
CORPORATE SOCIAL RESPONSIBILITY POLICY (CSR POLICY)

SCOPE

IFU/IØ's (the Funds) overall mission is to enhance sustainable economic growth, development and more equitable income distribution by financing private sector investments in developing countries and reforming economies.

The Funds' investments in project companies shall on an ongoing basis contribute to the creation of jobs and income, improvement of corporate governance, sound environmental and social performance, and to development of the local communities. We seek to ensure that our investments will contribute continually to sustainable development.

The Funds are committed to securing high standards of CSR as a fundamental aspect of sound business management of the Funds' investments and business practice. The Funds' Supervisory Board, management, employees and advisers must conduct all their business operations in full accordance with the values and the spirit laid down in the CSR policy.

The Funds have signed up to the 10 UN Global Compact principles, and we are committed to implementing and advancing these together with the project companies and within the Funds' sphere of influence. The Funds' policy is based upon international UN, ILO and OECD conventions, declarations and agreements, and we hereby seek to contribute to the global achievement of the UN Millennium Development Goals.

ISSUES OF CONCERN

The main issues of concern covered by the Funds' policy are the following:

- **Human rights:** It is a fundamental value of the Funds to respect the basic human rights, and we cannot accept forced or compulsory labour and the use of child labour in activities, which are dangerous to the moral or physical well-being and development of the child. The Funds advocate non-discrimination and encourage the project companies to promote gender equality.
- **Labour rights:** The Funds require that all employees in the project companies have as a minimum the right to rest, reasonable limitation of working hours, periodic holiday, and reasonable remuneration. All employees must be allowed freedom of assembly and participation in workers' organisations.
- **Occupational health and safety (OHS):** Sound OHS procedures include application of principles of industrial hygiene, substitution of hazardous substances, establishment of work procedures and material safety data sheets and ensuring personal protective equipment. The Funds require that project companies establish joint labour-management health and safety committees.
- **Environment:** The Funds require that the project companies actively manage their environmental impact, and that they take actions to improve their environmental performance as appropriate. The project companies must support a preventive and precautionary approach to environmental challenges.
- **Climate change:** The Funds encourage the project companies to contribute to climate change mitigation and adaptation in accordance with the spirit of the Kyoto Protocol on Climate Change. The project companies should give attention to major contributions to climate change and consider appropriate measures to minimise the effect.
- **Anti-corruption:** The Funds do not accept corruption and bribery. The project companies or their representatives should not accept bribes in any form and should not provide improper benefits to customers, agents, contractors, suppliers, employers or to government officials. The Funds are members of Transparency International.
- **Excluded product areas:** The Funds do not finance projects, which produce goods and services that are prohibited in Denmark for any environmental, human rights or other CSR reasons.

- **Community development and society aspects:** The Funds encourage the project companies to contribute to the development of the local community within their ability and the scope of their core business and business concept. In countries seriously affected by the hiv/aids epidemic, the Funds require that an hiv/aids policy be adopted by the project companies.
- **Animal welfare:** The Funds require that animals used in food production, for other commercial purposes or for testing are treated properly. The Funds request that veterinarians and agriculture technicians do efficient controls and inspections.

RESPONSIBILITIES AND APPROACH

The Funds' CSR objectives and activities must be anchored in the business strategies of the project companies and must be fully adapted to and integrated into their procedures and operations. The Funds will induce each project company to adopt a written CSR policy, which clearly defines and describes its vision, strategy and operational guidelines. The project companies must strive to constantly improve their own CSR policies, standards and performance and promote these towards their suppliers where relevant.

The Funds will enhance and support the project companies directly and in cooperation with other investment partners and relevant stakeholders in identifying areas of improvement, determining action plans and strengthening their environmental and social management capacity. For this purpose, the Funds will make their experience and tools available and seek to mobilise support to development of competence in the project companies.

CSR objectives and activities of the project companies must be based on a thorough assessment and broad understanding of the interrelationship between the project company and the local community, taking into account the economic, political, cultural and social contexts and diversity in which they operate. The Funds have prepared a set of CSR appraisal and monitoring guidelines to assist in the implementation of the CSR policy.

LEGAL FRAMEWORK AND NORMS

Project companies must at all times be in compliance with host country legislation regarding CSR issues. Good CSR performance is defined by the norms of ethical behaviour in the various countries and is thereby under constant development. Therefore, the Funds and the project companies shall be in continuous dialogue with their stakeholders to be able to act proactively in accordance with their expectations and demands.

Whenever significant CSR issues are identified in a project, relevant international standards must be used as a baseline. In case of deviations, the project company must draw up and implement a CSR action plan to mitigate the issues within a reasonable timeframe. The CSR action plan must be approved by the project partners, including the Funds. In case of breach of the CSR policy the Funds are entitled to take the necessary measures including exiting the project company.

TRANSPARENCY AND STAKEHOLDER DIALOGUE

The Funds will provide transparent and accountable information about their own activities and achievements and constantly strive to improve the quality and extent hereof.

We encourage our investment partners and project companies to be transparent and informative about their businesses and CSR performance in order to create the best possible platform for a continuous and proactive stakeholder dialogue.

The Funds are committed to the principles of stakeholder engagement and will, where appropriate, engage in policy dialogue with their partners and with governments on issues related to CSR.

The above Corporate Social Responsibility Policy was approved by the Supervisory Boards of IFU and IØ on