

Policy			
Issued by:	Approved by:	Originally issued:	Revision date:
FIHR	Board of Directors	08.06.2021	20.12.2022

## Norfund's Risk Appetite

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The Norfund Act states that *«The purpose of Norfund is to assist in developing sustainable business and industry in developing countries by providing equity capital and other risk capital, loans or guarantees. The object is to establish viable, profitable undertakings that would not otherwise be initiated because of the high risk involved».*

Norfund's mission is to create jobs, improve lives and support the transition to net zero, by investing in businesses that drive sustainable development. Through this we support development and poverty reduction in developing countries. This implies taking risks both by investing in high-risk countries and in enterprises that on the time of investment are not necessarily meeting the standards required by Norfund as a professional investor. Of the capital provided from The Ministry of foreign affairs, 25% is

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The risks that we must seek to minimize to an acceptable level through mitigation, and if uncovered triggers an active response, are primarily about how we operate and run our investment and other operational processes. This enables us to responsibly and prudently take on the risk appetite implicit in our mandate.

- Business integrity risk, including appropriate governance structures and zero tolerance for corruption
- Risks related to environmental, social and governance (ESG) compliance, as well as climate risk at investee level
- Risks connected to the health, safety and wellbeing as well as security of our employees
- Security and integrity of our IT-systems
- Integrity and reliability of our financial controls and payment systems

We minimize these risks by designing and implementing appropriate systems and processes, regular training, contractual requirements, internal control and compliance.

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