologies:** reducing energy and material use during production.
5. **Green Design Technologies:** focusing on sustainable design to lower a product's GHG emissions.
6. **Pollution Control Technologies:** managing emissions at process

endpoints.

- 7. Management System Technologies:** supervising operational management and emission tracking.

Results and planned activities

For each of the involved portfolio companies, the consultant made infographics on how Climate Tech is already being used and the future opportunities (see picture 1). The below overarching trends were found among the portfolio companies:

- 8. Supply Chain Vulnerabilities:** Companies with smallholder farmers in their supply chain see these suppliers are a major source of GHG emissions and as a potential climate risk. Initiatives to bolster climate change resilience in these sectors and to reduce GHG emissions were highlighted.
- 9. Organic Farming & Green Design:** Organic farming stands out as a possible prevalent green design strategy among the companies.
- 10. Emerging Monitoring Systems:** Several portfolio companies are in the nascent stages of deploying more advanced monitoring systems, demonstrating the importance of real-time data in managing environmental impacts and climate risks.
- 11. Energy and Waste Management:** This is a focus area for most portfolio companies. However, one investee is a role model within its sector.

The carbon footprint measurements and the deep dive analysis were partly financed by the Fund's Technical Assistance Facility, which is funded by Norfund Business Support and other DFIs

Business Support: 170.000 USD (15% of the total cost)

Intervention Period: January 2023 - December 2024

SDG 13: Climate Action

Sistema.bio

Sistema.bio is EcoEnterprises Fund's portfolio company that provides prefabricated modular biodigester packages for farms that convert organic waste into renewable biogas and organic fertilizer. The company is a positive contributor to the carbon offset mechanisms.

Even with these positive results, the company is keen to do more and is now initiating projects to encourage supply chains to reduce their carbon emissions more systematically. The final goal is NET-ZERO.

[Sistema.bio: The Biodigester solution](#)

Securing local oil seed supply in Ethiopia

SAMANU is an established Ethiopian producer of fast-moving consumer goods and carries leading brands for edible oil, soaps and detergent and pasta.

After years of being dependent on imported crude oil for its edible oil production, the company is now embarking on an ambitious local sourcing project. This will allow SAMANU to become less dependent on hard currency - while creating jobs, increasing food security, and providing increased income for thousands of local farmers.

From import to local sourcing

As of today, Samanu has depended on imported unprocessed oil, which they refine, pack, and distribute to the Ethiopian consumer market. A newly constructed Solvent Extraction Plant, cofinanced by Norfund, will allow the company to backwards integrate in the value chain into sourcing the raw material for edible oil production locally. To ensure enough volume of locally produced oil seeds, SAMANU intends to develop large oil seed clusters in Ethiopia over the next six years, aiming to provide livelihoods for up to 200,000 smallholder farmers.

While SAMANU will buy established crops like soybean and sesame, the company is also targeting a new large and growing market in Ethiopia for sunflower- and rapeseed oil. These are new crops for Ethiopian farmers. Through this Business Support grant, Norfund supports SAMANU in assisting contracted smallholder farmers with inputs like high quality seeds, fertilizers, training, and capacity building, as well as agricultural technology to boost productivity. With this, SAMANU has the ambition to become the **leading buyer of sunflower in Ethiopia.**

Will thousands of farmers choose to start growing sunflower and rapeseed?

While planting new crops constitutes a high risk to farmers, there is a financial

case for them to grow sunflower and rapeseed as new rotational crop for existing crops.

The first step when introducing a new crop is to test different seed varieties in demo-plots in different parts of the country. The demo-plots function both as a testing plot for SAMANU to analyze which seeds to buy for the farmers, as well as to showcase and promote the new crop towards the farmers.

Malick Coulibaly, SAMANU

“The farmers want to see successful Sunflower pioneers before trying this new crop themselves. Being patient, giving them time to learn from demo-plots, while showing them respect and answering their questions is crucial for SAMANU’s success.”

SAMANU’s plan is to source from both farmer clusters and commercial farmers*. The company will provide improved seeds and training to farmers, and as sunflower is a new value chain, the clusters will be monitored directly and regularly. In the first years, SAMANU will provide hybrid seed, OPVs (open pollinated seeds) as well as input and output financing to incentivize the farmers. A dual strategy to establish clusters with hybrid seed while promoting OPV to surrounding farmers will allow the business to grow supply faster.

** The financial contribution from Norfund Business Support will be used for farmer clusters only, not to commercial farms.*

Farmer clusters, intermediary agents and professional field extension teams

SAMANU’s sourcing model involves working with trusted intermediary agents who will be the key contact points for the farmer cluster groups. The agents are envisioned to provide financing, extension, and loyalty programs to farmers. This will facilitate growth in supply, while also reducing side selling risks. In addition, SAMANU is investing in and establishing professional field extension teams that will provide agronomic advice, capacity building, and monitoring support to the intermediary agents and farmers.

With SAMANU's wide variety of consumer products being produced, the company can buy multiple different crops from the farmers, including wheat, soybean, sunflower, rapeseed and maize. Hence, introducing sunflower as one of several rotational crops will increase the local farmers' crop productivity, improve soil fertility, and enhance resilience.

Business Support grant: 340.000 USD (38% of total project costs)

Intervention Period: January 2023 - December 2024

SDG 2.3: Double the agricultural productivity and incomes of small-scale food producers

Elevating Business Impact through ESG

BII/Norfund ESG Trainings

Since 2017, Norfund has partnered with BII in supporting and building Environment, Social and Governance (ESG) knowledge of fund managers and their portfolio companies, by providing regular workshops across the countries where we invest.

The objective of the trainings is guiding businesses in the countries in which we invest on the successful creation, implementation, and evaluation of E&S Management Systems, and practical guidance on Human Resource Management, including organizational performance, labor risks and employee engagement. This knowledge equips attendees with the tools and understanding necessary to drive sustainable change in their respective organizations.

The demand for the workshops is increasing, and it is quickly becoming the largest training of its kind in emerging markets, reaching a significant proportion of the private equity industry in areas we invest, particularly in Africa.

Previously, the training targeted fund managers, but the training has successfully been expanded to also include representatives from direct investees and employees from DFIs. Throughout both the physical and digital training during the year, there were over 1,000 participants, with 156 participants coming from Norfund's portfolio and representing over 25 companies.

Krishna Yarlagadda Chaitanya of Enel

" I attended all 3 days of the in-person ESG workshop in and it was a wonderful learning experience."

Norfund's support: 50,000 GBP (20% of total costs)

Intervention Period: October 2022-August 2024

Number of participants sponsored in 2023: 156

Banco BDI ESMS Development

Norfund has an ongoing Business Support project to assist Banco BDI, the 10th largest bank in Dominican Republic, in the development of their Environmental and Social Management System (ESMS). Banco BDI is one of a few banks with SMEs as its main focus in Dominican Republic. Having an ESMS aligned with international good practices will allow the bank to enhance risk management capabilities, anticipate compliance with regulation and open opportunities for further investment from EDFIs and other like-minded investors.

In order to build up their ESMS, a consultant was engaged to provide training to the management team and support the bank on the development of policies, tools and procedures for E&S risk management. By embedding environmental and social considerations into strategic decision-making, the bank can unlock new market opportunities, and drive long-term value creation, while demonstrating a commitment to sustainability that resonates with customers, investors, and the community at large.

Norfund's support: 20,000 USD (50% of total cost)

Intervention Period: 07.01.2023- 01.03.2025

SDG: *12.6 Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle*

Improving gender equality and diversity in our investees

Female Future Program and Boardroom Africa are two unique training programs, designed to empower women to senior positions and level the playing field. These Business Support programs reach many of Norfund's portfolio companies and are in line with Norfund's Gender Position.

Female Future

The Female Future Program (FFP) is a unique opportunity for female leaders and leadership talent in Norfund's portfolio companies in Uganda, Tanzania, Kenya and Ghana to develop and flourish as emerging leaders. This female leadership and Board development training program was developed by NHO, the Confederation of Norwegian Enterprise, in 2003. The FFP is demanding and challenges the participants in various subjects adapted to each country, focusing on leadership, rhetoric, self-development, and board competence. The program is directly linked to the participants' daily work routine with professional networking and coaching done in different approaches. The program promotes personal growth and empowers women to top decision-making positions in the corporate world, increasing the percentage of women in decision-making processes, management positions, and on corporate boards. Furthermore, the program provides a forum for the participants to interact and exchange ideas, and to assist companies in developing their gender equality policies.

Evaluation Kenyan Cohort 16

"I deeply appreciate the profound impact of the training (Female Future) on me. Female Future has helped uncover some of my hidden strengths, enabling me to confidently raise my hand, persistently advocate for my agenda, and ensure my voice is heard."

In 2023, Norfund sponsored the participation of a total of 18 female professionals, with 10 of these participants joining the program in Kenya and 8 in Ghana. This is the first year that participants from Norfund's investees have participated in the program in Ghana and marks a substantial increase in participation in the program overall.

Norfund's support: **45,000 USD (50% of total cost)**

Intervention Period: **March 2020-January 2025**

Current number of women Norfund has sponsored: **18**

The Boardroom Africa

The Boardroom Africa was officially launched in 2016, to build what has now become a vibrant private community of African women executives. Today, The Boardroom Africa is enhancing and amplifying the potential of Africa's exceptional women leaders, by creating more inclusive leadership spaces - and ultimately, better boardrooms.

The program is tailored to African women in senior management or C-suite level positions and builds a foundation necessary for a senior leadership position, while breaking down barriers to help organizations realize the benefits of increased diversity.

Norfund entered into an agreement with The Boardroom Africa in 2023. So far, Norfund's Business Support facility has helped sponsor 8 female managers in Norfund's investees to participate in the Ontological Growth Experience Program, and with the potential for growth in future cohorts and other programs. These women hold positions ranging from CFO to Legal Counsel and managers in Norfund's portfolio companies, ranging from a bank in Kenya to a fast-moving consumer goods company in Ethiopia.

Norfund's support: **50,000 USD (50% of total tuition fees)**

Intervention Period: **March 2023-December 2024**

Current number of women Norfund has sponsored: **8**

Creating jobs, improving lives

Development Mandate

The share of the world's population living in poverty has fallen substantially in the past 30 years. Covid-19 reversed the trend, increasing the number of people living in extreme poverty by 70 million.

Today, an estimated [700 million people \(around 8% of the world's population\) still live in extreme poverty](#). The global macroeconomic effects of the war in Ukraine are further worsening the situation in developing markets with the combination of these two crises hitting hard.

Key figures clearly show the need for creating jobs, improving access to energy and finance as well as strengthening infrastructure:

1. [435 million people seeking employment](#) did not have a job in 2023, equating to a global jobs gap rate of 11 percent.
2. [745 million people live without access to electricity](#), mostly in Africa and Asia.
3. [65 million micro-, small-, and medium-sized enterprises](#) face a lack of financing options
4. [Global solid waste generation is predicted to grow](#) from 2.3 billion tons in 2023 to 3.8 billion tons by 2050.

Before Covid the funding gap to reach the UN Sustainable Development Goals for developing countries was USD 2.5 trillion, however the global economic contraction caused by the pandemic is estimated to have increased the gap by at least 50%, putting the [annual funding gap at USD 4.0 trillion](#).

A significant increase in private capital inflows is required to bridge the gap. Norfund is the Norwegian government's main instrument for strengthening the private sector in developing countries and therefore an important tool to help close this gap.

For the development mandate, Norfund's mission is to create jobs and improve lives by investing in businesses that drive sustainable development. [Read about Norfund and the SDGs here.](#)

Our strategy

2023 marked the beginning of a new strategy period for Norfund. The strategy towards 2026 is anchored in Norfund's mandate, informed by the UN Sustainable Development Goals, and reflective of the priorities of the Norwegian government's development assistance policy. Leveraging our position as a responsible minority investor, the new strategy builds upon the elements of the previous period to ensure continuity and utilize our strong track record and competence.

Capital is scarce where other investors are reluctant to invest because of high risk. These two criteria - additionality and impact - remain the backbone of our strategy. Being additional also means adding non-financial value in the form of expertise and active ownership to the investments we make. Through our value-additionality, we can improve both the financial profitability and the development impact of the companies. Norfund believes that targeted asset allocation is the best way to deliver impact, and the strategy underpins this.

Investment areas

Norfund invests in four areas where the potential for development impact is substantial and that are aligned with the SDGs: Renewable Energy, Financial Inclusion, Scalable Enterprises and Green Infrastructure. Access to electricity and finance are crucial for growing businesses. Scalable enterprises are companies with significant potential for growth and job creation, while essential infrastructure is key to the development of sustainable cities.

Investments in these sectors contribute to job creation and improved lives in developing countries. At the start of the strategy period clear impact ambitions

were set for each investment department and progress towards these are tracked every year.

The Norfund strategy for 2023-2026 contains ambitions for each investment area to reflect accumulated organic growth (that is, development in the companies after Norfund has invested) on sector-relevant parameters:

5. **Renewable Energy:** 6.5 million new households provided with access to electricity and 6.5 GW new capacity financed.
6. **Financial Inclusion:** NOK 280 billion increase in lending provided and 40 million new unique clients.
7. **Scalable Enterprise:** NOK 3 billion additional revenues generated and 10,000 new direct jobs created. In addition, the ambition for Norfund's investments through funds are NOK 16 billion additional revenues generated and 70,000 new direct jobs created.
8. **Green Infrastructure:** 50 million m³ water and wastewater treatment capacity enabled, and 20,000 tons of waste treatment capacity enabled.

Norfund has a KPI set out in the statutes that at least 60% of allocated capital from the government over time should be invested in renewable energy. All numbers for development effects are unattributed, meaning they show the total effect of Norfund's portfolio companies and do not account for Norfund's ownership stake.

Priority countries

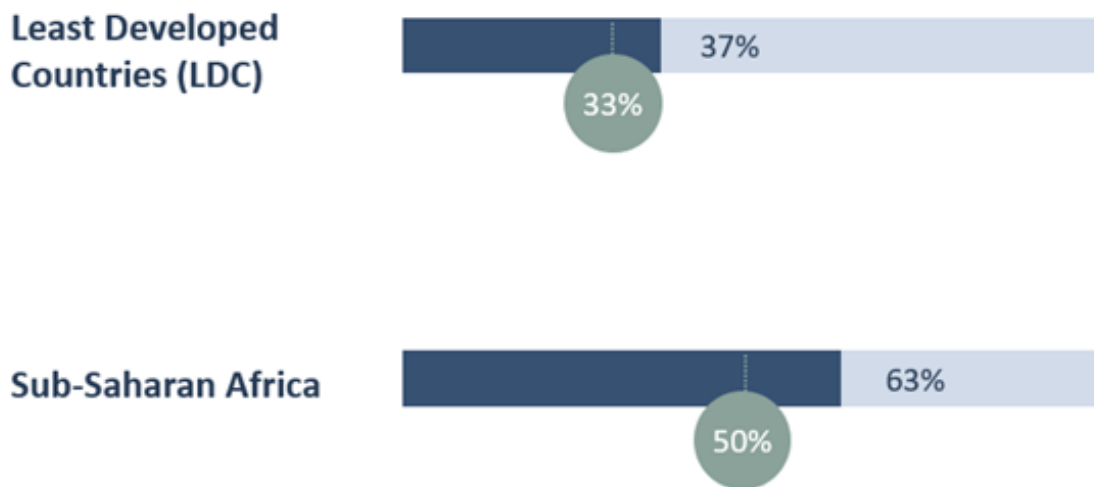
Norfund targets 30 core countries that were selected based on three criteria:

9. **Competence** - Norfund has solid market knowledge of and expertise in these

countries.

- 10. **Additionality** - they have considerable investment needs but few alternative investors.
- 11. **Attractiveness** - each country has sufficient investment opportunities within Norfund’s investment areas.

Norfund’s strategy gives priority to investments in Least Developed Countries (LDC) and Sub-Saharan Africa (SSA), with targets of at least 33% and 50% of the total portfolio in LDCs and SSA respectively. It is increasingly important to be countercyclical in a world where investors are becoming more risk averse because of the uncertainty of the macroeconomic outlook.



Priority instruments

Norfund provides capital in the form of equity, debt and fund investments. Preference is given to equity investments, as this remains the scarcest form of capital in the developing world. Our provision of debt to financial institutions increases the ability of companies to provide loans to clients.

Debt investments also help diversify Norfund’s portfolio, both in terms of risk and capital reflows. Investing in funds via trusted and skilled partners is a way to channel funds to companies that may be difficult to invest in directly, for example due to size or market and to build competent local fund managers. For the

2023-2026 strategy period, Norfund targets a minimum of 70% equity.

Equity



Financial results

Norfund ended the year with operating income of NOK 1,554 million and a positive result after tax of NOK 1,896 million. The result is significantly affected by currency effects due to a weaker Norwegian krone against our primary currency USD, but to a lesser extent than in 2022. The currency effects in the result amounted to NOK 0.4 billion compared to NOK 2.1 billion in 2022.

Excluding currency effects, the result for 2023 is NOK 1.5 billion, an increase of NOK 1.4 billion compared to 2022. This is mainly due to a significant increase in interest income from the investment portfolio and liquid assets, realized gains as well as a change in results for liquid assets placed in a bond portfolio.

The interest income from the portfolio has increased considerably to NOK 680 million as the loan portfolio has grown by 26% in NOK at the same time as floating interest has continued to increase through 2023. The accounts also show realized gains of a total of NOK 467 million and NOK 370 million in dividends.

The investment portfolio has been written down in total by NOK 460 million in 2023, of which NOK 121 million is realized loss. The ongoing conflict in Ukraine continues to weigh on the portfolio and further write-downs were necessary in the previous year. The same applies to the situation in Myanmar, where conditions continue to be demanding.

Norfund's total balance sheet at the end of 2023 was NOK 42.0 billion. The balance increased by NOK 4.6 billion from year end 2022, of which earned profit added to equity amounted to NOK 1.9 billion and the year's capital injection from the state budget amounted to NOK 2.7 billion. Value-adjusted equity based on estimated market values for Norfund's portfolio was NOK 46.6 billion as of 31 December 2023. Norfund's Climate Investment Fund accounts for 4,0 billion NOK of Norfund's balance and 2.0 billion NOK of the capital allocation.

→ [Read about the financial results of the Climate Investment Fund](#)

IRR

In 2023 Norfund had an Internal Rate of Return (IRR) for the development mandate of 1.8 %, compared to 5.1 % in 2022, calculated in investment currency. In NOK, Norfund obtained an IRR of 4.1 % during 2023 compared to 14.8 % in 2022.

As we see significant annual variations, the return on our investment is better reflected in IRR calculations since inception. As of 31 December 2023, the IRR since inception for Norfund's development mandate, calculated in investment currency, was 4.8 %. In NOK, the IRR since inception was 7.8 %.

1.8 % IRR for 2023 (investment currency)

4.8 % IRR since inception (investment currency)

→ [Find the income statement and other financial accounts here](#)

Investment areas

Renewable Energy portfolio

In 2023, Norfund's Renewable Energy portfolio had an IRR in investment currency of -0.3%. The slightly negative IRR occurred mainly due to negative value adjustments after increased discount rates. Since inception, the IRR is 6.1%.

Financial Inclusion portfolio

Investments in Financial Institutions had an IRR of 6.6% in investment currency in 2023. The result is supported by higher global interest rate levels than in past years. Since inception, the IRR has been 5.5%.

Scalable Enterprises - Funds

The IRR in investment currency of our portfolio in Scalable Enterprises - Funds in 2023 in investment currency is -0.6%. Since inception the IRR is 0.3% in investment currency.

Scalable Enterprises - Agribusiness & Manufacturing

The Scalable Enterprises - Agribusiness & Manufacturing portfolio had an IRR of 3.8% in 2023. The IRR since inception is -1.1% but has improved the last years. The investments made the last five years are performing well, while some of the older investments are still challenging.

Renewable Energy

Development Mandate

Norfund invests in various renewable energy sources, including solar, wind, hydropower, biomass, and geothermal energy, ranging from large-scale grid-connected plants to smaller distributed generation projects and off-grid solutions. Additionally, Norfund invests in enabling technologies like energy storage and transmission, which have significant climate impacts.

Investing in renewable energy generation and distribution enables job creation, economic growth, improves living standards and mitigates climate change. Norfund made a number of new investments in renewables in 2023. Renewable energy capacity in the world is fast expanding. However, lack of financing for emerging and developing economies is the [key obstacle hindering a tripling of capacity by 2030](#) in line with the COP28 agreement.

Key achievements in 2023

1375 % committed

557 % new capacity financed, 100% renewable

420000 % new households gained access to electricity

Strategic ambitions

Norfund has defined the following ambitions for the strategy period 2023-2026:

1. **6.5 million new households** provided with access to electricity
2. **6.5 GW** new renewable capacity financed

Investments and results in 2023

By year end, Renewable Energy accounted for 31.6% of our total portfolio with a total of 41 investments.

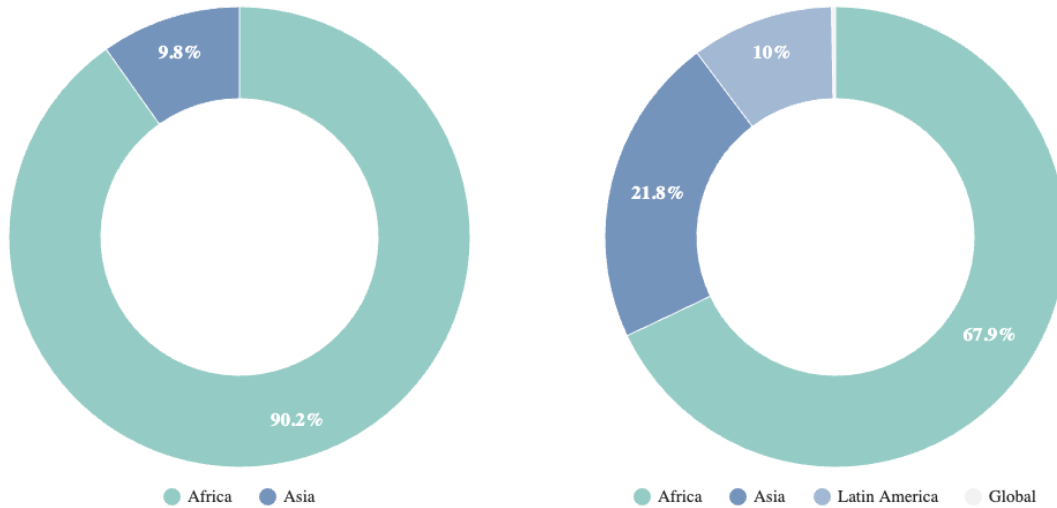
1375 % committed in 2023

10280 % committed in total RE portfolio

Investments per region

Investments per region in 2023

Total portfolio per region



Highlights of 2023

2 % new investee companies

6 % follow-on investments

Copperbelt Energy Corporation

Norfund teamed up with KLP and Affirma to acquire a 35% stake in this company. CEC is a supplier of bulk power to mines and large users in the Copperbelt area of Zambia and into the Katanga province of DRC. They own transmission infrastructure in the region, including a stake in the only interconnector between Zambia and DRC, and have recently been investing in renewables.

Sun King

Sun King (Greenlight Planet) is an off-grid solar energy company that designs,

distributes, installs and finances solar energy solutions for African and Asian households and businesses who cannot access, rely on or afford traditional electric grid connections. Norfund has participated in a Kenyan Shilling-denominated 130 million USD receivables securitization transaction. The syndicated debt transaction leverages Sun King's existing and future Kenyan customers' payments for solar products to raise funding for further growth and expansion of Sun King Kenya.

Renewable Energy portfolio

Investment	Country	Committed year	Sector	Instrument	Stake	Domicile	Committed (MNOK)
Globeleq	Regional	2014	Energy	Loans Equity	30%	United Kingdom	2129
Fourth Partner Energy	India	2021	Solar power	Equity	43%	India	905.2
Agua Imara	Global	2021	Hydropower	Loans Equity	100%	Norway	823.8
Klinchenberg	Regional	2021	Hydropower	Equity	50%	Netherlands	784.6
Copperbelt Energy Corporation	Zambia	2023	Energy	Equity	0%*	UK for holding company	713.2
H1 Pele SPV	South Africa	2021	Wind power	Loans	0%	South Africa	488.1
CN Green Roof Asia	Vietnam	2021	Solar power	Equity	50%	Singapore	410.7
Berkeley Energy Commercial & Industrial Solutions	Regional	2020	Other/hybrid renewables	Loans Equity	13%	Singapore	384.9
ERCO Energia	Colombia	2022	Solar power	Equity	15%	Colombia	310.8
Serengeti Energy	Regional	2017	Hydropower and Solar power	Equity	12%	Mauritius	273.7
Scatec Agua Fria	Honduras	2014	Solar power	Loans Equity	45%	Honduras	219.7
AktivCo	Regional	2021	Solar power	Loans	0%	France	210.9

Investment	Country	Committed year	Sector	Instrument	Stake	Domicile	Committed (MNOK)
Cross Boundary Energy	Regional	2022	Solar power	Equity	18%	Mauritius	205.6
FEI - Facility for Energy Inclusion	Regional	2019	Renewable energy fund	Funds	18%	Mauritius	204.5
Metier Sustainable Capital Fund II	Regional	2019	Renewable energy fund	Funds	13%	Mauritius	185.3
Sun King Financing Limited	Kenya	2023	Solar power	Loans	0%	Jersey	177.2
Empower	Regional	2022	Other/hybrid renewables	Loans Equity	18%	Norway	154
ICCF	Global	2010	Other/hybrid renewables	Loans	8%	Luxembourg	151.9
Brighter Life Kenya 2	Kenya	2022	Solar power	Loans	0%	Jersey	148
Evolution Fund II (Through KNI)	Global	2019	Renewable energy fund	Funds	7%	Mauritius	142.3
WeLight	Regional	2019	Energy	Loans Equity	30%	Mauritius	132.7
ESCOTEL	Regional	2020	Solar power	Loans Equity	31%	Mauritius	111.6
responsAbility ACPF	Global	2019	Renewable energy fund	Funds	8%	Luxembourg	111.2
Baobab+	Regional	2021	Solar power	Loans Equity	25%	France	108.5
Kiangan	Philippines	2021	Hydropower	Loans	0%	Singapore	102.2
Yoma Micro Power	Myanmar	2017	Solar power	Loans Equity	15%	Singapore	93.9
d.light	Global	2016	Solar power	Loans Equity	2%	United States of America	78.7
Nordic Impact Cooperation (NIC)	Global	2022	Solar power	Equity	33%	Norway	78.2
Scatec Los Prados	Honduras	2015	Solar power	Equity	15%	Honduras	75.5

Investment	Country	Committed year	Sector	Instrument	Stake	Domicile	Committed (MNOK)
SUSI Asia Energy Transition Fund (Through KNI)	Regional	2021	Renewable energy fund	Funds	6%	Luxembourg	69.9
Scatec Benban	Egypt	2015	Solar power	Equity	12%	Netherlands	69.1
Schneider Electric Energy Access Asia	Regional	2019	Energy	Funds	30%	France	68.7
PRAC: Prime Road Solar	Cambodia	2021	Solar power	Loans	0%	Cambodia	40.3
Scatec ASYV	Rwanda	2014	Solar power	Loans Equity	16%	Rwanda	38.6
Neo1 Solar Plant	Lesotho	2018	Solar power	Equity	15%	Lesotho	21.5
Sunshine	Regional	2017	Solar power	Loans Equity	0%	Costa Rica	18.4
Lobu Dolom HPP	Indonesia	2021	Hydropower	Loans	0%	Norway	10.2
Rwimi	Uganda	2015	Hydropower	Loans	0%	Uganda	9.6
Eco-Nor	Regional	2019	Hydropower	Equity	15%	Mauritius	8.1
Bio2Watt Cape Dairy	South Africa	2014	Biomass	Loans	0%	South Africa	5.7
Renewable Energy Holdings	South Africa	2014	Hydropower	Loans	0%	South Africa	4.5

**Prior to completion*

Financial Inclusion

Development Mandate

Financial Inclusion is Norfund's largest investment sector, with a focus on commercial banks, microfinance institutions, fintech ventures, and other financial services such as non-deposit taking lenders, insurance, and leasing. By investing in financial institutions Norfund contributes to increased financial inclusion and in particular to support jobs in micro-, small- and medium-sized companies.

Key achievements in 2023

2282 % committed

11.5 % new clients reached

56 % increase in lending to clients

Strategic ambitions

Norfund has defined two strategic ambitions for the investments within Financial Inclusion for the strategy period 2023-2026. These are related to the offer of financial services to new clients and the amount of outstanding loans.

1. Offer financial services to **40 million new clients**

2. Extend 280 billion NOK more in loans to clients

Investments and results in 2023

At the end of 2023 Norfund was invested directly in 74 financial institutions, accounting for 36% of our portfolio.

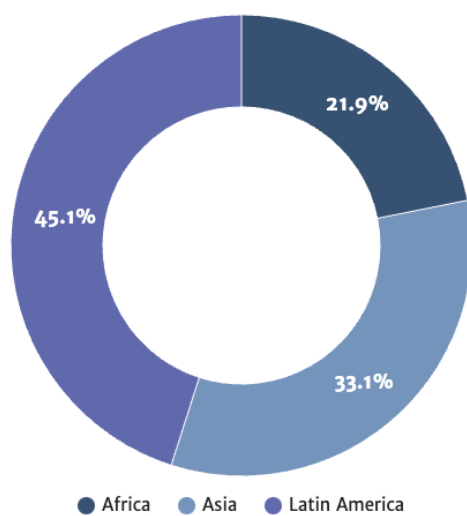
2282 % committed in 2023

11728 % committed in total FI portfolio

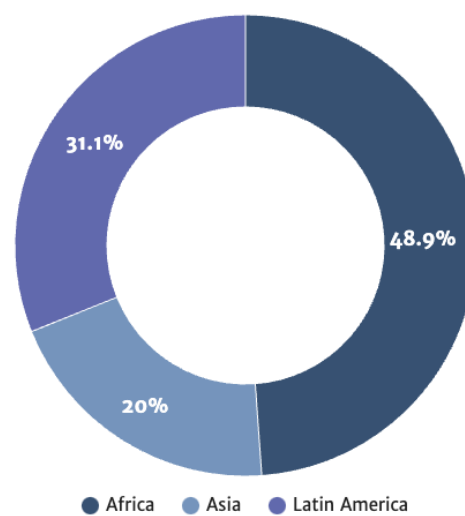
Investments per region

In 2023, a total of 13 commitments were signed with financial institutions in Sub-Saharan Africa, Asia and Latin America.

Investments per region in 2023



Total portfolio per region



Continued challenges due to the macro environment

The financial sector in Norfund’s core countries is strongly affected by weakening macroeconomic factors. Increased interest rates and higher sovereign risk due to high sovereign debt levels, are the main trends that posed challenges during 2023. Some countries have already defaulted (Zambia, Sri Lanka, Ghana, Ethiopia) and there is a risk of more to come. The significant holding of government securities in some banks is a particular concern. While the banks’ interest margins are strong, we see increasing repayment issues for the banks’ customers resulting in higher impairment and weaker profits in several financial institutions.

Strong portfolio performance

Despite the macro challenges, the FI portfolio delivered strong results in 2023 including 45 million USD in interest payments and 29 million USD in dividends and capital returns from our equity and fund investments. We did not experience any new non-performing loans in our debt portfolio, while equity valuations overall increased slightly. Our investments in Myanmar struggle to operate in a difficult environment and have been in need of restructuring on the debt side.

Arise

Arise is a bank investment firm with large minority stakes in a number of leading African banks. Norfund is the main shareholder with more than 40% ownership of the company. Although there are some challenges in the portfolio due to the macroeconomic situation in many countries, Arise received record dividends of 55 million USD from its investees in 2023.

The pan-African bank Ecobank is a key Arise investee, and in 2023 Arise, in cooperation with Rabobank, sponsored a large technical assistance project focusing on agri-lending across many of the Ecobank subsidiaries.

New investment highlights of 2023

8 % new investee companies

5 % follow-on investments

In 2023 the Financial Inclusion department entered into 13 new investment agreements for a total of 213 million USD covering 10 different countries and 3 regional companies. Amongst those was Norfund's first investment in Ecuador, providing Tier II capital to Produbanco, one of the leading banks in the country

with a strong sustainability profile.

The FI loan portfolio increased in size in 2023, with 11 new loans of a total of 188 million USD, more than covering the paybacks from the existing loans of 85 million USD.

Some key investments were:

Cornerstone investor in CIFI's infrastructure fund

CIFI is a lender to mid-sized renewable energy and infrastructure projects across Latin America. Norfund is a 34% shareholder in CIFI's on-balance sheet lending operations. In 2023 CIFI started its transition to become an asset manager by closing the first tranche of its new Sustainability Fund. Norfund committed 20 million USD as a cornerstone investor thereby catalyzing close to another 100 million USD in investments into the fund initially.

Another loan to LAAD, Latam's leading agri-lender

LAAD has for the last 40 years specialized in providing USD loans to exporting farmers across Latin America. In 2023 Norfund committed 20 million USD in a senior loan to LAAD. LAAD is a long-term partner of Norfund, this being the fifth loan to LAAD.

Fintech

Access to high quality, affordable financial services is essential for social and economic development, gender equality, resilience, and livelihoods. Unfortunately, globally around 1.4 billion people are unbanked and even more are underbanked. It is also a gender issue: women are disproportionately affected: 74% of men and 68% of women in developing countries have account ownership.

On the business side small- and medium-sized companies (SMEs) are also underserved by financial institutions in our markets. The use of digital technology and AI simplifies the on-boarding and credit processes thereby making it more financially attractive to take on SMEs as clients. Our mandate is to increase financial inclusion in both the personal and business segments, making fintech a natural area of interest for Norfund.

In 2023, one new direct commitment was made in this area:

3. Norfund committed 7.5 million USD to Funding Societies, a digital lender to SMEs in Indonesia. Funding Societies is seen as a regional leader utilizing its proprietary technology-based credit assessment process to scale its lending in a cost-effective manner. Norfund's senior loan will support the company's lending ability and promote growth of SMEs in some of Norfund's core countries in Asia.

In addition, the three fintech funds in which we have ownership executed several new equity investments in fintech companies across Africa, Asia and Latin America

Financial Inclusion portfolio

Investment	Country	Investment year	Sector	Instrument	Ownership share	Domicile	Committed (MNOK)
Arise	Regional	2016	Banking	Equity	33%	Netherlands	2841.6
NorFinance	Regional	2013	Banking	Equity	50%	Norway	507.5
Ecobank	Regional	2021	Banking	Loans	0%	Togo	406.9
LAAD	Regional	2004	Non-Bank Financial Institution	Loans	0%	Netherlands Antilles	366.2
Amret	Cambodia	2013	Microfinance	Loans	0%	Cambodia	305.2
Yoma Bank Limited	Myanmar	2019	Banking	Equity	11%	Myanmar	295.0
AfricInvest Financial Inclusion Vehicle (FIVE)	Regional	2018	Non-Bank Financial Institution	Equity	20%	Mauritius	278.8
Mutual Trust Bank Limited	Bangladesh	2019	Banking	Loans Equity	10%	Bangladesh	226.0
Abler Nordic Fund IV	Global	2018	Microfinance	Funds	25%	Norway	216.0
Banco Ficohsa Honduras	Honduras	2012	Banking	Loans	0%	Honduras	203.4
CIFI Sustainable Fund	Regional	2023	Infrastructure fund	Funds	32%	Canada	212.1
BAC El Salvador	El Salvador	2023	Banking	Loans	0%	El Salvador	203.4
City Bank Limited	Bangladesh	2023	Banking	Loans	0%	Bangladesh	203.4
Produbanco	Ecuador	2023	Banking	Loans	0%	Ecuador	203.4
Vietnam Prosperity Joint Stock Commercial Bank	Vietnam	2023	Banking	Loans	0%	Vietnam	203.4
Banco BDI	Dominican Republic	2022	Banking	Equity	20%	Dominican Republic	184.3
LAFISE	Nicaragua	2014	Banking	Loans	0%	Nicaragua	183.1
Access Bank Ghana	Ghana	2022	Banking	Loans	0%	Ghana	180.8
Banco Cuscatlan	El Salvador	2022	Banking	Loans	0%	El Salvador	178.0

Investment	Country	Investment year	Sector	Instrument	Ownership share	Domicile	Committed (MNOK)
Banco Promerica El Salvador	El Salvador	2015	Banking	Loans	0%	El Salvador	172.9
Banco Promerica Costa Rica	Costa Rica	2018	Banking	Loans	0%	Costa Rica	167.8
The Co-operative Bank of Kenya	Kenya	2022	Banking	Loans	0%	Kenya	162.8
CRDB - AfDB CRP	Tanzania	2022	Banking	Loans	0%	Tanzania	152.6
Equity Bank	Regional	2019	Banking	Loans	0%	Kenya	152.6
Banco Atlantida	Honduras	2022	Banking	Loans	0%	Honduras	136.3
Wave Mobile Money	Regional	2022	Fintech	Loans	0%	Senegal	134.9
Hattha Bank	Cambodia	2007	Banking	Loans	0%	Cambodia	162.8
Banco Promerica Guatemala	Guatemala	2016	Banking	Loans	0%	Guatemala	133.5
Abler Fund III	Global	2013	Microfinance	Funds	26%	Norway	139.0
Sathapana	Cambodia	2008	Banking	Loans	0%	Cambodia	122.1
Quona Inclusion Fund III	Global	2021	Fintech	Funds	5%	Cayman Islands	130.4
National Development Bank	Sri Lanka	2021	Banking	Equity	10%	Sri Lanka	120.6
CRDB Bank DRC	Congo, Dem Rep Of	2022	Banking	Equity	23%	Congo, Dem Rep Of	120.1
Banco BDF	Nicaragua	2017	Banking	Loans	0%	Nicaragua	114.4
Fedecredito	El Salvador	2016	Microfinance	Loans	0%	El Salvador	106.8
CIFI	Regional	2004	Non-Bank Financial Institution	Equity	34%	Panama	116.2
First National Bank	Ghana	2020	Banking	Loans	0%	Ghana	106.8
Finsocial	Colombia	2022	Microfinance	Loans	0%	Colombia	102.4
Banco Ficohsa Nicaragua	Regional	2022	Banking	Loans	0%	Nicaragua	101.7

Investment	Country	Investment year	Sector	Instrument	Ownership share	Domicile	Committed (MNOK)
FCMB	Nigeria	2019	Banking	Loans	0%	Nigeria	101.7
Banco Multiple Ademi	Dominican Republic	2023	Banking	Loans	0%	Dominican Republic	99.7
KREDIT PLUS	Colombia	2023	Other financial services	Loans	0%	Colombia	95.3
Evolution Credit	South Africa	2009	Non-Bank Financial Institution	Equity	12%	South Africa	93.3
Bayport Zambia	Zambia	2023	Microfinance	Loans	-	Zambia	95.2
LOCFUND NEXT	Regional	2020	Microfinance	Funds	29%	Canada	93.0
MI BANCO	El Salvador	2022	Banking	Loans	0%	El Salvador	89.0
Accion Quona Inclusion Fund	Global	2019	Fintech	Funds	5%	Cayman Islands	84.4
Integra Partners Fund II	Regional	2022	Fintech fund	Funds	10%	Singapore	82.6
Funding Societies	Indonesia	2023	Fintech	Loans	0%	Singapore	76.3
Softlogic Life	Sri Lanka	2020	Non-Bank Financial Institution	Loans	0%	Sri Lanka	76.3
ARREND	Regional	2015	Non-Bank Financial Institution	Loans Equity	22%	Guatemala	70.6
Bayport Mozambique	Mozambique	2022	Microfinance	Loans	0%	Mozambique	68.6
Desyfin	Costa Rica	2011	Non-Bank Financial Institution	Loans Equity	23%	Costa Rica	67.3
Banco BCT	Costa Rica	2019	Banking	Loans	0%	Costa Rica	59.3
Norsad	Regional	2011	Non-Bank Financial Institution	Equity	14%	Botswana	56.8
FDL	Nicaragua	2013	Microfinance	Loans Equity	13%	Nicaragua	53.6
Abler Frontier Fund	Global	2008	Microfinance	Funds	45%	Norway	39.8

Investment	Country	Investment year	Sector	Instrument	Ownership share	Domicile	Committed (MNOK)
Abler Nordic AS	Global	2008	Microfinance	Equity	33%	Norway	24.2
Advans MFI	Myanmar	2015	Microfinance	Loans Equity	40%	Myanmar	58.1
Optima	El Salvador	2019	Microfinance	Equity	37%	El Salvador	30.4
Abler Nordic GP IV AS	Global	2018	Microfinance	Equity	20%	Norway	24.0
Amartha	Indonesia	2021	Microfinance	Loans	0%	Indonesia	23.2
Abler Global Fund	Global	2008	Microfinance	Funds	45%	Norway	15.9
NMBZ	Zimbabwe	2013	Banking	Loans	0%	Zimbabwe	12.0
Bina Artha	Indonesia	2021	Microfinance	Loans	0%	Indonesia	18.8
Abler Norwegian AS	Global	2008	Microfinance	Equity	50%	Norway	10.0
AfriCap Microfinance	Regional	2007	Microfinance	Funds	7%	Mauritius	9.4
Lula Lend	South Africa	2021	Fintech	Loans	0%	South Africa	17.9
Myanmar Finance	Myanmar	2015	Microfinance	Equity	25%	Myanmar	16.7
Kandao Fund 3 Debt	Regional	2021	Non-Bank Financial Institution	Funds	8%	Canada	5.2
First Finance	Cambodia	2013	Microfinance	Loans	0%	Cambodia	3.8

Scalable Enterprises

Development Mandate

Norfund focuses our direct investments on scalable enterprises in Sub-Saharan Africa, partnering with robust industrial or financial counterparts. Our investment segments include agribusinesses and manufacturing. Growing sustainable scalable enterprises drives industrialization, economic growth and job creation.

Key achievements in 2023

Scalable Enterprises

804 % committed

9000 % created by companies in the agribusiness and manufacturing portfolio*

1.7 % increase in revenue in the agribusiness and manufacturing portfolio*

*Excluding EFP

Funds

412 % committed

9700 % created by companies in the funds Norfund is invested in*

5.4 % increase in revenue in the funds Norfund is invested in*

*Only covering funds within the scalable enterprise portfolio

Strategic ambitions

Norfund has defined the following ambitions for scalable enterprises for the strategy period 2023-2026:

1. **Create 80,000 jobs through direct investments and funds**, whereof 10,000 jobs created in direct investments in agribusiness and manufacturing
2. **19 billion NOK revenue increase**, where 3 billion revenues created in direct investments in agribusiness and manufacturing

Investments and results in 2023

Scalable enterprises account for 31.7% of Norfund's total portfolio. By the end of 2023, the portfolio included 34 direct investments and 58 fund investments.

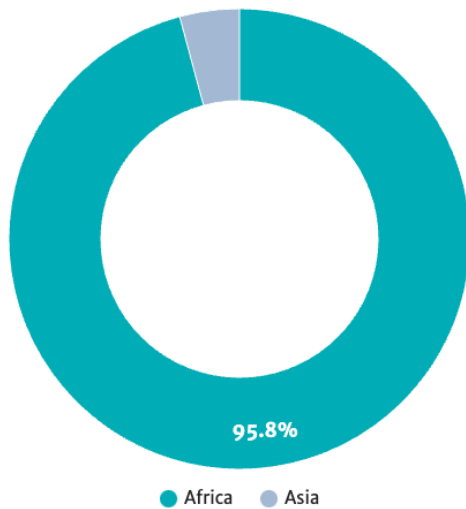
1216 % committed in 2023

10301 % committed in total SE portfolio

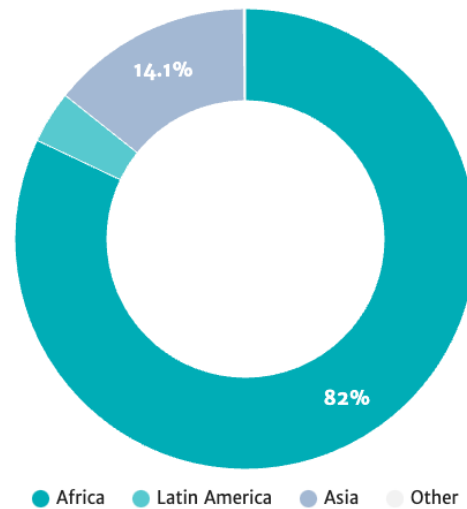
Investments per region

Sub-Saharan Africa is the priority region of direct investments in agribusiness and manufacturing. Norfund's staff in South Africa, Kenya and Ghana play key roles in identifying and monitoring our direct investments.

Investments per region in 2023



Total portfolio per region



Highlights of 2023

6 % new investee companies

4 % new fund investments

8 % follow-on investments

ANB

In October 2023, Norfund announced an investment in the South African company ANB. ANB is a vertically integrated fruit company that produces and distributes citrus and tropical fruits to markets in Europa, Asia and North America.

ANB is active in the entire fruit value chain, from developing and commercializing cultivars (citrus and other sub-tropical fruit), tissue culture laboratory facilities, nurseries for plant propagation, fruit farming and packing, as well as fruit marketing and branding activities. The company permanently employs 2,200 people and at the height of the citrus season, this figure rises to above 6,000.

As a result of global warming, extreme weather is becoming both more frequent and unpredictable. In South Africa, recent years have seen hailstorms becoming a greater threat to agriculture, with significant harvests being greatly damaged by unpredictable hailstorms. Norfund's investment in ANB will finance the construction of netting infrastructure to protect the harvest from hail, wind and excessive sun exposure.

Around 42% of the group's 2,556ha of citrus is currently under netting, and the capital injection will result in 1,704ha (67%) being protected against the elements. This will help enable ANB to produce higher volumes of improved quality fruit, and ultimately improve ANB's resilience to climate change.

Miniplast

Miniplast Ghana Ltd is a leading plastics manufacturing company in Ghana and the West African sub-region. Established in 1988, Miniplast specializes in injection molding and blow molding, with its key offerings being products made from High/Low Density Polyethylene (H/LDPE), Polypropylene (PP) and PET Plastics.

In 2020, Miniplast established an in-house plastics recycling business segment that processes locally sourced plastic waste into recycled plastic materials. These recycled plastics are then used by the company in manufacturing its finished products and sold to third parties. Headquartered in Accra, Miniplast has a current production capacity of 41 tons of plastic per day, and directly employs over 650 people, whilst indirectly giving employment to over 200 more. The

company also has waste collection and grinding hubs in Kumasi and Tamale.

Norfund's investment will go toward purchasing new manufacturing equipment and supporting Miniplast to expand into new product offerings. The investment will further finance new machinery to increase the company's recycling capacity to 1,700 tons a month, further substituting locally sourced recycled materials for imported plastic resins, and hence, reducing production costs in the process. The investment in Miniplast is expected to create more than 850 jobs across the plastics value chain.

Through this investment, Norfund is supporting efforts to develop a circular economy in Sub-Saharan African markets to help tackle Ghana's waste management challenges. Norfund will also look to support Miniplast in its efforts to institutionalize what has historically been a family-run business, particularly on the environmental, social and governance fronts.

Scalable Enterprises direct investments portfolio

Investment	Country	Investment year	Sector	Instrument	Ownership share	Domicile	Committed (MNOK)
African Forestry Impact Platform (AFIP)	Regional	2023	Forestry and logging	Funds	37%	Singapore	750.6
AgDevCo	Regional	2022	Agriculture, forestry and fishing	Equity	8%	United Kingdom	203.4
Phatisa Food Fund 2	Regional	2021	Agriculture, forestry and fishing	Funds	14%	Mauritius	192.5
Lake Harvest Group	Regional	2013	Fishing and aquaculture	Loans Equity	33%	Mauritius	168.7
European Financing Partners SA	Global	2006	Investment funds	Loans Equity	8%	N/A	263.4
Agrivision	Zambia	2012	Agriculture, forestry and fishing	Equity	24%	Mauritius	161.6
Nawiri Group Ltd.	Regional	2013	Tourism	Loans Equity	32%	Mauritius	142.5

Investment	Country	Investment year	Sector	Instrument	Ownership share	Domicile	Committed (MNOK)
Hela Investment Holdings	Regional	2022	Manufacture of textiles	Loans	0%	Mauritius	142.4
Balaji EPZ Limited	Kenya	2023	Manufacture of textiles	Loans	0%	Kenya	127.4
Kagera Sugar Limited	Tanzania	2020	Crop and animal production, hunting and related service activities	Loans	0%	Tanzania	126.0
FES Limited	Regional	2020	Agriculture, forestry and fishing	Loans Equity	23%	Mauritius	122.2
OH Ecosystems	Nigeria	2023	Crop and animal production, hunting and related service activities	Loans	-	Delaware	122.1
Basecamp Explorer	Kenya	2010	Hotels	Equity	34%	Kenya	36.4
Lilongwe Dairy (2001) Limited	Malawi	2020	Crop and animal production, hunting and related service activities	Loans	0%	Malawi	112.9
SAMANU	Ethiopia	2022	Manufacture of food products	Equity	8%	Mauritius	110.8
Miniplast Limited	Ghana	2023	Manufacture of rubber and plastics products	Loans	-	Ghana	106.8
ANB	South Africa	2023	Crop and animal production, hunting and related service activities	Equity	0%	South Africa	106.6
Marginpar Group	Regional	2018	Crop and animal production, hunting and related service activities	Equity	26%	Mauritius	102.8
Valency International Trading SARL	Ivory Coast	2022	Agriculture, forestry and fishing	Loans	0%	Singapore	101.7

Investment	Country	Investment year	Sector	Instrument	Ownership share	Domicile	Committed (MNOK)
Nouvelle Mici Embaci (NME)	Ivory Coast	2023	Manufacture of paper and paper products	Equity	26%	Ivory Coast	86.3
Neofresh	Regional	2017	Crop and animal production, hunting and related service activities	Loans Equity	42%	Mauritius	84.2
Sundry Foods	Nigeria	2019	Manufacture of food products	Equity	16%	Nigeria	80.8
Continental Blue Investment (CBI) Ltd.	Ghana	2022	Manufacture of other non-metallic mineral products	Equity	10%	Ghana	70.3
Redsun Raisins and Nuts	South Africa	2022	Manufacture of food products	Equity	23%	South Africa	70.0
Vertical Agro (Sunripe & Serengeti Fresh)	Regional	2014	Crop and animal production, hunting and related service activities	Loans	0%	Mauritius	61.8
Seba Foods	Zambia	2021	Manufacture of beverages	Loans	0%	Zambia	61.0
Terramar	Mozambique	2022	Wholesale trade, except of motor vehicles and motorcycles	Equity	33%	Mauritius	58.4
Synercore Holdings Proprietary Limited	South Africa	2022	Manufacture of food products	Loans	0%	South Africa	54.4
Freight in Time	Regional	2015	Transportation and storage	Equity	24%	Mauritius	53.1
Lona Group	South Africa	2022	Crop and animal production, hunting and related service activities	Equity	17%	Mauritius	48.7
African Century Infrastructure Services Ltd.	Regional	2014	Other service activities	Loans Equity	20%	Mauritius	35.7

Investment	Country	Investment year	Sector	Instrument	Ownership share	Domicile	Committed (MNOK)
Nyama World Malawi Ltd	Malawi	2017	Crop and animal production, hunting and related service activities	Loans	0%	Malawi	33.6
African Century Real Estates Ltd.	Mozambique	2015	Construction of buildings	Loans Equity	21%	Mauritius	33.1
Associated Foods Zimbabwe (AFZ)	Zimbabwe	2016	Manufacture of food products	Loans	0%	Zimbabwe	15.3
African Century Nampula	Mozambique	2017	Real estate activities	Loans Equity	32%	Mozambique	6.1
Afrinord Hotel Investments	Regional	2005	Tourism	Loans Equity	20%	Denmark	23.7
Africado Ltd.	Tanzania	2009	Agriculture, forestry and fishing	Equity	33%	Mauritius	4.5

Scalable Enterprises funds portfolio

Investment	Country	Investment year	Sector	Instrument	Ownership share	Domicile	Committed (MNOK)
Development Partners International III	Regional	2019	Investment funds	Funds	4%	Guernsey	394.3
AfricInvest Fund IV	Regional	2020	Investment funds	Funds	7%	Mauritius	296.7
Navis CLMV	Regional	2020	Investment funds	Funds	17%	Cayman Islands	247.6
Helios IV	Regional	2021	Investment funds	Funds	8%	Guernsey	246.9
Vantage Mezzanine Fund IV - USD	Regional	2021	Sector-agnostic fund	Funds	10%	South Africa	243.4
ECP Africa Fund IV	Regional	2018	Investment funds	Funds	6%	Mauritius	225.1

Investment	Country	Investment year	Sector	Instrument	Ownership share	Domicile	Committed (MNOK)
Meridiam Africa Fund II	Regional	2021	Investment funds	Funds	4%	France	222.2
Alterra Africa Accelerator Fund	Regional	2022	Investment funds	Funds	16%	Mauritius	204.0
Adenia Capital V	Regional	2022	Investment funds	Funds	9%	Mauritius	202.9
Verod Capital Growth Fund III	Regional	2019	Investment funds	Funds	11%	Mauritius	197.3
FIPA II	Regional	2016	Investment funds	Funds	38%	Luxembourg	171.3
KV Asia Fund II	Regional	2022	Investment funds	Funds	7%	Cayman Islands	158.5
African Rivers Fund IV	Regional	2023	Sector-agnostic fund	Funds	TBD	Mauritius	152.6
Vietnam Investments Fund IV	Vietnam	2021	Investment funds	Funds	18%	Cayman Islands	152.4
CASEIF IV	Regional	2020	Agribusiness fund	Funds	26%	Canada	150.6
Cepheus Growth Capital Fund	Ethiopia	2018	Investment funds	Funds	20%	Mauritius	146.9
Openspace Ventures III	Regional	2020	Investment funds	Funds	8%	Cayman Islands	145.2
African Rivers Fund III	Regional	2021	Sector-agnostic fund	Funds	19%	Mauritius	144.6
Agri-Vie II	Regional	2017	Investment funds	Funds	11%	Mauritius	138.3
GroFin SGB Fund Limited Partnership	Regional	2015	Investment funds	Funds	19%	Mauritius	125.6
Fanisi Capital Fund II	Regional	2017	Investment funds	Funds	43%	Mauritius	118.3
Excelsior Vietnam	Vietnam	2020	Investment funds	Funds	19%	Singapore	112.7
AFMF: ASEAN Frontier Markets Fund	Regional	2021	Investment funds	Funds	20%	Singapore	103.8
Norrskén22 Fund	Regional	2023	Sector-agnostic fund	Funds	5%	Sweden	102.5
Novastar Ventures Africa Fund III	Regional	2023	Sector-agnostic fund	Funds	TBD	United Kingdom	101.7
Ascent Rift Valley Fund II	Regional	2020	Investment funds	Funds	9%	Mauritius	99.0

Investment	Country	Investment year	Sector	Instrument	Ownership share	Domicile	Committed (MNOK)
Cambodia Laos Myanmar Development Fund II	Regional	2015	Investment funds	Funds	16%	Singapore	94.7
Novastar Ventures East Africa Fund	Regional	2013	Investment funds	Funds	13%	Mauritius	83.3
MOF II	Myanmar	2018	Investment funds	Funds	14%	Cayman Islands	80.8
Novastar Ventures Africa Fund II	Regional	2020	Investment funds	Funds	7%	Mauritius	75.0
TNB Aura Fund II	Regional	2022	Investment funds	Funds	11%	Singapore	74.2
CASEIF III	Regional	2014	Agribusiness fund	Funds	24%	Canada	73.5
Ascent Rift Valley Fund Ltd	Regional	2013	Investment funds	Funds	13%	Mauritius	71.5
Spear Africa Holding II	Regional	2017	Investment funds	Funds	19%	Mauritius	70.2
CORECO	Regional	2012	Other financial services	Funds	22%	Delaware	68.9
Neoma Africa Fund	Regional	2008	Investment funds	Funds	11%	Mauritius	67.8
Kinyeti Capital Ltd	South Sudan	2012	Other financial services	Equity	50%	South Sudan	63.1
EcoEnterprises Partners III, LP	Regional	2018	Agribusiness fund	Funds	5%	Ireland	58.3
Fundo de Investimento Privado-Angol	Angola	2009	Investment funds	Funds	26%	Luxembourg	52.9
CarDekho SEA	Indonesia	2023	Fintech	Equity	3%	Indonesia	51.1
BPI Africa LLC	Regional	2015	Investment funds	Funds	17%	Mauritius	51.0
Frontier Fund	Bangladesh	2010	Investment funds	Funds	11%	Cayman Islands	50.9
Vantage Mezzanine Fund IV - ZAR	Regional	2021	Investment funds	Funds	6%	South Africa	48.8
Africa Health Fund (Aureos)	Regional	2011	Investment funds	Funds	9%	South Africa	42.7
ACI Motors Ltd	Bangladesh	2021	Manufacture of motor vehicles, trailers and semi-trailers	Equity	5%	Netherlands	41.6

Investment	Country	Investment year	Sector	Instrument	Ownership share	Domicile	Committed (MNOK)
GroFin Africa Fund	Regional	2008	Investment funds	Funds	9%	Mauritius	40.2
Oasis Africa Fund	Regional	2017	Investment funds	Funds	10%	Ghana	39.6
Solon Capital Holdings	Regional	2020	Investment funds	Funds	30%	Mauritius	35.8
Nordic Horn of Africa Opportunities Fund	Somalia	2018	Investment funds	Funds	11%	Canada	35.2
Frontier Fund II	Bangladesh	2016	Investment funds	Funds	10%	Cayman Islands	30.4
Frontiir Co. Ltd.	Myanmar	2019	Information service activities	Equity	2%	British Virgin Islands	26.9
Vantage Mezzanine Fund II	Regional	2011	Investment funds	Funds	5%	South Africa	21.6
Voxtra East Africa Agribusiness Ini	Regional	2011	Agriculture, forestry and fishing	Funds	30%	Norway	20.6
Neoma South-East Asia Fund II	Regional	2010	Investment funds	Funds	2%	Canada	19.3
APIDC Biotech Fund	India	2005	Investment funds	Funds	8%	Mauritius	16.0
Antler East Africa Fund I	Regional	2020	Investment funds	Funds	11%	Cayman Islands	14.9
Cambodia-Laos Development Fund	Regional	2009	Investment funds	Funds	20%	Luxembourg	8.6
Aureos Southern Africa Fund	Regional	2003	Investment funds	Funds	25%	Mauritius	7.5
CASEIF II	Regional	2007	Agribusiness fund	Funds	14%	Bahamas	4.0
Aureos East Africa Fund	Regional	2003	Investment funds	Funds	20%	Mauritius	3.9
Katapult Africa	Regional	2022	Investment funds	Funds	16%	Rwanda	2.5
Aureos West Africa Fund	Regional	2003	Investment funds	Funds	26%	Mauritius	2.2
Angola Capital Partners LLC	Angola	2009	Investment funds	Equity	48%	Delaware	1.4
Evolution One Fund	Regional	2009	Energy	Funds	7%	South Africa	1.2

Investment	Country	Investment year	Sector	Instrument	Ownership share	Domicile	Committed (MNOK)
Lafise Investment Management	Bahamas	1999	Financial institutions fund	Equity	20%	Bahamas	17.3

Green Infrastructure

Development Mandate

Green Infrastructure is Norfund's newest investment area. The goal is to develop projects and companies by investing with partners to improve water, wastewater and waste management. These are challenging investment areas, but vital parts of the infrastructure in our target countries.

Strategic ambitions

Norfund has defined the following ambitions for Green Infrastructure in the 2023-2026 strategy period:

- 1. Enable 50 million m³ water and wastewater treatment capacity**
- 2. Enable 20,000 tons of waste treatment capacity enabled**

Portfolio highlights

In Green Infrastructure, four commitments have been made since the inception in 2020; TransAfrica Water Systems, The Water Access Acceleration fund, InfralImpact Mid-market Infrastructure fund and Wecyclers.

TransAfrica Water Systems

During its first year of operation, Green Infrastructure provided a loan of 2 million USD to TransAfrica Water Systems, a Kenyan water solutions company engaging in the production and distribution of equipment and services related to water pumping solutions, water treatment, wastewater management solutions, solar powered water borehole rigs and solar powered water heating systems. The company is one of the recognised distributors of world-renowned water and solar systems in East Africa.

The loan has accelerated access to clean and affordable water to households and institutions in East Africa, deepened the water sector, and facilitated jobs creation directly through the company's expansion and indirectly through improved economic activities, for example, use of water for irrigation. The company has managed to expand its sales significantly following Norfund's financing and raised further equity financing.

During 2023 the company was faced with a challenging market. The Kenyan shilling depreciated by 22% against the USD during the year, increasing the company's cost for imports and borrowing equally. Changed weather patterns with prolonged rain seasons have also decreased the need for pumped water. Despite these challenges the company managed to increase its sales and performed well under the circumstances.

Water Access Acceleration Fund

As part of Green Infrastructure's strategy of investing in specialized funds within water and waste, a commitment of 5 million EUR was made to the Water Access Acceleration Fund (W2AF) in 2022, managed by the fund manager Incofin. Norfund's early contribution contributed to unlocking an additional 30 million EUR in commitments from IFU, DFC and others.

W2AF invests in innovative water businesses that provide affordable, safe drinking water to underserved populations. W2AF is the first private equity initiative in a sector that traditionally gets its financing from governments, donors and foundations. The fund aims to demonstrate the financial viability of the safe drinking water market worldwide. It rests on a unique blended finance structure - an approach to use part of the public financing from governmental agencies to lower the risk for private investors to come in.

W2AF aims to provide safe drinking to 30 million people, mainly in Africa and Asia.

Rite Water

In late 2023, W2AF made its first investment (7.5 million EUR) into the drinking water sector in India's rural affordable drinking water and tech backed company

Rite Water Solutions (India) Pvt. Ltd. Rite Water specializes in potable water and water quality improvements solutions by providing comprehensive, cost effective and sustainable solutions for safe drinking water to rural areas where water sources are contaminated. Rite Water has deployed over 2,500 purification units and treatment plants equipped with tailored technologies and impacted more than 2 million people in 12 states of India.

Infracapital Mid-Market Infrastructure Fund

As part of our ongoing commitment to supporting sustainable development, we completed an investment of 150 million ZAR into Infracapital Investment Managers' Mid-Market Infrastructure Fund. This fund, with a total fund size of over 2000 million ZAR, aims to provide growth capital for mid-market infrastructure businesses in Southern Africa. These businesses own real assets that are essential in providing vital services, particularly in the water and waste sectors.

Infra Impact boasts a team of local specialist investors, who have expert knowledge and experience in navigating the unique challenges faced by the infrastructure segment in South Africa. With a staggering 1.7 trillion ZAR funding shortfall, there is immense potential for value creation and positive impact.

The primary objectives of this fund are to create 2,200 jobs and contribute to the supply of one billion liters of water, serving the needs of 88 million people. Additionally, the fund aims to divert 3.7 million tons of waste from landfills, promoting a sustainable approach to waste management.

As a Limited Partner, Norfund will actively collaborate with the fund manager, acting as a direct parallel co-investor in suitable deals. During the year, Infracapital has made two investments: Sustainable Heating and Rhino Energy/Hyperion RE.

Sustainable heating

In December 2023 the Fund reached financial close to provide a 30 million ZAR facility to Sustainable Heating 9 (SH). SH operates at the intersection between waste management and renewable energy, using wood waste products to produce

industrial process heat (steam, hot air, hot water, and thermal oil) from largely waste biomass feedstock. The adoption of sustainable biomass in industry not only contributes to environmental sustainability by reducing reliance on fossil fuels but also fosters job creation, economic development, and innovation, aligning with the goals of a circular economy. The Sustainable Heating group employs 115 Employees.

Rhino Energy and HyperionRE

In March 2023 the Fund invested a total of 35 million ZAR in Rhino Energy Holdings and HyperionRE. These energy companies are well positioned to become a leading EPC and PPA asset owner in the Southern African commercial and industrial market, an important sector in SA which is grappling with power outages. Rhino is a preferred EPC contractor for blue chip corporates in South Africa, with a proven track record of commissioning and operating commercial and industrial solar plants within South Africa in excess of 40MW since 2010. The business employs 50 staff.

Wecyclers

A 2 million USD commitment was made during 2023 to the Nigerian plastic recycling company Wecyclers, using Norfund's Frontier Facility. The company is working toward fulfilling obligations to reach financial close.

Investment	Country	Investment year	Sector	Instrument	Ownership share	Domicile	Committed (MNOK)
Infralmpact Mid-Market Infrastructure Fund 1	South Africa	2022	Waste/water fund	Funds	7%	South Africa	83.1
Transafrica Water Systems Limited	Regional	2021	Water supply, sewerage, waste management and remediation activities	Loans	0%	Kenya	20.3
Water Access Accelerator Fund	Global	2022	Waste/water fund	Funds	14%	France	56.2
WeCyclers	Africa	2023	Waste	Convertible loan	0%	Nigeria	23

Exited companies

Norfund seeks to maximize our development impact by ensuring that our capital is deployed where it contributes the most. Circulating capital by exiting investments where we are no longer needed is a key part of our strategy.

We strive to be a predictable, long-term investor, but we will not retain ownership for longer than necessary. Exit strategies and alternatives are prepared at the time of the investment, and we will seek to exit when Norfund's participation is no longer crucial for the sustainable and economic continuation of the activities of the investee. Capital and profit generated by the investments are reinvested in new businesses in which there is a greater need for our risk capital.

At regular intervals we do exit analysis of exited portfolio companies. [The latest](#) was done in 2022.

What is defined as an exit?

A project is considered exited when all Norfund's instruments with the investee are exited and no direct or indirect relationship exists any longer.

Exited investments in 2023

During 2023, we exited 20 investments made under the development mandate. As the climate mandate is still quite new, we have not exited any investments yet. Most of the exits are repaid loans.

The number of exits in 2023 is higher than in previous years, reflecting our growing portfolio and strategic aim to recycle more capital. On top of full project exits, other reflows have also increased significantly.

Project	Department	First investment year	Invested amount NOK	Country	Sector	IRR since inception (investment currency)
AB Bank	FI	2017	163.2	Vietnam	Banking	5.12%
Access Bank	FI	2017	116.7	Nigeria	Banking	8.17%
Across Forest AS	SE	2012	1.8	Nicaragua	Forestry and	10.41%
BRAC Bank	FI	2010	122.2	Bangladesh	Banking	10.35%
Brighter Life Kenya 1	CE	2020	56.2	Kenya	Solar power	7.93%
Cofina Senegal SA	FI	2021	-	Senegal	Microfinance	N/A
Credicorner	FI	2019	63.8	El Salvador	Microfinance	5.09%
Green Resources USD	SE	2009	819.0	Sub-Saharan	Forestry and	10.00%
Greenlight Planet	CE	2019	140.4	Kenya	Solar power	13.98%
H1 Upington	CE	2015	73.5	South Africa	Solar power	98.16%
Kinangop	CE	2013	94.3	Kenya	Wind power	N/A
LOLC	FI	2020	95.6	Cambodia	Microfinance	8.48%
M-kopa	CE	2017	127.0	Sub-Saharan	Solar power	14.31%
Nam Sim	CE	2011	34.2	Laos	Hydropower	4%
ONE Bank	FI	2018	120.9	Bangladesh	Banking	5.94%
Prasac	FI	2013	355.8	Cambodia	Microfinance	9.02%
Prospero	FI	2011	57.7	Regional	Microfinance	5.87%
Scatec Mocuba	CE	2016	13.4	Mozambique	Solar power	-20.87%
TPS Dar es Salaam	SE	2011	55.6	Tanzania	Tourism	6.85%
UAP Properties Limited	SE	2013	34.5	South Sudan	Real estate ^a	8.45%

Project	Department	First investment year	Invested amount NOK	Country	Sector	IRR since inception (investment currency)
Total			2,545.6			8.32%

Increased energy access and supply

Development Mandate

Access to energy is a fundamental prerequisite for economic growth, job opportunities, and enhanced living standards in developing countries.

Furthermore, transitioning to a renewable energy system is essential for combating the climate crisis and ensuring a more sustainable future. Norfund contributes to this by investing in renewable energy in emerging markets under both the development mandate and the [climate mandate](#).

→ [Read about our development rationale](#)

557 MW

total new capacity financed in 2023, of which 100% renewable

4,410 MW

renewable capacity financed in Norfund's portfolio

420,000

households granted with access to electricity through micro/mini-grid or solar-home systems

Norfund's impact objective

Norfund's impact objective for our renewable energy investments under the development mandate is threefold:

1. Increasing the supply of energy
2. Increasing the share of energy from renewable sources
3. Increasing access to energy

Fulfillment of these objectives leads to job creation and economic growth, while mitigating climate change.

Results 2023

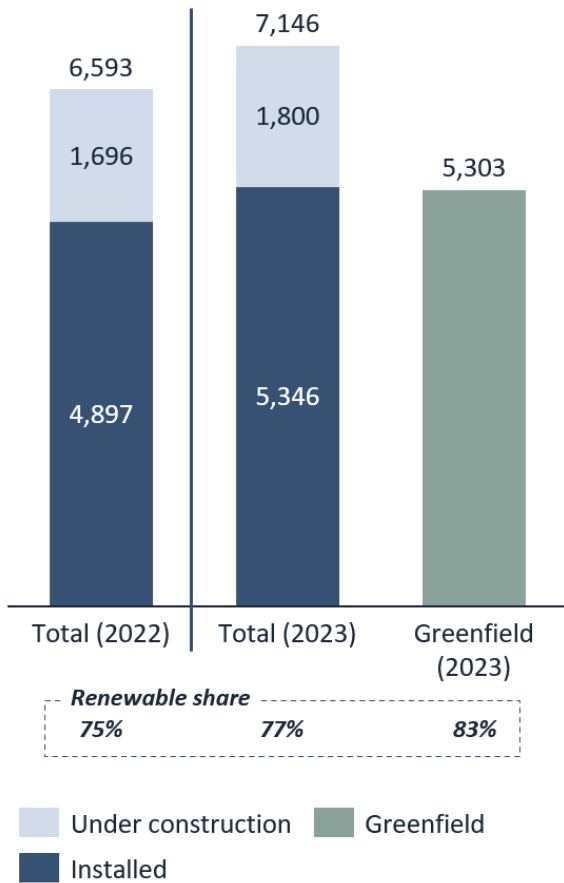
Increased energy supply

In 2023, Norfund helped finance the construction of 557 MW of new electricity generation capacity under the development mandate (greenfield*), including on-grid independent power producer (IPP) projects and commercial & industrial (C&I) projects.

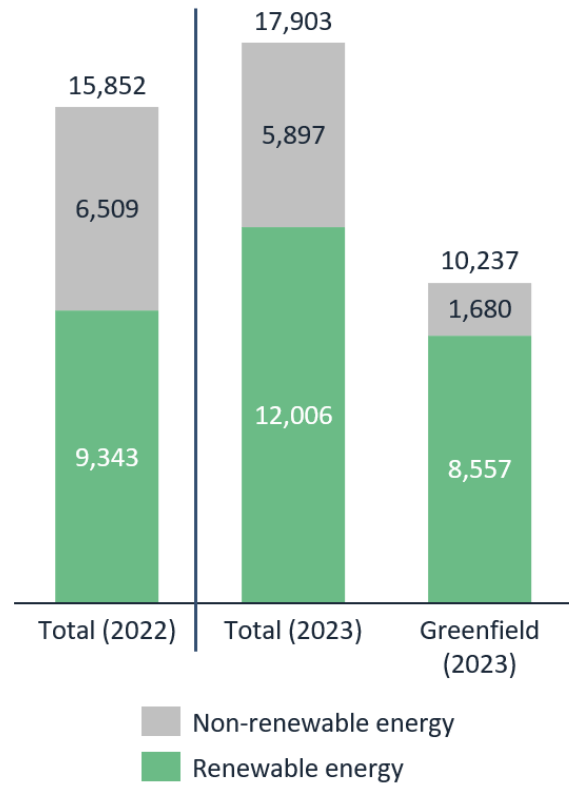
By the end of 2023, the total capacity in Norfund's portfolio was 7,146 MW, of which 5,346 MW was installed and 1,800 MW under construction. Of this, 5,303 MW is greenfield.

Greenfield refers to the capacity Norfund has **helped finance the construction of. Hence, it excludes the capacity already installed in the portfolio companies at the time of the investment.*

Total capacity in portfolio (MW)



Energy production in 2023 (GWh)



In 2023, the power plants in our portfolio under the development mandate produced 17.9 TWh. Of this, 10.2 TWh was produced by power plants where Norfund has helped finance the construction. This is equivalent to the combined annual electricity consumption of Tanzania and Zimbabwe.

Increased share of energy from renewable sources

All new capacity financed is renewable. By the end of 2023, 4,410 MW out of the total 5,303 MW greenfield capacity was renewable. These greenfield, renewable capacity generated 8.6 TWh of electricity in 2023.

Translating production into avoided emissions

→ [Read here if you want to understand how the renewable electricity production translates into avoided emissions of CO₂e.](#)

Increased access to energy

Not all households have the opportunity or desire to connect to the electricity grid. For such households, mini-grid solutions and solar home systems play a vital role in providing access to electricity without the need for grid connection. In 2023, 420 000 households were provided with access to electricity through mini-grid solutions or solar home systems.

Furthermore, 940 000 units of smaller solar-powered solutions, such as lanterns, were sold to households in 2023.

The companies Norfund has invested in also facilitated access to electricity for numerous businesses in 2023 through the provision of solar-powered solutions, including lanterns and solar home systems that can also be used for business purposes.

Jobs created

Development Mandate

Norfund contributes to creating jobs directly in portfolio companies and indirectly through their value chains.

Results in 2023

37200 % new jobs created in portfolio companies*

625000 % total jobs in portfolio companies

* In companies with two consecutive years of reporting under the development mandate

[→ Read about Norfund's Development Mandate strategy](#)

Development rationale

Creating and sustaining jobs is vital to reduce poverty. Jobs generate household income, are a basis for taxation, provide security, and can enable knowledge and skills development. It is a prerequisite that the jobs are in businesses that are financially viable to sustain the impacts.

Investing in businesses and creating jobs encourages the transfer of technology and skills, equipping the workforce with the tools needed for innovation and productivity improvements. In essence, investing in job creation in developing countries can be seen as a catalyst for a virtuous cycle of growth, poverty

reduction, and enhanced social stability.

Following a period of stability in number of unemployed people worldwide, the pandemic brought on a surge in the number of unemployed individuals. Even though the level has come down from the peak during the pandemic, global unemployment levels maintain above the level that was achieved before the pandemic.

Also in Norfund's markets the unemployment and informal sector jobs remain substantially higher than before the pandemic. High levels of informal jobs and unemployment makes Norfund's investments, targeted at creating and sustaining jobs ever more important. Investments not only support the immediate need for quality jobs but also lay the foundation for sustainable development by investing in specific sectors. By channeling funds into sectors and businesses with high growth potential, Norfund is stimulating economic growth.



Norfund's investments contribute both directly and indirectly to the achievement of SDG Target 8.5.

In Africa, [nearly 83% of the jobs are within the informal sector](#). This means that the workers are unregistered, have no insurance or sick leave schemes and have limited access to training. Therefore, it is crucial to develop formal job opportunities and ensure that these are jobs where workers' rights are protected.

Avoiding further job losses and creating a substantial number of quality jobs in the formal sector in developing countries is therefore imperative to achieve growth and sustainable development.

→ [Read about Norfund's investments in African agriculture and food systems](#)

Results 2023

Record high number of jobs in Norfund portfolio companies

By the end of 2023, a record high number of 625,000 people were employed in the companies in which Norfund is invested, either directly or through funds. 77% of these were permanent jobs.

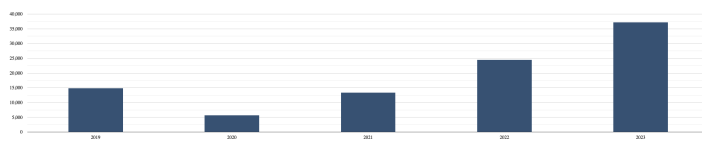
The below figure shows the number of jobs directly supported through the companies Norfund has invested in during the last five years. Figures are not directly comparable across years due to variations in the portfolio composition from new investments and exits. However, we see that since 2019 the number of direct jobs supported through our investments has increased by 64 %.

Total jobs in Norfund's portfolio companies

Note: The numbers are affected by new investments and exits from companies. Therefore, a sale of a large investment will affect these aggregated numbers greatly

Considering companies that Norfund has been invested in during two consecutive years allows for calculation of the jobs that are created. From the end of 2022 to the end of 2023, Norfund's portfolio companies (with two consecutive years of reporting) reported a net increase of new jobs of 9 %, or 37,200 new jobs. This is a record high number. In 2022, the corresponding figure was 24 500. Thus, Norfund contributed 52 % more jobs in 2023 than in 2022. In 2020 the number of jobs created was low, mainly due to many companies struggling during the pandemic.

Jobs created



Note: Covering only investments with two consecutive years of reporting.

Jobs created are also affected by the composition of the portfolio in terms of size of companies and sector distribution. In addition, the figures on job creation are not attributed to the share of the investment held by Norfund.

From 2022 to 2023, the development mandate delivered an estimated return, measured as IRR, of 1.8 % measured in the investment currency and 4.1 % measured in NOK.

→ [Read more about our financial results here](#)

Approximately 38% of the total people employed in Norfund's investees by the end of 2023 were women, and 19% were youth, defined as below 25 years.

38 % Female employees in Norfund portfolio companies

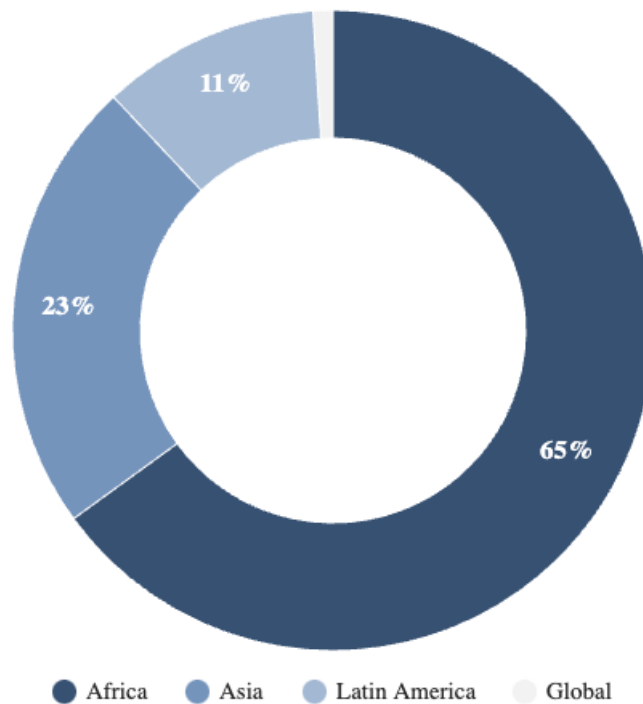
19 % Youth employees in Norfund portfolio companies

→ [Read more about gender equality and Norfund](#)

More than 400,000 people were employed in companies operating in Africa, making up almost 65 % of total employees in Norfund's portfolio companies.

23 % were employed in companies in Asia, 11 % were employed in companies in Latin America and 1% were employed in companies operating globally. More than 167 000, 27%, of the jobs were in Least Developed Countries (LDC).

Jobs per region



Promoting job equality

Norfund promotes job quality using the IFC Performance Standards (PS) on Environmental and Social Sustainability in our investment processes.

The IFC PS is the key framework used by development finance institutions, such as Norfund, to assess, manage and mitigate the environmental and social risks of investments. One of the Performance Standards focuses on Labour and Working conditions and includes provisions for issues such as workers' rights, health and safety, anti-discrimination and equal opportunity. The standards are aligned with the ILO core conventions.

Joint Impact Model

Since 2020, Norfund has applied the Joint Impact Model (JIM) to estimate indirect jobs supported through our portfolio companies. We have applied the JIM to get an indication of the wider, indirect jobs effects than the direct jobs held in our portfolio companies. However, the results are modelled estimates, do not reflect actual numbers and should therefore be interpreted with caution.

This year, we are reviewing how to best use models and other analyses to keep learning and improve our understanding of the indirect effects of our investments. We are therefore not reporting estimates on indirect jobs through the JIM. [Read more about the indirect job estimates for 2022 here.](#)

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→ [More about harmonised indicators for private sector at Norfund.no](#)

Access to finance

Development Mandate

Lack of access to useful and affordable financial products and services that meet the needs of clients is regarded as one of the most important constraints to the development and growth of businesses in low-income countries.

This includes transactions, payments, savings, credit and insurance products, and the way these are delivered to the clients. Increasing access to, and use of, financial products and services also contributes to household resilience by enabling saving and the possibility of sourcing emergency funding. Contributing to increased Financial inclusion is therefore a key priority for Norfund.

Impact in 2023

11.5 million new clients served by portfolio companies
NOK

56 billion increase in lending to clients by portfolio
NOK companies

→ [Read about our development rationale](#)

Norfund's impact objectives

Norfund has the following impact objective for investments in financial institutions:

1. Increasing the provision of financial services
2. Increasing the provision of credit to clients

This enables economic growth and job creation in low- and middle-income regions and helps to improve living standards.

Results 2023

Increased provision of financial services

The investments in Norfund's portfolio provided financial services to around 121 million clients in total in 2023.

Portfolio companies with two consecutive years of reporting increased the total number of clients by 11.5 million (13 % growth) during 2023.

Increased provision of credit to clients

The combined loan book of all Norfund's investments in financial service providers reached a total of NOK 729 billion by the end of 2023. Companies with two consecutive years of reporting increased their credit provision by NOK 56 billion (9.4% growth) during the year.

The total number of loans provided to clients by the investments in our portfolio was 32 million. This is an increase from last year, where 28.6 million loans were provided to clients. The loans provided by portfolio companies in 2023 includes 17.5 million loans to retail clients, 7.9 million loans to microfinance clients and 2.6 million loans to SMEs clients.

729 % NOK in combined loan book

9.4 % Increase in credit provision since 2023*

**For companies with two consecutive years of reporting*

Increased provision of deposits

Some of our portfolio companies offer customers the option to accumulate savings in deposits accounts. A total of 69 million deposits at a combined value of NOK 762 billion were held by the portfolio companies by end of 2023. Of the NOK 762 billion held in deposits, NOK 270 billion were savings held by retail and microfinance clients. Portfolio companies with two consecutive years of reporting saw an increase in the total value of deposits held by clients by 44 billion, yielding a 10% growth during 2023.

Avoided emissions

Development Mandate

Scaling up generation of renewable energy in developing countries is crucial both for economic growth and development, as well as for mitigating climate change. Norfund's investments in renewable energy are contributing to bypassing traditional fossil fuel-based development pathways and building more sustainable and resilient energy systems

6.2 million tons

avoided emissions in 2023 by projects financed under Norfund's development mandate (greenfield*)

→ [Read about our development rationale](#)

Greenfield refers to the capacity Norfund has **helped finance the construction of. Hence, it excludes the capacity already installed in the portfolio companies at the time of the investment.*

Results 2023

In 2023, portfolio companies under the development mandate produced renewable energy corresponding to annually avoided emissions of 8.2 million tons of CO₂e. Of this, 6.2 million tons of CO₂e were avoided by greenfield projects. The latter is a significant increase from 4.5 million tons in 2022.

The main contributors to the avoided emissions in Norfund's portfolio are large-scale producers of solar, wind and hydro power in South Africa, India, and Egypt.

Avoided emissions since Norfund's inception

All new renewable energy projects Norfund has invested in since the fund was established in 1997, avoid an estimated **13 million tons of CO₂e emissions annually (greenfield)**. This equals approximately 26% of Norway's annual CO₂e emissions a of 2022*.

* Statistics Norway: [Emissions to air - SSB](#)

Tax revenues

Development Mandate

One of the important ways Norfund's portfolio companies contribute to sustainable development is by paying taxes and fees to the countries in which they operate.

Taxes paid in 2023

**In companies with two consecutive years of reporting*

32.7 % Total taxes paid by portfolio companies

21.2 % Total taxes paid in Africa

3.6 % Increase in total taxes paid by portfolio companies*

Development rationale

Domestic resource mobilization, where taxation plays a fundamental role, is one of the most important ways to facilitate sustainable development. Tax revenues provide governments with essential resources that can be spent on infrastructure and public services, such as health services, education and protection for its citizens.

Norfund's investments contribute both



*directly and indirectly to achieving
SDG Target 17.1*

Results in 2023

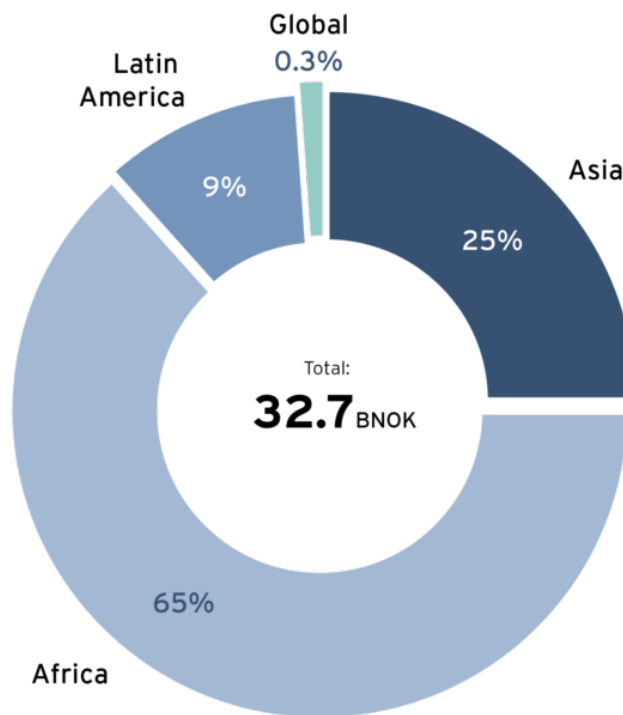
Profitable companies pay taxes to governments in the countries in which they operate. Taxes and fees are paid both by Norfund's portfolio companies and by the companies in their value chains. This means that company growth can increase the demand for supplies, which in turn can increase tax revenues generated by the suppliers. In this way the company growth contributes to tax generation beyond the tax collected in the company.

In 2023, an amount equivalent to NOK 32.7 billion was paid in taxes and fees by the companies in which Norfund is invested, both directly and through funds. This corresponds to almost 56 % of the total Norwegian development aid in 2023.

48 % of the total tax was paid as corporate income tax and 52 % was paid as other transfers, such as sales taxes, withholding taxes, net VAT, royalties, license fees and social security payments.

From the end of 2022 to the end of 2023, the total taxes and fees paid by companies with two consecutive years of reporting increased by NOK 3.6 billion.

Tax revenues per region



About 65 % of the taxes and fees paid by Norfund portfolio companies were paid by companies operating in Africa.

Norfund's tax policy

A responsible tax policy is fundamental to all Norfund's operations. Our tax policy is based on the principles of the Norfund Act of 1997, Norfund's statutes and EDFI's principles for responsible tax in developing countries. The policy sets out the principles that guide our approach to tax-related issues and what we expect from our portfolio companies and co-investors.

The tax policy includes requirements regarding transparency, stating that Norfund's investees shall pay taxes to the countries in which they operate and where the income occurs, and that use of third countries must only be done when

necessary to meet the fund's development priority of investing in high-risk markets and to protect the fund's capital.

Norfund regularly updates the investment manual. Based on a review conducted in 2021, operational adjustments, including more focus on tax structure elements and adjustments in the investment manual, were initiated in 2022. These adjustments were implemented in 2023. In addition to the existing guidelines, in 2023, procedures for external structure assessment were introduced for investments through third countries. This is to further ensure responsible taxation of our investments beyond the choice of domicile.

→ [More about taxes and Norfund's Responsible Tax Policy](#)

→ [Why DFIs use offshore financial centers](#)

Norfund's investments in African agriculture and food systems

The agriculture sector is a key part of Norfund's strategy to create jobs and improve lives by investing in companies that promote sustainable development.

Successful investments in the agriculture sector and value chain help to combat poverty by creating jobs, boosting incomes, promoting climate change adaptation and enhancing food security. Agriculture is a demanding sector where risk is high and financial returns are often limited. There is therefore a great need for more risk capital than what is available in the market.

By investing directly in companies that produce and process food, Norfund helps to increase production efficiency and ease farmers' access to local markets and export. Combining a partner company's own production with contract cultivation by smallholder farmers often gives them more secure market access, increased competence and inputs such as seeds and fertilizer.

Norfund has 24 direct investments within the food and agriculture sector with total commitments of NOK 2,955 million.

In 14 of the companies Norfund has invested directly in, Norfund has a board position. Through active ownership, the fund contributes to increased expertise in addition to much-needed capital. Norfund also aims to enhance the sustainability and development effects of our investments in the sector through our [Business Support facility](#). 15 of the Norfund investees within the food and agriculture sector have received such support.

By the end of 2023, about 120 000 small-scale farmers were associated with the companies in Norfund's Scalable Enterprise portfolio. When considering those who reported gender breakdown, 37 percent of the small-scale farmers are female.

Giving access to loans to farmers

Most traditional banks in Africa have a low share of loan portfolio lending to primary agricultural and food and agricultural value chain clients. Through investments in the development of banks and microfinance institutions that reach out to this sector, more farmers can get access to loans to invest in anything from new tools and seed varieties to artificial fertilizers and irrigation systems, thereby increasing their productivity. Such investments have become even more needed to adapt farms and businesses to a changing climate.

Arise is Norfund's main vehicle for large scale equity investments in banks in Africa. The platform, which Norfund owns together with FMO, the Dutch DFI, and Rabobank, one of the world's largest agricultural banks, has minority stakes in nine financial institutions based in eight countries, with an additional presence in over 33 countries across the continent. Arise sees great potential in the agricultural lending segment and is engaged in active dialogue with partner banks to realize more of this. By the end of the 2023, Arise provided around 10 billion NOK in primary agricultural lending.

→ [Read more about access to finance here](#)

Frontier Facility

The Frontier Facility (formerly known as Project Development and Risk Mitigation facility) is managed as a separate facility and has a specific mandate set by the Ministry of Foreign Affairs.

The facility serves two purposes:

1. Enabling early phase project development within Norfund's investment areas
2. Risk mitigation for commercial investors that wish to invest in Norfund funded projects, throughout the project cycle

The Frontier Facility is used for projects with a higher level of risk than those in Norfund's core portfolio, and for our most demanding markets - in particular fragile states and Least Developed Countries. These projects are therefore managed as a separate facility and are not included in Norfund's overall portfolio valuation.

Norfund approved two new projects in 2023. The first one is [an investment in fertilizer based on green hydrogen in Uganda](#), together with the partner Westgass. Strong industrial partners have set joint targets for the annual production of 200 000 tons of locally produced fertilizer, which will provide increased income and food security, without the greenhouse gas emissions usually involved in such production. Norfund is initially investing in the project through a convertible loan under the Frontier Facility. The second project is an investment for project development in the Green Infrastructure department.

During 2023, under the Frontier Facility, [Norfund also committed EUR 2 million as a convertible loan to Wecyclers Nigeria Limited](#), a recycling company based in Lagos. The investment in Wecyclers will finance a new plant for the recycling of

PET-bottled for use in new bottles locally and in Europe. The plant will be located in Ogun state in Nigeria and have a capacity of 12 000 tons per year.

Frontier Facility portfolio

Investment	Country	Investment year	Sector	Instrument	Ownership share	Domicile	Committed (MNOK)
Katapult Africa Seed Fund	Africa	2022	Scalable Enterprises - Funds	Equity	16.56%	Rwanda	2.56
NMI FLS valuta guarantee	Southeast Asia	2021	Financial Inclusion	Foreign exchange guarantee	16%	Norway	20
Lobu Dolum HPP	Indonesia	2021	Renewable Energy	Loan	0%	Norway	8.52
Antler East Africa Fund I	Africa	2020	Scalable Enterprises - Funds	Junior Equity	10.04%	Cayman Islands	13.37
Arnergy Solar Ltd	Nigeria	2019	Renewable Energy	Equity	0%	Nigeria	17.56
Malthe Winje Maresi	Kenya	2019	Renewable Energy	Loan	0%	Kenya	1.74
FEI - Facility for Energy Inclusion	Africa	2019	Renewable Energy	Junior Equity	3%	Mauritius	27.54
WeCyclers	Africa	2023	Green Infrastructure	Convertible loan	0%	Nigeria	23

[Read about Frontier Facility at our website](#)

Investing in the transition to net zero

Climate Mandate

The Climate Investment Fund managed by Norfund became operational in 2022. The fund is Norway's most important tool in accelerating the global energy transition by investing in renewable energy in developing countries with large emissions from coal and other fossil power production.

To help developing countries build their economy on the backbone of renewable energy, the Climate Investment Fund (CIM) will allocate 10 billion NOK from 2022-2026 to invest in renewable energy and enabling technologies.

Norfund manages the fund on behalf of the Ministry of Foreign Affairs. The investments under the Climate Investment Fund are in Norfund's own name, but the fund's investments and portfolio are managed separately from Norfund's other activities.

Climate Fund Instructions

→ [\(in Norwegian\)](#)

Ambitions 2022-2026

1. **9 GW** new renewable energy capacity financed
2. **14 million** tons CO₂ avoided per year² - equivalent to 30% of Norway's annual GHG emissions
3. **1bn** invested into "next wave" technologies

The strategy for the Climate Investment Fund

The Climate Investment Fund shall contribute to reduce or avoid GHG emissions from coal fired power and other fossil energy production. The fund aims to ensure that economic growth is built on low carbon technologies in emerging markets, especially where GHG emissions are significant today, or are expected to become large in the future. Within our mandate, we need to prioritize. Our strategic choices have therefore been assessed against three criteria: climate impact, additionality and feasibility.

Geography

The Climate Investment Fund prioritizes existing Norfund strategy countries to maintain focus and build on existing capabilities. Among existing strategy countries, we prioritize 8 core countries: India, Vietnam, Philippines, Cambodia, Indonesia, Sri Lanka, Bangladesh and South Africa.

Investment countries under the Climate Investment Mandate

CORE COUNTRIES

- Bangladesh
- Cambodia
- India
- Indonesia
- Philippines
- Sri Lanka
- South Africa
- Vietnam



Sectors

We invest in both large scale grid connected renewables such as wind farms and smaller projects selling directly to commercial and industrial customers such as

rooftop solar. We may also invest in enabling technologies with high climate impact (e.g., storage, transmission), focusing on verticals where Norfund has strong competence, can be additional and where there are investable opportunities in our markets.

Risk profile

The CIM applies the risk appetite statement of Norfund, but with the opportunity to take somewhat higher technology commercialization risk for example within floating solar and offshore wind. In this way, Norfund can help accelerate the implementation of renewable energy technologies in our markets through investments that private sector players hesitate to take on. The investments will be done on commercial terms.

Partners and platforms

The climate mandate, in line with Norfund's overarching strategy, aims to establish new as well as strengthen existing platforms and partnerships.

This strategy of sharing risk can enable industrial investors to realize more projects or enter into new markets, thereby multiplying the impact of Norfund's capital, and leading to sustainable business ventures.

Exits

Under the CIM we have an ambition to actively seek exit of mature or de-risked investments to circulate capital and multiply the climate impact we can have per dollar committed to the fund. Norfund has for the past years worked on improving our practices regarding exits, including assessing exit opportunities at time of investment and structure investment with exits in mind. We will build upon this work in the year to come.

Investments 2023

Climate Mandate

2023 marked the first full year of operations for the Climate Investment Fund. During the year, four new investments were made. In addition, two follow-on investments supporting the growth of existing Climate Investment Fund portfolio companies were also made. In total, new commitments of NOK 1.6 billion were made, taking the total Climate Investment Fund portfolio to NOK 3.8 billion. The investments made in 2023 are expected to contribute to avoid 8.5 million tons of CO2e emissions when the projects are operational.

→ [Read about avoided emissions under the climate mandate](#)

Highlights of 2023

Pele Green Energy

Pele Green Energy is a South African owned Independent Power Producer that develops, owns, constructs and operates renewable energy power projects, including both small scale embedded generation and utility scale power plants. Pele is partnering with international utilities like Engie, Enel and EDF. Norfund has committed ZAR 658 million as part of a consortium together with Nedbank and the Industrial Development Corporation (IDC) of South Africa. The funding is part of a ZAR 2.5 billion loan with a preference share clause. The funding will enable Pele to move forward and construct a pipeline of more than 1 GW of awarded solar and wind projects in South Africa together with partners. The projects are a mix of projects delivering power to the national grid and projects delivering directly to industrial customers.

Gadag

Norfund and KLP have extended their co-operation Renew, India's largest independent renewable energy company, to develop transmission infrastructure that connects areas of renewable resources to the main grid. The Gadag project is 144 kV of high voltage transmission lines that will provide enough capacity to evacuate 2,5 GW of renewables to the grid, located in Karnataka, India.

Follow-up investment in SAEL

After the initial 60 million USD equity investment in 2022, a follow-up investment of 50 million USD was done in 2023. SAEL has developed a business model where crop residues are used as fuel in waste-to-energy projects. Normally farmers in India burn crop stubble in their fields to remove paddy residue, resulting in severe air pollution in the region. SAEL is an emerging renewable company in India with presence across solar and agri waste to energy projects. SAEL is India's largest agri waste to energy producer. SAEL currently has more than 20 projects both operating and under construction in solar and agri waste to energy space.

Investment	Country	Investment year	Sector	Instrument	Ownership share	Domicile	Committed (MNOK)
SAEL	India	2022	Solar / biomass	Equity	N/A	India	1126.5
Fourth Partner Energy	India	2023	Solar power	Equity	TBD	India	431.5
Enel Coral	India	2022	Wind power	Loans Equity	25%	India	430.2
H1 Kenhardt	South Africa	2022	Solar power	Loans	N/A	South Africa	388.9
Pele Green Energy	South Africa	2023	Other/hybrid renewables	Loans Equity	N/A	South Africa	363.8
Enel Thar Solar	India	2022	Solar power	Loans Equity	25%	India	276.5
H1 Capital	South Africa	2021	Other/hybrid renewables	Equity	25%	South Africa	212.7
H1 EDF NFBII	South Africa	2022	Wind power	Loans	N/A	South Africa	172.6
Gadag Transmission	India	2023	Transmission	Loans Equity	25%	India	107.3
SEACEF II	Regional	2023	Energy	Funds	8%	Singapore	101.7
Volta INTL	Sri Lanka	2023	Solar power	Equity	30%	France	83.1
Koppal Narendra	India	2022	Transmission	Loans Equity	25%	India	61.9

Avoided emissions

Climate Mandate

Norfund's investments in renewable energy contribute to replacing either current or future electricity that otherwise would have been produced from fossil fuels, thereby preventing the emission of greenhouse gases.

8.5 million tons CO₂e

expected annual avoided emissions from projects financed in 2023, when they are fully operational.

Corresponding to 17% of Norway's CO₂e emissions in 2022**

2.2 million tons CO₂e

avoided emissions in 2023 from operational power plants

** Statistics Norway: [Emissions to air - SSB](#)

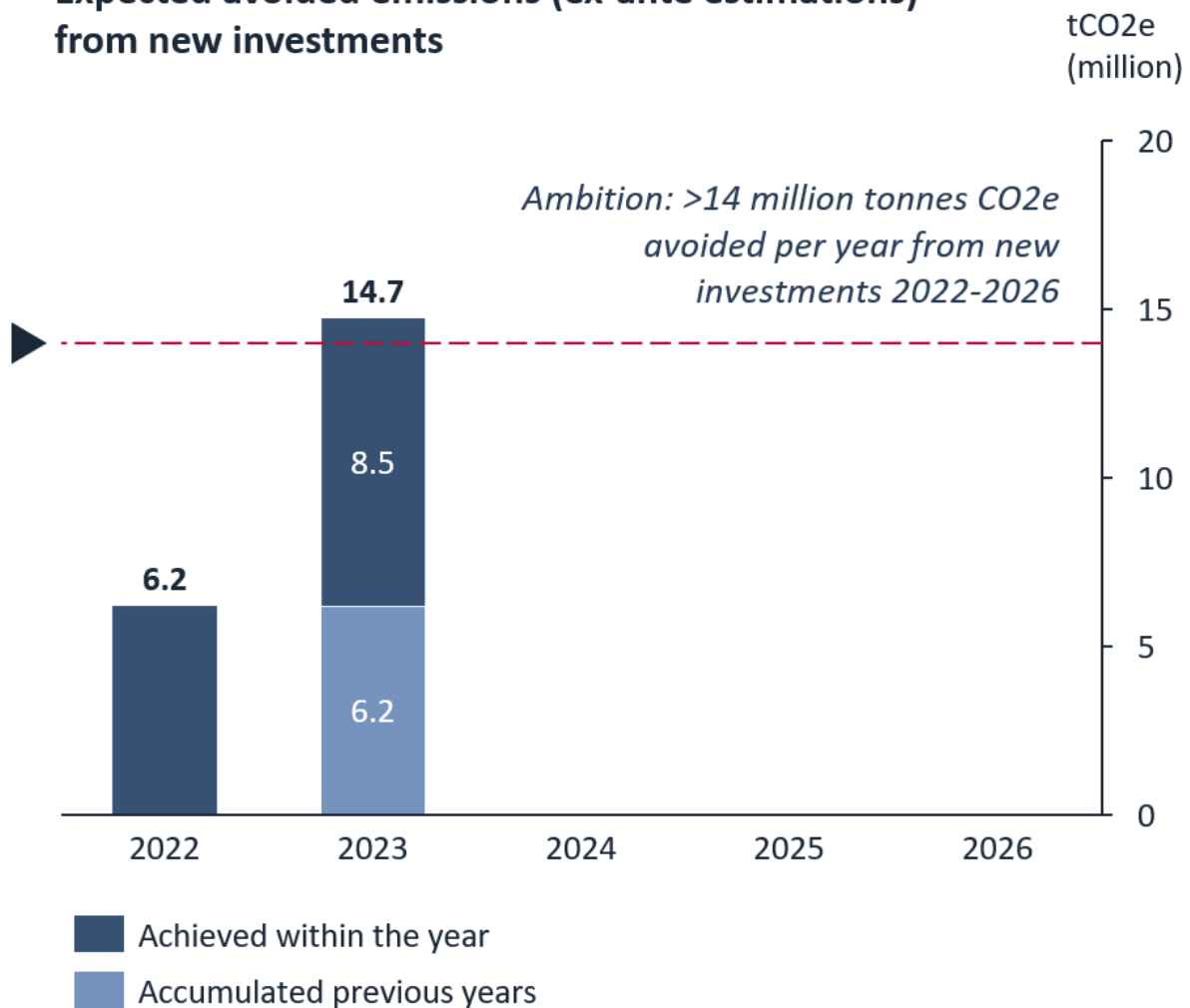
Results 2023

Expected avoided emissions (ex-ante)

In 2023, Norfund financed five projects under the climate mandate that, when operational, are estimated to avoid 8.5 million tons of CO₂e emissions annually (greenfield*). This corresponds to approximately 17% of Norway's total emissions of CO₂e in 2022. Independent Power Producers in India and South Africa are the main contributors to the emission avoidance.

Adding this to the 6.2 million tons of estimated annual avoided CO₂e emissions from investments in 2022, Norfund has already surpassed the ambition for the current strategy period 2022-2026 to avoid 14 million tons of CO₂e emissions annually.

**Expected avoided emissions (ex-ante estimations)
from new investments**



Separately, Norfund financed a transmission line in India that will enable 2.4 GW of wind and solar power to feed onto the grid, resulting in an estimated 5.8 million tons of CO2e avoided annually.

Greenfield refers to the capacity Norfund has **helped finance the construction of. Hence, it excludes the capacity already installed in the portfolio companies at the time of the investment.*

Avoided emissions in 2023 (ex-post)

In 2023, portfolio companies under the climate mandate produced renewable energy corresponding to annual avoided emissions of 5.8 million tons of CO2e. Of this, 2.2 million tons of CO2e were avoided by greenfield projects.

Projects in South Africa and India are the main drivers for the avoided emissions,

both because these countries have the largest shares of the portfolio, but also because they have very high grid emission factor (i.e., fossil intensive energy mix).

Avoided emissions since Norfund's inception

All new renewable energy projects Norfund has invested in since the fund was established in 1997, avoid an estimated **13 million tons of CO₂e emissions annually (greenfield)**. This equals approximately 26% of Norway's annual CO₂e emissions a of 2022**.

** Statistics Norway: [Emissions to air - SSB](#)

Increased renewable energy supply

Climate Mandate

Transitioning to a renewable energy system is essential for combating the climate crisis and ensuring a more sustainable future. Norfund contributes to this by investing in renewable energy in emerging markets under both the climate mandate and the [development mandate](#).

Furthermore, access to energy is a fundamental prerequisite for economic growth, job opportunities, and enhanced living standards in developing countries.

→ [Investing in the transition to net zero under the climate mandate](#)

Results 2023

4,244 MW

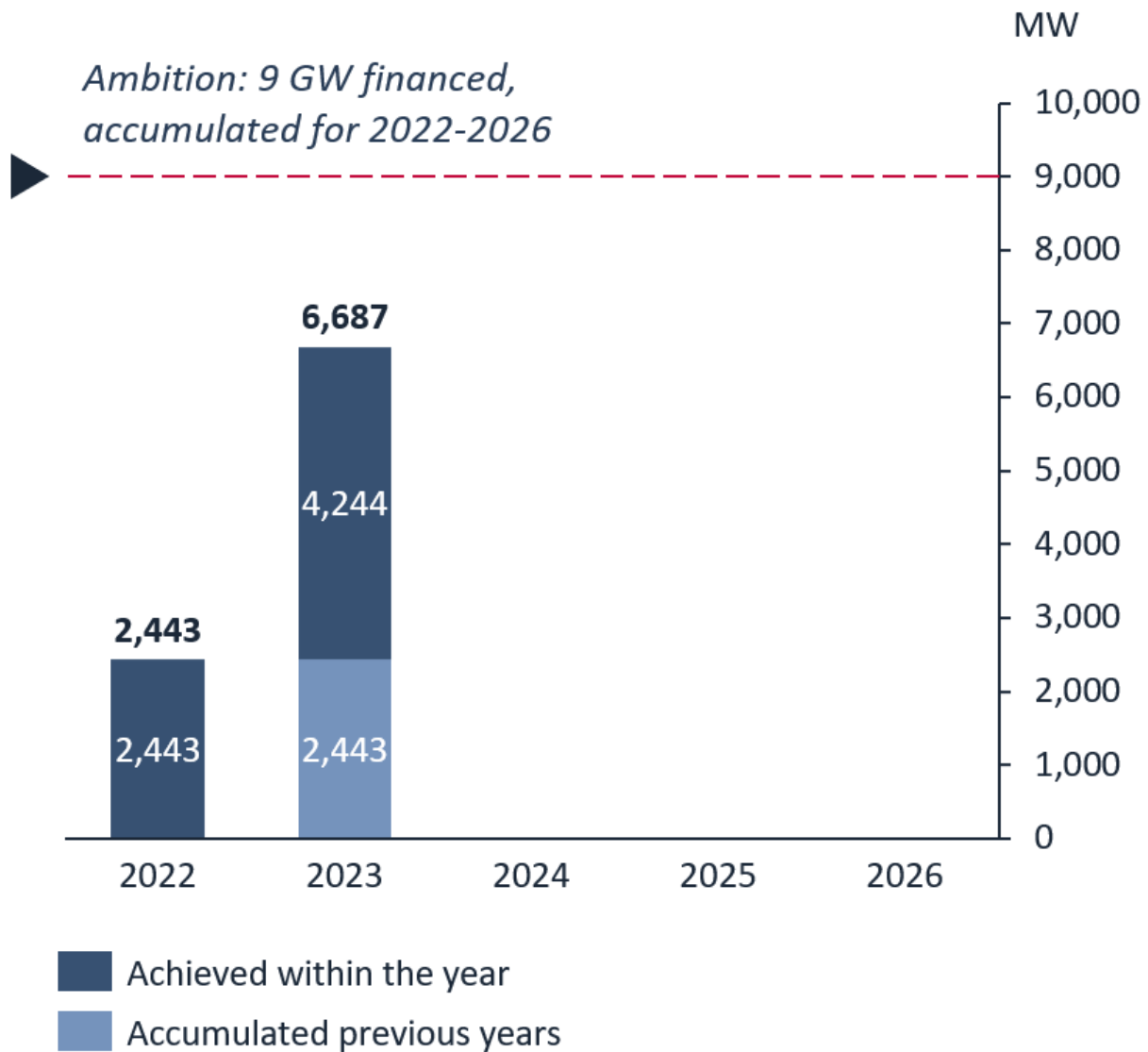
total new renewable generation capacity financed in 2023

Increased supply of renewable energy

In 2023, Norfund helped finance the construction of 4,244 MW of new electricity generation capacity under the climate mandate, including on-grid (IPP) projects and commercial & industrial (C&I) projects. This is a significant increase from 2,443 MW in 2022. With a total of 6,687 MW over the two years, Norfund is well on track to deliver on the ambition to finance 9 GW new capacity under the

climate mandate during the strategy period 2022-2026.

New capacity financed, climate mandate

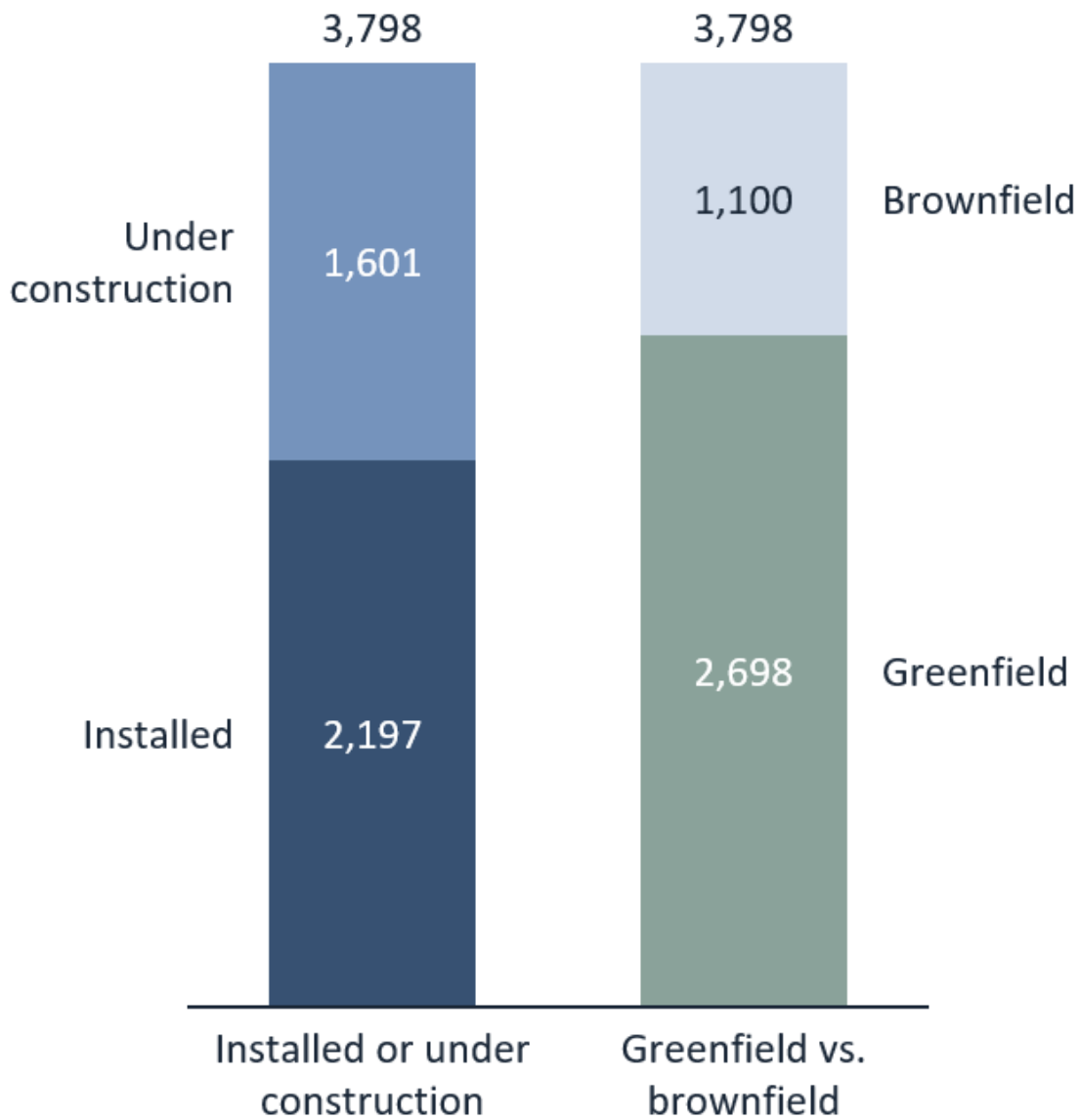


As of 31.12.2023, the total capacity in Norfund’s portfolio companies was 3,798 MW, of which 2,197 MW was installed and 1,601 MW was under construction. Of this, Norfund has helped finance the construction of 2,698 MW (greenfield*). Most of the capacity financed in 2023 has yet to reach construction and so the total capacity in the portfolio is expected to increase significantly.

*Greenfield refers to the capacity Norfund has **helped finance the construction of**. Hence, it excludes the capacity already installed in the portfolio companies at

the time of the investment.

Total capacity in portfolio by end of 2023 (MW)



→ [Read this if you want to understand how the renewable capacity translates into avoided emissions of CO₂e](#)

Power plants

In 2023, the power plants in our portfolio under the climate mandate produced **5.7 TWh**. Of this, **2.0 TWh** was produced by power plants where Norfund has helped finance the construction. We expect this number to increase significantly the following years when more financed power plants get operational.

Jobs and taxes

Climate Mandate

Job creation

Jobs are vital to reducing poverty. Jobs generate income, are a basis for taxation, provide security, and can enable knowledge and skills development that further spur economic development.

In the power sector, jobs are created both in the companies during the construction period and in the operations phase. Most importantly, a higher and more reliable power supply enables businesses to increase their business output and is thereby contributing indirectly to job creation. A reliable power supply hinders losses due to power outages, and investments in off-grid enable the substitution of costly and unsafe options such as candles and kerosene lamps for lighting.



Norfund's investments contribute both directly and indirectly to achieving **SDG Target 8.5**

Results in 2023

Norfund annually collects data on jobs held in the portfolio companies. In 2023 the companies under CIM held more than 8 000 jobs, and more than 80 % of these were construction workers. Most of the jobs are held in Africa. The share of

permanent jobs is significantly lower for the companies under CIM than in the other parts of Norfund's portfolio, due to the large need for construction workers and limited need for workers for operations and maintenance of the power plants once construction is complete and the plants are operational.

In these companies women make up only 11 % of the work force. However, among senior managers there are 33 % women in the companies in the CIM portfolio.

→ [Read more about jobs in the Development Mandate](#)

Financial results

In 2023, the Climate Investment Fund delivered an estimated return (IRR) of 21.9 per cent in investment currency and 17.8 per cent in NOK. Since inception, the portfolio has had an average return (IRR) of 24.4% measured in investment currency and 20.4% measured in NOK.

The Climate Investment Fund ended the year with an operating income of NOK 7,6 million and a negative result after tax of NOK 28,5 million. In this early phase of the fund, investment and management costs are exceeding the income. The investments made so far have performed broadly as expected, and income from interests and dividends are expected to increase significantly.

The Fund has rounded its second year and by the end of 2023, a total of NOK 2.086 million have been invested, while the total equity is at NOK 3.966 million NOK, after the planned capital increase by NOK 2 billion during the year.

21.9 % IRR for 2023 (investment currency)

24.4 % IRR since inception (investment currency)

The return figures must be seen in light of the fact that the fund is relatively new with still few investments and no exits. At the end of 2023, the committed portfolio totaled NOK 3.8 billion.

Financial statements

Income Statement			
(Figures in 1000s of NOK)	Note	2023	2022
Assets		259	0
Total receivables			0
Investments	4	1 694 299	427 981
Investments in equities and funds	4	392 194	0
Loans to investment projects			
Total investments		2 086 494	427 981
Bank deposits		1 879 927	1 567 180
Total current assets		3 966 680	1 995 161
Total assets		3 966 680	1 995 161
Equity			
Called and fully paid capital	5	1 500 000	750 000
Primary capital	5	500 000	250 000
Reserve capital		2 000 000	1 000 000
Total called and fully paid capital			
Earned equity			
Surplus fund	5	1 966 680	995 161
total retained earnings		1 966 680	995 161
Total equity			
Debt		0	0
Total equity and debt		3 966 680	1 995 161

Note 1

The current accounts for the Climate Investment Fund (CIM) follow the same principles as Norfund's annual accounts.

Note 2

Dividends have been received from our investment in H1 Capital in South Africa of NOK 7,682 thousand.

Note 3

The management fee is calculated based on the Climate Investment Fund's portfolio share of Norfund's total

portfolio and Norfund's total costs. The portfolio share is based on the recorded historical cost of the investments. The management fee is allocated quarterly and at the end of 2023 CIM accounted for 7.3% of Norfund's total investments.

We also refer to the mention in the board's report under the chapter organization and efficient operation.

Note 4

The Climate Investment Fund has the following investments at the end of 2023. Further information can be found in the Climate Investment Fund's business report.

Equity	Committed amount	Accounted value
KNI INDIA AS (India)	875 961	429 435
H1 Capital (South Africa)	212 745	212 745
SAEL Industries (India)	1 126 507	611 582
Volta Ltd (Sri Lanka)	10 410	9 021
Fourth Partner Energy Limited (India)	431 515	431 515
Total	2 657 139	1 694 299

Loan	Committed amount	Accounted value
H1 Kenhardt (South Africa)	400 096	312 992
Pele Green Energy (South Africa)	363 809	8 286
Volta Ltd (Sri Lanka)	835 210	392 194
	835 210	392 194

Note 5

Equity				
	Primary capital	Risk capital	Surplus funds	Total equity
Capital 31.12.2022	750 000	250 000	995 161	1 995 161
Transfer from the Ministry of Foreign Affairs	750 000	250 000	0	
Earmarking of Norfund's surplus fund profit for the year			1 000 000	
Capital at 31.12.2023	1 500 000	500 000	1 966 680	3 966 680

[Independent auditors report](#)

[Download](#)

Board of Directors' report

The global economy in 2023 developed better than many predicted at the start of the year. Inflation decreased toward the end, and the global growth rate of 3.1% exceeded expectations. However, we see large variations, also in Norfund's markets. India's economy grew by 6.7%, Ivory Coast's by 6.2%, while Malawi and South Africa saw growth below 1%. South Africa's GDP per capita has regressed to 2016 levels. Additionally, the combined GDP of Least Developed Countries (LDCs) in 2023 was 10% lower than if the growth rates pre-pandemic had persisted.

Interest rates remained high in 2023, and the consistently high dollar rate, combined with macroeconomic instability, led to capital being withdrawn from many emerging economies. The burden of debt in several of Norfund's markets increased significantly throughout the year. There is a substantial liquidity problem in many of our markets and combined foreign direct investments in developing countries fell last year by 9% to 841 billion USD. UNCTAD reported a fall of 12% in developing countries in Asia and 1% in Africa. The IMF estimates that low-income countries will need to refinance around 60 billion USD external debt each year, three times higher than the average in the decade leading up to 2020. The macroeconomic picture for Norfund's markets is still characterized by uncertainty.

Job creation continues to be one of the biggest challenges in many of Norfund's markets. A study from the Global Center for Development shows that we should expect around 1.4 billion new job seekers in low- and middle-income countries by 2050, most of them in Sub-Saharan Africa. At the current rate there will only be job opportunities for 590 million, which will only cover just over a third of them. In South Africa, youth unemployment is estimated at between 60 and 70%. This illustrates how growth and job creation are central challenges in Norfund's markets.

In Norway and other OECD countries, significant attention and increasing development aid has been directed to Ukraine, the climate, and, in the wake of the war in Gaza, to Palestine. This means less development aid budgets are available for job creation and the fight against poverty. Transfers to Norfund's Development Mandate have been stable in nominal Norwegian kroner for several years, and during the 2019-2023 period Norfund's portion of the Norwegian aid budget sank from 5.2% to 2.9% (not including transfers to the Climate Investment Fund). The World Bank's new strategy has expanded to include climate-related issues. This is also an example of how many actors are tasked to do more and deliver on several fronts while budgets are tight.

2023 was the warmest year on record. A report from Climate Policy Initiative estimated that climate finance needs to at least quintuple from 1.3 billion USD in 2021-2022. In emerging markets, it needs to grow even more. This shows what an important role the Climate Investment Fund plays.

Despite this backdrop, Norfund's investments in 2023 remained stable: 6.5 billion NOK combined for the two mandates (Development and Climate). A stable commitment level partly reflects a challenging market in 2023, and that some larger investments were committed at the start of 2024 and not the end of 2023. A high commitment level was made possible partly by the sale of SN Power (completed in 2021), alongside the recycling of capital through exits from investments and repayment of loans, as well as the annual capital injections from the Norwegian State.

With continued capital injections from the state to both mandates, Norfund will be able to maintain a stable investment level in the years to come.

About Norfund

Norfund's mandates and strategy

Norfund was founded in 1997 as Norway's most important tool for private sector development in developing countries. Through equity and other risk capital, as well as loans and guarantees, Norfund helps to develop sustainable businesses in developing countries. The aim is to establish viable, profitable activities that

otherwise would not be initiated because of the high risk involved.

Norfund is a responsible owner that adjusts its ownership approach depending on the sector, instrument, and risk. For some investments (such as equity investments where we have a significant minority share) we will have an active role, while with others we will be less active (for example with loans to banks). However, we always consider ourselves a responsible owner with high ethical requirements. We always aim to exit the investment when our role as investor is no longer necessary so that the capital can be recycled and be put to work through new investments.

In all investments, Norfund works with strong, local partners. These partners include the businesses we invest in, their owners, leadership, employees, and co-investors locally and internationally. This is central to our investment approach and positions us to invest responsibly and deliver significant development and climate effects alongside a healthy profit.

Since 2022 Norfund has also been responsible for the Climate Investment Fund. This new mandate builds on Norfund's long experience with investments in renewable energy, and there are strong synergy effects between the two mandates.

For the **Development Mandate**, Norfund's goal is to create jobs and improve lives by investing in business that contribute to sustainable development. This mandate comprises four investment areas, with Financial Inclusion being the largest. This area invests in banks and other financial institutions, microfinance, insurance, and finance technology. The second largest investment area is Renewable Energy, which includes solar, wind, hydropower, and decentralized energy solutions. The investment area Scalable Enterprises comprises agribusiness, manufacturing, and fund investments. Finally, Green Infrastructure invests in water and waste management. Each of these four investment areas have goals that directly contribute to the UN's Sustainable Development Goals. Under the Development Mandate, Norfund prioritizes investments in countries with limited access to capital, and especially Least Development Countries as well as Sub-Saharan Africa and uses equity as the preferred instrument. The Norwegian Ministry of Foreign Affairs (MFA) has decided that around 60% of the state budget portion

allocated to Norfund should be invested in renewable energy (starting in 2022).

For the **Climate Mandate** (Climate Investment Fund), Norfund's goal is to promote the transition to net zero in emerging markets. Under the Climate Mandate Norfund mainly invests in the production and development of renewable energy, as well as areas enabling technologies. Norfund prioritizes equity investments for this mandate as well. The Climate Mandate is primarily for middle-income countries where there are even bigger opportunities for reducing emissions.

Financing

Norfund is financed through annual capital allocations from the Norwegian State, along with the returns from the investments. In 2023, the state allocated 1.7 billion NOK under the Development Mandate and 1 billion NOK under the Climate Mandate. In addition to the capital allocation, Norfund received 15 million NOK for Business Support, a technical assistance scheme.

Returns in the form of interest and dividends from investments, loan repayments, and exits from investments make up an increasing portion of the fund's available investment capital. This allows Norfund to increase its investment activity, thereby contributing even larger positive effects for development and the climate.

Additionality

Most countries Norfund invests in are not very attractive to international investors due to high risk. Norfund's competence, willingness, and ability to manage risk is therefore important when investing capital in these countries and is the key to successful investments. Norfund needs to be additional in all investments. The fund is *financially additional* by investing capital that companies would otherwise have trouble accessing, due to a scarcity of capital and the high risk. Norfund is *value additional* by contributing value beyond capital, by being an active owner, promoting environmental and social standards, and by improving business practices. Norfund is a minority investor and in this way also helps to mobilize capital from other investors both in Norway and internationally.

Norfund's ambitions for additionality in each investment area are registered and

reported to the OECD development committee, as well as on Norfund's website.

Norfund's total portfolio in 2023

In 2023, the portfolio (both mandates combined) delivered an internal rate of return (IRR)¹ of 2.7% in local currency and 4.7% in NOK. Since inception the portfolio has yielded an IRR of 4.9% in local currency and 7.9% in NOK. As of 31.12.2023 Norfund's total committed portfolio was 36.2 billion NOK. During 2023 the fund committed 6.5 billion NOK. The results of the Development Mandate and Climate Mandate are detailed below.

Development Mandate - portfolio in 2023

In 2023 the Development Mandate yielded returns measured by IRR of 1.8% in investment currency and 4.1% in NOK. Since inception, the portfolio has had an IRR of 4.9% measured in investment currency and 7.8% in NOK. The returns for 2023 are well below the historical average, primarily due to lower returns in renewable energy driven by higher capital costs. We still consider this an acceptable return, given how turbulent the markets were in 2023 and considering that the overall portfolio has a return in line with expectations.

At the close of 2023, the committed portfolio was 32.5 billion NOK. Norfund committed 4.9 billion NOK under the Development Mandate in 2023, spread across 21 new investments and 18 follow on investments.

The commitments for the year were spread across Norfund's investment areas, with 2.3 billion NOK in Financial Inclusion and 1.4 billion NOK in Renewable Energy. Commitments in Scalable Enterprises (agribusiness and manufacturing) comprised 804 million NOK, while 412 million NOK was committed via funds.

Commitments in Least Developed Countries (LDCs) made up 38% of the portfolio at the close of 2023, while Sub-Saharan Africa made up 64%. Equity made up 71% of the portfolio at the end of the year. The key performance indicator (KPI) for renewable energy was at 68% at the close of 2023. Norfund's portfolio is therefore in line with the KPIs set by the board, which mandate at least 33% of

the portfolio in LDCs and 50% in Sub-Saharan Africa and 70% equity investments. Additionally, Norfund's statutes require that 60% of Norfund's capital allocation over time should be invested in renewable energy, a target that was also met.

Norfund prioritizes investment areas where there are significant opportunities for development effect and impact. There has been developed a theory of change for each investment area, that shows how Norfund's capital and competence contributes to development effects. Norfund's investments contribute directly to the UN Sustainable Development Goals. For the Development Mandate, these are SDG 1 (No poverty), 7 (Affordable and clean energy), 8 (Decent work and economic growth) and 9 (Industry, innovation, and infrastructure). Norfund annually gathers data on development effects from our portfolio companies, both from direct and indirect investments through platforms and funds. The data is gathered based on harmonized indicators. In 2023, Norfund gathered data from 954 companies (with a 100% response rate). To highlight development in portfolio companies, we also report changes from 2022 to 2023 for the companies in the portfolio that have reported for two consecutive years (82% of the companies) .

As part of the strategy for 2023-2026, Norfund has set ambitions for each investment area that reflect the accumulated organic growth (the development in a company after Norfund invested) based on sector relevant parameters. The ambitions are set for the whole strategy period and not for each year. After the first year of the strategy period, we see that investments in Financial Inclusion and direct investments in Scalable Enterprises are well on their way to reaching their ambitions for the period. Indirect investments through funds will reach the ambitions for revenue growth if the same trend continues. At the same time, these investments have created fewer jobs than needed to meet the ambition for the period. Further, investments in Renewable Energy delivered markedly lower results than are needed to meet the ambitions for this period.

In addition to these quantified ambitions, Norfund measures development effects at the portfolio level. At the close of 2023, there were 625,000 jobs in portfolio companies under the Development Mandate. 64% of these were in Africa and 27% were in LDCs. Women comprised 38% of the jobs and youth under 25 years comprised 19%. In 2023, there were 37,200 new net jobs, reflecting a 9%

increase and with the majority of these jobs in Africa. Taxes and fees paid by portfolio companies totaled 32.7 billion NOK, with 21 billion NOK paid in Africa. Norfund uses the Joint Impact Model to estimate indirect effects of investments. These estimates show that the ripple effects of Norfund both upstream (value chain and suppliers) and downstream (possible effects on access to finance and energy) are substantially higher than the direct effects. These are described in more detail in the annual report. It should be emphasized, however, that these numbers are modelled estimates and as such come with a high degree of uncertainty.

The numbers for development effects are unattributed, meaning they show the total effect of the portfolio companies and do not consider Norfund's investment share. More information on Norfund's development effects is available in the annual report.

Climate Mandate (the Climate Investment Fund) - portfolio in 2023

The Climate Mandate came into effect in 2022. In 2023, the Climate Mandate delivered an IRR of 21.9% measured in investment currency and 17.8% in NOK. Since inception, the portfolio has had an IRR of 24.4% in investment currency and 20.4% in NOK. These numbers must be viewed in the context that this is a new fund with few investments and no exits. At the close of 2023, the portfolio had 3.8 billion NOK in commitments. In 2023, large investments included SAEL, a company that produces renewable energy based on solar and biomass in India. For the Climate Mandate, the board has set a guiding risk threshold for exposure to any one country at 25%. The fund is primarily invested in India and South Africa, with a smaller investment in Sri Lanka. Work is being done to diversify the portfolio geographically.

The Climate Mandate investments also contribute directly to the UN Sustainable Development Goals. These are SDG 13 (Climate action), 7 (Affordable and clean energy) and 8 (Decent work and economic growth). In 2023, Norfund's commitments financed 4,244 MW of renewable energy and avoided an estimated 8.5 million tons of emissions annually (ex ante). In addition to this, Norfund invested in a transmission line that will connect to several wind power plants, leading to an estimated 5.8 million tons of avoided annual emissions. These are

strong results seen against the ambitions for the strategy period for the Climate Mandate (2022-2026) of 9 GW renewable energy financed and 14 million tons of avoided annual emissions. At the close of 2023, there were 8,000 jobs in portfolio companies under the Climate Mandate. Most of these were temporary jobs because of high activity in the construction phase of power plants. These numbers, as is the case with the Development Mandate, are not attributed, and do not account for Norfund's investment share.

*1 IRR in Norfund is at a gross rate as costs related to investing in the instrument such as due diligence, evaluation and other direct or indirect costs are not considered**

Financial statements

Norfund ended the year with an operating income of 1,554 million NOK and a positive result after taxes of 1,896 million NOK. The result was significantly influenced by currency effects due to the weaker Norwegian krone against our primary currency, the USD, although this impact was less pronounced than in 2022. Currency effects on the results were 0.4 billion NOK compared to 2.1 billion NOK in 2022.

The historically weak NOK gives investments and cash holdings a higher value measured in kroner and shows the impact that currency fluctuations have on income and financial statements. The effects will reverse if we see a corresponding strengthening of the NOK. For the board, the relevant indicator is IRR in investment currency as this better captures Norfund's underlying performance.

Without currency effects, the result for 2023 is 1.5 billion NOK, an increase of 1.4 billion NOK compared to 2022. This is primarily due to a significant increase in interest income from the investment portfolio, realized gains as well as liquid assets placed in a bond portfolio.

The interest income from the portfolio has increased significantly to 680 million NOK as the loan portfolio grew by 26% in NOK while the floating interest rates have continued to increase throughout 2023. The accounts show a realized gain of 467 million NOK, mostly from Green Resources (213 million NOK) and Scatec

Upington (186 million NOK). Further, the company received 370 million NOK in dividends, with the most important of these being Arise B.V. (180 million NOK), AfricInvest Financial Inclusion Vehicle (44 million NOK) and Klinchenberg B.V. (40 million NOK).

Labor costs have increased by 20% compared to 2022, to 219 million NOK. Both the investment and corporate functions at Norfund were strengthened throughout the year. This also means an increase for other cost areas, but on balance within expectations. Total costs measured in percentage of committed portfolio remain stable at 1%.

The investment portfolio has been written down by 460 million NOK in 2023, of which 121 million NOK is realized loss. The ongoing conflict in Ukraine still affects the portfolio and additional write downs were necessary last year. This also applies to the situation in Myanmar where the situation continues to be challenging.

Norfund's total balance at the close of 2023 was 42 billion NOK. The balance increased by 4.6 billion NOK from 31.12.2022. Total earnings added to equity were 1.9 billion NOK and the annual capital allocation from the state budget was 2.7 billion NOK. Value adjusted equity based on estimated market value for Norfund's portfolio as of 31.12.2023 was 46.6 billion NOK.

At the close of 2023 Norfund had outstanding, unpaid commitments of 7.4 billion NOK. Cash holdings were 5 billion NOK, in addition to current assets of 8.1 billion NOK. Of the liquidity holdings, 3 billion NOK is earmarked for the Climate Investment Fund for investments during 2024-2026. The board considers the liquidity as sound and confirms that the going concern assumption applies. The Board of Directors' assessment concluded that the financial statements for 2023 provide a true and fair view of Norfund's financial position.

Organization, environment, and responsible corporate tax

Corporate governance

The General Assembly is Norfund's supreme body. Corporate governance is undertaken through General Assembly resolutions, including the adoption of and any amendments to the Norfund statutes. In 2023, there was an extraordinary General Assembly in conjunction with choosing a new accountant. The Ministry of Foreign Affairs receives quarterly reports and there are regular contact meetings between Norfund and the Ministry throughout the year.

Norfund's Board of Directors is elected by the General Assembly. Two employee members are elected by and among the fund's employees. The board consists of nine members. The Risk and Audit Committee consists of a committee leader and two members selected among the board's members. The committee serves as a preparatory committee and final decisions are made by the board. In 2023, the board held seven meetings and there were seven meetings of the Risk and Audit Committee. The board and Risk and Audit Committee works on an annual schedule that includes a reporting cycle, regular updates, deep dives, and competence building. Norfund has Directors and Officers liability insurance through AIG that covers board members and externally appointed board members in portfolio companies.

Norfund has a framework of governing ranging from the Norfund Act, statutes and policies adopted by the board to operational guidelines, routines, and procedures for the follow-up on investment activities.

The structure and guidelines are updated regularly and tailored to Norfund's work. The investment committee reviews investment proposals and contributes to quality assurance. In 2023, the committee consisted of nine people, three of whom are external. The credit committee reviews loans to financial institutions and consists of five members, one of whom is external. Both committees review investments of between 4 million USD and 20 million USD, and investments are approved by the CEO. Both committees also submit their recommendations on investments above 20 million USD, but these are approved by the board. Smaller investments are raised with the board when needed, for example if there is high risk or reputational sensitivity. Investments up to 4 million USD are reviewed and approved by the management team.

Data, risk management, and internal audits

Taking on risk is key to Norfund's mandate. The types of risks Norfund takes and how they are managed are outlined in Norfund's Risk Appetite Statement, approved by the board. The statement describes two risk categories. The first relates to where and in what Norfund invests (markets, instruments, and currency risk). These risks are managed through Norfund's market insight, local presence, and portfolio diversification. The second category relates to how investment partners are selected and how Norfund operates and runs investment and operational processes (for example partner and corruption risk, environmental and social factors, and health and safety). These risks can be mitigated by implementing appropriate systems and processes, conducting regular training, contractual requirements, and internal audits and compliance.

The Enterprise Risk Management framework is a tool for the leadership and board to identify, understand, and address key operational risks. The framework's risk oversight is updated every six months and involves dedicated risk owners. The management team's recommendations for the top ten risk areas are discussed with the Risk and Audit Committee before being presented to the board. Proposals for areas subject to external audit are considered in conjunction with the top ten risk areas. The committee reviews proposals for potential areas for audit and provides recommendations, which are addressed and approved by the board.

Two important risk areas highlighted in 2023, were the unstable macroeconomic and political landscape, and the revision process of the framework for private sector investment as Official Development Assistance (ODA) eligible within the OECD - a process spanning many years. The latter was particularly important for Norfund, as it determined whether capital allocations to Norfund could be approved as ODA. After a long and challenging process with intensive efforts from Norfund in collaboration with the Ministry of Foreign Affairs and Norad, the revised framework is suitable also for an organization like Norfund.

Norfund has expanded its country risk tool, allowing the monitoring of portfolio exposure across political, economic, environmental, social, and business risks. Using this tool, the board has defined risk thresholds for individual countries and

groups of countries. For the Climate Mandate, exposure in India and South Africa is currently high, but this is expected as the fund is still in its initial phase.

Norfund has zero tolerance for corruption and financial irregularities in its portfolio companies and has established systems to prevent, uncover, report, and address such cases. In 2023, there were 18 cases of alleged or actual financial irregularities in the portfolio. These cases were followed up in line with established procedures, primarily within the affected portfolio companies. A few cases are still being followed up, and one case was reported to the Ministry of Foreign Affairs.

In addition to reports of purported financial irregularities from portfolio companies, Norfund received four reports concerning other issues, mostly related to employment conflicts. Furthermore, four reports were received through our external whistleblowing channels, which primarily concerned undocumented allegations. Norfund has followed up on all cases maintaining confidentiality and integrity of the whistleblowers in accordance with internal procedures. None of the allegations have resulted in criminal or formal proceedings.

Organization and operational efficiency

Norfund has experienced significant growth over the last few years, in the form of increased investment volume, a growing portfolio, and more employees. In 2023, recruitment focused on strengthening corporate staff in finance and legal, as well as increasing the capacity of the Renewable Energy department. The regional offices also grew, reflecting the ambition to primarily grow the organization close to the markets in which Norfund invests, with 30% of new employees joining a regional office. Approximately two thirds of Norfund's employees work directly with investments, while one third work in corporate functions.

In 2023, an external study was undertaken to evaluate Norfund's cost effectiveness compared to a selection of other DFIs. The study showed that Norfund is the most cost effective, measured by operating costs as share of assets under management. For both 2022 and 2023, this ratio was 1%. The goal is to remain below the average for comparable institutions in development finance. However, it is important to emphasize that this ratio should not be as low as possible; the goal is to find the right cost level that ensures a robust organization suitable for Norfund's mandate and risk profile.

Increased complexity poses a risk as an organization grows. Norfund recognizes the importance of a strong culture to ensure that the organization grows and develops well. This is expressed through "The Norfund Way", which consists of five values that describe the attitudes and behaviors essential for delivering on Norfund's mandate. In 2023, the organization placed special emphasis on diversity, equity, and inclusion. With external support, Norfund mapped how these themes are experienced within the organization and identified ways to strengthen inclusion and psychological safety. The results were followed up with awareness raising measures throughout the organization. An internal advisory group was also established, featuring employees representing a diversity of gender, age, position, and background. The work continues in 2024.

At the close of 2023, Norfund had 144 employees, with 134 of them in permanent positions, representing 24 nationalities. In addition to the office in Oslo, Norfund has five regional offices in Accra, Cape Town, and Nairobi in Africa, Bangkok in Asia, and San José in Central America. Strong regional offices with experienced

teams that work closely in our markets are decisive for a successful investment strategy.

The activity duty and the duty to issue a statement (aktivitets- og redegjørelsesplikten) is provided in a separate report on Norfund's website. Norfund has guidelines for recruitment, competence building, and gender equality, as well as procedures for employee follow-up and remuneration. In 2023, 11 employees participated in Norfund's "desk swap" program, which allows employees to work at another office for a short period. These desk swaps have proven beneficial for employees, strengthening company culture, promoting knowledge sharing, and increasing motivation amongst employees.

Norfund is hiring more young employees, reducing the average age from 41.4 years old in 2019 to 40.1 years old in 2023. The gender balance is strong, with 49% women and 51% men. In leadership roles, 43% of the leaders are women. In 2023, Norfund hired 28 new employees, of which 10 are temporarily employed. Measured in permanent FTEs, Norfund's turnover in 2023 was 6%.

During 2023, the intern program continued, which aims to increase diversity and profile Norfund as an attractive workplace. Six new graduates participated.

Sick leave amongst employees was at 2.9% in 2023. The internal goal is to not exceed 3%. The Board of Directors does not deem it necessary to implement special measures relating to the working environment or designed to promote the aims of the Norwegian Anti-Discrimination Act and Anti-Discrimination and Accessibility Act.

Norfund monitors the annual salary levels across functions with a particular focus on gender-related salary discrepancies. The findings show there are no systematic differences in salary between genders. More information can be found in the activity duty statement (aktivitets- og redegjørelsesplikten). Norfund aims to be competitive, but not leading when it comes to salary. The company finds it increasingly difficult to offer compensation and benefits that attract the right talent, and therefore a task force has been established to assess compensation and benefits in Norfund. Guidelines for executive pay and reports on salaries and other remuneration of senior executives are both published on Norfund's website.

Responsible business

Social responsibility is a key starting point for Norfund, both for our own operations and our portfolio companies. The cross-cutting issues of Norwegian development aid – human rights, gender equality, anti-corruption, and climate & environment – are all integrated into our efforts. Norfund is a responsible investor that contributes to the value creation of its portfolio companies. In companies where we invest significant equity, we can appoint board members who also receive regular information and competence building in areas particularly important for Norfund, such as corporate governance, climate, and responsible business.

In 2023, Norfund strengthened its work on climate significantly. The ambitions and initiatives in this area reflect several factors: that climate risk can impact a company's ability to succeed; the expectations of our owner; and Norfund's role as an investor in developing countries with challenges and opportunities different from those in developed markets. Like the other European Development Finance Institutions, Norfund aims for net zero emissions in the portfolio by 2050 and assesses Paris alignment and climate risk for all new investments. Norfund reports according to the TCFD framework, a separate publication on the website.

In 2023, we developed a tool to assess whether new investments align with the Paris Agreement and initiated a process for Norfund's work towards net zero. We estimated the portfolio's emissions for the first time. Due to data challenges, the estimates are based on 2022 numbers and covering 71% of the portfolio. The emissions of Norfund's portfolio companies are at just over 4 million tons of CO₂-equivalents in scope 1 and 2. Attributed to Norfund emissions are approximately 265,000 tons, calculated using the PCAF (Partnership for Carbon Accounting Financials) method for attribution. Scope 3 emissions, which include emissions from companies in financial institutions' loan portfolios, are significantly larger and come with even greater uncertainty. The quality and availability of data is a challenge in our markets. Effective integration of climate assessments is challenging, and the work will continue next year.

Norfund is certified as an Eco-Lighthouse and uses this framework to improve the internal environmental work. Emissions from Norfund's operations were 997 tons

of CO₂-equivalents in 2023, which mostly comes from air travel.

Norfund systematically integrates environmental and social factors throughout the investment process. We adhere to the International Finance Corporations (IFC) performance standards in this work, specifically designed for investments in developing countries. By applying these operational standards, Norfund meets the expectations of responsible business conduct in the whitepaper on ownership policy, that applies to all companies with direct state ownership (Meld. St. 6 (2022-2023)). Norfund's work is therefore in line with the state's expectations for due diligence using established methods.

In 2023, Norfund's work with environmental and social factors was strengthened through an enhancement of our Environmental and Social Management System (ESMS) and through competence building for investment employees.

Good working conditions are a requirement for all companies in Norfund's portfolio. Norfund monitors health, safety and environment (HSE) in all its investments, with a particular focus on training and compliance with HSE procedures. The investment agreements contain a requirement that serious accidents and fatalities must be reported. In 2023, Norfund regrettably registered 19 work-related deaths in companies where we are directly invested. These incidents are reported to the board and, in special cases, also to the Ministry of Foreign Affairs. Two such incidents were reported to the MFA in 2023. Norfund follows up all fatalities related to its investments to ensure that they are investigated, that safety procedures are modified if necessary, and that the next of kin receive the compensation to which they are entitled. 12 of the fatalities reported in 2023 were traffic related. Norfund has decided to allocate funds from the Business Support facility to support portfolio companies' work to strengthen traffic safety.

Norfund has a firm policy on responsible tax which is aligned with the European DFIs. To supplement existing guidelines, we introduced routines for external assessment of structures used when investing through third countries, to ensure responsible taxation beyond the choice of domicile. Overall, the use of third countries is relatively high, which is due to the number of investments in regional funds and through structures where use of third countries is seen as necessary.

Through assessing both domicile and structure in line with Norfund's responsible tax policy, the use of third countries is considered responsible.

Norfund has a Business Support Program funded by the Ministry of Foreign Affairs. The purpose of this facility is to enhance the development effects of investments. For example, Norfund supports capacity development and climate adaptation, training for smallholder farmers, and digitalization of a training program for women entrepreneurs. In 2023, 16 new projects received funding through this scheme. 22.6 million NOK went to this portfolio which consists of 53 active projects.

Norfund takes part in 2x Global, an international collaboration between investors to advance gender equality. In 2023, we continued to strengthen gender equality in individual investments, especially in Latin America, and expanded our program for leadership development with The Boardroom Africa, aimed at female leaders. We also collaborated with our British sister organization to pilot a training program addressing gender-based violence and harassment (GBVH), which will be launched in 2024. Many of these initiatives depend on financing through the scheme, which has limited funding.

Norfund maintains regular dialogue and cooperation with civil society organizations and other partners. In 2023, there was a dialogue meeting on Norfund's development effects and responsible business for all interested civil society organizations. There were also bilateral meetings on topics like textile production, the cocoa industry, transparency, climate, renewable energy in Latin America, and gender equality. At the annual Norfund Conference, we again raised dilemmas and challenges. Norfund also participated in several debates during Arendalsuka.

The Norwegian parliament established a separate Project Development and Risk Mitigation Facility (PDRMF) in 2019 now named *Frontier Facility* to better communicate its purpose. Through this, Norfund can provide early-stage project development and risk mitigation. The facility is used for projects with higher risk than the investments in Norfund's core portfolio and is managed separately. The current portfolio consists of eight projects of 123.7 million NOK in total investments. Through the Frontier Facility, Norfund invested a 2 million EUR

convertible loan in Wecyclers Nigeria Limited, a recycling company based in Lagos.

Outlook for the future

The UN Sustainable Development Goals (SDGs) and the climate ambitions set out in the Paris agreement provide important guidelines for development going forward, also for Norfund. The funding gap to reach the SDGs was formidable in developing countries already before the COVID pandemic and the Russian invasion of Ukraine. The annual investment gap has now increased from 2.5 billion USD to 4 billion USD in emerging markets, equal to 2.5 Norwegian oil funds.

Global growth outlooks are better in 2024 than in 2023, with inflation falling faster than expected in many regions. Still, predicted global growth for 2024 and 2025, at 3.1% and 3.2% respectively, is lower than the historical average of 3.8% for the period 2000-2019. There are, however, significant variations between countries. India, a key market for the Climate Investment Fund, is expected to maintain strong growth of 6.5% in both 2024 and 2025. Sub-Saharan Africa is expected to increase growth from 3.3% in 2023 to 3.8% in 2024, though this still lags behind the region's population growth. The growth figures for Africa are burdened by sluggish growth in South Africa.

In 2024, half the world's population lives in countries where elections are taking place. The Economist has termed 2024 a "giant test of nerves for democracy." There are concerns about the global decline of democracy and an increase in election interference, enabled by new technologies. Several of Norfund's core countries, including South Africa, Indonesia, India, Bangladesh, and Senegal (where the election has been cancelled), will be going to the polls this year. Norfund will remain a long-term, patient investor, but we must also prepare for turbulent times, both politically and economically.

The situation creates new challenges for companies in Norfund's portfolio, but also shows the need for a patient and counter-cyclical investor like us. When capital flows out of a developing country, Norfund's role becomes even more important. High unemployment rates in many markets require viable and profitable companies that can create jobs, and a robust finance sector that can

finance them. These jobs must also be created within frameworks that nature and climate can thrive in.

Even under difficult conditions, Norfund has many investment opportunities for both mandates. At the close of 2024, we estimate that our committed portfolio will be around 35.5 billion NOK for the Development Mandate and 5.3 billion NOK for the Climate Mandate. However, these numbers depend on market conditions and continued pipeline development. 2023 was the first full year that Norfund managed the Climate Investment Fund. Our work now spans two mandates - development and climate: "Norfund invests to create jobs, improve lives and support the transition to net zero." These mandates are distinct yet strengthen each other. By clearly delivering on both our development and climate mandates, as well as understanding the interlinkages between the two, we have a strong foundation for continued growth in the next strategy period. Norfund is in position to keep its level of investment high in the years ahead, but maintaining the investment level is contingent on continued annual injections of capital from the Norwegian government for both the development and the climate mandate.

Norfund cannot succeed alone. We find strength through collaboration with our partners: portfolio companies, co-investors, our owner, and other stakeholders. We are grateful for the trust they have put in us in 2023 and will do our utmost to deliver in 2024.

The board views Norfund as well-prepared to deliver on the strategy and goals that have been set. We thank the management and employees at Norfund for their important work during a challenging year. Diversity and a strong presence in our regions position us well for the years to come. Norfund will continue to make an important contribution to the success of an ambitious development and climate agenda and contribute to creating jobs, improving lives, and supporting the transition to net zero in the developing countries of the world.

Oslo, 15 May 2024

Olaug J. Svarva

Chair

Pablo Alberto Barrera Lopez

Martin Skancke

Vidar Helgesen

Vegard Benterud

Brit Rugland

Jarle Roth

Åslaug Haga

Karoline Teien Blystad

Income Statement

(Figures in 1000s of NOK)	Note	2023	2022
Interest income loans	2	679 886	474 888
Realised gains	2, 3	467 210	136 065
Dividends received	2	370 154	421 255
Other operating income	2	37 120	38 251
Total operating income		1 554 370	1 070 459
Operating expenses			
Payroll expenses	4	218 575	181 587
Depreciation fixed assets	5	2 745	3 639
Other operating expenses	4, 6	147 897	131 309
Total operating expenses prior to exchange rate adjustment of loans and write-down on investment projects		369 218	316 535
Adjustment for gain/loss on FX, project loans	2	109 601	791 555
Realised losses and net changes in value, investments	2	-460 316	-242 788
Profit/loss on operations		834 437	1 302 691
Net financial items	7	1 073 371	948 402
Profit/loss before tax		1 907 808	2 251 093
Taxes	8	-11 922	-7 777
Profit/loss for the year		1 895 886	2 243 316
Allocations			
Transferred to / from surplus fund	9	1 895 886	2 243 316
Total allocations		1 895 886	2 243 316

Balance

Balance Sheet Assets			
(Figures in 1000s of NOK)	Note	2023	2022
Assets			
Non-current assets			
Fixed assets			
Equipment and vehicles, fittings and fixtures, etc.	5	16 623	5 764
Total fixed assets		16 623	5 764
Financial fixed assets			
Pension plan assets	4	26 620	23 914
Total financial fixed assets		26 620	23 914
Total non-current assets		43 243	29 678
Current assets			
Receivables			
Other receivables	10	2 362 800	2 229 848
Total receivables		2 362 800	2 229 848
Investments			
Capitalised project development costs		0	0
Loans to investment projects	2, 11	8 146 847	6 470 661
Investments in equities and funds	2, 11	18 428 121	14 940 616
Other short-term Investments	12	8 081 447	8 272 899
Total investments		34 656 415	29 684 176
Bank deposits, cash and cash equivalents			
Bank deposits, cash and cash equivalents	12	4 979 289	5 499 614
Total bank deposits		4 979 289	5 499 614
Total current assets		41 998 504	37 413 639

Balance Sheet Assets

(Figures in 1000s of NOK)	Note	2023	2022
Total assets		41 998 504	37 413 639

Balance Sheet - Equity and liabilities

(Figures in 1000s of NOK)	Note	2023	2022
Equity and liabilities			
Equity			
Called and fully paid capital			
Primary capital	9	19 793 717	17 803 853
Reserve capital	9	6 840 790	6 152 502
Total called and fully paid capital		26 634 507	23 956 355
Retained earnings			
Surplus fund	9	15 014 835	13 121 368
Total retained earnings		15 014 835	13 121 368
Total equity		41 649 341	37 077 723
Liabilities			
Provision for obligations and charges			
Pension obligations	5	58 935	59 952
Total provision for obligations		58 935	59 952
Current liabilities			
Accounts payable		15 269	14 761
Taxes		298	1 329
Unpaid government charges and special taxes		18 156	13 712
Grants from the Ministry of Foreign Affairs	13	175 505	168 859
Other current liabilities	14	124 243	106 982
Total current liabilities		333 471	305 642

Balance Sheet - Equity and liabilities			
(Figures in 1000s of NOK)	Note	2023	2022
Total liabilities		392 406	365 594
Total equity and liabilities		42 041 747	37 443 317

Oslo, 15 May 2024

Olaug J. Svarva

Chair

Jan Tellef Thorleifsson

Chief Executive Officer

Pablo Alberto Barrera Lopez

Martin Skancke

Vidar Helgesen

Vegard Benterud

Brit Rugland

Jarle Roth

Åslaug Haga

Karoline Teien Blystad

Cashflow Statement

(Figures in 1000s of NOK)	Note	2023	2022
Cash flows from operations			
Profit before tax		1 907 808	2 251 093
Taxes paid		-11 625	-6 448
Ordinary depreciation	5	2 745	3 639
Gain/loss (-) on sales		-467 210	-136 065
Reversal of write-down (-) / Write-down investment projects		460 316	242 788
Differences in pension expenses and receipts/disbursements, pension plan		2 429	4 004
Effect of exchange rate changes		-305 924	-1 676 622
Investments in fixed assets	5	-14 218	-1 311
Change in other accruals		-107 304	1 298 953
Net disbursements of grant capital	13	-22 650	-6 296
Net cash flow from operations		1 444 367	1 973 735
Cash flows from investment activities			
Proceeds of sales/reflows from shares/holdings recorded at historical cost		812 790	906 904
Disbursements in connection with acquisition of shares/interests in other enterprises		-4 088 352	-3 106 212
Disbursements - investment loans		-3 360 092	-2 238 992
Receipts - repayment of principal, investment loans		1 607 258	1 309 212
Changes current investments	12	356 052	-276 151
Net cash flow from investments		-4 672 343	-3 405 239
Cash flow from financing activities			

(Figures in 1000s of NOK)	Note	2023	2022
Receipts - grant resources carried as current liabilities	13	29 500	15 000
Increase in/repayment of equity	12	2 678 152	2 678 152
Net cash flow from financing activities		2 707 652	2 693 152
Net change in cash and cash equivalents		-520 324	1 261 648
Bank deposits, cash and cash equivalents at 01.01		5 499 614	4 237 965
Bank deposits, cash and cash equivalents at 31.12	12	4 979 289	5 499 614

Note 1 - Accounting policies

The financial statements for Norfund consist of the following:

1. Income statement
2. Balance sheet
3. Cash flow statement
4. Notes

In accordance with Section 25 of the Norfund Act the financial statements are presented in compliance with the Norwegian Accounting Act and Norwegian generally accepted accounting principles in effect at 31 December 2023. The financial statements provide a true and fair view of assets and liabilities, financial standing and results.

With effect from the 2022 accounting year, Norfund also manages the Government Climate Investment Fund for Renewable Energy in Developing Countries (Climate Investment Fund - CIF) on behalf of the Ministry of Foreign Affairs in accordance with instructions for management. The mission of the Climate Management Fund is to help to reduce or avoid greenhouse gas emissions by investing in renewable energy in developing countries. Resources are allocated over the government budget or from surplus capital. Norfund is to invest in its own name in appropriate financial instruments such as equity, loans, guarantees etc. Balance sheet and profit and loss items associated with the CIF are presented separately in the notes where relevant. Transactions related to the CIF will be subject to the same accounting principles as Norfund generally.

Fundamental principles

The financial statements have been prepared on the basis of fundamental principles governing historical cost accounting, comparability, the going concern assumption, congruence and prudence.

A more detailed account of the accounting policies is provided below. When actual figures are not available at the time the accounts are closed, generally accepted

accounting principles require management to make the best possible estimate for use in the income statement and the balance sheet. Actual results could differ from these estimates.

Valuation and classification

The most important valuation and classification principles applied to Norfund's balance sheet and profit and loss items are described below.

5. Transactions are recorded at their value at the time of the transaction.
6. Revenue is recognised when it accrues and expenses are matched with the related revenue.
7. Current assets/liabilities, including the bond portfolio, are recorded at the lower/higher of historical cost or fair value. The definition of fair value is estimated future sales price reduced by expected sales costs.
8. Other assets are classified as non-current assets. Non-current assets are carried in the accounts at historical cost, with deductions for depreciation.

Some exceptions are made to the general valuation rules, and these are commented upon in relevant notes. When applying the accounting policies and disclosure of transactions and other items, the "substance over form" rule is applied. Contingent losses that are probable and quantifiable are expensed. The segmentation is based on Norfund's internal management and reporting requirements as well as on risk and earnings. Figures are presented for geographical markets, since the geographical distribution of activities is of material importance to the users of the financial statements.

Principles for revenue recognition

Operating income includes dividends, gain on sale of shares/ownership interests in other companies, interest on loans made to other companies, directors' fees and other project income.

Gains on sales of shares/ownership interests in other companies are recognised in the year in which the sale takes place.

Changes in the value of investments in funds are calculated for the individual fund as they arise. Receipts are recorded either as dividend or as reflow of capital which is deducted from the carrying value.

Interest is recorded as and when it is estimated to be earned. When loans to development projects are classified as problem loans, a decision is taken as to whether interest should continue to be recorded. If the evaluation indicates that interest cannot be expected, no accrued interest is recorded. In the event of known losses, recorded interest is reversed.

Front-end fees invoiced when a loan is set up are recognized over the life of the loan. If the loan is redeemed, any remaining part of the fee recorded on the balance sheet is taken to income.

Financial income and expenses

Interest on Norfund's liquidity reserve in Norges Bank and other banks, plus income from other liquidity deposits and seller credit, is recorded as financial income.

Project development expenses

Development expenses are entered on the balance sheet when it is probable that they will lead to future investments and a positive return on the investment. Determining such probabilities entails using judgement based on experience and best estimate of future developments. In view of Norfund's investment strategy and geographical investment areas, expectations of future developments are shrouded in uncertainty.

Investments in equities and funds

Pursuant to Norfund's Statute 12, Norfund's injection of capital into a portfolio company shall not exceed 35 per cent of the company's total equity. Norfund's share of the equity may be higher in special cases, but nonetheless such that the Fund's total equity holding does not exceed 49 per cent of the portfolio company's total equity.

Norfund treats its equity investments in other companies as current assets. In other words, the equity method is not used, even though Norfund's shareholdings provide it with considerable influence. This is because the purpose with the investments is to dispose of all or part of each investment, normally after 3-10 years. According to generally accepted accounting practice, such investments are temporary by their very nature and should therefore be included under current assets.

Substantial uncertainty is associated with the valuation of Norfund's investments, which consist almost exclusively of equities that are not listed, or that are traded in non-liquid markets. Investments are valued on the basis of available information, in accordance with the International Private Equity and Venture Capital Valuation (IPEV) guidelines.

Equity investments in companies are valued at the lower of historical cost or assumed fair value in Norwegian kroner (NOK) on the basis of a concrete evaluation of each investment. Norfund makes individual valuations of all its investments, and adjusts the value on the basis of the assets' assumed fair value.

Because of the nature and volume of the investment portfolio, the management calculates estimates, makes discretionary assessments and makes assumptions that affect the carrying values of investments. Estimates of fair value are calculated continuously and are based on historical experience, known information and other factors that are regarded as probable and relevant on balance sheet date. No group write-downs are made on the company's equity investments.

When investments are exited wholly or in part, the gain/loss is calculated on the basis of the original cost in NOK compared with the exchange rate on the date of the exiting transaction. This means that gain or loss presented in the accounts will be a function of changes in exchange rates and the change in the value of the investment expressed in foreign currency. See also section 10. 'Forex items' below.

By "committed investments" is meant an external future commitment for a specified amount. Commitments are not entered on the balance sheet as they are

uncertain and Norfund may make them subject to the fulfilment of specific criteria.

Norfund often utilizes various instruments – such as options, conversion options and so forth – in investment agreements in order to reduce risk. These are taken into account when valuing the individual investment.

Loans

Loans forming part of Norfund's investment portfolio are regarded as current assets and carried at amortised cost according to the straight-line allocation method.

When estimating write-down of loans, both the current and the anticipated future financial position of the borrower in question are considered. Key considerations when assessing whether the client will be able to repay the loan are for example the general market situation, company-specific factors, the risk of bankruptcy and associated collateral.

If it is laid down in the agreement, accrued interest will be capitalised and added to the principal.

Valuations and any write-downs are made for the individual loans. Group write-downs are not made on the company's loan portfolio.

There will be uncertainty associated with valuation of the loan portfolio and associated collateral.

Guarantees

In some cases, Norfund issues guarantees in connection with investments. Accounting provisions are made when the likelihood of the guarantee being invoked is 50% or higher. On the balance sheet, the guarantee provision is entered under 'Other current liabilities'.

Known losses on equity investments and loans

Losses as a result of insolvency, the winding-up of a company and the like, and

losses on sale of shares are recorded as known losses.

Forex items

Bank deposits and other short-term placements are recorded at the exchange rate at the end of the accounting year, and any unrealised gain/loss on these is recorded as financial income or expense.

Unrealized exchange rate gain/loss on loans as part of the investment portfolio is presented as part of the operating results as gain/loss on exchange on loans to projects.

In the valuation of equity investments, changes in value as a result of the exchange rate are presented as part of the operating results under "Realized losses and net changes in value".

Since 2021 Norfund has had a fair-value hedge against USD for a bond portfolio consisting of securities denominated in EUR and GDP as well as USD. Futures contracts are used as a hedging instrument, with daily settlements that are not recorded on the balance sheet, but are recorded on the income statement as financial items as they mature.

Bank deposits and other short-term investments

Liquid assets consist of bank deposits without any kind of binding.

Other short-term placements consist of instruments (time deposits, loans and bonds) with a longer or shorter fixed term intended for temporary placement of surplus liquidity intended for investment within Norfund's mandate. Interest income from these is recorded as other financial income.

Current receivables/Accounts receivable

Current receivables, seller credit and accounts receivable are recorded at their estimated value.

Fixed assets

Fixed assets are recorded at historical cost reduced by commercial depreciation based on the estimated economic life of the asset in question.

Leases

Rent paid under leases that are not recorded on the balance sheet is treated as an operating cost and allocated systematically over the whole term of the lease.

Equity

Norfund's capital is divided into primary, reserve and surplus capital. This breakdown is made on the basis of the framework conditions for Norfund's activities, which specify that the Ministry of Foreign Affairs must be notified if the institution's losses are so great that its primary capital is affected. Any net profit is added to surplus capital, while any net losses are deducted from the surplus capital or from reserve capital if the former fund is insufficient to cover the net loss.

Government grants

Norfund receives government grants that are treated in accordance with Norwegian Accounting Standard 4 (NRS 4). In Norfund's view, net recording of government grants received by the institution provides the best picture of the accounts.

Related parties

Two parties are related if one party can influence the other's decisions. Relations between such parties are regarded as normal in business.

Norfund's related parties are classified as investments, and Norfund buys services from or sells services to these companies. The company has direct transactions with a limited number of companies in its investment portfolio. There are some transactions of an administrative nature with companies we have a stake in, including Norfinance AS, KNI India AS and KLP Norfund Investments AS. All transactions are according to separate agreements and pricing based on the

arm's length principle.

Deferred tax and tax expense

Norfund is exempt from tax pursuant to a separate section in the Taxation Act. In certain countries, Norfund is obliged to pay withholding tax on interest and dividends.

Cash flow statement

The cash flow statement is compiled using the indirect method.

Pension obligations and costs

Norfund has pension plans known as defined benefit plans which entitle employees in Norway to defined future benefits. In 2018 the company closed its defined benefit plan and introduced defined contribution plans for new employees in Norway. The company therefore has two different pension schemes for employees in Norway. In addition the company has defined contribution plans for employees at regional offices outside Norway.

Pension obligations are calculated on a straight-line earnings basis, taking into account assumptions regarding the number of years of employment, discount rate, future return on plan assets, future changes in pay, pensions and National Insurance benefits, and actuarial assumptions regarding mortality, voluntary retirement etc. The chosen principle is the IAS 19R option of NRS 6, with unamortised actuarial losses over equity.

Plan assets are stated at fair market value. Net pension obligation comprises gross pension obligation less the fair value of plan assets. Net pension obligations from underfunded pension plans are included on the balance sheet as a provision, while net plan assets in overfunded schemes are included as long-term interest-free receivables if it is likely that the overfunding can be utilised. Employer's social security contribution is made on the basis of net plan assets.

The effect of changes in pension plans with retroactive effect not conditional on future earnings is defined as an actuarial gain or loss and charged directly to the

company's equity.

Net pension expenses, which consist of gross pension expenses less estimated return on plan assets, are classified as an ordinary operating expense and presented as part of the payroll expenses item. All actuarial gains or losses are charged directly to the company's equity. Employer's social security contribution is calculated on contributions paid to the pension plans.

Estimates and uncertainties

Determining estimates and probabilities entails using judgement based on experience and best estimate of future developments. Given Norfund's investment strategy and geographical investment areas, there is a high degree of uncertainty associated with expectations regarding future developments. Specific areas that include extensive estimation and judgement are net asset value / valuation of equity investments, write-down on equity investments and provision for losses on loans to investment projects.

Note 2 - Segment information

Norfund's operations fall into five segments: Funds, Financial Inclusion, Renewable Energy, Green Infrastructure and Scalable Enterprises. The Climate Investment Fund is additionally presented in a separate column. The table below provides an overview of the results in each segment. The costs of shared functions have largely been allocated according to the number of employees in each segment, and are recorded as part of other operating expenses.

	Norfund total	Development mandate					Administration etc.	Climate Investment Fund
		Funds	Financial Inclusion	Renewable Energy	Green Infrastructure	Scalable Enterprises		
Operating income								
Interest - invested portfolio	679 886	483	485 949	137 105	959	55 390	0	0
Realised gains	467 210	42 958	12 878	197 889	0	213 484	0	0
Dividends received	370 154	7 226	306 201	46 804	0	2 242	0	7 682
Other project revenues	37 121	385	16 684	10 730	0	5 703	3 619	0
Total operating income	1 554 371	51 051	821 712	392 528	959	276 819	3 619	7 682
Operating expenses								
Payroll expenses	-218 575	-11 614	-34 939	-49 211	-5 090	-36 387	-81 320	-15
Depreciation fixed assets	-2 745	0	0	0	0	0	-2 745	0

	Norfund total	Development mandate						Climate mandate
		Funds	Financial Inclusion	Renewable Energy	Green Infrastructure	Scalable Enterprises	Administration etc.	Climate Investment Fund
Other operating expenses	-147 897	-2 962	-13 058	-24 560	-2 360	-22 581	-59 387	-25 651
Total operating expenses	-369 218	-14 576	-47 996	-73 771	-7 450	-58 968	-143 452	-25 666
	0							
Gain/loss (-) on FX, project loans	109 601	292	147 388	-25 461	383	-657	0	-12 347
Realised losses and net changes in value,	-460 316	-174 489	44 543	-208 930	-2 210	-121 380	3 828	-1 678
Profit/loss on operations	834 439	-137 722	965 647	84 366	-8 317	95 813	-136 005	-32 009
Net financial items**	1 073 371	0	0	0	0	0	1 073 371	3 528
Profit/loss before tax	1 907 809	-137 722	965 647	84 366	-8 317	95 813	937 366	-28 481
Taxes	-11 922	0	0	0	0	0	-11 922	0
Profit/loss for the year	1 895 887	-137 722	965 647	84 366	-8 317	95 813	925 444	-28 481

*Indirect costs have been allocated in proportion to the Climate Investment Fund's share of Norfund's total investments.

**Financial items include gain/loss on FX bank deposits and current liabilities.

Balance sheet (investments and loans) net carrying values

	Norfund total	Funds	Financial Inclusion	Renewable Energy	Scalable Enterprises	Green Infrastructure	Climate Investment Fund
Investments	28 717 119	3 784 040	10 371 199	8 876 500	3 550 991	46 218	2 088 171
Accumulated loan loss provision	-2 142 150	-672 021	-564 701	-415 540	-486 000	-2 210	-1 678
Total investments per segment	37 443 968	3 112 019	9 806 499	8 460 959	3 064 990	44 008	2 086 494

Segment information by geographical region

Balance sheet	Africa	Asia	America	Global	Accumulated loan loss provisions	Total
Loans to investments	3 656 374	1 144 349	3 097 599	158 201	-301 871	7 754 653
Equity investments	11 636 029	3 336 603	1 242 678	2 788 629	-1 838 602	17 165 337
Loans for investment in the Climate Investment Fund	321 278	70 916	0	0	0	392 194
Equity investment in Climate Investment Fund	212 745	1 051 716	0	0	-1 678	1 262 784
Total balance sheet	15 826 426	5 603 585	4 340 277	2 946 830	-2 142 149	26 574 969
Interest income loans	268 001	108 475	281 760	21 650	0	679 886
Realized gain on shares	427 883	19 772	18 696	859	0	467 210

Segment information by geographical region

Balance sheet	Africa	Asia	America	Global	Accumulated loan loss provisions	Total
Dividends received	286 944	2 562	33 084	57 624	0	380 213
Other project income	15 423	8 594	7 337	5 765	0	37 120
Total operating income	998 251	139 403	340 877	85 898	0	1 564 430
Gain/loss on FX, project loans	174 391	23 211	124 045	7 393	0	109 601
Realized losses and net changes in value	344 071	123 757	4 914	-12 427	0	460 316

Note 3 - Exited investments

In 2023 Norfund exited from three funds and four equity investments, resulting in the following IRR in NOK during the ownership period.

	Brac Bank	Green Resources	H1 Upington	Scatec Mocuba	TPS Dar es Salaam	Prospero Fund	Kinangop
Annual IRR during Norfund's ownership period	11.7%	14.2%	77.2%	-17.3%	12.5%	11.4%	-100.0%

Note 4 - Payroll expenses

Statement on the setting of salaries and other remuneration to senior employees

Norfund complies with the government guidelines laid down on 13 February 2015 with respect to the setting of salaries and other remuneration for senior employees. These are based on changes published in the white paper *A diverse and value-creating ownership. The State's guidelines for remuneration for senior executives in companies with state ownership* (Meld. St. 27 (2013-1014)). The changes were adopted with effect from 30 April 2021 and form the basis for the preparation of the Board of Directors' statement for 2023.

Guidelines for Norfund on the setting of salaries and other remuneration in 2023

The following guidelines apply to the setting of salaries for senior Norfund employees up to the ordinary General Meeting in 2024.

The remuneration system is designed to attract and retain competent personnel. In setting salaries, emphasis is placed on the individual's contribution to fulfilling Norfund's mandate.

Norfund wishes to promote moderation in executive salaries. The aim in setting salaries is that senior Norfund employees should have pay conditions that are competitive, but not at the top end of the scale, to ensure that Norfund secures and retains sufficient expertise in the fund.

Norfund considers that other government funds such as the National Insurance Scheme Fund, Export Credit Norway and Investinor form a relevant benchmark.

Setting of salaries

The Board sets the salary of the managing director. The managing director sets the salaries of the corporate heads of department who report to him, after executive salary conditions have been endorsed by the Board. This group consists

of senior Fund employees. Norfund's pay conditions for senior employees consist of fixed salary, pension and insurance schemes and other benefits that cover newspapers, electronic communications etc. The fixed salary is subject to regulation in line with pay developments in the financial sector, represented by reference figures from Finance Norway, the results of the main settlement and for the companies Norfund has defined as its peers, and an assessment of the individual's performance and goal achievement. The managing director sets annual goals for the individual member of the executive group and the Board sets goals for the managing director.

Senior employees have three months notice of termination. The CEO has an agreement for pay after termination of employment equivalent to 6 months' salary. This arrangement is in line with the guidelines for salary and other remuneration.

Pension and insurance conditions

In 2018 Norfund closed its defined benefit pension scheme to new employees, and now offers a defined contribution scheme to all company employees, including managers. The transition to the new scheme was voluntary for existing employees. This means that Norfund has both a defined benefit and a defined contribution scheme for agreements entered into before the closure of the former in 2018. The defined benefit scheme entitles the individual to defined future benefits and depends primarily on the number of qualifying years, pay level on reaching retirement age and the size of National Insurance benefits. Agreements entered into prior to 2018 exceed the current guidelines for senior executive salaries, as the previous scheme entailed a full qualifying period of 30 years and pension payments of 70 per cent of salaries up to 12 G. The pension scheme satisfies the requirements of the Act on Mandatory Occupational Pensions. There are currently 64 employees covered by the defined contribution scheme and 28 by the defined benefit scheme. Norfund also has a scheme which entitles employees to pension rights for salaries in excess of 12 G. This scheme was closed to new members in 2012. The scheme, which is funded from operations, consists of 66% of pay in excess of 12 G with a retirement age of 67 and a full qualification period of 30 years in the calculation base. If the service period is calculated as being less than 30 years, the pension is reduced proportionately. On termination

of employment or on reaching retirement age, employees receive a settlement for the value of the amount saved. This scheme currently covers 4 employees. In the defined contribution scheme, 7 per cent of salary is set aside from pay from 0-7.0 G, and 20% from salaries of 7.1-12 G. The costs of both schemes are included in the calculation of pension expenses.

Senior Norfund employees are covered by insurance schemes that apply to all Norfund employees.

Wages, salaries and other payroll expenses	Norfund	
	2023	2022
(Figures in 1000s of NOK)		
Wages and salaries	150 561	126 375
Employer's social security contribution	27 965	21 356
Pension expenses	23 008	21 542
Other benefits	17 042	12 314
Total wages, salaries and other payroll expenses	218 575	181 587

Remuneration for the management 2023						
	Title	Salary	Bonuses*	Insurance and other payments in kind	Pension	Total
	Jan Tellef Thorleifsson	3 191 303	0	20 067	225 387	3 436 757
	Ylva Lindberg	2 019 038	0	87 867	230 055	2 336 959

Remuneration for the management 2023

	Title	Salary	Bonuses*	Insurance and other payments in kind	Pension	Total
Fride Andrea Hærem	EVP CFRO	2 019 038	0	29 411	234 095	2 282 544
Thomas Fjeld Heltne	EVP Legal	2 019 038	0	22 403	221 709	2 263 149
Erik Sandersen	EVP Financial Inclusion	2 122 312	0	63 450	517 607	2 703 369
Mark Davis	EVP Renewable Energy	2 309 012	0	46 347	1 317 000	3 672 359
Ellen C. Rasmussen	EVP Scalable Enterprises	2 122 302	0	39 923	233 716	2 395 940

*The bonus scheme for senior employees was discontinued with effect from the 2023 accounting year.

Remuneration for the management 2022

	Title	Salary	Bonuses	Insurance and other payments in kind	Pension	Total
Jan Tellef Thorleifsson	CEO	2 966 629	0	20 239	201 069	3 187 938
Ylva Lindberg	EVP Strategy & Communication	1 770 974	50 000	21 401	199 475	2 041 849
Fride Andrea Hærem	EVP CFRO	1 766 988	50 000	19 242	202 397	2 038 627
Thomas Fjeld Heltne	EVP Legal	1 768 159	50 000	19 621	195 835	2 033 615
Erik Sandersen	EVP Financial Inclusion	1 965 055	50 000	21 756	519 677	2 556 488
Mark Davis	EVP Renewable Energy	2 143 596	50 000	63 151	1 256 791	3 513 538
Ellen C. Rasmussen	EVP Scalable Enterprises	1 819 032	50 000	22 386	202 397	2 093 815

Remuneration to Norfund's Board of Directors

Norfund's Board of Directors consisted in 2023 of the Chair and 8 Board members. In 2023 the General Meeting set remuneration to the Chair at NOK 308 200 (295 000 in 2022), while remuneration to the Board members, with the exception of the two employee representatives, was set at NOK 153 600. In 2023 the General Meeting set remuneration for the chair of the Risk and Audit Committee at NOK 83 600 and for the members of the committee at NOK 72 100.

Bonuses

The company has no share or option schemes for its employees, and there are no plans for such schemes. In all 89 employees of a total of 115 eligible for bonuses received a bonus for 2023. The highest total bonus award in 2023 was NOK 100 000. The bonus scheme accounted for 3.1 per cent of Norfund's payroll expenses in 2022, a total of NOK 3 920 000. Bonuses are paid for extraordinary performance, and the average payment in 2022 was NOK 44 045. The highest payment represented 10.1 per cent of the individual's salary. Bonuses for senior executives were discontinued with effect from 2023.

A separate Executive Pay Statement has been prepared which contains more details on pay for senior employees.

Auditor's fee		
(Figures in 1000s of NOK)	2023	2022
Statutory audit	1 373	723
Other services (including legal services)	541	345
Total	1 914	1 068

Auditor's fee is inclusive of VAT.

In addition, business partners of Deloitte AS in other countries delivered other services expensed in the amount of NOK 1.6 million (NOK 0.9 million in 2022) excl. VAT.

Number of permanent employees

The company had 134 (127) employees at the end of 2023. The number of full-time equivalents at year-end was 131 (123.5).

Pensions

In addition to the employee pension plans described in the Executive Pay Statement, local employees at Norfund's regional offices in South Africa, Ghana,

Thailand, Kenya and Costa Rica have defined contribution pension plans. Norfund therefore has no obligations other than what has been paid through the year. In 2023, NOK 2 322 000 (NOK 1 775 000 in 2022) was expensed in connection with these schemes.

Financial assumptions		
	2023	2022
Discount rate	3.10%	3.00%
Expected return on plan assets	3.10%	3.00%
Salary adjustment	3.50%	3.50%
Pension adjustment	3.25%	3.25%
Adjustment of the basic amount (G) in the National Insurance System	3.25%	3.25%
Turnover	9.00%	9.00%
Employer's social security contribution	19.10%	19.10%

Financial assumptions		
(Figures in 1000s of NOK)	2023	2022
Net present value of pension earned in the period	9 997	10 666
Capital cost of previously earned pensions	4 678	2 893
Expected return on plan assets	-3 371	-1 919
Administrative costs	92	87
Accrued employer's social security contribution*		2 240
Net pension expenses for the year incl. employer's contribution	13 573	13 967

*Employer's social security contribution is calculated on the amount paid in.

Estimated pension obligations

	Funded	Unfunded	2023
Estimated pension obligations	149 390	22 545	171 935
Estimated plan assets*	122 451	0	122 451
Net pension obligations 31.12.	26 939	22 545	49 484
Accrued employer's social security contribution**	5 145	4 306	9 451
Net pension obligations 31.12.	32 084	26 851	58 934

*Estimated plan assets consist of paid premiums invested in Nordea Life.

**Accrued employer's social security contribution is based on net pension liability.

Reconciliation opening/closing balance

	2023	2022
Carrying amount net pension liabilities 01.01 incl. employer's social security contribution	59 951	72 108
Net pension expenses for the year incl. employer's social security contribution	13 573	13 967
Actuarial gain/loss charged directly to equity	2 419	-17 037
Pensions paid, early retirement / unfunded, incl. employer's social security contribution	-1 492	-499
Investment in plan assets, etc., incl. employer's social security contribution	-15 517	-8 588
Carrying amount net pension obligations 31.12 incl. employer's social security contribution	58 934	59 951

Nordea Life's asset mix*

	30.09.2023	30.09.2022
Property	12.5%	14.0%
Equities	11.5%	11.0%
Bonds at amortised cost	72.3%	65.0%
Short-term bonds/certificates	3.6%	9.0%
Other	0.0%	1.0%
Total financial assets	100%	100%

*Known values at calculation date.

Norfund has paid into a separate fund intended to meet future obligations related to the unfunded scheme, the carrying value of which was NOK 23.9 million as of 31.12.

Note 5 - Fixed assets

Fixed assets			
(Figures in 1000s of NOK)	Equipment and vehicles, fittings and fixtures etc.	Works of art	Total
Historical cost at 01.01	26 284	1 463	27 748
+ acquisitions during the period	14 218	0	14 218
Historical cost at end of period	40 503	1 463	41 966
Accumulated ordinary depreciation at 01.01	23 024	0	23 024
+ ordinary depreciation for the period	2 745	0	2 745
Acc. ordinary depreciation at 31 December	25 770	0	25 770
Carrying value for accounting purposes at end of period	14 732	1 463	16 196
<i>Depreciation period</i>	<i>3-5 years</i>	<i>Non-depreciable</i>	

Acquisitions for the year include NOK 5.5 million for redecoration of Norfund's premises at Klingenberggata 4.

A deposit of NOK 427 000 is additionally recorded under this item.

Note 6 - Other operating expenses

(Figures in 1000s of NOK)	2023	2022
Seminars, conferences, upgrading of competencies	8 372	6 240
Travel expenses	24 799	18 088
External assistance, projects	53 590	44 866
External assistance, other	18 376	15 546
Rent, Oslo, including shared costs	11 411	10 075
Rent regional offices	5 764	4 637
Other expenses	26 306	31 857
Total operating expenses	147 897	131 309

	Lease duration	Annual rental costs
Premises at Fridtjof Nansens Plass 4, Oslo	15.11.2016 - 31.12.2026	7 425 994
Premises 4th floor Klingenbergsgaten 4	01.06.2023 - 31.12.2027	3 136 826

In addition there are lease contracts for our regional offices.

Note 7 - Net financial items

(Figures in 1000s of NOK)	2023	2022
Other interest income	657 816	427 083
Other financial income	558 820	877 630
Other financial expenses	-143 264	-356 311
Net financial items	1 073 371	948 402

Other interest income comes from the bond portfolio and liquidity placements in loans in addition to placements in banks.

Note 8 - Taxes

Tax expenses consist of withholding tax on dividends and interest on foreign investments. In addition some of our regional offices pay tax on their operations and as at 31.12.2023, NOK 0.5 million has been allocated for paying tax at the regional offices. Norfund is exempt from tax in Norway; see Section 2-30 (1e) of the Norwegian Taxation Act.

Note 9 - Capital movements

(Figures in 1000s of NOK)	Primary capital	Reserve capital	Surplus fund	Total equity
Capital at 31.12.2022	17 803 853	6 152 502	13 121 368	37 077 723
Capital supplied in 2023	1 989 864	688 288	0	2 678 152
Actuarial gains/losses, pensions	0	0	-2 419	-2 419
Net surplus	0	0	1 895 886	1 895 886
Capital at 31.12.2023	19 793 717	6 840 790	15 014 835	41 649 342
<i>Of which the Climate Investment Fund</i>	<i>1 500 000</i>	<i>500 000</i>	<i>1 966 680</i>	<i>3 966 680</i>

Legal reserve capital can only be used to cover losses that cannot be covered from other reserves apart from primary capital.

Of the capital received in 2023, 75% was allocated to primary capital and 25% to reserve capital, of which 1 billion NOK belongs to the Climate investment Fund.

Note 10 - Other receivables

(Figures in 1000s of NOK)	2023	2022
Accrued interest	146 545	216 714
Other receivables	2 216 255	2 013 134
Total receivables	2 362 800	2 229 848

Other receivables consist largely of an interest-bearing seller credit (3.26% interest up to January 2028, after which the interest rate increases to 30%) to Scatec in connection with the sale of SN Power for NOK 2 042 million (USD 200 million).

Note 11 - Loans and investments

Loans to companies				
(Figures in 1000s of NOK)	Committed investment	Historical cost	Accumulated loan loss provision	Carrying value
Financial Inclusion	5 656 364	4 864 740	-35 112	4 829 627
Green Infrastructure	20 345	15 767	0	15 767
Renewable Energy	2 132 701	1 753 893	-179 865	1 574 027
Scalable Enterprises	1 526 213	1 411 952	-86 893	1 325 059
Funds	10 172	10 172	0	10 172
Climate Investment Fund	835 210	392 194	0	392 194
Total loans	10 337 061	8 448 718	-301 871	8 146 847

By 'committed investment' is meant that there is an external commitment for a specific amount. For conversions to NOK, the exchange rate on the disbursement date is used for the part of the amount that is disbursed. The exchange rate at 31.12.2023 is used for the part that has not been disbursed.

Norfund makes a semi-annual assessment of each of the loans in the loan portfolio, including provisions for losses.

Loan loss provision and known loan losses

A loan is regarded as non-performing when borrower has not made due payments within 60 days of the due date. On balance sheet date Norfund had 10 (6 in 2022) non-performing loans with total interest and repayments due of NOK 188 million (NOK 126 million in 2022) and a total outstanding amount of NOK 255 million (157 million in 2022). Examples of default or losses are significant financial problems on the part of debtor, restrictions on foreign exchange transfers in countries in

which debtor operates, debt settlement proceedings or winding up of a business.

Days past due date	Amount due in 1000s of NOK
0-60*	4
61-120	3
Over 121	182
Total	189

*Amounts due that are less than 60 days late are associated with loan agreements where there are also claims that are more than 60 days past the due date.

Loans are written down by up to 100% of the outstanding principal and accumulated interest, depending on the likelihood of the amount being repaid. Four loans were considered partially lost, with a total loss of NOK 28.3 million in 2023.

Repayment

Sixteen loans were repaid in the course of the year (8 in 2022), while two were converted into equity.

Equity investments in funds				
(Figures in 1000s of NOK)	Committed investment	Historical cost	Accumulated write-downs	Carrying value
Financial Inclusion	1 027 838	773 709	-60 115	713 594
Green Infrastructure	139 285	30 451	-2 210	28 241
Renewable Energy	781 889	342 943	-36 387	306 555
Scalable Enterprises	943 100	712 547	-36 581	675 966
Funds	6 034 467	3 672 711	-662 103	3 010 608
Total invested in funds	8 926 579	5 532 361	-797 397	4 734 964

Equity investments in companies				
(Figures in 1000s of NOK)	Committed investment	Historical cost	Accumulated write-downs	Carrying value
Financial Inclusion	5 043 652	4 732 750	-469 474	4 263 277
Renewable Energy	7 365 589	7 779 664	-199 289	6 580 375
Scalable Enterprises	1 612 717	1 426 492	-362 526	1 063 966
Funds	184 245	101 156	-9 918	91 238
Climate Investment Fund	2 657 139	1 695 977	-1 678	1 694 299
Total invested in equity and funds	24 276 608	20 268 401	-1 840 281	18 428 121

By 'committed investment' is meant that there is an external commitment for a specific amount. For conversions to NOK, the exchange rate on the disbursement date is used for the part of the amount that is disbursed. The exchange rate as at

31.12.2023 is used for the part that is not disbursed. As at 31.12 there is a committed, not yet disbursed commitment of NOK 5 897 million to our partners.

Accumulated write-downs are accrued, not realized losses on portfolio investments.

Note 12 - Bank deposits and other short-term placements

Bank deposits, cash and cash equivalents		
(Figures in 1000s of NOK)	2023	2022
Deposits in Norges Bank	3 817 751	3 482 160
Tax deductions	21 679	11 783
Ordinary bank deposits	1 139 859	2 005 671
Total bank deposits	4 979 289	5 499 614
The following bank deposits are earmarked for:		
Grants from the Ministry of Foreign Affairs (see note 13)	175 505	168 859
Climate Investment Fund	2 309 231	1 567 180

Other short-term Investments		
(Figures in 1000s of NOK)	2023	2022
Fixed-term deposits (1 to 6 months)	2 208 569	1 797 087
Lending to banks of excess liquidity in our markets	1 380 564	2 059 080
Bonds	4 492 314	4 416 731
Other short-term placements	8 272 899	8 272 899

As a consequence of the exit from SN Power, substantial liquidity became available and was placed in temporary investments: First, loans were extended to three banks with an average interest rate of 1.5% + SOFR and a term of 5 years, with linear repayment after the first year. Second, USD deposits with fixed terms of 1-6 months were placed in banks.

In addition, Allianz has been commissioned to manage USD 500 million. The

portfolio consists of highly liquid covered bonds and has a weighted credit rate of AA- and average term of 1.8 years. The portfolio is to be mainly invested in development banks, i.e. within the sector in which we operate ourselves. Up to 40% can be invested in other sectors, however, but the bonds must then meet the requirements of either being green and sustainable or having a social impact. Norges Bank's Investment Management's exclusion list is also applied. 41% of the portfolio is invested in euros and 5% in sterling, but hedged against USD by means of 3-month rolling futures contracts. Hedging contracts have been made for EUR 167.25 million and GBP 20.1 million.

The value of the portfolio has fallen in pace with expectations of higher policy rates, and we expect that most of the fall is now reflected in the portfolio. Norfund intends to hold the portfolio until maturity, with the result that the average annual return is estimated at 1.5% for the life of the portfolio.

Bonds						
	Instrument currency	Fair value in instr. currency	Historical cost in USD	Fair value in USD	Change in value	Carrying value in NOK
Enterprises			169 950	151 401	-18 549	1 497 345
Financial Institutions	EUR	75 593	94 990	83 504	-11 485	836 397
	USD	31 670	33 698	31 670	-2 028	297 152
Manufacturing	EUR	2 989	3 749	3 302	-447	33 136
	USD	17 022	18 709	17 022	-1 686	164 453
Supply	EUR	14 396	18 805	15 903	-2 902	166 207
Public authorities			330 629	292 499	-38 130	2 898 959

Bonds						
	Instrument currency	Fair value in instr. currency	Historical cost in USD	Fair value in USD	Change in value	Carrying value in NOK
Development finance institutions	EUR	20 464	27 893	22 605	-5 288	221 487
	USD	19 910	20 212	19 910	-302	264 103
Local authorities	EUR	6 815	10 433	7 528	-2 905	71 727
Independent organisations	USD	7 158	7 857	7 158	-699	69 486
Supranational authorities	EUR	45 630	57 910	50 405	-7 506	510 453
	GBP	18 735	27 328	23 883	-3 445	241 277
	USD	161 010	178 995	161 010	-17 985	1 520 427
Cash and accrued interest			10 115	10 115	-	95 834
	EUR	2 051	2 265	2 265	-	23 059
	GBP	1 389	1 759	1 759	-	17 970
	USD	5 388	6 091	6 091	-	54 805
Total			510 694	454 015	-56 679	4 492 138

Note 13 - Unused resources (Norfund's grant schemes)

In 2019 the Storting established a special scheme, the Frontier Facility (formerly the Norwegian Investment Fund for Developing Countries). The scheme enables Norfund to make risk capital available in the most demanding markets, which are especially vulnerable states and the least developed countries (LDCs), where access to risk capital is limited. The scheme is to be used for projects with higher risk than investments in Norfund's ordinary portfolio, and is to be administered as a separate scheme. In 2023, the Storting granted NOK 23 million for the scheme. This is included under equity. At the end of 2023, NOK 12.63 million remained to be allocated, while NOK 65.37 million of allocated capital had not yet been disbursed.

Norfund additionally received NOK 15 million (NOK 15 million in 2022) of grants under the previously established Business Support scheme, which is to be used to increase the development effects of Norfund's investments by improving businesses and through local community development. Support may, for example, be provided for training and transfer of expertise and equal opportunity programmes, workers' rights, improvement of internal control, corporate governance and leadership development. The resources are treated as current liabilities, and undisbursed amounts are included in Norfund's liquid assets. When costs are met from the resources, the liability is reduced by an equivalent amount. At the end of 2023, NOK 6.2 million remained to be allocated to projects, while NOK 46.71 million of allocated capital had not yet been disbursed.

The grant facility earmarked for Balkan projects has invested EUR 2.5 million in a fund in the region. The outstanding amount below is to be used as a capital buffer for management of the fund.

(Figures in 1000s of NOK)

Grant facilities		Balkan Trust Fund	
2023	2022	2023	2022

(Figures in 1000s of NOK)	Grant facilities		Balkan Trust Fund	
	2023	2022	2023	2022
Receipts				
Carried over from previous year	164 359	144 195	4 501	16 111
Transferred from Ministry of Foreign Affairs	15 000	15 000	0	0
Reversals	0	26 820	559	7 867
Total receipts	179 359	186 015	4 501	23 978
Income	5	0	312	11
Disbursements				
General costs			108	
Fund management		0		0
General follow-up	0	0	-200	-150
Intervention				
Project development:	-259	-519	-849	0
Amplify and support project development effects	-20 453	-11 631	0	0
Promote social responsibility	-1 938	-1 560	0	0
Local investment funds				
Follow-up costs	0	0	-27	0
Loans / investment projects	0	-7 947	0	-19 477
Total disbursements	-22 650	-21 656	-368	-19 477
Non-disbursed resources	156 709	164 359	4 296	4 501
Resources received from KLD (Klima og Miljødepartement) to be transferred to Abler Nordic in 2024.	14 500			
Total non-disbursed resources at 31.12.2023	175 505			

Note 14 - Current liabilities and guarantees

Other current liabilities

Included in other current liabilities is an item of NOK 98.2 million to the Dutch bank FMO in connection with the acquisition of interests in the African Forestry Impact Fund held by Norfund at year-end 2023.

Guarantees

As part of its activities, Norfund has issued 4 guarantees totaling NOK 51 million. An annual assessment is made by the project manager of whether the guarantee is at risk of being invoked, and a proportional provision is made accordingly. As of 31.12.23, no allocation had been made for guarantee commitments.

Other commitments

In connection with the exit from SN Power AS, there are some latent liabilities related to capital gains tax in particular which may be invoked by Scatec ASA. The claim is uncertain, with a probably outcome of USD 0.25 million, but may be up to USD 6 million under certain conditions. As the probability is not high, and the size of the claim is uncertain, no allocation is made in the accounts for this commitment.

Note 15 - Risk management and use of financial instruments

Norfund has a mandate whereby investments made by the company are required to be additional, in that they provide access to capital and expertise to companies that would not otherwise have received such financing because of the high risk involved. Norfund's investments are evaluated through an extensive selection process that consists of checking against Norfund's mandate, thorough evaluations and analysis of legal, financial, commercial and ESG-related aspects. The Investment Committee and/or the Board take the final decision regarding investment.

Efforts are made to diversify portfolio risk by achieving portfolio breadth in terms of countries, industries, business partners, instruments and time of making investments. Norfund exercises active ownership in the largest investments in its portfolio through representation on boards, investment committees or other governance bodies

Norfund is exposed to several different types of risk, including liquidity risk, credit risk, currency risk, interest-rate risk and other market risk, including political risk. The financial risk management has been established to identify and analyse these risks, and to establish appropriate risk limits and risk controls. Norfund regularly reviews the established risk management guidelines and the system that has been established to ensure that changes in markets are reflected in the risk limits.

The Board has adopted Norfund's zero tolerance policy, which is based on the risk Norfund is willing to take in order to deliver on its mandate. This includes country risk and political risk. Efforts to actively minimize risk are largely about how Norfund chooses its investment partners and how the investment process and other operational processes in the business are carried out. This concerns risk of corruption, for example, and if this is detected an immediate response is triggered. Minimizing and managing risk associated with ESG and questions concerning the integrity of our business partners are based on best practice for development finance institutions (DFIs). Norfund's approach to risk is summarized

in a Risk Appetite Statement adopted by the Board and published on Norfund's website.

Market risk

Market risk is an umbrella term for the risk of losses occurring as a consequence of changes in conditions, exchange rates or prices that influence the earning capacity of the companies in which we have invested. Norfund's mandate is to invest in developing countries, which means that the macroeconomic conditions and uncertainties are more complex, and the risk is accordingly higher. Future returns depend among other things on the ability to manage and mitigate risk in all phases of an investment.

Interest

Norfund's income is also substantially affected by fluctuations in the fixed income market, as 30 per cent of the investment portfolio is in the form of loans, 57 per cent of which have a floating interest rate, with Libor/SOFR + margin making up the largest proportion. In addition, Norfund has significant cash holdings and a bond portfolio ([see Note 12](#)) which accrue interest. Thus the interest rate level has a substantial direct effect on Norfund's operating and financial revenue.

Credit risk

Norfund has a significant number of loans, and individual semi-annual reviews are conducted of the borrowers' financial standing, history and other relevant factors. If default on a loan is considered highly likely, it is written down. A loan is regarded as non-performing when a payment has not been made within 60 days of the due date. In the event of default, our total investment in the borrower is evaluated.

Norfund does not carry any general loss provisions for the loan portfolio, but makes a specific allocation for each loan; [see also Note 3](#).

Liquidity risk

Liquidity risk is the risk of Norfund being unable to fulfil its commitments, which

are therefore monitored closely in relation to available liquidity. To ensure strong financial freedom of manoeuvre, Norfund aims to maintain a real and solid liquidity reserve that must at least cover future committed investments plus a minimum amount. Liquidity is strengthened through annual allocations from the Owner and through repayments from the investment portfolio in the form of interest, repayment of the principal, dividends and exits from companies. Norfund does not use debt instruments in its liquidity management.

The liquidity reserve consists of bank deposits, short-term placements in banks with terms of up to one year, and a bond portfolio. Placements in anything other than Norfund's relationship banks must be in accordance with the investment mandate laid down by the Board, which regulates amounts and terms.

The Finance Department monitors Norfund's liquidity and adapts the placement of resources with a view to securing an appropriate return prior to investment in the future.

Currency risk

Norfund's operations are strongly exposed to currency risk, as we receive our allocations in NOK, while investments largely take place in other currencies, USD being by far the largest. In consequence, costs associated with investments will also largely be in currencies other than NOK.

Norfund's base currency is NOK, which means that its future returns and gains/losses for accounting purposes are strongly influenced by the exchange rate between NOK and other currencies. Investments are subject to a greater or lesser extent to fluctuations in the exchange rate between USD and the local currency in the individual country, which in turn may affect the results and values of these companies in Norfund's balance sheet.

Three-month forward contracts are used to hedge the portion of the bond portfolio denominated in EUR and GBP against USD; see Note 12.

Norfund's liquid assets are mainly placed in NOK-denominated, interest-bearing accounts in Norges Bank, while its USD-denominated liquid assets are mainly placed in DNB and short-term placements.

FX rates used in conversion				
		31.12.2023	31.12.2022	Change during the year
US dollar	USD	10.172	9.857	3.2%
South African rand	ZAR	0.552	0.581	-4.9%
Indian rupee	INR	0.122	0.119	2.6%
Kenyan shilling	KES	0.065	0.079	-18.2%
Ugandan shilling	UGS	0.003	0.003	2.2%
Mozambican metical	MZN	0.161	0.153	5.1%
Bangladeshi taka	BDT	0.093	0.096	-3.0%
Ghana shilling	GHS	0.849	0.963	-11.8%
Tanzania shilling	TZS	0.004	0.004	-3.7%
Euros	EUR	11.241	10.514	6.9%

Operational risk

Operational risk is the risk of financial losses occurring as a consequence of faults in internal processes and systemic failure, human error or external

events such as criminality or natural disasters. Management of operational risk has become increasingly important in Norfund in recent years, as the company is growing significantly and becoming a more complex organisation.

The identification, management and control of operational risk is a management task, and is coordinated through Norfund's Enterprise Risk Management System. The management's most important aid is semi-annual reviews of the risk picture and action plans, and systematic work to maintain these. There is also continuous work on awareness-raising and knowledge-building in the organization. If weaknesses are detected, they are reported to the organization's management team.

Norfund places emphasis on authorization hierarchies, clear descriptions of procedures and well defined areas of authority as elements of our framework for

managing operational risk. Norfund's risk exposure and management thereof are followed up by the company's external internal auditor, and reports are submitted regularly to the Board and the Risk and Audit Committee.

Note 16 - Events after balance-sheet date

There have been no major events since balance-sheet date that affect the assessments forming the basis for our submission of the financial statements.

Auditor's report

To the General Meeting of Norfund

INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the financial statements of Norfund (the Company), which comprise the balance sheet as at 31 December 2023, the income statement, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable statutory requirements, and
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appear to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for

such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Oslo, May 15, 2024
Deloitte AS

Grete Elgåen
State Authorised Public Accountant

Note: This translation from Norwegian has been prepared for information purposes only.

Revisors beretning

Til generalforsamlingen i Norfund

UAVHENGIG REVISORS BERETNING

Konklusjon

Vi har revidert årsregnskapet for Norfund som består av balanse per 31. desember 2023, resultatregnskap, kontantstrømpoppstilling for regnskapsåret avsluttet per denne datoen og noter til årsregnskapet, herunder et sammendrag av viktige regnskapsprinsipper.

Etter vår mening

- oppfyller årsregnskapet gjeldende lovkrav, og
- gir årsregnskapet et rettviseende bilde av selskapets finansielle stilling per 31. desember 2023 og av dets resultater og kontantstrømmer for regnskapsåret avsluttet per denne datoen i samsvar med regnskapslovens regler og god regnskapsskikk i Norge.

Grunnlag for konklusjonen

Vi har gjennomført revisjonen i samsvar med International Standards on Auditing (ISA-ene). Våre oppgaver og plikter i henhold til disse standardene er beskrevet nedenfor under *Revisors oppgaver og plikter ved revisjonen av årsregnskapet*. Vi er uavhengige av selskapet i samsvar med kravene i relevante lover og forskrifter i Norge og International Code of Ethics for Professional Accountants (inkludert internasjonale uavhengighetsstandarder) utstedt av International Ethics Standards Board for Accountants (IESBA-reglene), og vi har overholdt våre øvrige etiske forpliktelser i samsvar med disse kravene. Innhentet revisjonsbevis er etter vår vurdering tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon.

Øvrig informasjon

Styret og daglig leder (ledelsen) er ansvarlige for informasjonen i årsberetningen og annen øvrig informasjon som er publisert sammen med årsregnskapet. Øvrig informasjon omfatter informasjon i årsrapporten, bortsett fra årsregnskapet og den tilhørende revisjonsberetningen. Vår konklusjon om årsregnskapet ovenfor dekker verken informasjonen i årsberetningen eller annen øvrig informasjon.

I forbindelse med revisjonen av årsregnskapet er det vår oppgave å lese årsberetningen og annen øvrig informasjon. Formålet er å vurdere hvorvidt det foreligger vesentlig inkonsistens mellom årsberetningen, annen øvrig informasjon og årsregnskapet og den kunnskap vi har opparbeidet oss under revisjonen av årsregnskapet, eller hvorvidt informasjon i årsberetningen og annen øvrig informasjon ellers fremstår som vesentlig feil. Vi har plikt til å rapportere dersom årsberetningen eller annen øvrig informasjon fremstår som vesentlig feil. Vi har ingenting å rapportere i så henseende.

Basert på kunnskapen vi har opparbeidet oss i revisjonen, mener vi at årsberetningen

- er konsistent med årsregnskapet og
- inneholder de opplysninger som skal gis i henhold til gjeldende lovkrav.

Ledelsens ansvar for årsregnskapet

Ledelsen er ansvarlig for å utarbeide årsregnskapet og for at det gir et rettviseende bilde i samsvar med regnskapslovens regler og god regnskapsskikk i Norge. Ledelsen er også ansvarlig for slik internkontroll som den finner nødvendig for å kunne utarbeide et årsregnskap som ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller utilsiktede feil.

Ved utarbeidelsen av årsregnskapet må ledelsen ta standpunkt til selskapets evne til fortsatt drift og opplyse om forhold av betydning for fortsatt drift. Forutsetningen om fortsatt drift skal legges til grunn for årsregnskapet så lenge det ikke er sannsynlig at virksomheten vil bli avviklet.

Revisors oppgaver og plikter ved revisjonen av årsregnskapet

Vårt mål er å oppnå betryggende sikkerhet for at årsregnskapet som helhet ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller utilsiktede feil, og å avgi en revisjonsberetning som inneholder vår konklusjon. Betryggende sikkerhet er en høy grad av sikkerhet, men ingen garanti for at en revisjon utført i samsvar med ISA-ene, alltid vil avdekke vesentlig feilinformasjon. Feilinformasjon kan oppstå som følge av misligheter eller utilsiktede feil. Feilinformasjon er å anse som vesentlig dersom den enkeltvis eller samlet med rimelighet kan forventes å påvirke de økonomiske beslutningene som brukerne foretar på grunnlag av årsregnskapet.

Som del av en revisjon i samsvar med ISA-ene, utøver vi profesjonelt skjønn og utviser profesjonell skepsis gjennom hele revisjonen. I tillegg:

- identifiserer og vurderer vi risikoen for vesentlig feilinformasjon i årsregnskapet, enten det skyldes misligheter eller utilsiktede feil. Vi utformer og gjennomfører revisjonshandlinger for å håndtere slike risikoer, og innhenter revisjonsbevis som er tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon. Risikoen for at vesentlig feilinformasjon som følge av misligheter ikke blir avdekket, er høyere enn for feilinformasjon som skyldes utilsiktede feil, siden misligheter kan innebære samarbeid, forfalskning, bevisste utelatelser, uriktige fremstillinger eller overstyring av internkontroll.
- opparbeider vi oss en forståelse av intern kontroll som er relevant for revisjonen, for å utforme revisjonshandlinger som er hensiktsmessige etter omstendighetene, men ikke for å gi uttrykk for en mening om effektiviteten av selskapets interne kontroll.
- evaluerer vi om de anvendte regnskapsprinsippene er hensiktsmessige og om regnskapsestimatene og tilhørende noteopplysninger utarbeidet av ledelsen er rimelige.
- konkluderer vi på om ledelsens bruk av fortsatt drift-forutsetningen er hensiktsmessig, og, basert på innhentede revisjonsbevis, hvorvidt det foreligger vesentlig usikkerhet knyttet til hendelser eller forhold som kan skape tvil av betydning om selskapets evne til fortsatt drift. Dersom vi konkluderer med at det eksisterer vesentlig usikkerhet, kreves det at vi i revisjonsberetningen henleder oppmerksomheten på tilleggsopplysningene i årsregnskapet, eller, dersom slike tilleggsopplysninger ikke er tilstrekkelige, at vi modifierer vår konklusjon. Våre konklusjoner er basert på revisjonsbevis innhentet frem til datoen for revisjonsberetningen. Etterfølgende hendelser eller forhold kan imidlertid medføre at selskapet ikke kan fortsette driften.
- evaluerer vi den samlede presentasjonen, strukturen og innholdet i årsregnskapet, inkludert tilleggsopplysningene, og hvorvidt årsregnskapet gir uttrykk for de underliggende transaksjonene og hendelsene på en måte som gir et rettviseende bilde.

Vi kommuniserer med styret blant annet om det planlagte innholdet i og tidspunkt for revisjonsarbeidet og eventuelle vesentlige funn i revisjonen, herunder vesentlige svakheter i intern kontroll som vi avdekker gjennom revisjonen.

Oslo, 15.05.2024
Deloitte AS

Grete Elgåen
statsautorisert revisor
(elektronisk signert)

Uavhengig revisors beretning

Name

ELGÅEN, GRETE

Date

2024-05-22

Identification

 bankID™ ELGÅEN, GRETE



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