IFU ANNUAL REPORT 2023

INVESTMENT FUND FOR DEVELOPING COUNTRIES

CONTENTS

This report covers activities in IFU and IFU managed funds for the financial year 1 January to 31 December 2023. The report also represents IFU's statutory statement on corporate social responsibility and gender diversity at management level, in accordance with section 99 a and b of the Danish Financial Statements Act. Furthermore, it serves as IFU's Communication on Progress to the UN Global Compact. See Sustainability and impact reporting principles on p. 70.

YEAR 2023

LETTER FROM THE CEO

2023 was an eventful year, which highlighted the important role of impact investments in emerging markets and developing economies.

Stocktaking at the halfway mark towards meeting the UN Sustainable Development Goals (SDGs) by 2030 showed progress in some important areas, but also that lack of funding is a major challenge. Economic conditions and geopolitical tensions continued to affect the regions where IFU invests. 2023 was also the warmest year ever recorded globally, reminding us that climate change is already dramatically impacting peoples' lives, not least in developing countries.

To tackle these challenges there is a strong need for action. There are many opportunities for investment in private enterprises with both a commercial return as well as impact on the SDGs and global climate goals. Development finance institutions like IFU play an important role to unlock more capital for private sector businesses to grow, create jobs, pay taxes, and help increase prosperity in their countries.

IFU invested DKK 1.3 billion in 2023

IFU invested DKK 1.3bn in 2023 across Africa, Asia, Latin America and Ukraine, which was eight per cent lower than in 2022. More than DKK 635m was invested in green energy & infrastructure, including renewable energy, landfill reclamation, handling of e-waste and energy efficiency. IFU also continued to invest in microfinance and financial institutions, sustainable food and healthcare.

Recording a profit of DKK 146 million

IFU recorded a profit of DKK 146m in 2023. This was a large improvement from the loss of DKK (57)m in 2022, which was especially impacted by the war in Ukraine. IFU's share of the strong results in the Danish SDG Investment Fund and improved interest income from the loan portfolio contributed to the financial result in 2023. It was also possible to partly reverse provisions made in 2022 on IFU's loan portfolio in Ukraine based on good general performance despite the difficult circumstances, and because regulations allowed servicing of IFU loans to resume. These positive factors overcame significant local currency depreciation in many of the countries in which IFU operates.

Creating solid impact

The investments in IFU's portfolio supported more than 400,000 direct jobs, over 500,000 smallholder farmers and 20 million microfinance clients, of whom close to 80 per cent were women. In this year's annual report, we have further expanded corporate sustainability information to increase transparency and in anticipation of new reporting requirements. This is a comprehensive task, but it will further improve our management of sustainability risk and opportunities - in line with our aspiration to be a leading impact investor.

Doubling IFU's capital under management

Building on IFU's evolution and results over the last several years, the Danish government announced a reform of IFU in 2023, which is set to double our capital under management towards 2030. Based on annual capital injections, access to the state on-lending facility and mobilisation of capital from private investors, IFU will be able to significantly increase investments toward our impact priorities of climate action, Africa as well as poor & fragile states, including Ukraine.

Building on this, IFU has adopted a new strategic plan structured to set us on a clear path to deliver impact and return at a greater scale. These efforts include the fundraising for the new Danish SDG Investment Fund II. The first Danish SDG Investment Fund was launched in 2018 and is now fully invested. Including five new investments in 2023, the fund has invested a total of DKK 3.7bn in 27 project companies. Overall, the portfolio is performing well, and the fund is on track to deliver a solid return to the investors.

New executive management in place

The appointment of Lars Bo Bertram as IFU's next CEO was announced at the end of 2023, and he will take up the position on 1 June 2024. Along with the return of Lars Krogsgaard to IFU as CIO, this completes IFU's new three-member executive management group, which together with staff will be highly motivated to seize the new opportunities that have opened for IFU.

Søren Peter Andreasen
Acting CEO

IFU AT A GLANCE

The Investment Fund for Developing Countries (IFU) is Denmark's development finance institution. It was founded in 1967 and is financially supported by the Danish State and acts as an integrated part of Denmark's development and global climate policy, governed by the Danish Act on International Development Cooperation.

IFU makes financially viable investments together with professional commercial partners to unlock capital for private sector businesses in emerging markets and developing economies in pursuit of the UN Sustainable Development Goals. IFU has launched a number of partnerships to mobilise institutional and private investors, and also manages a range of complementary development finance tools.

To promote sustainable development in the countries where IFU invests, all investments are made in pursuit of impact priorities aiming at creating green, just and inclusive societies.

Green societies will support climate mitigation and/or adaptation, circular economy, pollution prevention and control, sustainable protection of water and marine resources, and/or the conservation or restoration of biodiversity and ecosystems.

Just and inclusive societies will reduce inequalities and poverty by addressing the fact that billions of people lack access to essential goods, services and basic human rights. Gender is an important dimension of inequality addressed by IFU, together with a just and fair transition that focusses on the bottom of the income pyramid, poor & fragile states as well as the underserved.

IFU's investments are focused in four primary sectors:

- Green energy & infrastructure
- Financial services
- Sustainable food systems
- Healthcare

Female welder at Dana Metal Ukraine.

"One IFU" overview* - IFU's impact capital under management

IFU's own account and facilities – state capital and borrowing	**IFU managed funds** – with participation of private investors	**IFU managed facilities** – on behalf of public donor partners
• **Investment Fund for Developing Countries (IFU)** • **On-balance sheet facilities:** - Denmark's Green Future Fund - High Risk High Impact Initiative - Project Development Programme - Neighbourhood Investment Facility - India Climate Finance Initiative - IFU Sustainability Facility • **Investment Fund for Central and Eastern Europe (IØ)** (separate account)	• **IFU managed funds with capital contribution of 40 % from IFU and 60 % from private investors** - Danish SDG Investment Fund - Danish Climate Investment Fund - Danish Agribusiness Fund • **IFU Investment Partners** (co-investment facility for private investors)	• **IFU managed on behalf of Danida:** - Danida Sustainable Infrastructure Finance (DSIF) - Project Development Facility (for DSIF) - IFU Development Guarantee Facility (DGF) • **Grant facilities:** - Neighbourhood Energy Investment Fund

* The present annual report is reporting on activities and impact deriving from IFU's own account and facilities as well as IFU managed funds. Financial accounts presented is related to the first column only with the exception of IØ.

As illustrated in the overview, IFU's combined activities span across its own account and facilities, IFU-managed funds with participation of private investors, and facilities managed by IFU on behalf of public donor partners. Based on its investment strategy, IFU provides risk capital in the form of equity, loans and guarantees to companies and projects operating in OECD DAC defined developing countries across Africa, Asia, Latin America and parts of Europe.

>

IFU and IFU managed funds overall

Over time, IFU and IFU managed funds have invested in 1,346 projects covering more than 100 different countries in Africa, Asia, Latin America and Europe.

At year-end, the active portfolio covering all funds contained 161 project companies. Total expected investment in the active portfolio is DKK 107bn, of which IFU has contributed 11bn.

This makes IFU the most experienced Danish investor in developing countries and emerging markets.

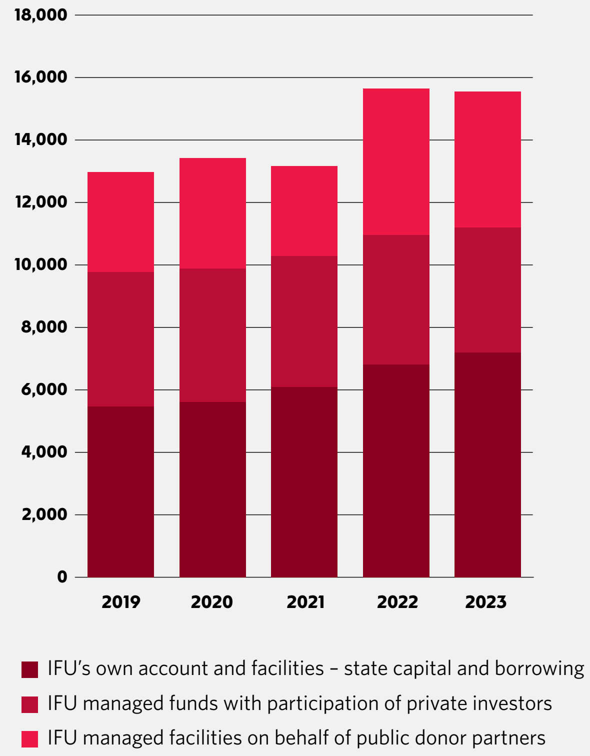
As per 2023, total capital under management by IFU was DKK 15.5bn.

Active portfolio at 31 December 2023 (no.)

Investment Fund for Developing Countries (IFU)	135
Danish SDG Investment Fund (SDG Fund)	22
Danish Climate Investment Fund (DCIF)	7
Danish Agribusiness Fund (DAF)	3
IFU Investment Partners (IIP)	3
Investment Fund for Central and Eastern Europe (IØ)	1
Total	**171**
Eliminations*	-10
Consolidated total	**161**

* Ten projects are eliminated due to inter-fund investments, or because they have received financing from more than one fund.

Development in capital under management in DKKm



Note: Comprised of i) IFU and IØ equity, loan facilities from Danmarks Nationalbank (drawn and available) and the Nordic Investment Bank (outstanding) and capital procured from the EU ii) for the PPP funds (SDG, DCIF, DAF and IIP) either capital from private investors (the investment period) or private investors share of NAV plus undisbursed commitments (holding period) iii) guarantees outstanding for DSIF and outstanding and available guarantee amount under the IFU Development Guarantee Facility. See detailed overview in section "Reporting on funds and facilities managed by IFU".

EXECUTIVE SUMMARY 2023

INVESTMENTS

- IFU and IFU managed funds contracted investments of DKK 1.3bn in 2023
- Investments were made in 17 project companies
- Almost half of the new investments were made in green energy & infrastructure
- The Danish SDG Investment Fund became fully invested
- The new India Climate Finance Initiative made its first investment
- Capital under management was DKK 15.5bn
- IFU's financial result was a profit of DKK 146m

EXPECTED IMPACTS - NEW INVESTMENTS

- Supporting close to 18,000 direct jobs
- Adding local value of DKK 2bn annually
- Installing up to 300 megawatts of renewable energy
- Avoiding greenhouse gas (GHG) emissions of 3.3 million tCO_2e
- Enabling access to credits for around one million clients
- Supporting 30,000 smallholder farmers
- Cultivating 300,000 hectares of climate smart agriculture land
- Treating 700,000 patients for cancer-related diseases

REALISED IMPACTS – PORTFOLIO COMPANIES

- Close to 420,000 people were employed by the portfolio companies
- Installed close to 2,800 megawatts of renewable energy capacity
- Generated more than 5,000 gigawatt hours (GWh) of renewable energy
- Avoided GHG emissions of a total of 3.5 million tonnes CO_2e
- Avoided GHG emissions attributed to IFU was 380,000 tCO_2e
- Carbon footprint of IFU's portfolio was 767,278 tCO_2e
- Served more than 20 million clients with microfinance
- Close to 80 per cent of the microfinance clients were women
- Served more than 40,000 SME clients
- Supported more than 500,000 smallholder farmers
- More than 80 per cent of portfolio companies had a written sustainability policy

MILESTONES OF 2023

NEW EXECUTIVE MANAGEMENT IN PLACE

Lars Bo Bertram has been appointed as new CEO of IFU. He brings solid experience from managing important financial institutions, including Bankinvest, where he has served as CEO since 2015. He will be assuming the position as CEO of IFU on 1 June 2024. Lars Krogsgaard has rejoined IFU as CIO, a role he also had from 2019 - 2022. This completes IFU's new three-member executive management group that also includes Deputy CEO Søren Peter Andreasen.

NUMBER ONE IN HUMAN RIGHTS

Danish Institute for Human Rights ranked IFU as the best performing among 22 of the largest private Danish financial institutions in a benchmark study on human rights polices and self-reported human rights due diligence practices. IFU has for several years been working intensively with human rights in its investment process, but still has the ambition to improve.

NEW VALUES FOR A SUSTAINABLE FUTURE

During the year, IFU's staff debated and developed a new set of values that will guide future efforts as colleagues and responsible investor promoting sustainable development for people and planet. The new values underline that we care for the future, strive with courage to meet our goals, and believe in teamwork and partnership as essential for delivering results. See the values on p. 15.

MANAGEMENT'S REVIEW

NEW CAPITAL WILL BOOST IFU'S INVESTMENT AND IMPACT

The Danish government announced a reform of IFU in 2023 to boost IFU's ability to contribute to solving global challenges and to realise the government's development policy objectives. The reform will more than double IFU's capital under management towards 2030 and enable IFU to mobilise more capital from Danish international and private investors. Consequently, IFU will significantly increase its investment activity in support of the SDGs. The new capital plan for IFU builds on a significant strengthening of IFU's impact investment approach and strong results over the last several years.

The key priorities and strategic guidance for IFU in the coming years was also laid down in a new ownership document approved by the Danish Minister for Development Cooperation and Global Climate Policy in 2023. The document forms the foundation for IFU's strategic direction and sets expectations to deliver results at a greater scale. The key impact priorities include mobilisation of private capital towards climate finance, Africa, as well as poor & fragile states, including Ukraine.

KEY IMPACT PRIORITIES INCLUDE MOBILISATION OF PRIVATE CAPITAL TOWARDS CLIMATE FINANCE, AFRICA, AS WELL AS POOR & FRAGILE STATES, INCLUDING UKRAINE

DKK 20 billion in new capital

In total, the new capital plan is expected to provide IFU with additional capital of DKK 20.2bn between 2024 – 2030. The new capital is distributed on new equity injections, loans through access to the central government's on-lending scheme at Danmarks Nationalbank, and private investors.

DKK 3.5bn will be provided as a capital injection from the Danish State based on an annual contribution of DKK 500m, and DKK 8.3bn is made available through loan financing from Danmarks Nationalbank, which includes DKK 800m earmarked to the Danish SDG Investment Fund II. Additional DKK 3bn are expected in commitments from private investors to the fund with a total target for the fund of DKK 5bn. Finally, 5.4bn is funding for Danida Sustainable Infrastructure Finance (DSIF), which will be financed through loan financing from Danmarks Nationalbank and managed by IFU. The loan financing for the Danish SDG Investment Fund II and DSIF will be guaranteed by the Danish State. IFU will invest the increased capital in the period 2024 to 2030 and gradually increase its annual investment activity with an expectation of more than doubling annual activity by 2030. The capital will significantly increase IFU's capacity to invest and mobilise capital towards all the key impact priorities.

New strategic plan to set IFU on the right path in the next three years

The new capital and impact priorities mark a strategic shift for IFU. A new strategic plan will guide IFU towards delivering results at a greater scale while maintaining the current focus on environmental and social transformation. 2024 will be a year of transition for IFU, as the CEO succession will be completed and new funding and mandates will be secured.

IFU will have more scope to address a range of investment opportunities and risk profiles. The combination of IFU's strengthened capital, SDG Fund II, access to on-lending, and a broad range of development finance tools gives IFU a strong offering across risk profiles and investee maturity. In addition, IFU will continue to refine its mandates and investment strategies, and during 2024 IFU will also update the strategies for its infrastructure finance and guarantee facilities, as well as IFU Impact Ventures and new blended finance facilities.

A significant boost to IFU's capacities and transformation will be needed to deliver results at a greater scale. Four key areas of strengthening have been defined in the strategic plan: 1) organisation, values & culture, 2) communications, 3) data & technology, and 4) governance, risk and compliance. In each of these four areas, the focus has been identified on gaps to be closed, and detailed plans have been made to set the direction for the efforts needed.

At the SASAII CT Station project, Cape Town, South Africa.

IFU'S STRATEGY FOR MAKING INVESTMENTS AND CREATING IMPACT

INVESTMENT AND IMPACT STRATEGY

There is a strong need for investing in private businesses in emerging markets and developing economies that can promote green energy solutions, develop sustainable food production, as well as increase access to financial services and quality healthcare. The opportunities are there. But often, private investors perceive the risks in these markets to be high and hesitate to proceed on their own and at a large scale. IFU's job is to unlock more capital for private sector businesses to grow, create jobs, pay taxes, and help increase prosperity in their countries. The business model is unique, as we use public funds as a lever for bringing private investors, partners and companies together in these much-needed investments.

IFU's theory of change is illustrated in the investment and impact model shown below.

IFU'S INVESTMENT AND IMPACT MODEL

Investing risk capital in private companies in developing countries with the purpose of creating impact and return to investors.

INVESTEES

INPUT

IFU invests...
- Capital
- Knowledge and competencies
- Experience

in private companies in developing countries

SECTOR

...into focus sectors
- Green energy & infrastructure
- Sustainable food systems
- Financial services
- Healthcare

having impact creation plans with specific targets

IFU

that are reinvested

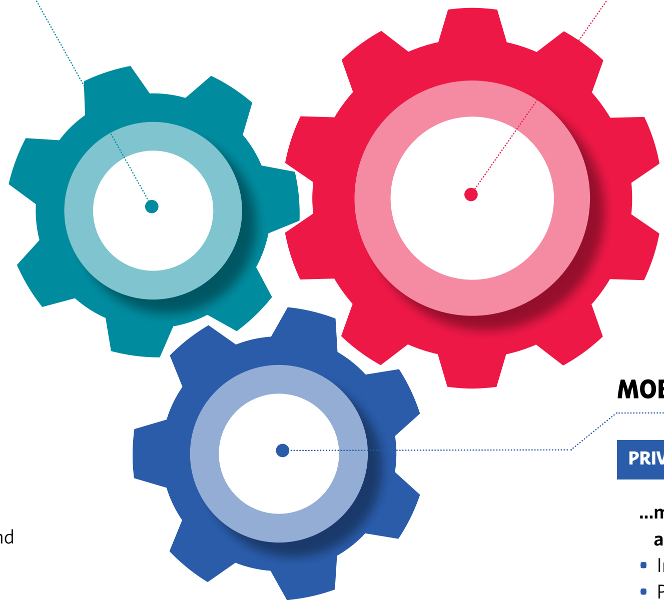
RETURN ON INVESTMENT

and commercial returns...
- Interest
- Dividends
- Capital gains

and value creation plans for generating profits

OUTPUT

...to achieve measurable results
- Circular business model
- Climate mitigation and adaptation
- Improved access to (basic) goods and services
- Quality jobs
- Women empowerment



SOCIETY

OUTCOME

...contributing to
- Decent work and economic growth
- Reduced inequality
- Climate action
- Gender equality

IMPACT

...ultimately contributing to impact priorities
- Building green societies
- Building just and inclusive societies

MOBILISATION

PRIVATE INVESTORS

...mobilising additional capital from and distributing earnings to
- Investors in the individual investments
- Pension funds and private investors in IFU public-private funds

By providing risk capital to private companies operating within well-defined sectors and having individual impact creation plans the investments generate measurable outputs. These for example include climate mitigation and adaptation, improved access to basic goods and services as well as quality jobs and women empowerment.

All investments must also have value creation plans for improving ESG performance and generating profit. This ensures that the business is viable in the long term, and can provide a return on the investment to IFU. As IFU is a revolving fund, returns are necessary for IFU's continued activity and are reinvested in new businesses in developing countries.

For the societies, companies' outputs are transformed into more general outcomes and impacts that support sustainable development, the SDGs and contribute to IFU's overall impact priorities.

Moreover, IFU investments mobilise additional capital from local as well as international investors thereby increasing the value and output of the companies, and the overall impact.

Impact priorities

IFU's investment strategy defines two impact priorities that steer the selection of new investments, based on the investments' potential to assist developing countries in improving the livelihood of people without jeopardising global sustainability. The priorities are:

Building green societies: Green societies will assist the world in reducing the use of resources, limiting the global temperature rise through climate mitigation, contributing to a circular economy, and allow developing countries to pursue a path of sustainable production and construction. Climate adaptation and biodiversity protection are at the core of the green transition and essential to building resilience.

Building just and inclusive societies: Just and inclusive societies are a necessity to reduce inequalities and poverty by addressing the billions of people lacking access to essential goods, services and basic human rights. Gender is an important dimension of inequality addressed by IFU, together with a just and fair transition that focusses on the bottom of the income pyramid and the underserved.

The impact priorities have associated targets that are strategic measures of IFU's progress and investments in climate action, gender equality, Africa and poor & fragile states.

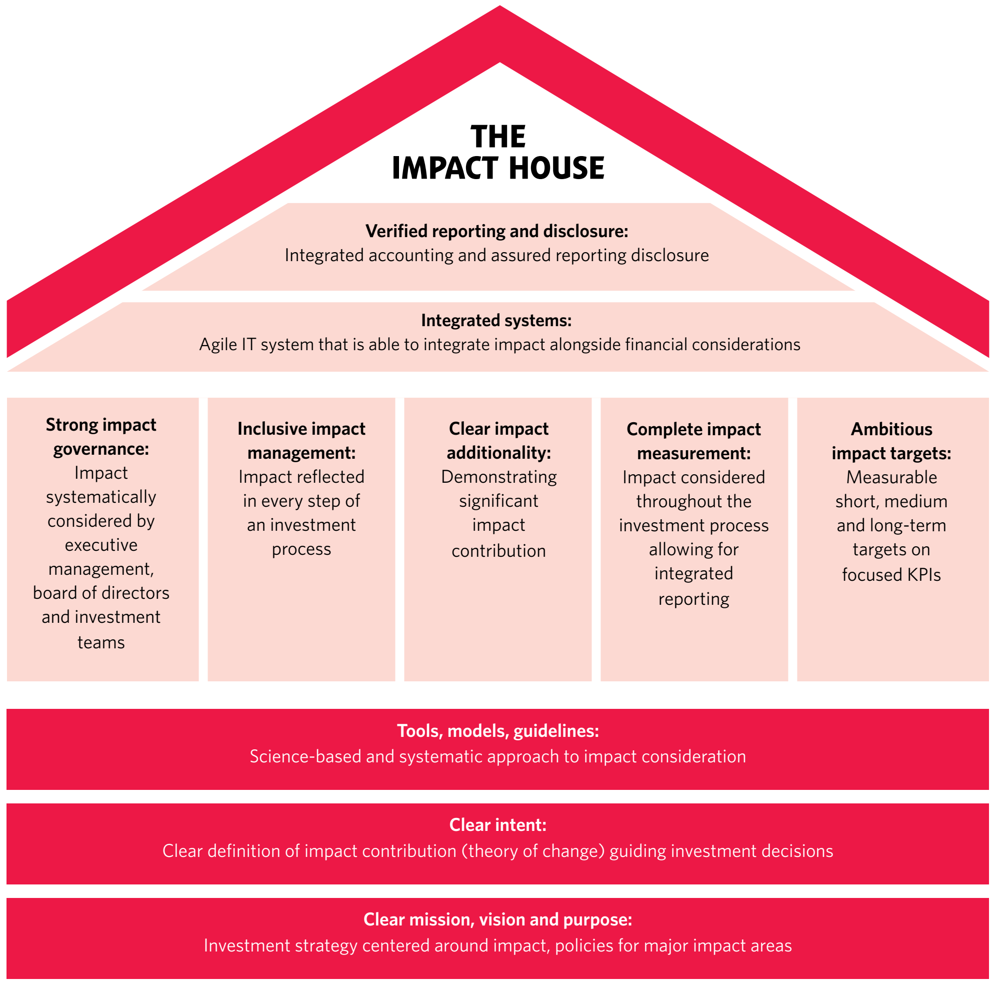
The UN has highlighted that core actions for the present decade are to tackle growing poverty, empowerment of women and addressing the climate emergency, and IFU's impact priorities and targets are directly linked to four of the SDGs: gender equality (SDG 5), decent work and economic growth (SDG 8), reduced inequalities (SDG 10) and climate action (SDG 13). IFU tracks impact in relation to these at portfolio level, along with the mobilisation of private capital for development, see p. 17.

Across the investments, IFU has a strong focus on improving living conditions and livelihood for low-income people. This is achieved by supporting smallholder farmers, providing microfinance, increasing access to energy and water, as well as extending healthcare services, for example. Thus, impacts in relation to additional SDGs are sector-specific and are included and monitored in relation to the four primary focus sectors, in which IFU invests, see p. 20-33.

Approach to impact management

IFU has developed a bespoke approach to impact management as presented by the impact house, representing the necessary elements required to be a leading impact investor.

This approach has been adopted from interactions with EDFI counterparts and IFU stakeholders and is based on the OECD-UNDP Impact Standards for Financing Sustainable Development. The approach is also guided by the Operating Principles for Impact Management (OPIM), which IFU has been a signatory of since 2019. Independent assurance against OPIM principles was conducted in 2021 and is due again in 2024. IFU embraces the five dimensions of impact, the foundation of global impact management frameworks, as set forth by the Impact Management Project (IMP), or now called Impact Frontiers.



Progress on impact management
IFU's self-assessment of progress against the elements of the impact house informs areas of internal focus and development, and the status in 2023 is disclosed below, to ensure transparency.

Improvements in impact management during 2023 included work done on tools, models, guidelines, and verified reporting and disclosure. For elements assessed as "Good" there is still room for improvement.

Stakeholder engagement
IFU is committed to actively engaging external stakeholders representing a wide variety of interests, knowledge and insights into topics that are relevant for IFU to consider when making private sector investments in developing countries. This allows IFU to respond to demands from IFU's owners and investors, as well as meet expectations from the investment partners in developing countries and local communities.

>

Elements of the impact house	Summary of ongoing internal work	Progress	
		2023	2022
Clear mission, vision and purpose	IFU has a strong policy framework and investment strategy centered around impact priorities, providing a clear purpose and alignment with the expectations of IFU's board and owners. The investment strategy for 2024-2026 is being strengthened on the basis of the Ministry of Foreign Affairs' recent strategy for IFU. This includes increasing capital allocations for impact investment.	Strong	Strong
Clear intent	IFU has a focused screening process, see p. 53, that promotes the selection of investments in high impact and priority sector areas, and IFU is strengthening its sector strategies to sharpen investment sourcing. In 2023, IFU streamlined the theory of change approach and tools and conducted training to improve communication and measurement of impact for each investment.	Strong	Strong
Tools, models, guidelines	IFU has various tools supporting the investment process and ensuring the delivery of impact. Tool and process development is ongoing, and in 2023, IFU developed a new toolbox for business integrity due diligence, see p. 54.	Strong	Good
Strong impact governance	Impact is a shared and joint responsibility across IFU and a key consideration at investment committee and board meetings. Investment teams are responsible for securing investments that deliver on IFU's portfolio targets. Annual performance of investment staff considers impact and sustainability assessment skills, as well as sourcing and managing investments that deliver on the investment strategy.	Good	Good
Inclusive impact management	Impact creation plans are developed early in the investment process and include impact targets for all new investments. The impact creation plan and impact targets are tracked during active ownership, see p. 55.	Good	Good
Clear impact additionality	Impact additionality is considered at investee, sector and portfolio level. In 2023, IFU's approach and tools to assessing additionality were further enhanced through collaborating with Technical University of Denmark (DTU) on additionality and aligning reporting with OECD guidelines. Further strengthening will be implemented through screening tool updates in 2024.	Good	Good
Complete impact measurement	Active ownership review is conducted quarterly and reported annually based on the annual sustainability and results framework reporting from investees. IFU is working on aligning reporting formats and datapoints with the requirements of the EU Corporate Sustainability Reporting Directive (CSRD).	Good	Good
Ambitious impact targets	Defined portfolio targets for climate action, gender equality as well as investment into Africa and poor & fragile states are defined and reviewed by IFU's board and stakeholders. Impact targets are defined for all new investments, through the results framework, see p. 55. In 2023, additional impact targets were introduced by the Ministry of Foreign Affairs.	Strong	Strong
Integrated systems	In 2023, IFU's data management system was improved through development of data warehouse to securely store and organise non-financial data. The improvements included development of a tool to check annual data collected from portfolio companies and allow for improved data analysis across sector teams and financial instruments in IFU.	Good	Good
Verified reporting and disclosure	IFU is working on aligning its annual sustainability reporting with the CSRD, and have in 2023 established a process for double materiality assessment and initiated a mapping of disclosure requirement gaps. Also, IFU reviewed the quality of data collected from portfolio companies.	Good	Under development

*Progress is assessed as strong, good or under development.

IFU acknowledges that the investments can create positive, as well as negative impacts, and that the value of the impact can vary depending on the interpretation by different interest groups and affected people. In addition, an initially positive impact can over time become a negative impact. This is for example the case for energy investments based on fossil fuel that used to be seen as a positive contribution to development, but now jeopardise the opportunity to improve peoples' lives within the boundaries of the planet due to GHG emissions and their contribution to climate change. This illustrates that defining impact is a moving target, and that IFU therefore continuously engages, discusses and defines the risks and opportunities, on a general level and for the individual investments. Where appropriate, IFU engages in general policy dialogue with relevant stakeholders in society on issues related to sustainability in line with informed consultation and participation, see p. 66.

Below is an overview of IFU's stakeholder engagements, including fora where IFU participates to keep up to date with stakeholder expectations and the international developments within sustainability and impact creation.

IFU's stakeholder groups	Why IFU engages with stakeholder group	How IFU organises the engagement	How IFU uses inputs from stakeholder group
Owner • Ministry of Foreign Affairs (MFA)	IFU's owner sets overall strategic direction and targets.	Regular meetings, with MFA observer sitting on IFU board.	Owner's inputs are implemented in IFU's investments strategy and impact priorities.
Investors • Danish pension funds • Other private investors	IFU's investors provide capital for investment in developing countries through public-private partnerships, aligned with IFU's investment strategy and supporting the SDGs.	Regular meetings and reporting to investors.	Investor needs and intentions are embedded into IFU's investment strategy and the sourcing of appropriate investment opportunities. Investor inputs form part of IFU's investment process and board decisions.
Investment partners in investments • European Development Finance Institutions (EDFI) • Multilateral development banks (MDBs) • Private impact funds	Investment partners include different public and private partners who co-invest and have valuable regional and global experience that adds to a best in class approach to impact investment.	Strong engagement with EDFI through attending meetings, participating in thematic working groups and annual reporting to EDFI. Engagement with MDBs and impact investors occurs as and when needed.	Investment partner inputs and experience provide inspiration, networks, standards and harmonisation and support value creation in investments, while maximising positive impacts to society.
Industry initiatives • UN Global Compact Network Denmark • DFI Gender Finance Collaborative • 2X Global • International Solar Alliance • Hipso • GIIN • OPIM	In order to develop a best in class approach to impact investing and monitor trends and technical advances in the field of sustainability, IFU engages with international organisations and global initiatives.	Attends meetings and webinars, with annual reporting to UNGP, 2X and OPIM.	Knowledge, approaches and tools that are relevant to IFU are incorporated into internal policies and procedures, as well as used to inform interventions in investees.
Civil society groups • IFU Sustainability Advisory Board (incl. Danish Institute for Human Rights, WWF Danmark, Danish Trade Union Development Agency, DanChurch Aid, Care Denmark, Danish Family Planning Association, Ethical Trade Denmark and FLSmidth,) • NGOs and think tanks, incl. Transparency International, CONCITO, etc. • Local communities	IFU recognises the importance of engaging with civil society groups, to stay informed on the global needs and expectations from for example NGOs and local community groups. Furthermore, IFU collaborates with key civil society organisations represented on the Sustainability Advisory Board. This provides both IFU and civil society organisations with insights into sustainability and developmental challenges and opportunities in developing countries.	IFU meets with the Sustainability Advisory Board twice a year and engages with other NGOs as required.	IFU uses insights gained from civil society interactions to strengthen its impact investment approach, specific due diligence work and/or active ownership.

IFU'S STAFF

Culture and values
IFU carried out a review of its organisational culture in 2023 in view of the changes in strategy and organisation in recent years. The review confirmed a very strong and positive culture in the organisation, and was the starting point for an update to the statement of IFU's core values, which reflects the way we believe we should work to fulfil the ambitions on the journey ahead of IFU.

Engagement and working conditions
IFU has a joint cooperation and health and safety committee (SMU) in place covering the entire organisation. The committee meets four times a year and consists of representatives from head office and regional offices. Engagement surveys and workplace assessments are conducted and followed-up upon on a regular basis. The mandatory workplace assessment under Danish health and safety legislation was carried out in 2023 and included regional offices. In addition to the mandatory part, questions on motivation and satisfaction were included, and compared to the engagement survey from 2022, there was a slight increase in employee motivation and satisfaction. The workload is an observation point for the organisation and underlines the importance of the current IT transformation and other internal efforts.

Key characteristics of the organisation
With the head office in Copenhagen and regional presence in Asia, Africa, Latin America and Europe, IFU works across geographies, and all jobs in IFU offer the opportunity to work and deliver results in a global context creating development, in line with IFU's impact priorities.

CARE FOR THE FUTURE
We are a responsible investor promoting sustainable development for people and planet.

STRIVE WITH COURAGE
We dare to push boundaries, acting with integrity and seeking to improve.

MAKE A DIFFERENCE TOGETHER
We trust, value and respect each other, and believe that teamwork and partnerships are essential for delivering results.

Per 31/12 2023	2023 people	Goal	2023 status
The board*	8 people, 5 female and 3 males	62.5/37.5	62/38
Executive Management	3 males	Na.	0/100
Second leadership level (leaders reporting to Executive Management)	13 people, 5 female and 8 males	38.46/61.54	38/62
Other leadership levels (Executive Management and second leadership level together)	15 people, 5 females and 10 males	40/60	33/67

*From the practice followed up till 2022, observers are not included as per the guidelines from the Danish Business Authority.

Gender composition
IFU's policy and objectives for the gender composition of the board and leadership positions in IFU has followed the guidelines of the Danish Business Authority, Section 11 (2) of the Danish Gender Equality Act and Section 99 b of the Danish Financial Statements Act. From 2023 IFU has decided to replace the previous practice and follow Act no 568 of 10 May 2022 instead.

Equal gender composition has been achieved at minimum 40/60, and targets must be set accordingly. Gender composition is based on the guiding overview of equal gender balance, provided by the Danish Business Authority[1].

Following this, a balanced gender composition is met on all levels other than 'other leadership levels', in 2023.

The target for IFU is to have a balanced gender composition in all managerial levels, following the guidelines for Act no 568 of 10 May 2022, by end of 2025. From 1 June 2024, IFU's executive management group will be composed of three males, who have been recruited recently, and it is therefore not expected that the target will bee achieved for this group by the end of 2025.

Since 2019, IFU has had a policy on gender equality in place. It is mainly directed towards IFU investments but contains a section on gender equality in IFU's own organisation. During 2024 the gender equality policy will be reviewed, including an overall action plan.

>

1) Vejledning om Måltal og politik for den kønsmæssige sammensætning af ledelsen og for rapportering herom, version 3.0 december 2022.

Capability building

A leadership development programme for all leaders and people managers was kicked off in 2023, focussing on leading IFU together in the context of amongst others the core values, talent development, employee experience and executing on the strategy to be a leading impact investor.

The requirements of the roles in the career path for investment professionals consider both impact and sustainability assessment skills, as well as sourcing and managing investments. Individual development plans focus on all parts of the roles and are followed up upon both mid-year and as part of the annual appraisal process.

Statistics on the organisation

All data is based on FTE	2023	2022
Full-time employees	105	98
Regional representation	17%	18%
Nationalities	26	18
Female employees	38%	40%
Average age of employees	42.3 years	43.5 years
Average seniority*	8.5 years	9 years
Employee turnover* **	4.94%	1.99%
New people onboarded	33	22

* Excluding students and others on hourly wage.

** Employee turnover has increased from 2022 to 2023, partly due to staff going into retirement.

Technology & Operations

IFU set up a new Technology & Operations department at the end of 2023 with the purpose of continuously driving digitalisation and enhancing operational excellence from one point of entry. The new team will be responsible for 1) optimizing operational capacities to support efficient and compliant investment processes and 2) leading IFU's digital transformation providing innovative, efficient, secure and agile IT solutions and enabling data-driven decision-making. The new department will play a key role in strengthening IFU's capacity to manage and deliver impact and return at a greater scale.

Data ethics

IFU continuously works on maintaining and improving its cyber security posture and data integrity. As new systems and IT services are implemented, protection of personal data, as well as data ethics considerations, are included in the architecture, following the privacy by design principles.

At the current stage, IFU does not use data extensively, apart from the data and processes required to comply with relevant legislation, or as part of our recruitment efforts, and hence no policy for data ethics is currently relevant.

To clarify, IFU does not:

- Collect and compile large amounts of data for analyses
- Use personal data for segmentation or profiling
- Share or sell personal data
- Harvest data on social media platforms

IFU does acquire data from third parties for due diligence purposes, including for anti-money laundering and know your customer purposes. This data is however not used for cross-referencing or in any way used as part of any mosaic efforts.

INVESTMENTS AND IMPACT TARGETS IN 2023

In 2023, IFU continued to make investments based on its own finances, including state sponsored facilities with specific purposes and public-private investment funds managed by IFU. Separate reporting on the facilities and the Danish SDG Investment Fund can be found on p. 34.

IFU and IFU managed funds contracted 17 investments at a total of DKK 1.3bn. DKK 1.2bn was distributed on ten investments in new projects, and DKK 90m was distributed on additional financing for seven ongoing projects.

The investments support IFU's ambition of contributing to creating green, just and inclusive societies in developing countries and emerging markets. To steer and track the investments towards these strategic impacts, several targets have been set as part of IFU's policies and priorities as well as in the ownership document approved by the Danish Minister for Development Cooperation and Global Climate Policy. This includes targets on supporting climate action, gender equality, as well as investments in destinations where private capital is needed the most, including Africa, lower and middle-income countries as well as poor & fragile states.

Specific emphasis is on IFU's ability to use its own funds to mobilise additional private capital, thereby enabling IFU to increase investments and impact across the strategic priorities.

Reporting on impact targets for 2023

The overall assessment is that the 2023 investments are in line with the strategic impact targets, except for investments in Africa and poor & fragile states where the results were below the targets. However, it is important to emphasize that the targets reflecting the positive impact of the mobilisation on capital related

Impact targets and results 2023

Impact priorities	Impact targets	SDG linkage	Result
Building green societies	**Climate**	13 CLIMATE ACTION	
	• Minimum 50 per cent of the volume of new direct investments contracted in the year must according to IFU's Climate Policy qualify as climate finance.		75 %
	• To reflect the positive impact effect of mobilisation of capital, minimum 50 per cent of all investments contracted in the year relative to the share of all investments funded by IFU's own capital must qualify as climate finance [1), 2), 3)].		122 %
Building just and inclusive societies	**Gender**	5 GENDER EQUALITY	
	• 30 per cent of the number of new investments contracted on the year must have a gender equality focus by being 2X Challenge eligible.		50 %
	Focus on lower and middle-income countries		
	• According to IFU's statutes, minimum 50 per cent of all investments measured over a three year rolling period must be in countries with a GNI of 80 per cent or less of the World Bank's definition of lower middle-income countries.		68 %
	Africa	8 DECENT WORK AND ECONOMIC GROWTH	
	• Percentage share of investments contracted in Africa by IFU's own capital.		23 %
	• Reflecting the positive impact effect of mobilised capital, minimum 50 per cent of all investments contracted in the year relative to the share of all investments funded by IFU's own capital must be in Africa [1), 2), 3)].		46 %
	Poor & fragile states	10 REDUCED INEQUALITIES	
	• Percentage share of investments contracted in poor & fragile states by IFU's own capital. [4)]		19 %
	• Reflecting the positive impact effect of mobilised capital, minimum 30 per cent of all investments contracted in the year relative to the share of all investments funded by IFU's own capital, must be in poor & fragile states [1), 2), 3), 4)].		22 %

1) In addition to new direct investments, all investments also include new indirect investments and additional financing for ongoing projects. All investments in the year were DKK 1,347m, of which DKK 610m was funded by IFU's own capital.
2) The calculation is based on a three-year rolling period. The target was introduced by MFA in the strategic ownership document for IFU in 2023 and hence, only one year of investments are included in this year's reporting.
3) Mobilised private capital is comprised of the part of investments funded by private capital in the manged funds or borrowings from Danmarks Nationalbank.
4) The definition of poor & fragile states is based on countries with a GNI of 50 per cent or less of the World Bank's definition of lower middle-income countries or are listed as fragile or conflict states by the World Bank

to investments in climate, Africa as well as poor & fragile states are calculated on a three-year rolling period. And as they were introduced in 2023, they can only be fully evaluated first time for the period 2023-25, still leaving room for IFU to meet the targets.

Climate action

New direct investments classifying as climate finance according to IFU's Climate Policy was DKK 509m. This amount corresponds to 75 per cent of the total volume of new direct investments of a total of DKK 679m during the year, thereby meeting the target that at least 50 per cent of new direct investments must support climate action.

To give IFU an incentive and reflect the positive impact of mobilisation of private capital to climate action, an additional impact target that minimum of 50 percent of all investments in the year relative to IFU's own capital must qualify as climate finance. In 2023, new direct, indirect investments and additional financing for ongoing projects classifying as climate finance was DKK 743m. Compared to IFU's total investment of own capital of DKK 610m in the year, the result was 122 per cent.

This illustrates that IFU was highly successful in mobilising private capital for climate finance, achieving a higher impact than would have been possible by own resources only. The total mobilised private capital was DKK 419m.

Improving gender equality

Assisting in creating gender equality in the companies in which IFU invests is a strategic impact priority. Consequently, IFU has set a target that at least 30 per cent of the number of new investments must be 2X Challenge eligible (see more about 2X Challenge at p. 53). In 2023, 50 per cent of the number of new investments met the target.

Focus on lower and middle income countries

IFU can invest in all DAC countries, but at least 50 per cent of investments must over a three-year rolling period be made in poorer developing countries with a maximum 2021 GNI per capita of USD 3,404 for investments contracted in 2023. The threshold is calculated as 80 per cent of the upper limit for Lower Middle-Income Countries, according to the World Bank's classification.

Investments in projects with a regional focus, typically fund investments, covering countries above and below the threshold, where the actual distribution is not yet known, are partially included. This is based on a weighted actual distribution for similar regional investments.

In 2023, 62 per cent of the investments were made in countries below the threshold, and over the three-year period 2021-2023, the percentage was 68.

Africa

Investing in Africa is a priority for IFU. In 2023, IFU invested DKK 142m of its own capital in Africa corresponding to 23 per cent of the total of IFU's own capital invested in the year.

To give IFU incentive to mobilise private capital, one of the impact targets is that minimum 50 per cent of all investments contracted in the year relative to the share of these investments funded by IFU's own capital must be in Africa. The result for the year was 46 per cent.

Even though IFU did not meet the target in the first year after it was introduced, IFU managed to directly mobilise additional private capital of DKK 141m thereby almost doubling investments in Africa compared to IFU's own resources only.

Poor & fragile states

Investing in poor & fragile states is very difficult due to high commercial and political risks, as well as general unpredictability. But despite that, or precisely because of that, investments in these countries are extremely important to drive development for the most vulnerable people on the planet.

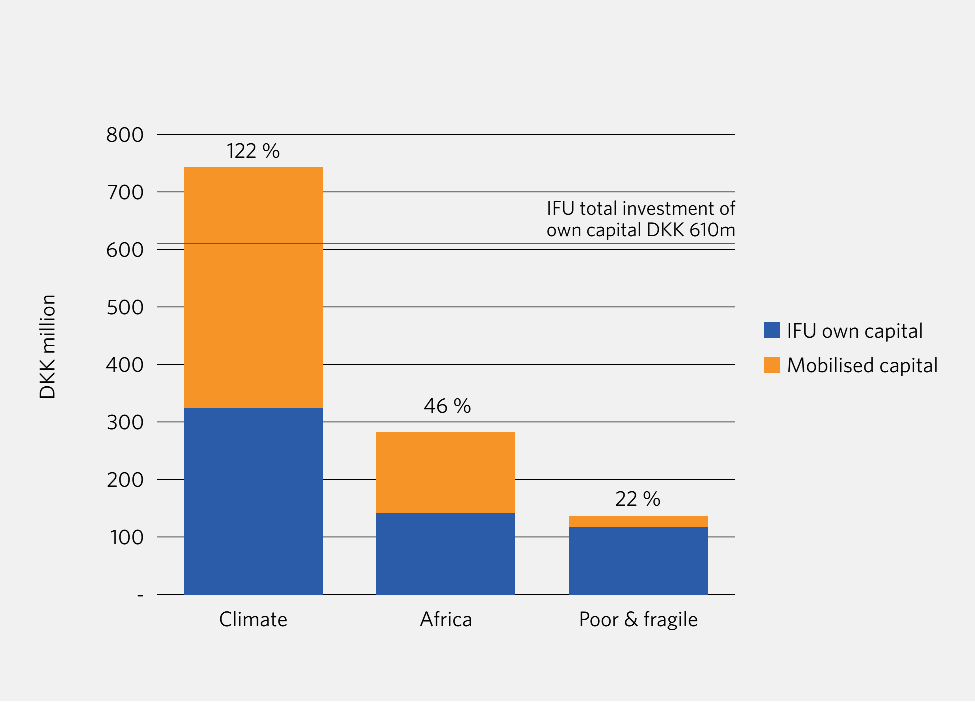
In 2023, IFU invested DKK 117m of its own capital in poor & fragile states. This was 19 percent of the total of IFU's own capital invested in the year.

To give incentive to increase focus on investments in the countries, minimum 30 per cent of all investments contracted in the year relative to the share of these investments funded by IFU's own capital, must be in poor & fragile states. The result for the year was 22 per cent, and the directly mobilised amount was DKK 19m.

Accordingly, IFU did not meet the 30 per cent target in the first year. Going forward, IFU will continue to strive to increase investments and mobilisation of capital to these economies while being mindful of the significant challenges involved.

>

Calculation of mobilisation KPIs



Expected impact from new investments
The new investments – direct as well as indirect – are also expected to create impact in the investment countries by supporting jobs, creating economic growth, adding infrastructure, providing services and improving ESG performance, for example. The general expected impacts are presented below. Sector-specific expected impacts can be found under the presentation of each sector.

Overall, it is expected that the new investments will support close to 18,000 direct jobs and an additional 30,000 indirect jobs. Moreover, it is estimated that the new projects will add value of DKK 2m to local economies, annually.

IFU's investments also support the objectives of the Rio Convention on biodiversity, climate change and desertification. In 2023, the investment calculated as so-called RIO-markers 1 and 2 including private mobilised private capital was DKK 870m.

Sustainability performance
It is IFU's experience that careful and continuous attention to sustainability in project companies is essential for creating value and impact. IFU encourages all project companies to work strategically with sustainability and formally anchor the activities in the business plans and daily practices.

Since 2015, project companies have been required to adopt a written sustainability policy and establish an environmental and social management system. All project companies are also required to publish a commitment against corruption, either included in a sustainability policy or a separate policy. Finally, since 2019, project companies have been required to appoint a person responsible for sustainability and establish a grievance mechanism for receiving, processing and settling complaints by individuals and communities.

These requirements are not always in place when IFU is contracting investments but must be implemented within a reasonable timeframe. Consequently, an important part of IFU's active ownership is to assist and ensure that this is achieved.

For the new investments made in 2023, the initial status is that 50 per cent of the project companies have a sustainability policy in place, 30 per cent have an environmental and social management system, 70 per cent have an anti-bribery and corruption policy, 60 per cent has appointed a person responsible for sustainability, and finally 40 per cent have an external grievance policy.

Solid progress achieved
Comparing with the portfolio it is evident that the implementation of these requirements is progressing over time, indicating that the project companies are gradually improving their sustainability performance.

For the 2022 portfolio, 82 per cent of the project companies have a sustainability policy in place, 66 per cent have an environmental and social management system, 84 per cent have an anti-bribery and corruption policy, 90 per cent has appointed a person responsible for sustainability, and finally 73 per cent have an external grievance policy.

It is important to note that the percentages for the portfolio fluctuate year on year because IFU contracts new investments every year that have not yet implemented the requirements, and exits investments that have. Consequently, the percentages for the portfolio will never reach 100 per cent.

Global Tea, an Africa regional project.

Sustainability performance baseline for new investments 2023

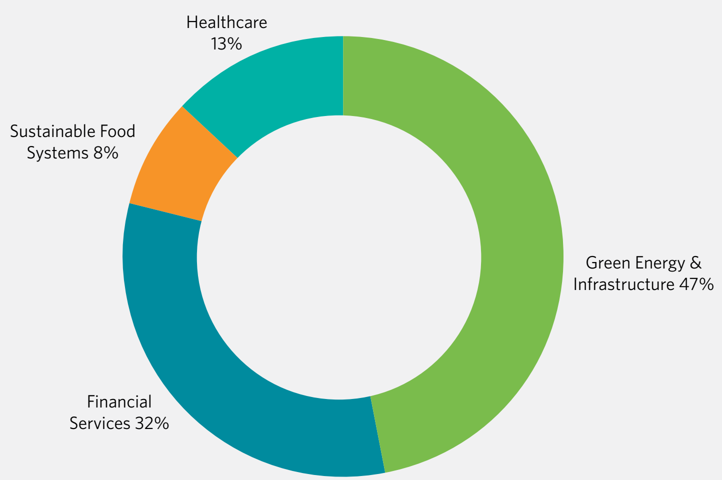
50%	**30%**	**60%**	**40%**	**70%**
Sustainability policy	Environmental & social management system	Person responsible for sustainability	Externial grievance mechanism	Anti-bribery & corruption policy

IFU'S INVESTMENT SECTORS, STRATEGIES AND IMPACT

Based on the impact strategy, IFU has decided to focus investments in four sectors. These are green energy & infrastructure, financial services, sustainable food systems and healthcare. Moreover, IFU has a priority for investments in Ukraine that support the resilience of the Ukrainian economy and assist the country in tackling the challenges deriving from the Russian invasion.

The distribution of the new investments made in 2023 on sectors is shown in the figure below. The main sector is green energy & infrastructure holding 47 per cent of the total investment volume, followed by financial services with 32 per cent, healthcare with 13 per cent and sustainable food systems with eight per cent. One small new investment in Ukraine is not allocated to sectors and thus not included in below distribution on sectors. Information on the investment is included in reporting on the Ukraine Facility on p. 44.

New investments 2023 - distribution on sectors



Sector by sector presentation

The sector strategies further develop and specify which impact priorities are in focus when building pipeline and entering new investments. Based on the results framework, which is an integrated part of the individual investments, IFU can estimate the expected impacts from new investments made in the year and through annual reporting from the investments measure the impacts achieved.

In below reporting, the achieved impacts are calculated on the active portfolio and the outstanding investment amount of that portfolio at year-end 2022. This is because impact reporting for the project companies is trailing one year behind.

In the following sections, each of the four sectors are presented, including the specific sector strategy, impact priorities, expected and achieved impact results. These four sectors only represent a part of the current total portfolio as there is still several so-called legacy investments that were contracted before the sector focus was introduced in 2020. At year-end of 2022 the legacy projects counted for 16 per cent of the total portfolio outstanding investment amount.

GREEN ENERGY & INFRASTRUCTURE

FINANCIAL SERVICES

SUSTAINABLE FOOD SYSTEMS

HEALTHCARE

GREEN ENERGY & INFRASTRUCTURE

Lack of access to energy is a distinct challenge in developing countries. In Africa alone 600 million people are without access.

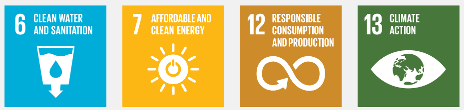
To support sustainable development that is in line with the Paris Agreement, a priority for IFU is to invest in increasing access to clean and affordable renewable energy from large-scale utility projects to residential home solar systems and off-grid solutions. Indirectly, this will lead to growing business activities and job creation as well as mitigating climate change.

Water is a scarce resource, and access to clean drinking water is generally low in developing countries. IFU invests in business models and companies within water and water management that will increase sustainable supply and improve access to water.

Moreover, IFU gives priority to waste recycling and management to address growing urban challenges such as sanitation, congestion and rising air pollution. Circular business models supporting the green transition and creating new local jobs are also promoted.

Across all areas IFU also focuses on energy efficiency as the most affordable way to decarbonise the economy and ensure reliable and renewable energy for all.

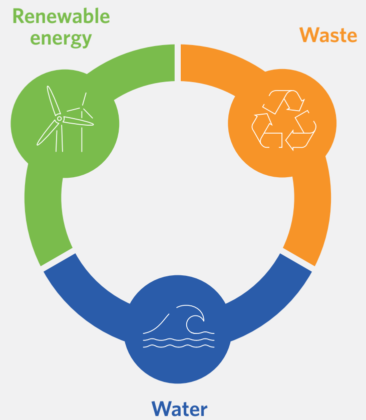
Selected SDGs



Impact priorities

- Clean, affordable renewable energy
- Waste recycling and management
- Energy efficiency
- Water access and management

Focus areas



Investments in 2023

In 2023, IFU made four new investments at a total of DKK 583m within solar power, landfill reclamation and energy efficiency. Moreover, additional finance was provided for three ongoing projects at a total of DKK 54m.

Expected impacts from new investments

The four new investments in renewable energy are expected to add 300 MW of renewable energy capacity and reduce GHG emissions by three million tonnes. Moreover, the investment in Blue Planet is expected to recycle four million tonnes of waste, including e-waste and waste from old landfills that will be reclaimed (see case p. 23).

INVESTMENTS CONTRACTED - GREEN ENERGY & INFRASTRUCTURE

Project name	Country	Fund/ facility	IFU's contracted investments in DKKm		
			Shares	Loans	Total
New projects					
Africa					
Nithio FI	Kenya	IFU/GFF/HRHI		74.6	74.6
Asia					
Blue Planet	India/Asia regional	SDG		246.4	246.4
Smart Joules	India	IFU/ICFI		53.2	53.2
Latin America					
Bright	Mexico	SDG	209.2		209.2
Additional financing of ongoing projects					
Asia					
Sainshand Salkhin Park LL	Mongolia	DCIF		0.5	0.5
Latin America					
NPP Coremas I-III	Brazil	DCIF		3.8	3.8
Ouro Branco wind complex	Brazil	IFU		50.0	
TOTAL					
Total new projects			**209,2**	**374.2**	**583.4**
Total additional financing				**54.3**	**54.3**
Total			**209.2**	**428.5**	**637.7**

EXPECTED IMPACTS - NEW INVESTMENTS

300 MW
renewable energy capacity installed

3 MILLION
tCO_2e avioded GHG emissions

4 MILLION
tonnes waste recycled

GREEN ENERGY & INFRASTRUCTURE

IFU's green energy & infrastructure portfolio
During the years, IFU has built a large portfolio within green energy & infrastructure. In total, the active portfolio at the end of 2022 consisted of 35 investments with a total outstanding invested amount of DKK 3.3bn.

The investments are distributed across regions with most of the outstanding investment amount in Europe (Ukraine) followed by Latin America and Asia counting for around one quarter each. 12 per cent of the outstanding investment amount was in Africa.

End of 2022, the project companies had installed and commissioned close to 2,800 megawatts of renewable energy based on wind, solar and hydropower. Total annual electricity production was more than 5,000 GWh that led to a total estimated avoidance of 3.5 million tonnes CO_2e. Based on IFU's share of the investment in the project companies 564,000 tonnes CO_2e avoidance can be attributed to IFU.

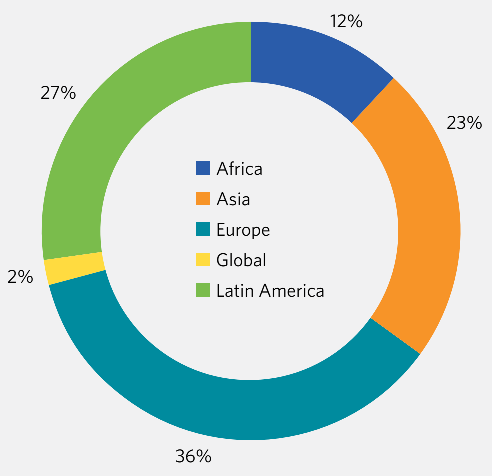
The investments supported around 15,000 direct jobs. 20 per cent of the employees were women, and 15 per cent young people under the age of 25.

Contributing to strategic impact targets
Even though each sector has specific impact priorities they contribute to the overall portfolio impact targets set for IFU. Obviously, the green energy & infrastructure sector has a high impact on IFU's efforts towards climate action with 95 per cent of the outstanding investment amount qualifying as climate finance.

One quarter of the outstanding investment amount is invested in companies that are or have plans to do an extra effort on gender equality, for example by being 2X Challenge eligible. Consequently, the project companies also contribute to building more just and inclusive societies by promoting women's rights and opportunities.

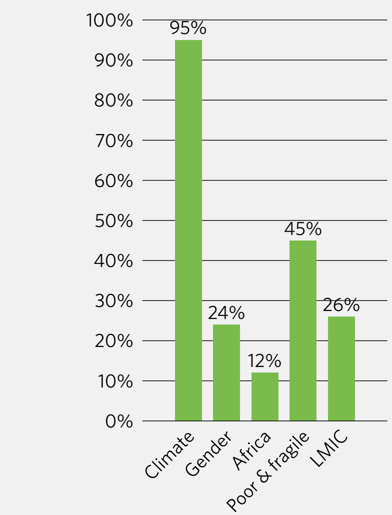
To a varying degree the investments also supports IFU's ambition to invest in Africa and lower and middle-income countries. Almost half the investments are made in poor & fragile states, mainly because IFU has several renewable energy investments in Ukraine. One quarter of the outstanding investment amount is in lower and middle-income countries and just above 10 per cent is in Africa.

Regional distribution of investments (%)



Contribution to strategic targets

Per cent of DKK 3.3bn outstanding in GEI per strategic priority




Lake Turkana Wind Power, Kenya.

GREEN ENERGY AND INFRASTRUCTURE IMPACTS

2,786 MW
renewable energy capacity installed

5,236 GWH
renewable energy generated

3.5 MILLION
tCO_2e avoided GHG emissions

GREEN ENERGY & INFRASTRUCTURE

CASE BLUE PLANET

Reducing waste – improving health

India produces approximately 62 million tons of waste annually, of which only 12 tons are treated before disposal. Blue Planet has successfully recovered over 500 hectares from old landfills and treated more than 12 million tons of waste, replacing the need for new materials and thus reducing CO_2 emissions.

Patented e-waste solution

As waste volumes are expected to more than double by 2030, there is a significant need for investments in innovative technologies and operations within the waste sector.

IFU's investment will further boost Blue Planet's capabilities in two key areas in India – landfill reclamation and e-waste recycling. The company plans to operate one of the largest e-waste recycling centres in India, recovering high-value materials from electronic waste components that are traditionally lost due to inefficient, inherently toxic, and outdated treatment methods. The investment also expands their ongoing activities in mining existing landfills, clearing the sites, thereby improving health for the local community.

FACTS

Investment year: 2023
Investment fund: SDG
IFU investment: DKK 246.4m
Expected total investment: DKK 358.3m

SDGs

Primary:

Secondary:

EXPECTED IMPACTS

850
full-time jobs supported

247,000
tCO_2e reduced/ avoided GHG emissions

4 MILLION
tonnes of waste recycled

FINANCIAL SERVICES

Globally, 1.7 billion people are unbanked. Furthermore, micro, small and medium enterprises (MSME) across the developing markets are often not able to access finance to grow their businesses. MSMEs are the growth engines for emerging economies, as well as the backbone for employment. They are providing billions of people with a livelihood and are critical to achieving the SDGs and climate goals.

By investing in financial services, IFU's ambition is to increase financial inclusion, drive economic growth and job creation, as well as reduce inequality. Moreover, the ambition is to work with financial institutions to promote their contribution to the green transition, and work towards increased adoption of digital technologies increasing resilience and outreach simultaneously.

Microfinance provides access to finance to people, not least in rural areas, through small loans that are used for livelihood enhancement activities. This helps improve their living conditions while also providing access to savings that help improve resilience. Most microfinance clients are women, who are empowered to improve their rights through access to finance.

Providing finance for banks and other financial institutions that serve MSMEs, is a priority as well. More small companies and entrepreneurs get access to financial services that help them grow their businesses and, in many instances, adopt greener practices.

As an equity investor, IFU's investments help financial institutions mobilise private capital from the market, multiplying IFU's impact. IFU has also embarked on providing green loans to financial institutions to promote energy efficiency, solar energy, etc.

Focus areas

INVESTMENTS CONTRACTED - FINANCIAL SERVICES

Project name	Country	Fund/ facility	IFU's contracted investments in DKKm		
			Shares	Loans	Total
New projects					
Asia					
Arohan	India	SDG	166.0		166.0
Ugro Capital	India	SDG	199.9		199.9
Europe					
Horizon Capital IV	Ukraine	IFU/UAF	33.9		33.9
Additional financing of ongoing projects					
Africa					
CRDB DRC subsidiary	Dr Congo	IFU/HRHI	15.8		15.8
TOTAL					
Total new projects			**399.8**		**399.8**
Total additional financing			**15.8**		**15.8**
Total			**415.6**		**415.6**

Selected SDGs

Impact priorities

- Inclusion
- Growth/jobs
- Green finance
- Gender equality

Investments in 2023
In 2023, IFU made three new investments at a total of DKK 400m within the financial service sector. These included an investment fund in Ukraine and two financial institutions in India. One is a microfinance institution, and one is a financial institution providing loans for small businesses. Moreover, additional finance was provided for an ongoing project at a total of DKK 16m.

Expected impacts from new investments
The new investments will further support the development of the financial sector in developing countries, where a large group of people and businesses do not have access to financial services. The new in-

EXPECTED IMPACTS - NEW INVESTMENTS

125,000
MSMEs provided with finance

1 MILLION
clients with no previous access to credit

FINANCIAL SERVICES

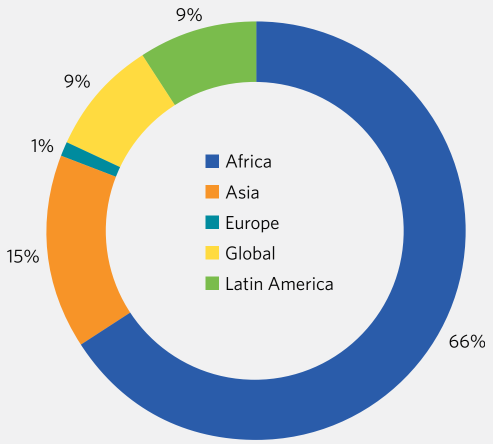
vestments are expected to provide financial services to around 125,000 micro, small and medium sized businesses and around one million clients that had no previous access to credit.

IFU's portfolio in the financial sector

Overall, IFU had an active portfolio of 59 investments within the financial sector at the end of 2022. Total outstanding invested amount was DKK 2.7bn. Two thirds of the outstanding portfolio were invested in Africa, where there is a distinct lack of access to financial services for people and businesses. 15 per cent was invested in Asia, nine per cent was invested in Latin America, and nine per cent in funds with a global mandate.

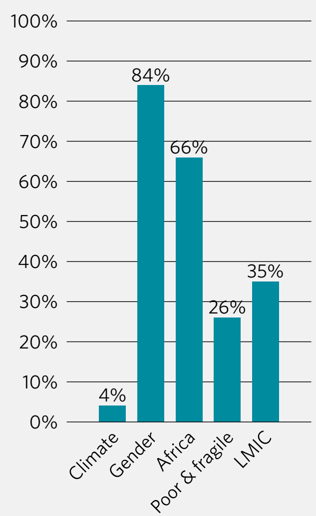
End of 2022, IFU had invested more than DKK 750m in microfinance institutions that served more than 20 million clients. Of these close to 80 per cent were women. The other financial institutions including banks reached 3.4 million clients and more than 40,000 small and medium sized businesses. Several of the investments are made in funds that provide capital and advisory services for local companies that are normally difficult for IFU to reach with direct investments. The active fund investments had a total portfolio of close to 300 local companies.

Regional distribution of investments (%)



Contribution to strategic targets

Per cent of DKK 2.7bn outstanding in FS per strategic priority



The financial institutions and investment funds are strong generators of jobs, and at the end of 2022 they supported over 385,000 direct jobs. More than 35 per cent of the employees were women, and one out of ten were young people under 25 years.

Contributing to strategic impact targets

The financial sector has a strong impact on IFU's overall portfolio impact targets. More than 80 per cent of the outstanding investments are in funds and institutions that support gender equality or have plans to do so. Two thirds of the outstanding portfolio are invested in Africa thus supporting IFU's efforts to increase investments on the continent and assist people in improving their livelihood and local companies in growing their business.

A quarter of the outstanding portfolio is invested in poor & fragile states, which in general are the countries with the highest risk and therefore have the greatest challenges in attracting foreign capital. This is for example the case in Somalia where IFU has invested in a fund, and in DRC where IFU has provided financing for a bank.

By providing financial services and supporting gender equality the financial sector investments are contributing to building just and inclusive societies.

The financial sector's contribution to climate action is limited to only four per cent. But in recent years IFU has increased its focus on supporting financial institutions and banks that are providing green loans and services, for example. Going forward, it is expected that the sector will increase its contribution to the green transition.

FINANCIAL SERVICES IMPACTS

755 DKK
million active investment in microfinance

20.8
million total microfinance clients

43,000
total SME clients of financial institutions

FINANCIAL SERVICES

CASE AROHAN

Close to two million women supported with microfinance
Arohan Financial Services is a leading microfinance institution in India serving around two million clients, of whom more than 98 per cent are women. The company's activities are spread across 15 states and 250 districts.

Wants to impact 20 million lives
Arohan has an ambitious goal. They want their investments to impact 20 million lives through their business initiatives. The impact is achieved through "Arohan Privilege," a first in the sector digital lending platform for microfinance borrowers that makes it future ready. Arohan will initiate the development of a climate strategy, which will include the initiatives around products targeting access to water & sanitation, home light appliances and more.

FACTS

Investment year: 2023
Investment fund: SDG
IFU investment: DKK 166m
Expected total investment: DKK 425m

SDGs

Primary:

Secondary:

EXPECTED IMPACTS

20 MILLION
lives impacted through business initiatives

HELPING
low-income states in India with low financial inclusion

INCREASED
range of financial services targeting women

SUSTAINABLE FOOD SYSTEMS

Producing enough food to feed the world population is a major challenge. Today, around 800 million people in the world do not have enough food to live a healthy, active life, and with a growing population food waste must be reduced and food production needs to increase. The latter will put further pressure on global warming, as 30 per cent of global GHG emissions stems from agriculture and food processing activities.

Consequently, an impact priority for IFU is to invest in climate-smart farming that can increase access to healthy and affordable food products with high nutrition. In all investments, there is a strong focus on supporting cultivation and production methods that reduce GHG emissions and increase yield.

As developing countries are the most vulnerable and less prepared for climate change, IFU also has focus on adaptation, including drought resilient crops and irrigation.

Selected SDGs

Impact priorities

- Access to healthy food products
- Energy efficient processing
- Food waste management
- Smallholder inclusion

Focus areas

Smallholder farmers are normally the main producers of food in developing countries. But the output per hectare is low, and often the farmers lack access to value-adding processing, as well as distribution systems, leading to low income levels. Therefore, IFU gives priority to investments that improve living conditions by supporting fair trade and increased productivity.

Annually, one third of all global food production is wasted. In developing countries most waste is due to inadequate and insufficient storage and distribution systems. An impact priority for IFU is therefore to invest in food waste management, as this will reduce pressure on land resources and GHG emissions, for example.

Investment in 2023

In 2023, IFU made one new investment at a total of DKK 105m in responsAbility. Moreover, additional finance was provided for one ongoing project at a total of DKK 11m.

Expected impact from new investments

responsAbility (see case p. 29) is an investment fund providing long-term financing to innovative agribusinesses within climate-smart food systems contributing to climate change mitigation, adaptation, increased productivity and rural livelihood improvements. Investments are made across Africa, Asia Pacific and Latin America.

The fund is expected to cultivate 300,000 ha of climate smart agriculture land and reach 30,000 smallholder farmers. Moreover, it is supposed to reduce GHG emissions and food waste.

INVESTMENTS CONTRACTED - SUSTAINABLE FOOD SYSTEMS

Project name	Country	Fund/ facility	IFU's contracted investments in DKKm		
			Shares	Loans	Total
New projects					
Global					
responsAbility CSA Fund	Global	IFU/GFF	105.2		105.2
Additional financing of ongoing projects					
Asia					
Scan. Farms Pig Ind.	China	IFU		9.4	9.4
Scan. Farms Pig Ind.	China	DAF		1.7	1.7
TOTAL					
Total new projects			**105.2**		**105.2**
Total additional financing				**11.1**	**11.1**
Total			**105.2**	**11.1**	**116.3**

EXPECTED IMPACTS - NEW INVESTMENTS

300,000
hectares of climate-smart agriculture land

30,000
smallholder farmers reached

>

SUSTAINABLE FOOD SYSTEMS

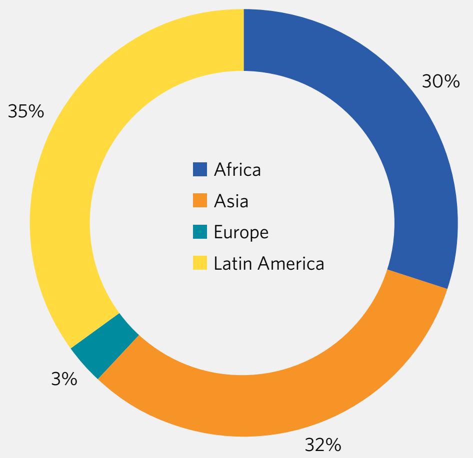
IFU's portfolio in sustainable food
Overall, IFU had an active portfolio of 17 investments within Sustainable Food at the end of 2022. Total outstanding invested amount was DKK 375m. The portfolio is distributed more or less equally with a third respectively in Latin America, Asia and Africa, and a small residual part in Europe (Ukraine).

End of 2022, the investments supported close to 6,000 direct jobs. Almost 40 per cent of the employees were women, and almost one quarter were young people under 25 years. In total, IFU's portfolio is supporting around 500,000 smallholders of which 86,000 are supported by investments in the portfolio of sustainable food systems. The remaining part are supported by investments within the financial service portfolio or by legacy projects including agribusiness investments that do not meet the criteria for being classified as sustainable.

Contributing to strategic impact targets
Sustainable food systems are also contributing to IFU's strategic impact targets. More than 80 per cent of outstanding investments are supporting gender equality or have plans to do so. 40 per cent of outstanding investments are in lower and middle income countries, 30 per cent in Africa and 24 per cent in poor & fragile states. This illustrates that the investments are contributing strongly to creating just and inclusive societies by improving gender equality and focus investments in countries where the agribusiness sector is highly dominant and holds a large proportion of smallholder farmers.

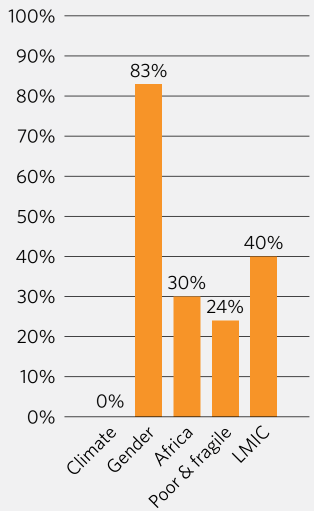
The 2022 portfolio did not include investments that qualified as climate finance. But focus is still on sustainable farming that contributes to the green transition and going forward it is expected that more investments in this sector will also qualify as climate finance. This is for example the case in the 2023 investment in responsAbility.

Regional distribution of investments (%)



Contribution to strategic targets

Percent of DKK 375m outstanding in SFS per strategic priority



Africa Coffee Roasters, Kenya.

SUSTAINABLE FOOD SYSTEMS IMPACTS

503,000
Smallholder famers supported

86,000
Small holder farmers supported by sustainable food system portfolio

6,000
direct jobs supported

SUSTAINABLE FOOD SYSTEMS

CASE RESPONSABILITY

Investing in climate-smart food systems
The current global food systems are responsible for roughly one third of GHG emission, and one of the main causes of biodiversity loss as well as nearly 80 per cent of global deforestation.

responsAbility is an investment fund providing long-term financing to innovative agribusinesses within climate-smart food systems contributing to climate change mitigation (reduced GHG emissions), adaptation (enhanced resilience improved water savings, increased soil health) and increased productivity (e.g. less food waste) and rural livelihood improvements. Investments are made across Africa, Asia Pacific and Latin America.

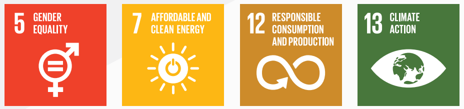
Helping smallholder farmers
One of responsAbility's investments is in an organic cotton ginnery and sesame processor, purchasing cotton and sesame from 120,000 smallholder farmers in three different locations in northern Uganda. This is aligned with responsAbility's goals of helping smallholder farmers getting enhanced knowledge concerning climate change. Thus, contributing to improving their livelihoods and to mitigating climate change.

FACTS

Investment year: 2023
Investment fund: IFU/GFF
IFU investment: DKK 105.2m
Expected total investment: DKK 1.4bn

SDGs

Primary:



EXPECTED IMPACTS

8 MILLION
tCO_2e reduced GHG emissions

2.8 MILLION
tonnes food waste reduction

30,000
smallholder farmers reached (30 per cent of them are women)

HEALTHCARE

Poor health and health inequality continue to limit economic prosperity in developing countries and emerging markets. Around 400 million people lack access to vital healthcare services, which results in high mortality rates, lost productivity and poverty. This is especially the case in developing countries in Africa and South Asia.

Healthcare services are often out of pocket expenses that have significant negative impact on accessibility and lead to increased poverty for low-income groups.

On this backdrop, IFU invests in healthcare to increase access to affordable and high-quality healthcare services, especially for middle and low-income people. Consequently, focus is on business models supported by universal healthcare programmes or insurance schemes.

Noncommunicable diseases like diabetes and cancer are becoming more common in developing countries. But treatment options are insufficient, and therefore IFU, besides investing in primary healthcare and hospitals, also has attention on services targeting chronical and noncommunicable diseases.

Moreover, IFU focuses on investments within diagnostic technologies and pharmaceutical companies to improve prevention and treatment as well as provide better access to medicine.

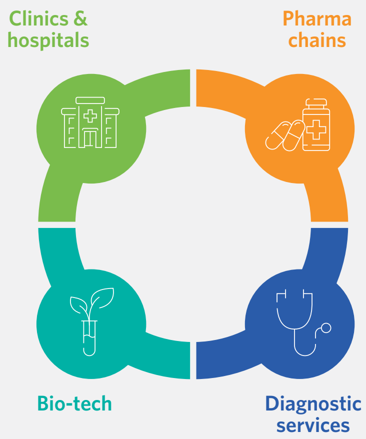
One of the impact priorities when investing in private healthcare is to secure that it compliments public healthcare strategies. This can be achieved by introducing new technologies, educating staff, and engaging in outreach activities targeting low-income groups, maternal and child health and people living in rural areas. Upgrading the healthcare system will also make it more attractive for doctors and nurses to stay at home or return from abroad, thereby reducing brain drain.

Selected SDGs

Impact priorities

- Accessibility
- Affordability
- Quality
- Giving back/adding value

Focus areas



INVESTMENTS CONTRACTED - HEALTHCARE

Project name	Country	Fund/ facility	IFU's contracted investments in DKKm		
			Shares	Loans	Total
New projects					
Africa					
ODM	Morocco	SDG		156.8	156.8
Additional financing of ongoing projects					
Asia					
DCDC Health Services	India	SDG	5.3		5.3
TOTAL					
Total new projects				**156.8**	**156.8**
Total additional financing			**5.3**		**5.3**
Total			**5.3**	**156.8**	**162.1**

Investments in 2023

In 2023, IFU made one new investment at a total of DKK 157m in a healthcare provider in Morocco. Moreover, additional finance was provided for one ongoing project at a total of DKK 5m.

Expected impact from new investments

The only new investment in 2023 was in ODM (see case p. 32), leading healthcare provider in Morocco specialized in diagnosing and treating patients with cancer. The company is expected to supply diagnostic and treatment of cancer that is in significant undersupply in the country. Towards 2028, ODM is expected to establish several diagnostic laboratories especially in regions with existing limited capacity. More than 200,000 people are expected to be diagnosed, and more than 700,000 patients treated for cancer-related diseases.

EXPECTED IMPACTS - NEW INVESTMENTS

700,000
patients treated in oncology clinics

10
diagnostic labs established in underserved areas

HEALTHCARE

IFU's portfolio in healtcare

The healthcare sector is a fairly new investment area for IFU, but important in assisting developing countries in developing universal healthcare, which is a prerequisite for building just and inclusive societies. Overall, IFU had an active portfolio of three investments within healthcare at the end of 2022. Total outstanding investment was DKK 100m.

The investment volume is distributed equaly across Africa and India. The investments in Africa cover multiple countries. During 2022, the investments served almost 1.2 million patients, of whom 400,000 were women.

In total, the investments supported 5,700 direct jobs. Close to 40 per cent of the employees were women, and more than 10 per cent young people under 25 years.

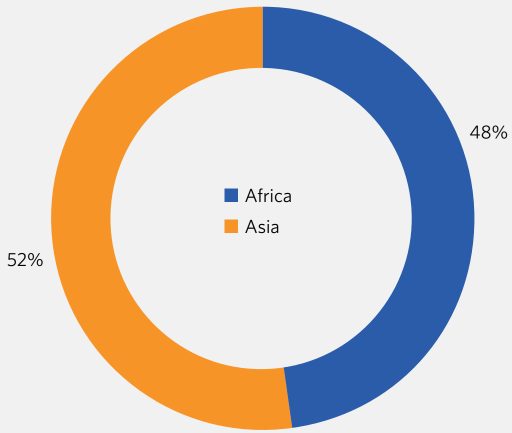
Contributing to strategic impact targets

Besides providing important services within healthcare, the sector also contributes to IFU's overall portfolio impact targets. All investments are supporting gender equality by either being or having plans to become 2X Challenge eligible thereby contributing to building more just and inclusive societies.

Almost half of the outstanding investments are in Africa, where access to basic healthcare is scarce. And in India, the investment is supporting the country's ambition to provide more and affordable treatment for patients with kidney diseases.

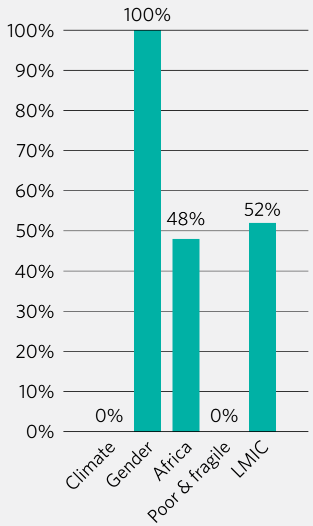
DCDC Health Services, India.

Regional distribution of investments (%)



Contribution to strategic targets

Percent of DKK 104m outstanding in Healthcare per strategic priority



HEALTHCARE IMPACTS

1.17 MILLION
patients served

406,000
Female patients served

5,700
direct jobs supported

HEALTHCARE

CASE
ONCOLOGIE ET DIAGNOSTIC DU MAROC (ODM)

Specialized in treating cancer
ODM is a leading healthcare provider in Morocco specialized in treating cancer. The company dedicates itself to delivering high-quality medical services to its patients. ODM seeks to make up for the significant lack of cancer screening and specific medical equipment for oncology in Morocco. Under-equipment in the healthcare sector leads to a substantial proportion of cancer cases currently not being treated. ODM aims to have more than 230,000 patients screened for cancer over the next five years.

Realization of national healthcare strategy
IFU's investment is instrumental in bolstering ODM's efforts to enhance health-care accessibility and quality across Morocco. The investment will serve a dual purpose, enabling ODM to not only expand its existing network, but also diversify its service offerings, thus contributing to the realization of Morocco's broader national healthcare strategy.

FACTS

Investment year: 2023
Investment fund: SDG
IFU investment: DKK 156.8m
Expected total investment: 156.8m

SDGs

Primary: 3 Good Health and Well-Being; 10 Reduced Inequalities

Secondary: 5 Gender Equality

EXPECTED IMPACTS

10 LABS
established in regions with limited existing capacity

730,000
patients treated between 2023 - 2028

230,000
patients screened for cancer between 2023 - 2028

OVERALL IMPACTS – AN OVERVIEW

The following key results supported by IFU's active portfolio span 2019 to 2022. The reason for not presenting figures for 2023 is that data is primarily gathered from portfolio companies, and only partial of the 2023 data was available at the time of annual reporting.

INPUT	
Financing	**2022**
Investments contracted (DKKm)	10,363
Human resources	
Employees (FTE)	98

INVESTMENTS	
Africa	**2022**
Investments (no.):	70
IFU outstanding (DKKm):	2,942
Asia	
Investments (no.):	47
IFU outstanding (DKKm):	1,824
Latin America	
Investments (no.):	18
IFU outstanding (DKKm):	1,613
Europe	
Investments (no.):	18
IFU outstanding (DKKm):	1,397
Global	
Investments (no.):	13
IFU outstanding (DKKm):	333

IMPACT	2022	2021	2020	2019
Value added all investments (DKKbn)	150	73.4	34.8	-
Value added for direct investments (DKKbn)	40	9.3	98.2	-
Written sustainability policy (%)	82	86	83	83
Written stand against corruption (%)	84	81	76	70
E&S Management System (%)	66	65	61	59
External grievance mechanism (%)	73	67	59	52
Person responsible for sustainability (%)	90	86	84	82
Direct employment (FTE)	418,879	377,094	308,174	259,068
Women employment (%)	35	34	37	27
Gender finance on number of projects (%)	43	45	41	41
Indirect jobs supported (million no.)	2.7	2.3	2.7	-
Microfinance clients reached (million no.)	20.8	18.2	17.8	20.1
Small-scale farmers supported (no.)	503,291	454,802	342,187	107,600
RE generated (GWh)	5,236	5,291	5,079	2,431
Attributed GHG emissions (tCO_2e)	767,278	848,477	663,037	-
Total GHG emissions avoided (million tCO_2e)	3.50	3.38	2.86	1.34
GHG emissions sequestered (tCO_2e)	0	0	0	0
Volume outstanding in climate finance (%)	43%	-	-	-

Note: Changes to 2021 data points - minor adjustments have been made to data points, due to improved data management.
Adjustments occurred on sustainability performance indicators, gender finance and microfinance clients reached.

REPORTING ON FUNDS AND FACILITIES MANAGED BY IFU

IFU is fund manager of several investment funds and facilities based on public or public-private capital of which the following are highlighted for comments. At the end of this section, overviews of investments in 2023 and status for all funds and facilities are given.

Daystar Power Group, the first exit by the Danish SDG Investment Fund.

THE DANISH SDG INVESTMENT FUND FULLY INVESTED

The Danish SDG Investment Fund is a public-private partnership, which includes the Danish State, IFU and the institutional and private investors PKA, PensionDanmark, PFA, ATP, P+, Pensam, Navest, SEB Life & Pension, Secure SDG Fund and Chr. Augustinus Fabrikker Akts. The fund was established in 2018 with the purpose of investing in projects in developing countries supporting the Sustainable Development Goals. Total committed capital is DKK 4.86bn.

Invested close to DKK 1 billion in 2023

In 2023, the Danish SDG Investment Fund made five new and one additional investment at a total of DKK 984m.

The largest investment was in Blue Planet Environmental Solutions, a major sustainable waste management company with operations in India, South-East Asia and the UK. The investment will further boost Blue Planet's capabilities in two key areas in India – landfill reclamation and e-waste recycling (see case p. 23).

Two more investments were made in India supporting extended microfinance and green finance for micro, small and medium businesses (MSME). Finally, investments were made in a leading solar power distribution company, Bright, in Mexico (see case p. 35), and a healthcare company in Morrocco (see case p. 32), primarily providing diagnostic and treatment within oncology.

Continues to exit

The Danish SDG Investment Fund is a close-ended fund, with the purpose of contributing to developing high impact commercial businesses in developing countries and selling them on to other investors that can further advance their impact and profitability.

The first exit was made in 2022, when the fund sold its shares in the Nigerian solar company Daystar Power Group to Shell. In 2023, three more investments were exited.

The fund is fully invested

The investment period expired in 2023, and at year-end the Danish SDG Investment Fund had contracted investments at a total of DKK 3.7bn in 27 projects, with the remainder of the fund being set off for possible follow-up investments and management costs. More information on the impact of the Danish SDG Investment Fund can be found in the fund's impact report, which is available on www.ifu.dk.

CASE BRIGHT

Subscription-based solar power
Bright, a leading distributed solar company, has the ambition to increase access to renewable energy in Mexico by offering subscription-based solar power solutions to homes and local businesses. Bright has installed more than 30 megawatts of solar power capacity for the benefit of more than 4,500 customers. With the new investment from the Danish SDG Investment Fund, Bright will be able to take the next step on its growth journey and provide clean and affordable solar energy to even more homes and businesses in Mexico.

Qualified as a 2X investment
Besides increasing access to renewable energy, Bright also qualifies as a '2X Challenge' investment by having around 50 per cent female employees. The 2X Challenge is an international initiative supporting women's participation and enhanced opportunities in the labour market – one of IFU's impact priorities.

Going forward, Bright has the ambition to develop and implement a best-in-class gender strategy ensuring that the necessary future recruitments will preserve the current staff balance while enhancing career opportunities for its female employees even further.

FACTS

Investment year: 2023
Investment fund: SDG
IFU investment: DKK 209.2m
Expected total investment: 209.2m

SDGs

Primary:

Secondary:

EXPECTED IMPACTS

269MW
solar panels installed

170,000
tCO_2e avoided GHG emissions

50%
female employees by developing a gender strategy

DANIDA SUSTAINABLE INFRASTRUCTURE FINANCE

Danida Sustainable Infrastructure Finance (DSIF) offers financing on concessional terms to sustainable and climate-relevant infrastructure projects in developing countries, which would not otherwise have obtained financing on commercial terms. DSIF is financed by the Danish State and has since 1993 contributed to water, sanitation and energy projects based on state-of-the-art Danish technology and know-how in 31 developing countries in Africa, Asia and Latin America.

DSIF evaluation and follow-up

In 2023, the Danish Ministry of Foreign Affairs published an evaluation of DSIF. The purpose of the evaluation was to thoroughly analyse the DSIF programme, covering the period 2001-2019, where DKK 14bn in grants were allocated to 85 projects in 24 countries.

The evaluation concluded that DSIF is fit for purpose, and that the majority of DSIF's projects have generated significant development outcomes; however, results have not been systematically captured and recorded in monitoring frameworks or communicated outside the Ministry of Foreign Affairs.

The evaluation found that closer collaboration with Danish embassies in recent years has strengthened project and country-level coherence, but argued that the tied aid model has limited development effectiveness and flexibility as it restricts DSIF's ability to support and complement other Danish engagements in focus countries. The tied aid model has also made it difficult to engage in co-financing with other development finance institutions.

A follow-up action plan was agreed with several workstreams initiated in 2023, including:

1) To extend the scope and potential impact of DSIF projects, untied projects are being explored and developed in South Africa, Bangladesh and Ukraine.

2) To share risk and increase impact by engaging in new partnerships, new approaches are being explored that include co-financing and new financial models, for instance in the water sector together with the Development Bank of South Africa.

3) A new system for monitoring and reporting results of DSIF projects is being developed. The objective is to facilitate continuous follow-up on relevant poverty reduction and climate objectives, to facilitate learning, and to demonstrate results effectively and transparently.

Delivering on the DSIF strategy

For the past ten years, DSIF has developed more focused, larger, sustainable projects in selected sectors, according to the Danish development priorities and building on strengths in Danish industries. This concluded in 2022 in the launch of a new DSIF strategy. One of the strategic priorities in the 2022 DSIF strategy was to further develop new innovative partnerships and new financial models. A major achievement in relation to this was that DSIF, through IFU, was granted access to loan financing of DKK 5.4bn in the 2024 Finance Act through an on-lending facility with Danmarks Nationalbank. Consequently, IFU will act as lender of record for all future DSIF loans backed by guarantees from the Ministry of Foreign Affairs. In addition to reducing the cost of funding, it further enhances the integration of DSIF into IFU.

In 2023, DSIF received permission to untie the large Saidabad III drinking water project in Bangladesh, which allows the project to be tendered internationally. This will increase the number of companies eligible to bid and will reduce the amount of grant financing needed to meet the OECD requirement for concessional debt. The untied procurement will build up experience in international tendering and will deliver on both the strategy and the evaluation.

DSIF project pipeline

Four large water projects delivering on SDG 6 by ensuring access to clean water and sanitation are well on their way: The tender for the Faisalabad wastewater treatment plant in Pakistan was launched in 2023, and the tenders for the Saidabad III water supply project in Bangladesh, the Thika & Githunguri water supply and sanitation projects in Kenya, and the Wakiso West water supply and sanitation project in Uganda are under preparation and expected to be launched in 2024 or early 2025. The estimated budget of the four water projects is DKK 7.2bn.

Further project development and identification within water and energy were ongoing in 2023 in e.g. South Africa, Egypt, Ghana, Ukraine, Uganda and Nigeria.

Continuing assistance to Ukraine

DSIF was active in Ukraine before the Russian invasion, financing projects together with NEFCO and EBRD. Several pre-war projects are currently under construction, and DSIF is actively financing both short-term emergency projects and long-term recovery projects to support the rebuilding efforts in Ukraine.

In July 2023, DSIF received an extra cash grant of DKK 60m from the Ministry of Foreign Affairs for emergency projects in Ukraine. The grant has been used to start projects in Mykolaiv, alongside other Danish efforts. It is expected that DSIF will earmark more funds for Ukraine in 2024 and beyond.

Thika and Githunguri Water and Sanitation Project, Kenya.

CASE ASSELA WIND FARM PROJECT

Supporting the green transition in Ethiopia
Danish Sustainable Infrastructure Finance (DSIF) financed DKK 1.3bn through a combination of grant and concessional debt to Assela Wind Farm Project. Ethiopian Electric Power (EEP) is the owner and operator, while Siemens Gamesa is the EPC contractor on the project that is expected to supply approximately 300 GWh of electricity to the Ethiopia's national grid a year.

From water to wind
Only 25 per cent of Ethiopia's population has access to electricity. Hydropower accounts for most of the electricity generation, posing vulnerability to drought and declining water levels, a trend steadily becoming more commonplace due to climate changes. The Assela project will therefore be a significant support in assisting Ethiopia in developing its energy sector to become more reliable and less vulnerable to climate change. The 100 MW windfarm is finally expected to deliver its first energy by December 2024, supplying more than 500,000 households with clean energy.

FACTS

Investment year: 2023
Investment fund: DSIF
IFU investment: DKK 1.3 m
Expected total investment: DKK 1.3bn*

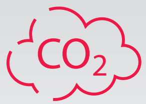
SDGs

Primary:

* DKK 789m constitutes a loan, and DKK 458m is a grant.

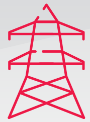
EXPECTED IMPACTS

500,000
household supplied with clean energy



260,000*
tCO_2e GHG emissions avoided annually

* The figure is based on Siemens Gamesa's estimate



300 GWH
electricity supplied to the Ethiopian national grid annually

IFU DEVELOPMENT GUARANTEE FACILITY

In 2022, the Danish Government mandated IFU to issue sovereign development guarantees to mobilise capital for sustainable development, with a special focus on mobilisation of climate finance in developing countries. The guarantees will contribute to reducing the risk of investors and thereby create access to increased mobilisation of private capital to projects in developing countries.

DKK to billion in guarantees

The guarantee frame is DKK 2bn during a pilot phase for 2022-2025, and losses under the guarantees are covered by the state reserve account. The model is backed by Denmark's AAA rating and is like that of an insurance company, where the premium payments cover the costs of claims (credit losses). The goal is to break even in the long run - neither profit, nor loss.

During 2023, the Development Guarantee Facility (DGF) team was fully established. Under a partnership with Sida on cooperation on guarantees, DGF has been developing a pipeline of potential guarantee transactions. Focus for pipeline development has been climate finance and Africa.

THE GUARANTEES WILL CONTRIBUTE TO REDUCING THE RISK OF INVESTORS AND THEREBY CREATE ACCESS TO INCREASED MOBILISATION OF PRIVATE CAPITAL

Building a pipeline

The active pipeline covers 10-12 potential guarantees, of which the vast majority both in terms of number and volume will mobilise climate finance - towards mitigation as well as adaptation. Four of the guarantees will reduce risk in African countries, and two others are global with a substantial share targeting the African continent. The pipeline shows a potential to utilize the entire guarantee frame of DKK 2bn during the pilot phase with a mobilisation effect of around three times the guaranteed amount.

In 2023, IFU's board approved a clearance in principle for the first guarantee in Africa to increase access to finance for small and medium enterprises. Two additional guarantees were well under way for clearance in principle in early 2024.

By the end of the year, IFU joined Sida and USAID to use guarantees to mobilise investors for climate adaptation, with a preference for Africa.

JCM Power Corporation experiments with using soil for watermelons at Golomoti solar park in Malawi.

DENMARK'S GREEN FUTURE FUND

IFU is managing a part of Denmark's Green Future Fund, which was set up by the Danish State to support the national and global green transition. During the year, IFU contracted two investments on behalf of Denmark's Green Future Fund at a total of DKK 143m.

Invested in renewable energy and smart agriculture
One of the investments was in responsAbility, an investment fund providing long-term financing to innovative agribusinesses within climate smart food systems (see case on p. 29). The other investment was in Nithio providing finance for clean energy solutions to households and small enterprises in Africa (see case on p. 41).

Invested DKK 820 million across continents
The total fund size of Denmark's Green Future Fund is DKK 25bn, of which DKK 1bn has been allocated to IFU through access to the central government re-lending scheme at Danmarks Nationalbank. At year-end 2023, IFU had invested a total of DKK 786m of the allocated funds, and in addition, commitments were given for DKK 182m for two project proposals.

The total invested capital is distributed across nine investments covering Africa, Latin America, Asia and Europe. They span/include a large wind farm in Brazil, a plastic recycling business in India and a solar park in Malawi, for example.

CLOSE TO DKK 800 MILLION INVESTED IN GREEN PROJECTS

Surpapel Group, Ecuador.

HIGH RISK HIGH IMPACT INITIATIVE

The High Risk High Impact initiative (HRHI) was initiated by the Ministry of Foreign Affairs and IFU to accelerate private sector investments in the poorer African countries.

The initiative covers a group of 35 countries in Africa defined as having a maximum GNI per capita of 40 per cent of the upper limit for Lower Middle Income Countries, according to the World Bank's classification. This includes countries like DR Congo, Benin, Malawi, Zambia, Somalia and Uganda, for example.

Investing more in poorer African countries

The Ministry of Foreign Affairs has allocated DKK 350m to the initiative, of which DKK 50m must be invested in projects that can be reported as 100 per cent climate relevant in accordance with the Rio markers. To further support the initiative, IFU agreed to deploy at least 30 per cent of its own capital on average in the period 2020-2023 in the countries included in the initiative. From 2020-2023 the percentage was 27, slightly below the target mainly due to limitations on IFU's ability to give new commitments in the last couple of years.

In 2023, IFU made two investments at a total of DKK 90m within the country group covered by the HRHI initiative. Of these DKK 53m was financed by HRHI funds.

Spark+, Africa regional clean cooking fund.

Increasing access to energy

One of the investments was in Nithio and its Facility for Adaptation, Inclusion, and Resilience that provides finance for clean energy solutions to households and small enterprises in Africa. It is expected that the investment will facilitate new or improved energy access for more than 160,000 people and support close to 7,000 small enterprises (see case on p. 41).

Supporting banking in DR Congo

The second investment was additional finance for the Tanzanian Bank CRDB that has opened a subsidiary in DR Congo. The operation in DR Congo has a special focus on improving financial inclusion, increasing access to financial services for SMEs and women, as well as reducing GHG emissions through financing of green projects.

At year end, IFU had made eight investments at a total of DKK 310m of the allocated funds covering Somalia, Uganda, DR Congo, Zambia, Kenya or investment funds that can operate in all 35 countries. In addition, commitments were given for DKK 12m to a single project.

ACCELERATING PRIVATE SECTOR INVESTMENTS IN THE POORER AFRICAN COUNTRIES

CASE NITHIO

Africa only receives three per cent of global finance flows
Global warming has severe consequences in Africa, and even though the continent is the least climate resilient in the world, it only receives around three per cent of global climate finance flows. Nithio is accelerating its Facility for Adaptation, Inclusion, and Resilience (FAIR) – that provides finance for clean energy solutions to households and small enterprises in Africa.

Enabling adaptation to future climate shocks
The investment will have a significant impact and is expected to create new or improved energy access for more than 160,000 people and support close to 7,000 small enterprises. Total avoided CO_2e emissions are estimated to be more than 500,000 metric tons.

The positive impact can be achieved through solar-driven products such as lighting, communications, irrigation and cooling since they have demonstrated tremendous impact on increasing resilience and enhancing the livelihood of households and smallholder farmers. To date, through FAIR, Nithio has made ten investments in Africa to companies providing these products, and hopes this will enable citizens' adaptation to future climate shocks.

FACTS

Investment year: 2023
Investment fund: IFU/GFF/HRHI
IFU investment: DKK 74.6m
Expected total investment: DKK 166m

SDGs

Primary: 7 Affordable and clean energy; 10 Reduced inequalities

Secondary: 3 Good health and well-being; 13 Climate action

EXPECTED IMPACTS

160,000
people getting new or improved energy access

500,000
tCO_2e avoided GHG emissions

7,000
small enterprises supported

INDIA CLIMATE FINANCE INITIATIVE

In 2020, Denmark and India signed the Green Strategic Partnership Agreement. The purpose is to support India's green transition and strengthen Denmark's engagement in India. Under this agreement the Danish Ministry of Foreign Affairs has allocated a capital contribution of DKK 200 million to an India Climate Finance Initiative (ICFI), managed by IFU.

Mobilising additional private capital

The ICFI aims at supporting the green transition in India and will allow IFU to be more innovative and engage in investments that might not be possible with the current instruments.

The initiative runs in the four-year period 2022 – 2025 and is expected to make two – three investments that will counter climate change and reduce GHG emissions. The investments are expected to mobilise additional private capital and contribute to reduce the current financing gap for climate related investments in India.

THE NEW INITIATIVE AIMS AT SUPPORTING THE GREEN TRANSITION IN INDIA

W2AF project Rite Water bottling station in India.

CASE SMART JOULES

First investment under climate finance initiative

Smart Joules became the first company to receive an investment made under the new Danish climate finance initiative for India. The company provides cooling solutions for commercial and industrial buildings reducing energy consumption by more than 20 per cent.

In India, the energy efficiency sector is still at an early stage and long-term debt for this kind of business is not available at scale. The DKK 53m loan financing from IFU is thus additional to the current market and will ensure Smart Joules the opportunity to expand their business, going forward.

Danish brands contribute to ICAP

It is estimated that 60 per cent of the energy demand in India is utilized for space cooling and heating. With a dramatically eleven-fold rise towards 2038, energy efficiency is a high priority. Consequently, the Indian government has launched the India Cooling Action Plan (ICAP), which aims to reduce the need for cooling of buildings.

A portion of Smart Joules' equipment originates from Danish companies like Danfoss, Grundfos and Novenco thereby taking advantage of Danish first-class technology within climate solutions and energy efficiency contributing to the goals of ICAP.

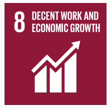
FACTS

Investment year: 2023
Investment fund: ICFI
IFU investment: DKK 53.2m
Expected total investment: DKK 53.2m

SDGs

Primary:

Secondary:



EXPECTED IMPACTS

20%
minimum energy consumption saving (vis a vis market standard)

1.6 GWH
savings by 2031

64,000
tCO_2e GHG emissions avoided by 2031

THE UKRAINE FACILITY

IFU has for several years been investing in Ukraine, and despite the Russian invasion IFU continued to make new investments in 2023. The funding for the investments has been provided by the Danish State setting up the Ukraine Facility, which is managed by IFU. This arrangement is part of the Danish Ukraine Fund launched by the Danish Government.

Investing in a women-founded investment fund
In 2023, IFU made two new investments and one additional financing for an ongoing project. Total contracted investment was DKK 49m.

IFU's first investment after the Russian invasion was in Horizon Capital IV, which is a local investment fund targeting investments in the technology sector that is of increasing importance to the resilience of the Ukrainian economy.

Horizon Capital also stands out, as it is a women-founded and women-led investment fund being the first fund in Central and Eastern Europe to be awarded the 2X Flagship Fund status for promoting gender equality.

Ukraine president Zelenskyy was present at the signing of the Horizon Capital Growth Fund IV commitment by IFU and other international DFIs.

Supporting Danish companies in Ukraine
The remaining investments were made in Seguro (see case p. 45) and Danico, both being Danish-owned companies that have been operating in Ukraine for several years. The capital provided by IFU will assist the companies in further growing their business, which has developed positively despite the ongoing war.

At year-end 2023, IFU had an active portfolio of 16 investments, of which all but one are still operational.

DKK 110 million in additional funding
As part of the Danish Ukraine Fund, an additional DKK 110m has been allocated to IFU's Ukraine Facility enabling IFU to carry on investment activities in Ukraine, going forward.

During the year, IFU also employed one more investment manager at the local office in Ukraine.

IN 2023, IFU SIGNED THREE INVESTMENTS IN UKRAINE

CASE SEGURO

High demand on agribusiness equipment
Seguro-Thyregod LLC is a Ukrainian Danish-owned subsidiary producing equipment for the agribusiness sector, including tipping trailers and components for feed mills and biogas plants, for example. The company seeks to expand its business and products, which are in high demand. The company is producing to the Ukrainian market as well as for export.

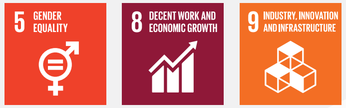
Increasing number of female workers in a male-dominated sector
Traditionally, production of machinery is a male-dominated business. But as more men enrol in the Ukrainian army, companies have difficulties recruiting the necessary number of staff. Consequently, IFU has provided a grant from IFU's SME Support Facility to co-finance the recruitment of female staff, who will be offered education and training as welders and machine operators.

FACTS

Investment year: 2023
Investment fund: IFU/UAF
IFU investment: DKK 11.2m
Expected total investment: DKK 16.1m

SDGs

Primary:



EXPECTED IMPACTS

RESILIENCE
of the economy in Ukraine

EMPOWERING
women through education and training

EMPLOYMENT
opportunities in Ukraine

NEW INVESTMENTS DURING THE YEAR – AN OVERVIEW

	PROJECT NAME	COUNTRY	FUND/ FACILITY	IFU'S CONTRACTED INVESTMENTS IN DKKM		
				SHARES*	LOANS**	TOTAL
	NEW PROJECTS					
	AFRICA					
1	Nithio FI	Kenya	IFU/GFF/HRHI		74.6	74.6
	of which financed by HRHI				37.3	
	of which financed by GFF				37.3	
2	ODM	Morocco	SDG		156.8	156.8
	Subtotal Africa			**0.0**	**231.4**	**231.4**
	ASIA					
3	Arohan	India	SDG	166.0		166.0
4	Blue Planet	India/Asia regional	SDG		246.4	246.4
5	Ugro Capital	India	SDG	199.9		199.9
6	Smart Joules	India	IFU/ICFI		53.2	53..2
	of which financed by ICFI				53.2	
	Subtotal Asia			**365.9**	**299.6**	**665.5**
	EUROPE					
7	Horizon Capital IV	Ukraine	IFU/UAF	33.9		33.9
	of which financed by UAF			33.9		
8	Seguro Ukraine	Ukraine	IFU/UAF		11.2	11.2
	of which financed by UAF				11.2	
	Subtotal Europe			**33.9**	**11.2**	**45.1**
	LATIN AMERICA					
9	Bright	Mexico	SDG	209.2		209.2
	Subtotal Latin America			**209.2**	**-**	**209.2**
	GLOBAL					
10	responsAbility CSA Fund	Global	IFU/GFF	105.2		105.2
	of which financed by GFF			105.2		
	Subtotal Global			**105.2**		**105.2**
	TOTAL NEW PROJECTS			**714.2**	**542.2**	**1.256.4**

	PROJECT NAME	COUNTRY	FUND/ FACILITY	IFU'S CONTRACTED INVESTMENTS IN DKKM		
				SHARES*	LOANS**	TOTAL
	ADDITIONAL FINANCING OF ONGOING PROJECTS					
	AFRICA					
11	CRDB DRC subsidiary	Dr Congo	IFU/HRHI	15.8		15.8
	of which financed by HRHI			15.8		
	Subtotal Africa			**15.8**		**15.8**
	ASIA					
12	DCDC Health Services	India	SDG	5.3		5.3
13	Sainshand Salkhin Park LL	Mongolia	DCIF		0.5	0.5
14	Scandinavian Farms Pig Industries	China	IFU		9.4	9.4
	Scandinavian Farms Pig Industries	China	DAF		1.7	1.7
	Subtotal Asia			**5.3**	**11.6**	**16.9**
	EUROPE					
15	Danico IV	Ukraine	IFU/UAF		3.7	3.7
	of which financed by UAF				3.7	
	Subtotal Europe				**3.7**	**3.7**
	LATIN AMERICA					
16	NPP Coremas I-III	Brazil	DCIF		3.8	3.8
17	Ouro Branco wind complex	Brazil	IFU		50.0	
	Subtotal Latin America				**53.8**	**53.8**
	TOTAL ADDITIONAL FINANCING			**21.1**	**69.1**	**90.2**

>

NEW INVESTMENTS DURING THE YEAR – AN OVERVIEW – CONTINUED

TOTAL IFU	IFU'S CONTRACTED INVESTMENTS IN DKKM		
	SHARES*	LOANS**	TOTAL
Total new projects	139.1	139.0	278.1
Total additional financing	15.8	63.1	78.9
TOTAL	**154.9**	**202.1**	**357.0**
of which financed by HRHI	15.8	37.3	53.1
of which financed by GFF	105.2	37.3	142.5
of which financed by ICFI		53.2	53.2
of which financed by UAF	33.9	14.9	48.8
TOTAL SDG			
Total new projects	575.1	403.2	978.3
Total additional financing	5.3		5.3
TOTAL	**580.4**	**403.2**	**983.6**
TOTAL DAF			
Total new projects			
Total additional financing		1.7	1.7
TOTAL		**1.7**	**1.7**
TOTAL DCIF			
Total new projects			
Total additional financing		4.3	4.3
TOTAL		**4.3**	**4.3**

	TOTAL IFU + SDG + DAF	IFU'S CONTRACTED INVESTMENTS IN DKKM		
		SHARES*	LOANS**	TOTAL
10	**Total new projects**	**714.2**	**542.2**	**1,256.4**
7	**Total additional financing**	**21.1**	**69.1**	**90.2**
	GRAND TOTAL IFU AND IFU MANAGED FUNDS	**735.3**	**611.3**	**1,346.6**

Totals may not add up due to rounded figures.

* Including overrun commitments.

** Including guarantees.

IFU AND IFU MANAGED FUNDS AND FACILITIES – AN OVERVIEW

	Established	Purpose	Capital** DKKm end of 2023	Capital available to be deployed DKKm from 2024****	Capital provided by
IFU's own account and facilities – state capital and borrowing					
IFU's own capital	1967	Private sector development in developing countries supporting the SDGs	5,201	N/A (revolving fund)	State and accumulated profit
Facilities included in IFU's capital or financed by borrowing and IØ					
Project Development Programme (PDP)	2016	Project development	65	34	State
High Risk High Impact (HRHI)	2019	High risk investments in Africa with high impact and climate potential	350	28	State
India Climate Finance Initiative (ICFI)	2022	Projects that will contribute to the green transition and counter climate change in India	200	147	State
Ukraine Facility (UAF)	2023	Investments in Ukraine to help rebuild the country	148	99	State
Blended Finance for Energy Transition	2023	Supporting reduction or avoidance of GHG emissions in high-emitting countries through promotion of renewable energy generation.	99	99	State
DSDG Fund	2018	Financing of IFU's contribution to the SDG Fund	800	N/A	Danmarks Nationalbank (lending line)
Nordic Investment Bank	2019	Refinancing of IFU loans fullfilling NIB mandate	67	0 (line closed)	The Nordic Investment Bank lending line
Denmark's Green Future Fund (GFF)	2020	Financing for climate investments in developing countries	1,000	32	Danmarks Nationalbank (lending line)
EU Facility	2022	Project specific funding	128	N/A	European Union
Green projects	From 2024	Financing for green and inclusive investments in developing countries	N/A	500	Danmarks Nationalbank (lending line)
Investment Fund for Central and Eastern Europe* ***	1989	Private sector development in Eastern Europe (being wound down)	3	N/A (winding down)	State and accumulated profit
Total			**7,199**		

>

	Established	Purpose	Capital** DKKm end of 2023	Capital available to be deployed DKKm from 2024****	Capital provided by
IFU managed funds (including IFU's share of the funds)					
IFU Investment Partners*	2012	Joint investments in larger IFU projects	398	0 (holding period)	Two Danish pension funds
Danish Climate Investment Fund*	2014	Climate investments in developing countries	953	0 (holding period)	IFU and institutional and private investors
Danish Agribusiness Fund*	2016	Agribusiness and food investments in developing countries	410	0 (holding period)	IFU and institutional investors
Danish SDG Investment Fund	2018	Large investments supporting the SDGs in developing countries	4,620	0 (holding period)	IFU and institutional and private investors
Total			**6,381**		
of which private capital included in capital under management			**3,999**		
IFU managed facilities - Danida Sustainable Infrastructure Finance (DSIF) and IFU Development Guarantee Facility					
Danida Sustainable Infrastructure Finance	1993	Guaranteed loans with a grant element for public infrastructure projects, which cannot be funded through private investments	2,346	400 in grant capital	State
IFU Development Guarantee Facility	2022	Guarantees that contribute to reducing the risk of investors and thereby create access to increased mobilisation of private capital in developing countries.	2,000	2,000	State
Total			**4,346**		
Grand total (capital under management)			**15,544**		
Other – grant facilities not included in capital under management					
Project Development Facility - DSIF	2017	Project development of infrastructure proposals for possible financing under DSIF	100	44	State
IFU Sustainability Facility	2019	Grants to IFU projects for training and other support related to ESG, impact and Covid-19 relief	21	5	IFU
Danida Sustainable Infrastructure Finance	2023	Grants for emergency measures to rebuild Ukraine	60	0	State

Notes:
* Closed for new investments
** Either current equity capital for IFU and IØ, outstanding guarantee commitment for DSIF, available guarantee commitment for DGF, full lending lines, i.e. both drawn and available, from Danmarks Nationalbank or outstanding borrowing from NIB and capital procured from EU. For facilities included in IFU's equity the amount is full contribution received. For managed funds, the amounts stated are either capital committed from investors (the investment period) or NAV plus undisbursed commitments (holding period).
*** Total capital contribution to IØ was DKK 1,898m in the period 1990-2001, and DKK 3,800m has been paid back as per end of 2023. Both figures in nominal prices.
**** For new commitments in active funds/facilities at balance sheet date. Stated amount after deduction of internally approved commitments (binding commitments), that may not materialise into contracts. Stated amount for the lending line for GFF is amount available for new commitments for this initiative and not amount drawn on the lending line.

SUSTAINABILITY STATEMENT

GENERAL INFORMATION

This sustainability statement represents IFU's statutory statement on corporate social responsibility in accordance with section 99 a of the Danish Financial Statements Act.

See Management's review for the following disclosures:

- IFU's investment and impact model (business model) on p. 11.
- IFU's investment strategy, including impact priorities and approach to impact management on p. 12 - 13.
- Interests and views of stakeholders on p. 13-14.
- IFU's staff on p. 15-16.

Information on the basis for preparation of the sustainability statement is included on p. 70-71.

In addition, IFU reports annually to the Association of Bilateral European Development Finance Institutions (EDFI), the UN Global Compact (UNGC), the UN Principles for Responsible Investment (UNPRI) and the Operating Principles for Impact Management (OPIM).

MATERIAL IMPACTS, RISKS AND OPPORTUNITIES

In November 2023, IFU initiated a comprehensive double-materiality assessment in view of the EU Corporate Sustainability Reporting Directive (CSRD), which IFU is required to report under from the financial reporting year 2025. Double materiality requires an assessment of financial implications on IFU from sustainability-related risks and opportunities, (i.e. financial materiality) as well as an assessment of actual or potential positive or negative impacts, caused or contributed to by IFU's activities on people or the environment (i.e. impact materiality).

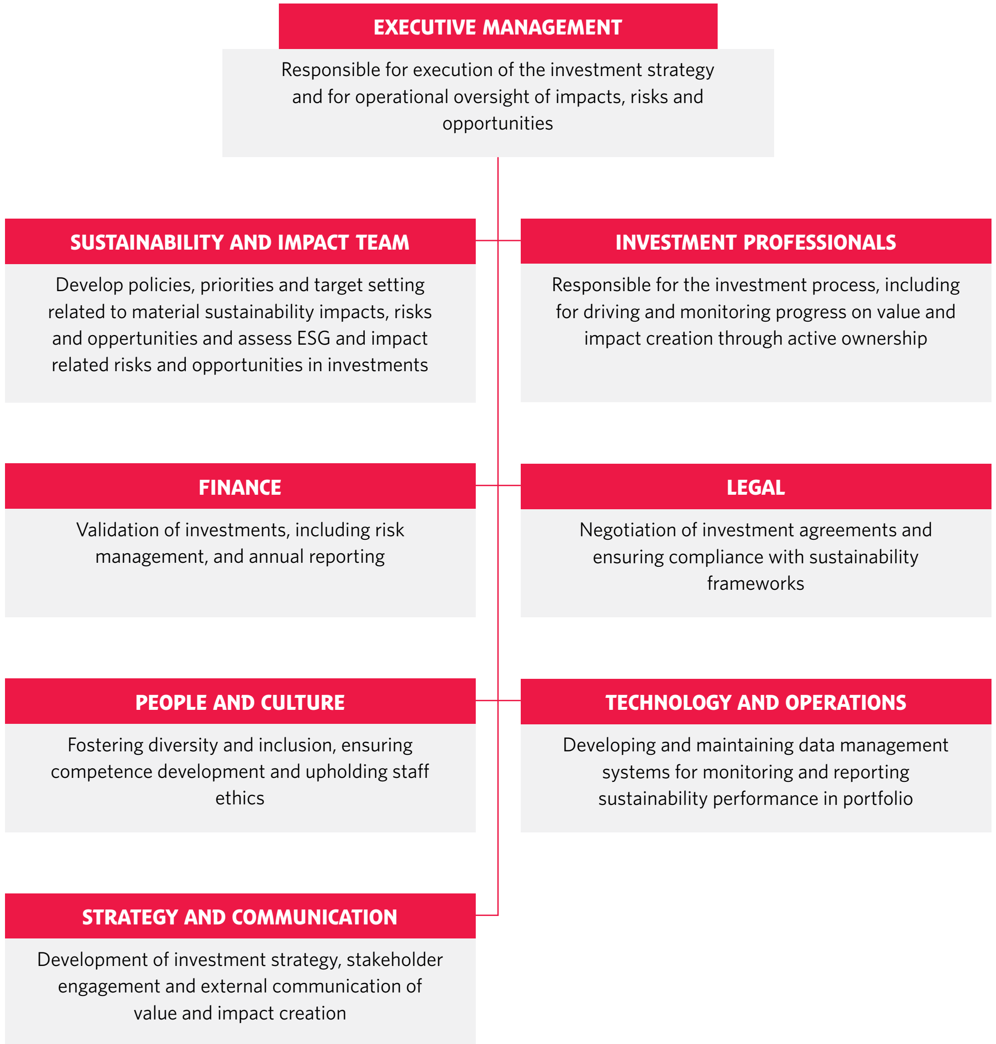
The results of the double-materiality assessment will inform further development of IFU's approach to impact management, as well as the disclosures for IFU's future reporting according to the CSRD. This year's sustainability statement is structured around the topics of the European Sustainability Reporting Standards (ESRS) and discloses the available data within environment, social and governance (ESG).

ROLES AND RESPONSIBILITIES WITHIN SUSTAINABILITY

At IFU, governance of sustainability is anchored at the level of the board of directors, who approves IFU's investment strategy, policies, priorities and targets related to material impacts, risks and opportunities. See composition of board of directors on p. 106.

IFU has embedded sustainability responsibilities throughout the organisation and ensures that all relevant employees either possess sustainability-related expertise or can access experts or training.

>



IFU'S INVESTMENT PROCESS

IFU has a well-defined investment process covering six phases – from when a new potential investment is identified to the point when IFU exits the investment. The following sections describe the investment process, and how IFU focusses on impact and ESG during selection and appraisal, as well as ownership of investments.

1. **Focused sourcing**
   Identification of potential projects and check against IFU's exclusion list
2. **Screening**
   Screening of project against IFU´s investment strategy and impact priorities
3. **Due diligence**
   Assessment of risk and adverse impacts, as well as oppertunities for value and impact creation
4. **Reaching agreement**
   Negotiation of investment agreement
5. **Active ownership**
   Monitoring and driving value and impact creation
6. **Responsible exits**
   Ensuring responsible exit

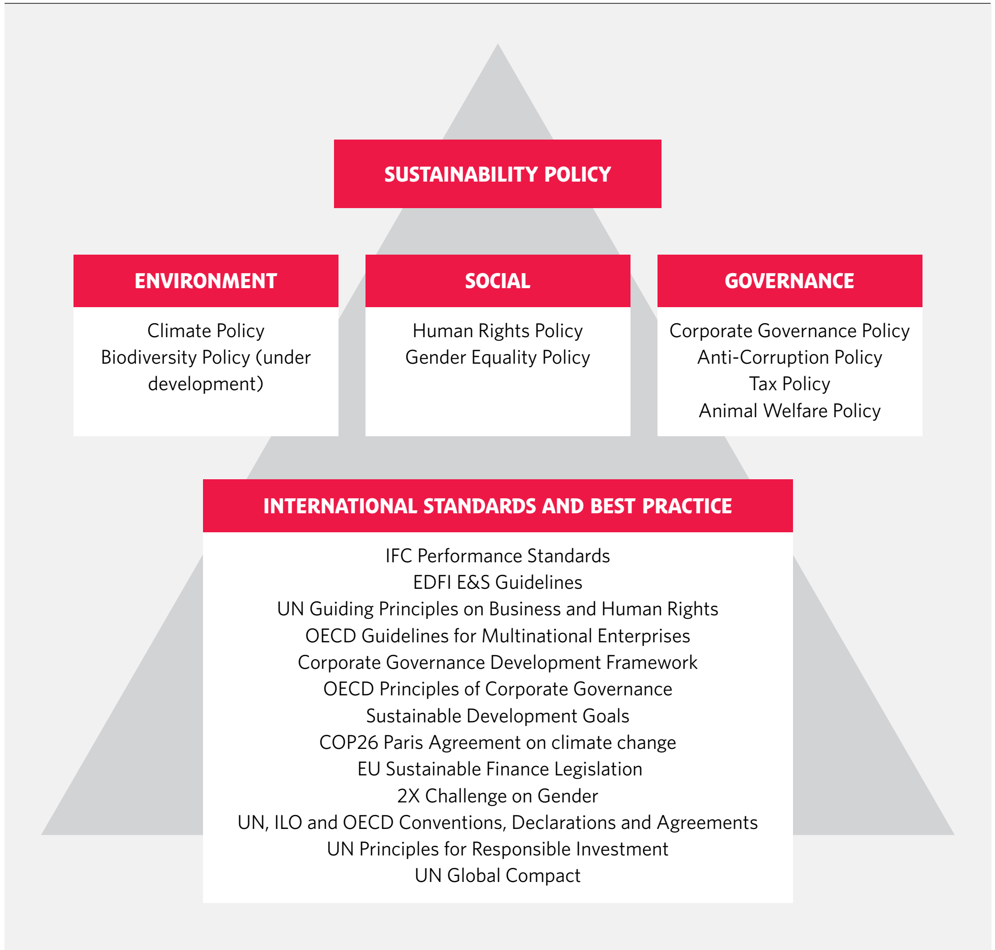
The investment process is guided by impact priorities and financial return requirements through sector focus areas and is based on IFU's sustainability policy framework. Specifically on financial return, IFU evaluates all investments against a return benchmark reflecting the particular risk in the individual investments. In terms of the sustainability framework, it consists of IFU's overarching Sustainability Policy, which applies to IFU itself and to all IFU investments, and it is supplemented by specific underlying policies on selected ESG topics. All policies are based on international standards and best practice on ESG and impact, and where relevant, developed in consultation with external peers.

As a state-owned institution IFU has a special responsibility and duty to protect human rights as described in the UN Guiding Principles on Business and Human Rights (UNGP), and to conduct human rights due diligence according to the UNGPs and OECD Guidelines for Multinational Enterprises. These commitments are reflected in IFU's Sustainability Policy and the underlying Human Rights Policy and applied in the investment process.

All polices are approved by IFU's board of directors and are reviewed regularly at its statutory annual policy review. IFU's sustainability and impact team monitors developments in the relevant international conventions and sustainability requirements and proposes future adjustments to IFU's management in connection with the policy review. All policies are publicly accessible and communicated to all relevant parties internally and externally.

>

IFU's sustainability policy framework



1. Focused sourcing

IFU has a proactive sourcing approach, building on and utilising an extensive network of advisors, investments bankers, fund managers and like-minded investors. Investments come from many sources, but it has been found that investments with high likelihood of meeting IFU's impact priorities, see p. 12, and passing the rigorous appraisal process, are those that come from impact investors, other development finance institutions, and partners from previous investments. These investments are typically well aligned with IFU's impact priorities and high ESG standards. This is one of the many reasons why IFU cultivates deep relationships with its investment partners and does multiple investments with the same partners.

At the same time, IFU continuously expands its network by maintaining a close presence across the markets in which it operates, amongst others via IFU's regional offices and representations in Africa, Asia, Latin America and Europe. The investment professionals aim to ensure that IFU is always at top of mind when companies in IFU's focus sectors, see p. 11, are looking to raise capital. The focus sectors also help inform potential investees on what type of deals are relevant and interesting to IFU.

When a potential investment is identified, IFU sets up a deal team. An investment professional is appointed as investment manager, and team members include investment professionals, as well as professionals from the legal unit, sustainability unit and finance unit. A vice president has overall responsibility for the deal team and the deliverables, reviewing investment papers prepared for investment committee meetings and ensuring fundamental analysis is sufficient for decision-making.

2. Screening

The purpose of screening is to assess if the potential investment is aligned with IFU's impact priorities. The return on investment, how the investment size (value) aligns with IFU's funding instruments and high-level risks are also considered to ensure that investments do not compromise IFU's policies. IFU has developed a screening tool to identify high impact and strategically aligned investments, providing a decision-point on whether an investment should be further considered.

If an investment does not meet the screening criteria, the investment opportunity is set aside to avoid spending resources on poorly aligned investments. The alignment with the impact priorities is met by one of the following criteria:

- For the impact priority of building green societies, screening is performed against substantial contribution to the six environmental objectives of the EU Taxonomy, while also considering the "do no significant harm" criteria.
- For the impact priority of building just and inclusive societies, investments are positioned in relation to least developed countries, incomes for the bottom 40 per cent segment, underserved populations, gender lens investing, as well as decent work and minimum social safeguards.

<u>Assessment of additionality</u>

Besides alignment with the impact priorities, the decision-making is informed by an assessment of financial and value additionality. Financial additionality typically relates to accessing finance that cannot be obtained from commercial investors. The value additionality typically relates to the unique role of development finance institutions, who can influence design, improve management performance, support responsible business conduct and embed good ESG practices in the company. During 2023, IFU collaborated with University of Copenhagen to further enhance IFU's approach to assessing financial additionality. The improved approach and supporting tools will be implemented in IFU's screening processes in 2024.

<u>Climate screening</u>

IFU screens all potential new investments against the commitments in IFU's Climate Policy[2] and exclusion list[3]. IFU consideres investments that contribute to climate mitigation and/or adaptation, as climate finance.

<u>Gender lens screening</u>

IFU takes part in the 2X Challenge[4] launched by development finance institutions of the G7 countries in 2018. The aim is to advance opportunities for women through enterprise support, leadership and career progression, quality employment and products, as well as services that enhance women's economic participation. IFU uses the 2X Challenge criteria to screen if an investment is 2X eligible. For details, see IFU's Gender Equality Policy[5].

<u>Biodiversity screening</u>

IFU uses a screening tool on biodiversity, IBAT[6]. Based on the geographical location of a potential investment, IBAT can provide up-to-date information on key biodiversity areas and critical habitats within or close to an investment boundary, including critically endangered or endangered species. IBAT draws information from the three key global biodiversity datasets: IUCN Red List of Threatened Species, World Database of Key Biodiversity Areas (KBA) and World Database on Protected Areas (WDPA). IFU uses the screening results to inform the decision of the location of the investment and to scope the due diligence if the screening reveals that a special focus on biodiversity is required. IFU is preparing its first biodiversity policy to be published in 2024, see p. 63.

3. Due diligence

When an investment opportunity is approved for further consideration, IFU conducts a thorough due diligence assessment of the investee. This includes a comprehensive examination of numerous aspects of the potential transaction with specific focus on identifying risks arising from the business activities and reviewing to what extent policies, systems and processes are in place to manage and reduce these risks.

In addition, the impact potential is further assessed in relation to the SDGs, and investment-specific impact areas are developed. The deal team discusses investment papers in two investment committee meetings to seek approval, the first being the clearance in principle stage at the start of the assessment. The second is the binding commitment stage and presents the results of the due diligence. These investment papers are furthermore reviewed and discussed with IFU's Board of Directors, prior to final investment approval.

<u>Value creation</u>

IFU's value creation plan is a set of actions that follow a detailed commercial and financial due diligence and peer review, typically supported by use of external consultants. Based on the investment targets' competitive position and market fundamentals, IFU determines an appropriate investment structure using equity and loan instruments. IFU and the invest-

2) https://www.ifu.dk/wp-content/uploads/2022/06/IFU-Climate-policy-of-April-2022.pdf
3) https://www.ifu.dk/wp-content/uploads/2022/06/Exclusion-list-2022.pdf
4) https://www.2xchallenge.org/criteria
5) https://www.ifu.dk/wp-content/uploads/2019/07/Gender-Equality-Policy_final_June_2019.pdf
6) https://www.ibat-alliance.org

ment target will jointly agree to a business plan with agreed milestones and commercial drivers that will be tracked carefully during the operational stage. The Environmental and Social Action Plan (ESAP) is also included and tracked.

Managing E&S risk

The environmental and social (E&S) due diligence includes a comprehensive assessment of investment-related E&S risks, potential adverse impacts and mitigation measures, which can also contribute to value creation.

IFU applies the risk categories A, B+, B and C that are defined and used by all EDFIs. Category A and B+ investments are high-risk investments with significant potential E&S risks or adverse impacts, while category B and C investments are low-risk investments with minimal or no E&S risks or adverse impacts. In 2023, 49 per cent of the investments were categorised as high-risk investments.

For all direct investments, IFU requires alignment with relevant international standards, in addition to complying with national regulations. For high-risk investments, the primary standards that guide the scoping of IFU's due diligence assessment are the IFC Environmental and Social Performance Standards (2012). These are based on a number of international core conventions, declarations and agreements, including the ILO conventions and the UNGP.

For high-risk investments, IFU also investigates if an environmental and social impact assessment (ESIA) has been conducted. If an impact assessment has been based on national requirements alone, and if these are below international standards, IFU initiates an E&S social due diligence against the IFC Performance Standards to identify gaps that may need to be addressed. In low-risk investments, the E&S performance is assessed using the UN Global Compact Self Assessment Tool, co-developed by IFU.

Depending on the outcome of the E&S due diligence for high as well as low-risk investments, IFU can decide to conduct a supplementary human rights due diligence against the UNGPs. If risks of severe adverse human rights impacts are identified, IFU will conduct a more thorough human rights impact assessment to identity the need for additional mitigation measures to those included to comply with the IFC Performance Standards. The human rights impact assessment considers country and investment-related risks like investments in fragile states, investments in countries with no guarantee of workers' rights and investments involving a number of risk aspects such as land take, use of migrant workers, location in water scarce areas or handling of personal data, etc. In 2023, IFU conducted training for its investment professionals to expand their understanding of contextual human rights. IFU is also revising its human rights policy. The revision will be published in 2024 and ensure that in future, human rights assessments will be conducted for all investments and thus align with minimum social safeguards under the unfolding EU sustainable finance legislation.

IFU also assesses the climate impact of potential investments, see p. 59.

As an integrated part of the E&S due diligence, IFU conducts or initiates site visits to high-risk investments, to identify areas that require further attention. For investments with issues regarding biodiversity, community health, safety and security, land acquisition and involuntary resettlement or indigenous people, IFU requires an external consultant to conduct the E&S due diligence and includes engagement with affected stakeholders, see p. 66. In greenfield investments with a construction phase, IFU also focuses on special risks and impacts during construction. This could include occupational health and safety risks, issues related to land ownership and land use, as well as impacts on the local community.

If the E&S due diligence identifies any gaps in relation to the requirements in IFU's Sustainability Policy and the relevant sustainability standards, IFU ensures commitment from the investees to a written ESAP describing the measures to be implemented within an agreed timeframe to meet the performance requirements.

Examples of due diligence - focus areas

Corporate governance

The corporate governance structures and processes of the investee and other relevant governance structures are assessed using IFU's Corporate Governance

Toolkit. Gaps in corporate governance or means of contributing to value creation through improving corporate governance are discussed with the investment partners, and where relevant, a corporate governance action plan is negotiated into the investment agreements.

In 2023, IFU strengthened its capacity on business integrity and corporate governance and developed a toolbox for business integrity due diligence. The topic of fair competition was also added to the issues assessed during due diligence. Rollout of the improved toolkit is planned for 2024 and includes training of investment professionals.

In all investments, IFU conducts a robust anti-corruption due diligence, and measures to comply with IFU's Anti-corruption Policy will be included in the corporate governance action plan for each investment and as required, see p. 69.

Impact creation

A crucial part of the due diligence is identifying how an investment intends to create positive impact. For all new investments, impact hypotheses based on a theory of change, are developed in close dialogue with the investment partners. The hypothesis outlines the link between the outputs generated by the investment and the SDGs. Based on the hypothesis, IFU and the investment partners agree on an impact results framework, which establishes KPIs, baselines and targets to measure and track performance during the investment period. The results framework serves as a reference point in IFU's ongoing dialogue with the management and the board of the investee during the investment period, on how to ensure impact creation, and also supports the overall assessment of the investee's achievements in the final evaluation of the investment. In 2023, IFU streamlined the theory of change approach and developed supporting tools.

Furthermore, all investment professionals were trained on how to apply the approach and tools in future investments. In 2024, IFU aims to further develop impact due diligence tools, to support and strengthen the narrative and demonstration of the impact created at both investment sector and portfolio levels.

4. Reaching agreement

If the investment is approved by IFU's investment committee and IFU's board following due diligence, the investment agreement is negotiated with the investment partners. The agreement typically includes all relevant commercial, legal and sustainability reporting related requirements, and IFU provides full legal review of the agreement. The ESAP, the corporate governance action plan and the impact results framework will be attached to the agreement, and often there are conditions precedent, which are specific matters that must be resolved before disbursement of funds to the investee.

5. Active ownership

The investment professionals have the overall responsibility for ensuring IFU's active ownership. This includes monitoring the investee's performance and driving value and impact creation, as well as ensuring the implementation of the actions in the environment and social action plan, the corporate governance action plan and the impact results framework. IFU conducts 6-monthly reviews of progress across segments of the portfolio, and the results are discussed with senior management.

Part of IFU's leverage in the investments is conducted by being member of the board of directors of the direct investments, which are equity investments. In 2023, IFU was a board member or observer in 65 per cent of its equity investments.

Investees are required to prepare an annual sustainability report to be discussed and approved by its board of directors. Furthermore, annual progress reporting on the targets defined in the impact results framework is also required. Both reports serve as an important tool for the annual stocktaking of the investee's sustainability performance and impact creation. The reports must be submitted to IFU and are essential for IFU's ability to perform active ownership and provide transparent sustainability information about its investments. The reports are reviewed and approved first by the investment professionals and then by IFU's sustainability and impact team. The reported information and data form the basis for preparation of the sustainability statement with data aggregated at portfolio level, see p. 70-71.

6. Responsible exits

Exiting an investment at the end of the investment period is a natural part of the investment process, and typically occurs five to eight years after the investment was approved. In the exit phase, IFU evaluates the investment results, including the value and impact creation achieved during the investment period.

In 2023, IFU initiated the development of a template for a new investment completion report, which will assess key dimensions of performance relating to IFU's investments, including financial performance, investment performance, development effects, ESG performance, as well as IFU's approach to responsible exit.

As part of ensuring a responsible exit, IFU is considering how to support investees in attracting 'like-minded' buyers with high ambitions for value and impact creation, as well as how to take precautionary measures to ensure investees maintain their focus on impact creation and mitigating ESG risks.

aBi Finance, Uganda.

OVERVIEW OF VALUE AND IMPACT CREATION IN PORTFOLIO

This overview summarises IFU's impact priorities in support of the SDG agenda and the SDG targets that IFU's investments contribute to the achievement of. Listed are also key metrics for the value and impact creation in 2019, 2020, 2021 and 2022. These metrics are either aggregated at portfolio level based on data reported by investees or the result of analysis of the performance of the portfolio. In 2023, the performance indicators have been reviewed, with minor adjustment made to align with historic data and forthcoming reporting under the Corporate Sustainability Reporting Directive (CSRD). IFU will continue to align the indicators with the SDG targets and the CSRD and improve the data collection from the investees to strengthen the reporting on the development impact of IFU's investments, see p. 70-71.

SDG	SDG targets relevant to IFU	Indicators	Unit	2022	2021	2020	2019
1 NO POVERTY	**1.1** Eradicate extreme poverty. **1.4** Ensure that all men and women have equal rights to economic resources, including microfinance.	Invested in microfinance institutions.	DKK million	0	0	> 267	> 96
		Total active investment in microfinance (MF) portfolio.	DKK million	755	722*	> 900	> 600
		MF clients served.	No. million	20.8	18.2*	17.8	20.1
		MF loans granted to female clients.	%	77	92	62	81
2 ZERO HUNGER	**2.3** Double the agricultural productivity and incomes of small-scale food producers. **2.4** Ensure sustainable food production systems and implement resilient agricultural practices.	Total projects supporting small-scale farmers.	No.	19	22*	26	20
		Total small-scale farmers benefitting.	No.	503,291	454,802	342,187	107,600
3 GOOD HEALTH AND WELL-BEING	**3.7** Ensure universal access to sexual and reproductive healthcare services. **3.8** Achieve universal health coverage.	Healthcare investment projects.	No.	0	0	2	1
		Invested into healthcare projects.	DKK million	0	0	360	63
		Number of patients served.	No. million	1.17	1.11	-	-
		Number of female patients served.	No.	406,490	403,203	-	-
4 QUALITY EDUCATION	**4.3** Ensure equal access to affordable and quality technical, vocational, and tertiary education. **4.4** Substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills.	Employees in investments under the age of 25.	%	11	13	15	16
		Indicators under development.					
5 GENDER EQUALITY	**5.1** End all forms of discrimination against all women and girls. **5.5** Ensure women's full and effective participation and equal opportunities for leadership.	Female employees in investments.	%	35	34	37	27
		Direct investments with more than 40 per ent women in senior management.	%	15	23	20	18
6 CLEAN WATER AND SANITATION	**6.1** Achieve universal and equitable access to safe and affordable drinking water for all.	Direct investments that have reported water consumption figures.	%	86	76*	-	-

SDG	SDG targets relevant to IFU	Indicators	Unit	2022	2021	2020	2019
7 AFFORDABLE AND CLEAN ENERGY	**7.1** Ensure universal access to affordable, reliable and modern energy services. **7.2** Increase the share of renewable energy efficiency. **7.3** Double the global rate of improvement in energy efficiency.	Total installed capacity** of renewable energy investments, including new capacity.	MW	2,786	2,619	1,914	1,216
		New installed capacity** of renewable energy investments.	MW	327	1,012	698	424
		New installed capacity** of hydropower investments.	MW	0	0	602	0
		Renewable energy produced (all investments).	GWh	5,236	5,291	5,079	2,431
8 DECENT WORK AND ECONOMIC GROWTH	**8.2** Achieve higher levels of economic productivity through diversification, technological upgrading and innovation. **8.5** Achieve full and productive employment and decent work for all. **8.6** Reduce the proportion of youth not in employment, education or training. **8.8** Protecting labour rights and promote safe and secure working environments.	Total direct employees in all investments.	No.	418,879	377,094	308,174	259,068
		Direct investments that pay more than the national minimum wage.	%	77	64	65	72
		Direct investments that pay overtime.	%	77	71	76	71
		Investments reporting accidents involving workers.	%	44	33	38	32
		Occupational injuries in all investments.	No.	2,824	1,753	882	533
		Occupational fatalities in all investments.	No.	35	19	24	18
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	**9.17** Promote inclusive and sustainable industrialisation and significantly raise industry's share of employment and gross domestic product.	New direct investments in manufacturing, outside the agricultural sector.	No.	2	0	0	0
10 REDUCED INEQUALITIES	**10.2** Empower and promote social, economic and political inclusion of all. **10.b** Encourage official development assistance foreign direct investment to states where the need is greatest, including least developed countries and African countries.	Percentage of IFU's own funds invested in the poorest countries in Africa, covered by the HRHI initiative.	%	10	46	31	N/A
11 SUSTAINABLE CITIES AND COMMUNITIES	**11.1** Ensure access to adequate, safe and affordable housing.	Beds provided for affordable student accommodation	No.	988	-	-	-
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	**12.2** Achieve the sustainable management and efficient use of natural resources. **12.3** Reduce food losses along production and supply chains. **12.4** Achieve and environmentally sound management of chemicals and all wastes and significantly reduce their release to air, water and soil. **12.5** Reduce waste generation through prevention, reduction, recycling and reuse. **12.6** Encourage companies to adapt sustainable practices and to integrate sustainability information into their reporting cycle. **12.7** Promote public procurement practices that are sustainable.	All investments that have a written sustainability policy.	%	82	86*	83	83
		All investments that have an environmental & social management system.	%	66	65	61	59
		All investments that have a dedicated person responsible for sustainability.	%	90	86*	84	82
		All investments that have a grievance mechanism for external stakeholders.	%	73	67	59	52
		Direct investments that have a responsible supply chain management system.	%	60	55	-	-
		Direct investments reporting on waste generation.	%	73	70*	-	-

SDG	SDG targets relevant to IFU	Indicators	Unit	2022	2021	2020	2019
13 CLIMATE ACTION	**13.a** Mobilise capital to address the needs of developing countries in the context of meaningful mitigation actions.	Avoided emissions (attributed), based on GWh of renewable energy produced.	Million tCO_2e	0.38	0.25	0.26	-
		Avoided emissions (not attributed), based on GWh of renewable energy produced.	Million tCO_2e	3.5	3.38	2.86	1.34
		Direct investments that report GHG emissions to IFU.	%	21	12*	13	15
14 LIFE BELOW WATER	Not applicable yet.	*No suitable indicator/s yet.*					
15 LIFE ON LAND	**15.2** Promote the implementation of sustainable management of forests. **15.5** Take action to reduce the degradation of natural habitats and halt loss of biodiversity.	*Indicators under development.*					
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	**16.5** Reduce corruption and bribery in all their forms.	All investments that have a written stand against corruption or anti-corruption policy.	%	84	81*	76	70
17 PARTNERSHIPS FOR THE GOALS	**17.1** Strengthen domestic resource mobilisation to improve domestic capacity for tax and other revenue collection. **17.17** Encourage and promote effective public, public-private and civil society partnerships.	Investments paying corporate tax.	No.	124	130	147	146
		Corporate taxes reported for all investments, with continent breakdown below:					
		Africa	DKK '000	2,133,675	3,292,825	1,608,370	1,092,760
		Europe	DKK '000	1,008,829	471,014	-63,174	80,813
		Asia	DKK '000	3,764,691	1,525,967	1,044,477	1,137,949
		Global	DKK '000	1,592,571	124,878	327,733	630,210
		Latin America	DKK '000	454,345	-4,718	314,046	146,628
		Total	**DKK '000**	**8,954,111**	**5,409,967**	**3,231,453**	**3,088,361**

*IFUs data collection and review was strengthened in 2023 and has led to minor shifts in the values and thus a few restatements of historic data disclosures have been made.
**Indicators have been changed from expected renewable energy capacity based on estimates, to installed renewable energy capacity using reported data for 2022. For 2019-2021, an estimation of the installed capacity has been calculated based on reporting wherever possible, supplemented with expected capacity.

ENVIRONMENTAL INFORMATION / CLIMATE CHANGE

POLICIES

IFU supports the Paris Agreement on Climate Change and its goal of holding the increase in global average temperature to 1.5 degrees Celsius. IFU is committed to assist developing countries in increasing their resilience, improving local livelihoods while reducing climate related migration.

In all investments, IFU's ambition is to reduce GHG emissions as much as possible, without causing significant harm to other objectives. However, IFU agrees with the OECD that the rate of country transitions to a low carbon economy will vary, as due consideration should be given to fundamental development needs, like decent jobs and access to water, food and energy. Consequently, IFU has the option to make investments that meet fundamental development needs in the least developed and low-income countries, even if it is in high GHG emitting sectors. The conditions that qualify these investments are stringent and may include that the risk of lock-in to emission intensive production is low or that lower emitting alternatives are unfeasible for technical or economic reasons. A third example could be that the investments are in line with the country's Nationally Determined Contributions (NDC) to cut emissions and adapt to climate impacts. For more details, see IFU's Climate Policy[7].

ACTIONS

IFU's portfolio

As part of the investment process, IFU screens all potential new investments against the commitments in IFU's Climate Policy and conducts due diligence, see p. 53-54. Climate impacts are assessed by calculating and modelling the absolute GHG emissions for all investments and the avoided or reduced emissions for the relevant investments. The assessment of the absolute emissions includes scope 1, 2 and 3 emissions. Avoided emissions are calculated for investments in renewable energy and reduced emissions are calculated for energy efficiency investments, or in investments where reduced or avoided emissions are clearly evident. To proactively reduce future emissions, IFU also identifies climate change resilient technologies and adaptation measures to be put in place as part of the investment. These activities support the individual investment and its climate strategy, and at the same time support IFU's monitoring of its portfolio climate footprint.

To ensure a progressive reduction in IFU's portfolio footprint over time, IFU regularly updates its exclusion list and climate finance target, as well as invest in carbon sequestration and removal. As most investments are expected to generate actual GHG emissions, although at a decreasing intensity, IFU requires all high emitting investments to also deliver significant avoided emissions.

Furthermore, IFU is working with its financial institutions and funds to make their finance flows consistent with the SDGs and the Paris Agreement and IFU requires them to apply IFU's exclusion list to all new transactions.

To measure how IFU's portfolio is performing on GHG emissions over time and allow IFU to track the journey to net-zero emissions, IFU is developing a GHG emission tracking tool which has been tested during 2023 and will be strengthened in 2024. In 2024, IFU will also start developing scenarios to establish decarbonization pathways for IFU's investment sectors.

IFU's premises and travel

IFU strives to limit energy consumption and apply energy efficient solutions at its own premises. In 2021, IFU signed a certificate with electricity supplier Norlys to supply 100 per cent renewable energy for the head office in Copenhagen. Renewable energy is also used by IFU's service-providers to run IT servers and cloud-based services.

IFU's employees are encouraged to replace physical meetings with digital to reduce travel-related emissions. However, employees will still need to visit investees to conduct due diligence and participate in board meetings as part of IFU's active ownership.

METRICS

Climate finance

IFU's target is having minimum 50 per cent of new direct investments – measured by contracted amount –qualifying as climate finance, i.e. investments that make a substantial contribution to climate mitigation and/or adaptation. For example, the latter includes aligning with the EU taxonomy, or if the sector is not covered by the taxonomy, the Common Principles for Climate Mitigation Finance Tracking[8]– or if the sector is not covered by the common principles, then at least providing 20 per cent lower emissions than the most likely alternative.

In 2023, 75 per cent of the new direct investment volume qualified as climate finance, thus exceeding the impact target.

GHG emissions and carbon intensity in IFU's portfolio

IFU's targets for decarbonisation are decreasing three-year rolling averages of carbon intensity measured at sector level and achieving net-zero portfolio emissions by 2040 at the latest.

IFU's financed emissions are indirect emissions that relate to the investment portfolio and fall under scope 3 category 15 in the GHG Protocol. The financed emissions are estimated as the total annual GHG emissions generated by IFU's outstanding portfolio and based on the methodology described in the Global GHG Accounting Standard developed by the Partnership for Carbon Accounting (PCAF). IFU uses an attribution calculation related to both GHG emissions and avoided GHG emissions, as defined by the standard. GHG estimates are either reported to IFU or modelled by using the Joint Impact Model. A full methodology paper is available on IFU's website[9].

The emissions calculated are related to scope 1, 2 and 3 emissions of IFU's investees. The financed emissions are defined in alignment with the "follow the money" principle, meaning that the money from loans and investments should be followed, as far as possible, to understand and account for the climate impact that IFU contributes to in the real economy.

Portfolio GHG emissions attributed to IFU in 2022 are estimated at 767,278 tCO2e, a decrease of approximately 10 per cent from the 2021 estimate of 848,477 tCO_2e, see figure 2.

>

7) https://www.ifu.dk/wp-content/uploads/2022/06/IFU-Climate-policy-of-April-2022.pdf
8) mdb_idfc_mitigation_common_principles_en.pdf
9) https://www.ifu.dk/wp-content/uploads/2024/03/portfolio-carbon-footprint-methodology-march-2024.pdf

The largest proportion of GHG emissions come from cement sector investments and investments in funds. Renewable energy investments also feature high in proportion, due to many of them being under construction and thus having relatively high emissions during the construction phase.

The estimated GHG emissions intensity for the 2022 portfolio is thus 111 tCO_2e per million DKK outstanding. This is a decrease of approximately 17 per cent from the 2021 estimate of 133 tCO_2e per million DKK outstanding. To meet IFU's impact targets for decarbonisation, IFU will aim to keep reducing the GHG emission intensity across the portfolio.

Changes in IFU's climate footprint between 2021 and 2022

Changes in IFU's climate footprint are both within and out of IFU's control. The changes within IFU's control are linked to which investments enter and exit the portfolio. New investments that have entered the portfolio include CBI Ghana, a cement company that produces at below industry average emissions intensity, and Surpapel, a cardboard producing and recycling company, and the construction of renewable energy projects.

Changes out of IFU's control include changes in the total assets of the funds and financial institutions, changes in investees' activities (for example the increase or decrease in production), changes in the type and quality of data reported by investees, changes in the emission factors and increased sector granularity used for the assessment.

The granularity of data reported from funds, banks and MFIs in 2022 has improved significantly, due to an increased share of data from their respective investee emissions, energy consumption, production volumes, etc. thus increasing the accuracy of the results. IFU's efforts to improve the data quality has been scored in line with the recommendation from PCAF, see figure 4.

Figure 1: Composition of IFU's outstanding portfolio

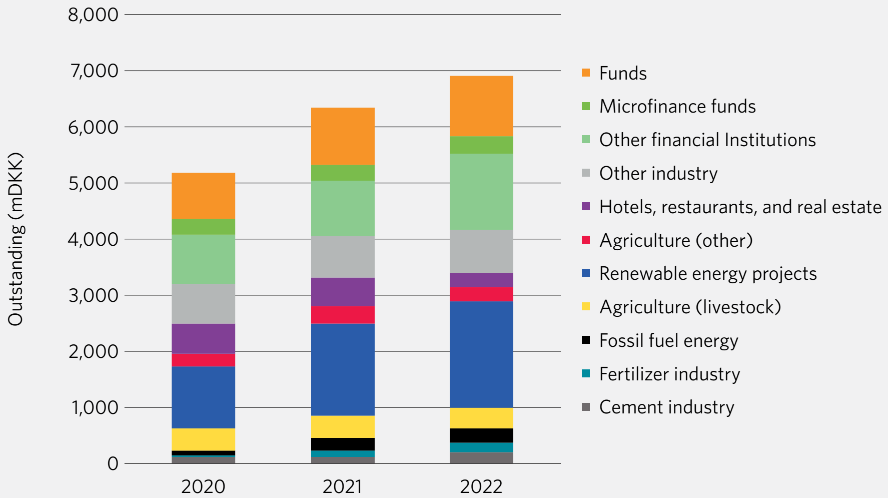
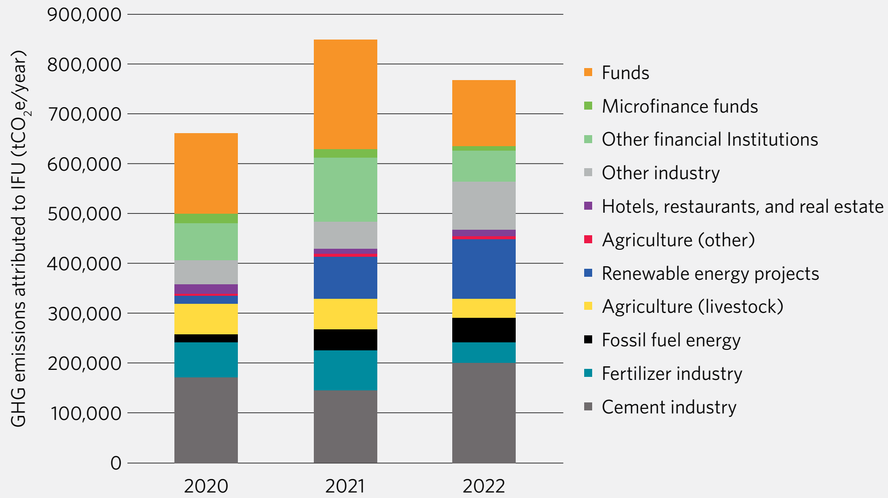
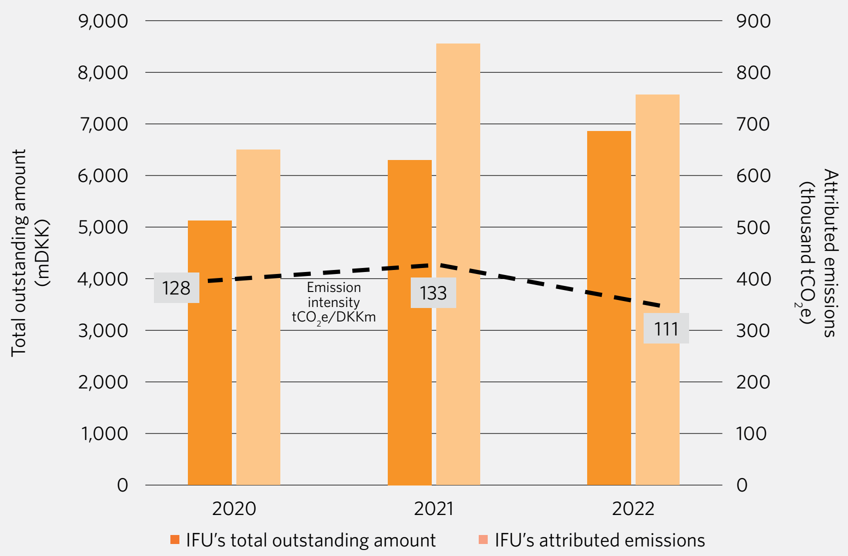


Figure 2: GHG emissions in portfolio attributed to IFU



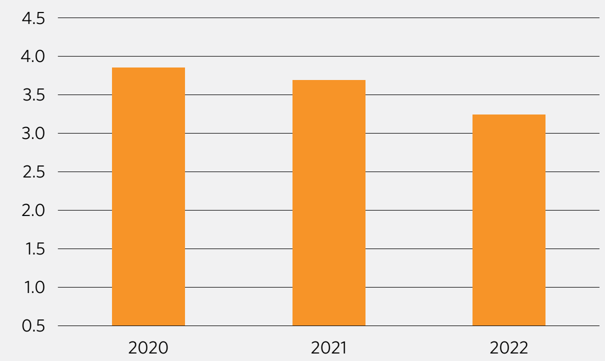
Note: The 2020 and 2021 estimations of the portfolio carbon footprint are different from those presented in the 2022 Annual Report. The portfolio carbon footprint previously reported for 2020 was 740,348 tCO_2e and 816,889 tCO_2e for 2021. The main reasons for these changes are updated attribution factors and, in some cases, corrected carbon footprint estimations.

Figure 3: IFU's outstanding amount attributed GHG emissions and GHG emissions intensity 2020 - 2022



Note: The 2020 and and 2021 estimations of the portfolio emission intensity are different from those presented in the 2022 Annual Report. The portfolio emission intensity previously reported for 2020 was 143 tCO_2e/mDKK and 129 tCO_2e/mDKK for 2021. The reasons for these changes are updated attribution factors and, in a few cases, corrected carbon footprint estimations.

Figure 4: Data quality score* in portfolio



*Data quality scale from 5 (lowest certainty / lowest score) to 1 (highest certainty / best score)

Renewable energy capacity and avoided emissions in IFU's portfolio

In total, IFU's portfolio included renewable energy investments with an overall installed capacity of 2,786 MW in 2022. Of this, 327 MW was new installed capacity in 2022. In total, the portfolio generated 5,236 GWh renewable energy in 2022. This corresponds to 3.5 million tCO_2e emissions avoided in 2022, of which 0.38 million tCO_2e avoided GHG emissions can be attributed to IFU.

GHG emissions from IFU's premises and travel

IFU's total CO_2e emissions related to IFU's premises and travel activities constitute scope 2 and scope 3 emissions, as IFU has no direct emissions from owned or controlled sources (scope 1). Scope 2 and 3 emissions relate to IFU's consumption of purchased electricity and district heating, as well as products and services for the head office in Copenhagen. Business travel is included in scope 3, with the significant increase in 2023 emissions related directly to increased business travel. This rising trend is observed, following Covid-19 travel restrictions in 2020 and 2021. Today IFU uses online meetings to manage and reduce business travel as much as possible, yet in many cases it is necessary to travel, meet with businesses and inspect their operations. In 2024, IFU will include GHG emissions from employee commuting in the calculation of scope 3.

	Unit	2023	2022	2021	2020	2019
Total GHG emissions	tCO_2e	1,137	669	208	304	1,052
Scope 2: electricity, heating	tCO_2e	8	10	11	70	76
Scope 3: flights, hotels, paper, canteen, IT servers and cloud-based IT solutions	tCO_2e	1,131	659	197	234	976

ENVIRONMENTAL INFORMATION / POLLUTION PREVENTION AND RESOURCE USE

POLICIES

IFU is committed to supporting and promoting a preventative and precautionary approach to environmental challenges in accordance with the Rio Declaration on Environment and Development, amongst others, and to conduct environmental due diligence and monitoring to guide IFU's investments.

By continuously focusing on preventing and minimising adverse impacts on the environment and nature related to its investments, IFU works to ensure that local stakeholders are not exposed to unhealthy environments, and that they have access to and benefit from ecosystem services. For details, see IFU's Sustainability Policy[10], which includes the management of pollution prevention and resource use and is based specifically on IFC Performance Standard 3 Resource Efficiency and Pollution Prevention.

ACTIONS

IFU's portfolio

As part of the investment process, IFU conducts an environmental due diligence of all investments to identify material environmental impacts, risks and opportunities, as well as any gaps in relation to requirements in IFU policies, see p. 54.

IFU encourages all investees to work strategically with sustainability and formally anchor the activities in their business plans and daily practices. Since 2015, investees have been required to adopt a written sustainability policy and establish an environmental and social management system to ensure continuous improvement of performance and actions to comply with relevant international standards on sustainability issues. Investees must also appoint a person with overall responsibility for sustainability who has appropriate knowledge of sustainability issues related to the investee. The requirements must be met within an agreed timeframe defined in an action plan and are thus not an entry condition for funding. As IFU contracts tens of new investments each year, there will always be investees that do not meet the requirements yet, but are in the process of implementing actions to fill the gaps.

IFU continues to support investees in implementing processes to identify, assess and address environmental risks and impacts and ensure continuous improvement of the sustainability performance. IFU encourages direct investments to demonstrate resource efficiency, e.g. efficient water consumption and proper handling of waste and recycling, where these issues are assessed to be material. Furthermore, IFU is pursuing investment opportunities in the recycling and circular economy sector, see p. 23.

IFU's premises

IFU also integrates environmental considerations in the operation of its premises. Besides limiting energy consumption, see p. 59, IFU strives to minimise water consumption, substitute hazardous materials and increase recycling of waste. Furthermore, environmental considerations are reflected in the terms and conditions of contractors working at IFU's premises and included in purchasing of goods and services. For example, all office paper is FSC certified and recycled paper with the EU Ecolabel. Another example is IFU's canteen at the head office in Copenhagen that serves 60 to 90 per cent organic food and a selection of vegetarian dishes.

When purchasing new IT equipment, software and services, vendors must live up to sustainability standards as set out in IFU's Sustainability Policy, including requirements for energy efficiency and durability. IFU aims to keep equipment operating as long as possible, investing in repairs and long-term maintenance and support agreements. When the equipment is no longer fit for purpose, IFU collects and disposes of all electronic equipment in an environmentally safe manner, either through refurbishment or recycling.

METRICS

Policies and management systems in portfolio

To IFU, having a sustainability policy is a key performance indicator that offers evidence of the investees' sustainability commitment and performance. IFU finds it satisfactory that 82 per cent of the investees that submitted reports, have a written sustainability policy in 2022. IFU has a dynamic portfolio, and new projects entering it will take time to establish the required sustainability policy.

For direct investments, the environmental and social management system is an indicator of the investees' ability to manage their specific adverse impacts, while for the funds and financial institutions it expresses their ability to address sustainability risks related to their portfolio and clients. In 2022, 66 per cent of the investees reported that they have an environmental and social management system. With many direct investments being greenfield investments, where the establishment of the management system is not in place at the start of the investment, IFU finds the slight increase of 1 percentage point from 2021 satisfactory. Since IFU targets investments that typically require support to establish management systems, it is expected that this portfolio percentage will remain below 100 per cent.

IFU is also satisfied to see that 90 per cent of the investees have appointed a dedicated person responsible for sustainability, which is a noticeable increase of 4 percentage point from 2021. This has been an IFU requirement since 2015 and is considered essential for managing sustainability at an operational level.

Water consumption and waste generation in portfolio

In 2022, 86 per cent of the reporting direct investments have disclosed water consumption figures while 73 per cent reported waste generation figures. These are increased shares compared to 2021, and IFU continues its efforts to improve data collection and quality.

Water consumption and waste generation at IFU's premises

Water consumption at IFU's head office in Copenhagen in 2023 was 627 m3 which is a 13 per cent increase compared to 2022. In 2023, the waste generation at the head office was 9,678 kg of which 24 per cent was recycled. This is lower than in 2022, where the recycling rate was 35 per cent. Paper accounted for 57 per cent of the recycled waste, while cardboard made up the remaining recycled waste in 2023.

10) https://www.ifu.dk/wp-content/uploads/2022/07/Sustainability-policy-final-20220623-signed.pdf

ENVIRONMENTAL INFORMATION / BIODIVERSITY

POLICIES

Biodiversity is currently included in IFU's Sustainability Policy[11]. IFU is preparing its first stand-alone biodiversity policy to be published in 2024. The policy will apply to all new IFU investments and continue to support investment strategy implementation. IFU is committed to contribute to the Global Biodiversity Framework (GBF) adopted at the UN Biodiversity Conference December 2022 (COP15)[12]. In addition and as per IFC Performance Standard 6, IFU will avoid investing into deforestation activities, activities located in UNESCO Natural and Mixed World Heritage Sites and activities located in sites that fit the designation criteria of the Alliance for Zero Extinction (AZE) sites[13].

The policy will ensure that IFU formalises and further details the integration of biodiversity considerations into all investment decision-making. The protection and restoration of biodiversity and ecosystems play a very important role in assisting developing countries prosper, increase their resilience and improve local livelihoods.

ACTIONS

As part of the investment process, IFU currently conducts a biodiversity screening to inform the decision of the location of the investee and to scope the due diligence if the screening reveals that a special focus on biodiversity is required, see p. 53. The due diligence process includes consultations with affected communities on assessments of shared biological resources and ecosystem services, see p. 66.

In investments where there is risk of adverse impacts on biodiversity, IFU requires the investee to operate in accordance with IFC Performance Standards 6 on Biodiversity Conservation and Sustainable Management of Living Resources. A core element (as for all the IFC Performance Standards) is the mitigation hierarchy which includes the steps avoid, minimize, restore and offset. Meaning avoid the impact as much as feasible, for example, by choosing a different location, process or timescale. Minimize the impact where avoidance is not possible. Restore where impacts cannot be avoided or fully minimized. Offset may be considered only after appropriate avoidance, minimization and restoration measures have been applied. A biodiversity offset should be designed and implemented to achieve measurable conservation outcomes that can reasonably be expected to result in no net loss for impact on natural habitat. If the activity is located in a critical habitat[14], No Net Loss is not sufficient. For critical habitat, additional actions are required to obtain a net gain position.

METRICS

A better understanding of nature-related dependencies and impacts across portfolios of assets and economic value chains, and of the associated risks and opportunities, is essential for making investment decisions that take into account the need to protect and restore biodiversity.

Global Tea plantation.

11) https://www.ifu.dk/wp-content/uploads/2022/07/Sustainability-policy-final-20220623-signed.pdf
12) https://www.unep.org/news-and-stories/story/cop15-ends-landmark-biodiversity-agreement
13) The criteria for AZE sites can be found at: www.zeroextinction.org, along with a map of current AZE sites.
14) Critical habitats are defined in IFC PS6

SOCIAL INFORMATION / WORKERS IN THE VALUE CHAIN

POLICIES

Human rights

IFU respects internationally recognized human rights and takes measures to avoid supporting activities that may cause, contribute or are directly linked to human rights abuses in line with IFU's commitment to the UNGP. This means that all internationally recognized human rights are considered potentially relevant to IFU's activities.

For more information about IFU's position on implementation of the UNGP and the OECD Guidelines on Multinational Enterprises, see IFU's Human Rights Policy[15]. IFU will publish a revised policy in 2024, which will for example include considerations on contextual human rights risks (country and sector) and measures to mitigate risk of forced labour in solar supply chains, as well as strengthened requirements for indirect investments.

Decent work

IFU is committed to support growth of businesses in developing countries and to contribute to securing decent jobs that live up to international labour standards. This means that all workers must have an employment contract specifying the terms of employment, including reasonable wages and working hours, and migrant workers must have adequate housing and living conditions. IFU's requirements for decent work also includes occupational health and safety initiatives that effectively prevent and protect workers against health and safety risks in the workplace. Furthermore, investees must respect workers' right to privacy, freedom of association and collective bargaining, as well as promote equal opportunities and prevent discrimination. For details, see IFU's Sustainability Policy[15].

Gender equality

IFU actively supports and motivates investees to address and demonstrate a commitment to empowerment of women through issues related to leadership, pay equity, workplace benefits and professional development, workforce participation, workplace environment, including women's health and sexual and reproductive health. For details, see IFU's Gender Equality Policy[16].

ACTIONS

Grievance mechanism

Value chain workers may use IFU's grievance mechanism to report concerns about adverse impacts that activities carried out by IFU or IFU investees have caused or contributed to. Where IFU has caused or contributed to adverse impacts of human rights, IFU will provide access to remedy, see p. 68.

Managing material risks and pursuing material opportunities

As part of the investment process, IFU conducts a social due diligence of all investments to identify material social impacts, risks and opportunities, as well as any gaps in relation to requirements in IFU policies, see p. 54.

Training programme to improve skills as radiology technicians at Humania, Egypt and Morocco.

Since 2015, IFU has required investees to adopt a written sustainability policy and establish an environmental and social management system to ensure continuous improvement of performance and actions to comply with relevant international standards on sustainability issues, including labour standards securing decent jobs, see p. 62.

To contribute to unlocking business opportunities for female entrepreneurs and advance women as business leaders, employees, and consumers, Women Economic Empowerment (WEE) opportunities like equal pay, gender equality in management and board work, leadership training, leave/return procedures and improved health at the workplace and gender-inclusive community engagements are a part of the impact discussions with investment partners, and specific targets for gender equality are included in the impact creation plan.

METRICS

Decent jobs in portfolio

In 2022, a total of 418,879 people were employed in the investees included in IFU's active portfolio, which >

15) https://www.ifu.dk/wp-content/uploads/2022/07/Sustainability-policy-final-20220623-signed.pdf
16) https://www.ifu.dk/wp-content/uploads/2019/07/Gender-Equality-Policy_final_June_2019.pdf

is an 11 per cent increase from 2021. The increase was driven mostly by improved reporting from large employers in the portfolio, as well as some significant increases in employment reported by multiple investees. The share of employees below 25 years of age in the investees was 11, which is a slight decrease of 2 percentage point from 2021.

77 per cent of the reporting direct investments stated that they pay workers more than the national minimum wage in 2022. This is a significant increase of 13 percentage point from 2021, which can largely be attributed to investees that have not previously reported on wages, but also three investees that have increased their wages above minimum wage in 2022. Furthermore, 77 per cent of the direct investments stated that they pay overtime, also a satisfactory increase of 6 percentage points from 2021.

Gender equality in portfolio

In 2022, the share of female employees was 35 per cent, which is on par with 2021, where the share was 34 per cent. Only 15 per cent of the direct investments reported that the share of women in senior management is more than 40 per cent, which unfortunately is a decrease from 2022 to 2021, where the share was 23 per cent. This is not satisfactory, and in 2023 IFU's efforts to support initiatives to advance women in the workforce were evaluated by external advisors and the recommendations will inform the revision of the Gender Equality Policy for IFU in 2024.

Occupational accidents in portfolio

In 2022, the total number of occupational accidents reported to IFU was 2,824, which is a 61 per cent increase from the 1,753 occupational accidents reported in 2021. To draw conclusions, it is first necessary to understand the reporting of accidents.

Reported accidents stem from 44 per cent of IFU's investees. This suggests that the occupational accidents are being reported by one third of investees. The year-on-year increase is thus attributed to improved reporting from investees and possibly an increase in accidents. For example, the portfolio companies of one fund investment accounted for almost half of the accidents reported in IFU's portfolio. This was due to accident reporting from one of the fund's portfolio companies. This demonstrates increases can be an indication of improved reporting from investees. The rising figures are of importance to IFU and require further attention, to better understand the level of care and attention investee companies are placing on occupational health and safety.

Tragically, 35 of the accidents were however fatal, with 79 per cent occurring in the portfolio companies of fund investments and at least 65 per cent of the fatalities being directly related to road accidents. While occupational accidents are reported to IFU in the Annual Sustainability Report, IFU requires information on fatality within a few days of the accident occurring. To avoid similar accidents in the future, the investee must initiate follow-up actions such as root-cause-analysis and procedural improvements, and the follow-up actions will be included in IFU's active ownership review going forward. In 2023, IFU set up an oversight committee on grievances and established an ESG incident register to improve monitoring, see p. 68. Going forward, IFU will work with portfolio companies through the existing active ownership mechanism, to ensure occupational health and safety processes are being improved.

Women packing tea at Global Tea.

SOCIAL INFORMATION / AFFECTED COMMUNITIES AND END-USERS

POLICIES

Human rights

IFU is committed to preventing land grabbing and securing human rights related to involuntary resettlement and livelihood restoration and considers this important to support the ability of people and families to be able to sustain their living conditions and provide the basis for local business and markets. IFU recognizes the importance of informed consultation and participation to ensure the respect for human rights. In addition, an informed and participatory consultation process strengthens the basis for sustaining development effects in terms of improved transfer of knowledge and technology, as well as for developing local capabilities and capacities. For details, see IFU's Sustainability Policy[17].

Gender equality

IFU seeks to integrate "gender smart" decision-making into its investment processes and to demonstrate that investing with a gender lens can reap business returns in addition to social returns. This supports the advance women as entrepreneurs, business leaders, employees and consumers and enhances their economic empowerment. For details, see IFU's Gender Equality Policy[18].

Microfinance

IFU is committed to supporting essential financial service provision to underserved populations and small and micro companies in developing countries. When investments include micro-financing, IFU is committed to requiring micro-finance institutions (MFI's) to endorse the Client Protection Principles as set forth by SPTF and CERISE as part of the Client Protection Pathway[19] to ensure prudent, transparent and respectful treatment of clients. IFU requires the principles to be the minimum standards that clients should expect when doing business with a financial service provider and include appropriate product design and delivery, prevention of over-indebtedness, transparency, responsible pricing, fair and respectful treatment of clients, privacy of client data and mechanisms for complaint resolution.

ACTIONS

Engaging with affected stakeholders

For investments with issues regarding community health, safety and security, land acquisition and involuntary resettlement or indigenous people, IFU includes engagement with affected stakeholders in the due diligence during the investment process, see p. 54.

IFU is ensuring that local stakeholders affected by its investments are consulted on an informed and participatory basis that promotes inclusiveness. IFU pays special attention to vulnerable groups, such as elderly or disabled community members. Specifically, where indigenous peoples are potentially affected by investments, IFU will – in line with IFC Performance Standards – ensure the principles of Free, Prior and Informed Consent (FPIC) are met.

Grievance mechanism

IFU's grievance mechanism can be used to report concerns about adverse impacts on individuals or communities by activities carried out by IFU or IFU investees. Where IFU has caused or contributed to adverse impacts on human rights, IFU will provide access to remedy, see p. 68.

Managing material risks and pursuing material opportunities

IFU's approach to preventing land grabbing and securing human rights related to involuntary resettlement and livelihood restoration is to ensure that its investees adhere to IFC Performance Standards. Across the investments, IFU is pursuing opportunities to improve living conditions and livelihood for low-income people. This is achieved by providing microfinance, supporting small-scale farmers, extending healthcare services, and providing affordable student accommodation, for example.

IFU's investments in essential financial service provision to underserved populations and small and micro companies contribute to build markets and create business opportunities. Investing in local banks enables IFU to better reach the local business community compared to direct investments in individual companies. IFU is also integrating a gender lens into its investments in financial inclusion to contribute to redressing power imbalances and give women better options for becoming financially independent. Furthermore, IFU gives priority to investments that support fair trade and increased productivity of small-scale farmers which are the main producers of food in developing countries.

IFU's investments in healthcare aim to increase access to more affordable and high-quality healthcare services, especially for middle and low-income people. Consequently, focus is on business models supported by universal healthcare programmes, insurance schemes and/or cross-subsidisation of patients within investee operations.

The direct employment and income opportunities provided by IFU's investments only constitute a small part of the total job effects in the economy. IFU's investment activities also create indirect employment, for instance in the supply chain and when employees are spending their salaries.

METRICS

Gender lens investments

In 2023, 50 per cent of IFU's new investments qualified as 2X Challenge investments. By year-end 2022, 46 per cent of investments in IFU's portfolio are either 2X eligible or have plans in place to become 2X eligible.

Microfinance investments

By year-end 2022, IFU had an active portfolio of five microfinance institutions (MFIs) and six microfinance funds serving 20.8 million microfinance clients. IFU's total contracted investments in these MFIs is DKK 755m. The 33m increase since 2021 is due to additional disbursement of committed funding to existing MFI investments. The MFI investments typically target female clients, as they experience

17) https://www.ifu.dk/wp-content/uploads/2022/07/Sustainability-policy-final-20220623-signed.pdf
18) https://www.ifu.dk/wp-content/uploads/2019/07/Gender-Equality-Policy_final_June_2019.pdf
19) https://cerise-sptf.org/client-protection-pathway/

barriers to accessing mainstream finance. In 2022, the share of female clients in MFIs was 77 per cent, which is high and very satisfactory despite a decrease from 92 per cent reported in 2021. Since there is a significant variation in the percentage of female clients in MFIs across different geographies, changes are to be expected from year to year, depending on investments entering and exiting the portfolio.

Healthcare investments
By year-end 2022, IFU had an active portfolio of 3 healthcare investments serving 1.17 million patients, of whom 35 per cent are female patients. IFU's total contracted investment into healthcare is DKK 423m.

Support for small-scale farmers
In 2022, 19 of the reporting investees were directly supporting in total 503,291 small-scale farmers in rural areas, an increase of 11 per cent since 2021. This is mainly due to IFU's fund investments which in 2022 for the first time were asked to report number of small-scale farmers supported.

Indirect jobs creation
Measuring the indirect employment effects of IFU's investments is highly complex. IFU uses the Joint Impact Model to obtain an overall estimate of the indirect employment effects of its portfolio, and the results indicate that IFU's investments in 2022 have supported approximately 2.7 million indirect jobs. This equates to approximately 6.4 times the number of direct jobs supported by IFU's investments, slightly above the 6.1 factor for 2021.

Student accommodation
In 2022, one IFU investment provided 988 beds for affordable student accommodation in South Africa.

SASAII CT Station, student accommodation in Cape Town, South Africa.

GOVERNANCE INFORMATION

POLICIES

Staff ethics and corporate culture

IFU's Guidelines on Staff Ethics formalise the ethical standards and policies applicable for all IFU employees, regardless of whether they work for IFU or IFU managed activities. Every employee is accountable for developing, strengthening and protecting IFU values and are expected to act in a professional and ethical manner with a high level of integrity. To IFU this is imperative in order to have satisfied investment partners and to execute IFU's investment strategy. IFU employees work with people from a wide variety of cultures. Consequently, all employees must make an effort to understand not only political, social and economic features of a country, but they should also be sensitive to local cultures and appreciate the impact of these aspects in a relevant business and social context.

Good corporate governance

IFU is committed to the global Corporate Governance Development Framework (CGDF) agreed by IFU and more than 30 other development finance institutions. IFU upholds high corporate governance standards in its own operations and promotes continuous improvement in the structure and practice of good corporate governance in its investments through IFU's role as shareholder, board member nominee and/or advisor. IFU contributes to the development of a corporate governance culture in the developing countries in which IFU operates through capacity building, the introduction of best practices and the demonstration effect IFU's investments provide in society and the broader economy. For details, see IFU's Corporate Governance Policy[20].

Anti-corruption

IFU recognises that combating corruption is a key element to improving equality, and IFU is committed to maintaining a zero-tolerance policy regarding corruption, including bribery, fraud and facilitation payments. The central instruments are the UN Convention against Corruption and the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, and both are incorporated in Danish law. IFU ensures that investees take a clear stand against corruption, and responds immediately to any allegations of corruption, implementing corrective and preventive measures. For details, see IFU's Anti-corruption Policy[21], updated in 2023.

Grievance mechanism

IFU promotes a speak-up culture in which IFU employees, IFU investees and other concerned stakeholders are encouraged to speak up openly regarding concerns related to IFU or IFU investments. To support the speak-up culture, IFU has established a grievance mechanism according to the UNGP. The grievance mechanism enables all internal and external stakeholders to raise a grievance if they identify or experience irregularities with IFU's commitments, policies and procedures, or any breaches of applicable law, including misconduct on the part of investee companies.

Reports can be made through internal channels or through a web portal maintained by an external law firm to provide an anonymous channel for reporting and to ensure impartiality and objectivity in assessment and processing. Measures to investigate and remedy the concerns raised depend on the nature and severity of the concern, and may include third-party investigations, negotiated settlements, contractual remedies and reports to relevant authorities, amongst other methods. Furthermore, IFU will, whenever justified, seek and ensure access to remedy for affected individuals and communities and/or notify the appropriate authorities. IFU does not tolerate harassment, vengeful actions, or other types of sanctions against any person who files a report in good faith or who assists IFU in connection with the processing and investigation of a case.

IFU is committed to using its leverage as an investor to ensure that the investees establish grievance mechanisms and provide access to remedy that are appropriate taking into account the cultural and social context of the investments and in line with the UNGP. Where IFU is investing in funds, IFU is also committed to promoting the said approach.

For more details, see IFU's Whistleblower Policy[22]. The policy was revised in 2023, and an Investigations Oversight Committee (IOC) was established. To strengthen monitoring on ESG incidents across the portfolio, IFU also in 2023 developed guidelines on portfolio monitoring and established an investee ESG incident register.

Animal welfare

IFU is committed to setting high animal welfare standards and using Danish rules and regulations as a comparative benchmark for (but not limited to) good management practice, physical environment, veterinary practice and the use of medicine, transport and slaughtering. Guidance from the principles referred to as the Five Freedoms of Animal Welfare and the Terrestrial Animal Health Code of the World Organisation for Animal Health (WOAH) is implemented in IFU's investment process. For details, see IFU's Animal Welfare Policy[23].

Tax payment

The investees must at all times comply with local tax laws and pay taxes where they have their economic activity. IFU does not use holding companies in third countries to evade taxes or conceal such. If holding companies in third countries are necessary for other reasons, IFU will not incorporate them in third countries that are either on the EU list of non-cooperative jurisdictions for tax purposes or do not comply with OECD's Global Forum. For details, see IFU's Tax Policy[24].

ACTIONS

Management of relationships with suppliers

IFU requires investees to promote sustainability issues in interaction with suppliers and business partners and to demonstrate due diligence in relation to potential and actual adverse impacts. Sustainability

20) https://www.ifu.dk/wp-content/uploads/2019/07/Corporate-governance-policy.pdf
21) https://www.ifu.dk/wp-content/uploads/2024/02/anti-corruption-policy-jan-2024.pdf
22) https://www.ifu.dk/wp-content/uploads/2023/07/ifu21958728.pdf
23) https://www.ifu.dk/wp-content/uploads/2019/07/Animal-welfare-policy.pdf
24) https://www.ifu.dk/wp-content/uploads/2020/02/taxpolicy.pdf

requirements are also reflected in the terms and conditions of contractors working at IFU's premises and included in purchasing of goods and services for IFU's office activities, see p. 62.

Prevention and detection of corruption and bribery

As part of the investment process, IFU conducts a corporate governance and business integrity due diligence of all investments to identify material business conduct risks and opportunities as well as any gaps in relation to requirements in IFU policies on corporate governance and anti-corruption, see p. 55.

IFU's anti-corruption due diligence includes screening of the investee against internal anti-corruption warning list of companies and partners, and IFU requires that investees disclose if any of their employees or entities have been convicted of corruption offences. Furthermore, IFU systematically verifies publicly available debarment lists of national and multilateral financial institutions. Other activities include screening key parties for adverse information, reviewing the business model for business integrity risks, and assessing the anti-bribery and corruption management system for compliance with IFU's Anti-corruption Policy and best practice standards. Where the assessment identifies any gaps in relation to requirements in the anti-corruption policy, IFU ensures commitment from the investee to implement anti-bribery and corruption measures within an agreed time frame. These measures will be included in the corporate governance action plan. In 2023, IFU conducted mandatory anti-bribery and corruption training across the entire organisation.

For all investees, IFU requires that they communicate their commitment to fighting corruption to the entire organisation and any agents, intermediaries and consultants acting on behalf of the company, as well as to major suppliers, contractors and other business partners. The investee must identify and assess the risk of becoming involved in corruption in all parts of their operations and in relation to both the public and the private sector, and take the necessary preventive measures to manage the identified risks.

Furthermore, the investee must create and maintain an organisational culture that does not tolerate corruption and train all relevant employees to avoid and deal with corruption, including facilitation payments. Employees should be introduced to good business practices such as always sending two or more people to critical meetings to discourage bribery. Employees must also be introduced to dilemmas and how to handle them. The investee must prepare employees in advance to avoid facilitation payments and instruct them how to handle such payments, only if it cannot be avoided, e.g. by requesting a receipt and reporting it to management. The investee must also establish a procedure for recording facilitation payments.

IFU's approach is cooperation in good faith with our partners in determining whether a violation has occurred, and the actions that should be taken. In case of non-compliance with IFU's anti-corruption policy, IFU will require an investigation of the investee and recommend measures for continuous operations within the law.

If IFU receives information about any incident in an IFU investment that gives rise to a credible suspicion of foreign bribery involving any Danish individuals or companies, IFU will report such credible suspicion to the Danish law enforcement authorities. In cases where there is a credible suspicion of bribery in an IFU investment not involving Danish individuals or companies, IFU will pass on information to local or Danish law enforcement authorities. Furthermore, if IFU becomes aware that any of IFU's investees is involved in bribery, IFU will add this business to IFU's internal warning list.

METRICS

Whistleblower reports

IFU received no whistleblower reports in 2023.

Anti-corruption policy

In 2022, 84 per cent of the reporting investees have a written stand against and/or an anti-corruption policy, which is a 2 percentage point increase since 2021. IFU is satisfied with this result and expects annual variation as new projects that enter the portfolio need time to establish the required policy. IFU is monitoring how the updated anti-corruption policy and improved approach will affect these results in 2024.

Grievance mechanism

In 2022, 73 per cent of the reporting investees have stated that they have a grievance mechanism for external stakeholders in place, which is a satisfactory increase of 6 percentage points on the 2021 result.

Supply chain management system

In 2022, 60 per cent of the reporting direct investments have stated that they have a responsible supply chain management system, a satisfactory increase of 5 percentage points since 2021.

Tax payment

In 2022, investments reported corporate taxes in the amount of DKK 8.95 bn.

SUSTAINABILITY AND IMPACT REPORTING PRINCIPLES

Sustainability disclosures from IFU's premises and travel

The disclosed metrics related to sustainability performance of the operation of IFU's offices cover the financial year 1 January to 31 December 2023. The metrics include GHG emissions, water consumption and waste generation based on data collected from IFU's utility suppliers as well as gender balance among IFU staff and other HR statistics.

Sustainability and impact disclosures from investees in IFU's portfolio

Reporting format

IFU requires sustainability and impact reporting from all its investees to allow for the annual monitoring of sustainability performance and to allow IFU to fulfil its reporting requirements. To standardize the reporting process and ensure that all relevant and necessary data is collected, IFU has created standardized reporting questionnaires, known as the Annual Sustainability Report (ASR).

In the ASR, IFU applies a range of indicators and definitions closely aligned to the Harmonized Indicators for Private Sector Operations (HIPSO) as agreed among European development finance institutions. These include crosscutting indicators applicable to all investments and sector-specific indicators for priority sectors. IFU does not currently rely on standards approved by the European Standardisation System, such as ELC or CENELEC, as these are not applicable in geographies where IFU invests.

Three different versions of the ASR have been developed for different investee types: direct investments, financial institution investments and fund investments. This distinction has been established to allow for refinement of the questionnaires to ensure relevancy to each investee type.

The ASR for direct investments consists of 400+ questions in an online questionnaire platform that includes functionality to ensure the quality of the submitted data and information. This platform was introduced in 2019 and has been continuously improved every year.

The ASR for financial institutions consists of 300+ questions and is also in an online questionnaire platform that was introduced in 2022. This questionnaire is based on a collaborative effort amongst European development finance institutions to standardize sustainability and impact data collection across member institutions.

The ASR for fund investments consists of 200+ questions that relate to the operations of both the fund manager and the portfolio companies of the fund. This questionnaire has been developed in Excel and was introduced in 2022.

IFU also accepts sustainability reporting in other formats from investees if the reports fulfil IFU's data requirements, such as public annual ESG reports and sustainability reports for other investors. The data from these reports are collected and uploaded into IFU's sustainability and impact data management system, where the data from all three types of reporting are aggregated and consolidated to present portfolio-wide metrics on sustainability and impact.

The standardized ASR questionnaires and the platforms they are offered in allow for improved data quality and greater ease with data aggregation across the portfolio. However, the quality of reported data varies depending on the context and maturity of each investee. IFU will continue to adjust its reporting tools and data management systems to improve the quality and accuracy of reported data.

Though IFU presents portfolio-wide sustainability and impact metrics in this statement, the composition of the portfolio varies from year to year as IFU contracts new investees and divests from others. Therefore, there is a degree of variability each year that should be noted when comparing portfolio-wide metrics. In particular, 34 per cent of IFU's active investments in 2022 were contracted before 2015, after which IFU's sustainability policy requirements were strengthened significantly. Investments contracted before 2015 are therefore not obligated to meet sustainability requirements applicable from 2015 onwards and do not have to report the associated datapoints.

Reporting period

The sustainability and impact data and information from IFU's portfolio presented in this statement are from the 2022 financial year for each investee. These are the most recent data and information available to IFU that provide a comprehensive representation of the performance of the portfolio. These data and information are based on sustainability and impact reporting submitted to IFU in 2023 by investees active in 2022.

Investees have varying financial year start and end dates depending on their geographic location and context. Because of this variation, each investee is asked to report in the financial year that is most relevant to the 2022 fiscal year. This includes the following reporting periods:

- 1 January 2022 – 31 December 2022
- 1 April 2022 – 31 March 2023
- 1 July 2021 – 30 June 2022
- 1 October 2021 – 30 September 2022

Sustainability and impact data and information from 2019-2021 have also been revisited as IFU continues to strengthen its data analysis and management practices to ensure year-on-year comparability.

Data and information from new investments in 2023 have also been reported separately, where available.

Reports received in 2023

In 2023, sustainability and impact reporting on the 2022 financial year was requested from 137 of IFU's 166 active investees. Of the remaining 29, three are a part of the IFU's Project Development Program, five were new projects in 2022 and were not yet required to report, one is not contractually obligated to report, five reported information under other investees, and 15 were deemed dormant and unable to report.

IFU received sustainability and impact reporting from 124 of its investees in 2023, a response rate of 91 per cent. Of the 13 investees that did not submit a report, one was exited in 2022 before reporting could be collected, four were in distress in 2023 and were unable to report, and eight were under liquidation in 2023 and were unable to report.

Of the 124 investees that reported, 113 submitted ASRs and 11 submitted sustainability reporting in their own format. 73 direct investments, 40 funds and 11 financial institutions reported.

In 2023, additional effort was made by IFU's investment teams and sustainability and impact team to review the quality of the data provided in the annual sustainability reports and several investees were requested to clarify single datapoints and calculation methods. IFU does not require non-financial data verification and/or external assurance on the data provided by the investees.

Attribution on climate metrics

The climate metrics account for attribution, in accordance with the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard. The attribution factor is defined so that GHG emissions from loans and investments are allocated to the reporting financial institutions, based on the proportional share of lending or investment in the borrower or investee. In practice, this means that for an investment, the attribution factor is calculated using the formulas described in the table to the right. The attribution factor is then multiplied with the emissions of the company or project.

A full methodology paper is available on IFU's website[25].

Inclusion and removal of sustainability indicators in 2023

Selected sustainability indicators have been included and removed from the data table, see p. 56-58, for various reasons listed below:

- "Direct investments that have taken initiatives to promote health and reproductive health activities" has been removed because the indicator was difficult to measure. Instead, two new measurable healthcare investment indicators have been added: "Number of patients served" and "Number of female patients served".
- "Water consumption and waste generation reported by direct investments" has been removed due to insufficient data quality, but IFU is working on improving the data collection and quality for future reporting.
- "Direct investments that have an environmental management plan in place to manage and monitor their environmental performance" has been removed because this plan, if relevant, is part of the environmental social action plan required by IFU.
- "Direct investments that have a responsible supply chain management system" has been included as IFU requires investees to promote sustainability issues in interaction with suppliers.
- "Beds provided for affordable student accommodation" has been included in line with IFU's support for ensuring access to adequate, safe and affordable housing.

Aligning with EU sustainability reporting in the future

The 2023 review results will together with the results of the double-materiality assessment, see p. 51, inform an update of the ASR questionnaires in 2024, to improve IFU's data management system and begin aligning the datapoints with the disclosure requirements of the EU Corporate Sustainability Reporting Directive (CSRD).

IFU is investigating the possibility of alignment of non-financial reporting from the investees to the same reporting period as that used for IFU's reporting. This is envisaged to be implemented in 2024 and 2025, in order to allow time for system changes within investee companies and at IFU.

Information	Listed equity and corporate bonds[1]	Business loans and unlisted equity	Project finance	Financial intermediaries	
				Banks[2]	Funds[3]
Formula for attribution factor	$\frac{\text{IFU's amount}_c}{EVIC_c}$	$\frac{\text{IFU's amount}_c}{\text{Total equity + debt}_c}$	$\frac{\text{IFU's amount}_p}{\text{Total equity + debt}_p}$	$\frac{\text{IFU's amount}_{F1}}{\text{Total assets}_{F1}}$	$\frac{\text{IFU's amount}_{F1}}{\text{Total assets}_{F1}}$
Numerator (monitoring)	The financial year-end outstanding amount at cost of IFU in the investment for both debt and equity.				
Denominator (monitoring)	If available, the EVIC at the end of the fiscal year. Otherwise, as in 2021, the approach for business loans and unlisted equity is used.	The total balance sheet value (i.e. the client's total assets) at the end of the financial year. Where available, the balance in the audited accounts approved at AGM is used, otherwise the balance in the latest report covering the financial year is used.		The total assets of the bank at the end of the financial year. Where available, the balance in the audited accounts approved at AGM is used, otherwise the balance in the latest report covering the financial year is used.	The total size of the fund at the end of the financial year. Where available, the equity in the audited accounts approved at AGM is used, otherwise the equity in the latest report covering the financial year is used.[4]

1) IFU has a few listed equity investments in their portfolio (Vinte, Project Ease, DFCU Bank Uganda, Innscor).
2) As classified by IFU according to ASR format.
3) As classified by IFU according to ASR format.
4) Since the funds in IFU's portfolio are private equity funds, the size of the fund is assumed to be equal or close to the total equity (i.e. net asset value) of the fund, which is a figure that is always applicable to funds and available in IFU's financial reporting.

25) https://www.ifu.dk/wp-content/uploads/2024/03/portfolio-carbon-footprint-methodology-march-2024.pdf

FINANCIAL HIGHLIGHTS 2019 - 2023

	2023 DKKm	2022 DKKm	2021 DKKm	2020 DKKm	2019 DKKm
INCOME STATEMENT					
Contribution from projects[1]	212	10	200	(160)	46
Operating income[2]	154	(63)	180	(170)	31
Net income for the year	146	(57)	182	(174)	28
BALANCE SHEET AT 31 DECEMBER					
Share capital investment in projects at cost	4,437	4,250	3,668	3,247	2,829
Project loans at cost	1,372	1,498	1,408	1,069	1,053
Total investment in projects at cost	5,810	5,748	5,076	4,316	3,883
Accumulated allowance for impairment and value adjustments	(362)	(344)	(293)	(300)	(87)
Investments in projects, net[1]	5,448	5,404	4,783	4,016	3,796
Cash and bonds, net	1,243	166	94	330	518
Paid-in capital during the year	424	224	50	60	337
Repaid capital/Paid-out dividend during the year	0	0	0	0	(50)
Total equity capital	5,196	4,631	4,276	4,040	4,161
Total balance	6,855	5,699	5,080	4,442	4,416

	2023 DKKm	2022 DKKm	2021 DKKm	2020 DKKm	2019 DKKm
ADDITIONAL DATA					
New projects contracted (no.)	5	9	3	10	9
Portfolio of projects end of year (no.)	139	139	145	161	170
Investments contracted	357	844	502	745	670
Investments disbursed	627	883	978	775	903
Undisbursed contracted investments incl. guarantees end of year	1,747	2,156	2,417	2,877	2,977
Binding commitments not yet contracted end of year	206	211	279	723	460
KEY RATIOS					
Yield from share capital investments[3]	1,7%	5.0%	4.4%	(4.5%)	1.1%
Yield from project loans and guarantees[3]	14.2%	(14,8%)	5.6%	(2.2%)	2.2%
Yield from projects (total)[3]	3.9%	0.2%	4.5%	(4.1%)	1.3%
Net income for the year/Average total equity capital	3.0%	(1.3%)	4.4%	(4.2%)	0.7%
Solidity ratio[3]	75.8%	81.3%	84.2%	90.9%	94.2%
Average number of full-time employees	105	98	97	92	88

Totals may not add up due to rounded figures.

1) Information about composition of the contribution from projects including value adjustments and allowance for impairment can be found in "Financial review" on p. 73.

2) Operating income comprises contribution from projects, management fees, other income and less operating expenses.

3) Contribution from projects/Average investment in projects - value adjusted.
Contribution from share capital investments/Average share capital in projects - value adjusted.
Contribution from project loans and guarantees/Average project loans - net of allowance for impairment and value adjustments.
Total equity capital/total balance.

FINANCIAL REVIEW

IFU recorded a profit of DKK 146m in 2023 compared to a loss of DKK (57)m in 2022. The result for 2023 was below expectations, which were for a result of DKK 200-300m, mainly due to currency effects.

The 2022 result was heavily impacted by a negative contribution from IFU's exposure to Ukraine following the Russian invasion in February 2022 of in total DKK (298)m. In 2023, it was possible to reverse part of the provisions made in 2022, as the situation somewhat stabilised, and as most of the projects in Ukraine are performing well. In addition, it became possible for projects having received loan financing from IFU to get access to foreign currency and to service the loans. In total, the positive effect from the Ukraine portfolio, including indirect exposure through the funds managed by IFU, was DKK 110m in 2023.

Currency effects were generally very negative in 2023 with both the USD and most local currencies depreciating against the DKK, in many cases severely. In total currency effects are estimated[26] to have had a large drag of DKK (293)m on the contribution from the project portfolio in the year. This compares with an estimated net positive contribution in 2022 of DKK 49m.

Still, the portfolio managed to overcome the negative currency effects and provide a positive result reflecting strong core performance at many portfolio companies. This especially holds true for the investments in the funds managed by IFU, where especially the Danish Agribusiness Fund and the Danish SDG Investment Fund realised strong results for 2023. In the Danish SDG Investment Fund, the private investors have now accounting-wise reached a preference return of net 6 per cent, and according to the distribution scheme IFU is now catching up to also reach 6 per cent on its 40 per cent share of the fund. Total contribution to IFU from the managed funds in 2023 was DKK 120m.

Yield from share capital investments was 1.7 per cent against 5.0 per cent in 2022, whereas yield from loans and guarantees was 14.2 per cent in 2023 against (14.8) per cent in 2022. Especially the yield from loans has been affected by movements in allowances for impairment on IFU's loan portfolio in Ukraine in both years.

Management fees and other income increased markedly in 2023 due to higher management fees from managed funds. Operating expenses increased with the increase mainly from increased salary costs, including from a growing number of staff, as well as from IT expenses as IFU is embarking on a digital transformation of key systems and collaborative tools. Net financial income was negative, mainly due to increased interest expense on borrowing from Damarks Nationalbank and currency losses on cash positions in USD.

IFU's equity end of year 2023 was DKK 5,196m.

Appropriation of net income for the year
The board has approved to transfer DKK 5m to IFU's grant facility, the Sustainability Facility.

Contribution from projects
Total contributions from IFU's primary project-related activities were DKK 212m against DKK 10m in 2022.

Share capital investments contributed DKK 73m in 2023 against DKK 196m in 2022. Included in the contribution in 2023 is an estimated net negative DKK (282)m contribution from currency depreciation, indicating strong underlying performance of the portfolio. Local currency contribution in 2022 was estimated at DKK 35m.

Project loans and guarantees contributed DKK 149m in 2023 against DKK (178)m in 2022, with the turnaround being not least due to changes in the carrying value of the Ukraine loan portfolio as mentioned above. In 2023, Ukraine contributed DKK 75m, partly reversing the very negative effect of DKK (221)m in 2022. Rising interest rates have contributed to a strong increase in net interest income to DKK 171m compared to DKK 87m in 2022, even against the background of a slight fall in the average size of the outstanding portfolio.

Net effect of exchange rate adjustments and hedges was DKK (11)m, compared to DKK 14m in 2022, and due especially to the lower USD.

Other contributions from projects were DKK (10) m in 2023 at the same level as in 2022.

Management income and operating expenses
Management income was DKK 97m in 2023, up from DKK 66m in 2022. The increase reflects in particular increased management fees from the Danish SDG Investment Fund as the committed portfolio in that fund continued to grow in 2023 and with the fund now being fully invested.

Overall expenses covering both IFU and IFU managed funds rose to DKK 155m from DKK 138m in 2022. As highlighted above, the increase mostly relates to salaries and IT. IFU will continue to grow the organisation to successfully handle the significant increases in activities planned for the coming years in the IFU reform.

Financial income, cash flows and balance sheet items
Net financial income was DKK (9)m compared to DKK 5m in 2022. The result mainly reflects interest expenses on borrowings and losses on USD cash positions during the year.

Net cash flow for the year was DKK 651m after investing DKK 422m in bonds. Financing activities provided a net of DKK 1,035m comprised both of loan financing from Danmarks Nationalbank, new capital contributions from the State and capital procurement from EU. New disbursements to investments were DKK 627m, and IFU received DKK 757m from investments and investment-related receivables.

The capital contribution from the State (Ministry of Foreign Affairs) of in total DKK 424m is comprised of DKK 115m in general capital, DKK 110m for the new Ukraine Facility (see p. 44), DKK 100m being the second tranche of the India Climate Finance Initiative (see p. 42), and finally, DKK 99m for a new Blended Finance Energy Initiative (BFET) supporting reduction or avoidance of GHG emissions in high-emitting countries through promotion of renewable energy generation.

The average value-adjusted portfolio of share capital investments grew to DKK 4.4bn in 2023 from DKK 3.9bn in 2022. For loans and guarantees, the av-

26) Based on estimated primary currency exposure for each portfolio investment. For regional investments, the development for a basket covering multiple currencies is applied.

erage value-adjusted portfolio fell to DKK 1.0bn from DKK 1.2bn in 2022.

Cash and bonds, net end of year was DKK 1,198m, up from DKK 166m in 2022. Undisbursed commitments end of year were DKK 2.0bn, down from DKK 2.4bn in 2022.

According to IFU's liquidity policy, the aim is to always have a positive cash position. With net cash and bonds at DKK 1,198m, the cash position at year-end 2023 is fulfilling this objective. The high level of commitments compared to cash underlines the continued need for diligent management of IFU's liquidity position and new commitments. However, considering the strong improvement on cash position in 2023, that commitments normally only translate into disbursements over a multi-year period, the planned future cash flow, as well as existing and expected funding, IFU no longer has a restrained position for making commitments for new projects funded by IFU's own capital.

The liquidity position is backed by the following overdraft and loan facilities:

Including the positive cash and bonds balance of DKK 1,198m, total liquidity resources available to IFU, of which some are earmarked, thus amounted to DKK 2.1bn at year-end 2023.

As per 31 December 2023, IFU's equity was DKK 5,196m, up from DKK 4,631m on 31 December 2022. The increase reflects the net profit of DKK 146m, paid-in capital from the State (Ministry of Foreign Affairs) in the year of DKK 424m and less the appropriation of DKK 5m to the Sustainability Facility.

Risk management

IFU invests in projects located in developing countries. Political and economic conditions may be volatile, and the projects are often subject to high commercial risk.

As a result of this exposure, and in particular because IFU measures its investments at estimated fair value or recoverable amount in accordance with the accounting principles set out in the Danish Financial Statements Act, IFU's net results may fluctuate considerably from year to year due to value adjustments on the investments.

In preparing the financial statements, management makes a number of estimates and assumptions of future events that will affect the carrying amount of assets and liabilities. The areas where estimates and assumptions are most critical to the financial statements are the fair value measurement of share capital investments and the assessment of the need for specific allowances for impairment on project loans. The notes to the financial statements provide more details.

To manage the overall risk in IFU's investment portfolio, a set of risk policies have been implemented in the investment policy. These policies include guidelines for appraisal of commercial risk for project, partner and country risk exposure, as well as guidelines for managing direct financial risk.

Commercial risk for each project is evaluated at the time of appraisal using a risk model based on IFU's experience from previously exited projects as well as on sensitivity analyses of key performance parameters specific to the project in question.

Project risk (and commercial risk) is further managed by the limit for IFU's participation in individual projects, which is DKK 150m, whereas partner risk is limited through the indicative limit that a partner (at group level) should not account for more than 20 per cent of the fund's total project commitments (the sum of investments at acquisition cost, remaining commitments and binding commitments).

Country risk is managed by the indicative limit that the total commitment in any single country should not exceed 30 per cent of the fund's total project commitments.

Overdraft and loan facilities				Status on 31 December 2023 (DKKm)	
Type	Purpose	Issuer	Amount (DKKm)	Drawn (by IFU)	Available
Overdraft facility*	General	Danske Bank	300	0	300
Overdraft facility	General	Danske Bank	200	0	200
EU funding	Financing of specific projects	EU	176	130	46
Loan facility	Financing of SDG Fund	Danmarks Nationalbank	800	800	0
Loan facility	Financing of Denmark's Green Future Fund	Danmarks Nationalbank	1,000	595	405
Total credit and loan facilities					**951**

* Shared with IØ.

Distribution of project commitments as at 31 December 2023 – five largest single country portfolios*

Country	2023 per cent	2022 per cent
India	9.4	8.5
Brazil	7.2	6.2
Ukraine	4.8	4.6
China	3.9	4.2
Egypt	3.5	3.6

*Based on IFU and IFU's share of portfolio investments in own managed funds.

Details on equity, credit, currency, interest rate risk and liquidity risk are provided in notes 23 to 26 to the financial statements.

Events after the balance sheet date

No events have occurred after the balance sheet date, which have materially affected IFU's financial position.

Outlook for 2024

In 2024, IFU expects to invest in the range of DKK 1,000-1,500m in its own name, including investments funded by borrowing from Danmarks Nationalbank. IFU expects a positive result in 2024 in the range of DKK 200-400m, the amount however subject to considerable uncertainty as highlighted in the risk management section above.

Including IFU managed funds, IFU expects to invest in the range of DKK 1,500-2,500m.

STATEMENT BY THE MANAGEMENT ON THE ANNUAL REPORT

The executive management and the board of directors have today considered and approved the annual report of the Investment Fund for Developing Countries (IFU) for the financial year 1 January – 31 December 2023.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the annual report gives a true and fair view of IFU's financial position as per 31 December 2023 and of the results of IFU's operations and cash flows for 2023.

Further, it is our opinion that business procedures and internal controls have been set up to ensure that the transactions covered by the financial statements comply with the appropriations granted, legislation and other regulations and with agreements entered into and usual practice; and that due financial consideration has been taken of the management of funds and operations covered by the financial statements.

In addition, it is our opinion that systems and processes have been established to support economy, productivity and efficiency.

It is further our opinion that the management's review includes a true and fair account of the development in the operations and financial circumstances of the fund of the results for the year and the financial position of IFU. We belive that the management review is prepared in accordance with relevant laws and regulations.

Copenhagen, 12 April 2024

Executive management:

Søren Peter Andreasen, acting CEO

Lars Krogsgaard, CIO

Board of Directors:

Michael Rasmussen, Chairman

Emilie Damm Klarskov

Jarl Krausing

Anette Eberhard, Deputy Chairman

Nanna Hvidt

Irene Quist Mortensen

Thomas Bustrup

Hanna Line Jakobsen

INDEPENDENT AUDITOR's REPORT

To the Board of Directors of the Investment Fund for Developing Countries (IFU)

Report on the financial statements

Opinion

We have audited the financial statements of IFU for the financial year 1 January to 31 December 2023, which comprise the income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies, as stated on page 83. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of IFU's financial position at 31 December 2023 and of the results of its operations and cash flows for the financial year 1 January – 31 December 2023 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark as well as the public auditing standards as the audit is performed based on the Articles of Association of IFU. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of this auditor's report. We are independent of IFU in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the stated accounting rules, 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 IFU's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate IFU or to cease operations, or has no realistic alternative but to do so.

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 and the additional requirements applicable in Denmark as well as the public auditing standards, as the audit is performed based on the Articles of Association of IFU, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the 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 and the additional requirements applicable in Denmark as well as the public auditing standards, as the audit is performed based on the Articles of Association of IFU, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, 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 IFU'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 in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on IFU'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 IFU to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

>

We communicate with those charged with governance 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.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required by relevant law and regulations.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements in the relevant law and regulations. We did not identify any material misstatement of the Management's review.

Report on other legal and regulatory requirements

Statement on compliance audit and performance audit

Management is responsible for ensuring that the transactions covered by the financial statements are in accordance with appropriations granted, laws and other regulations, and with agreements entered into and usual practice, and for ensuring that sound financial management is exercised in the administration of the funds and the operation of the activities covered by the financial statements. Management is also responsible for setting up systems and processes supporting financial prudence, productivity and efficiency.

As part of our audit of the financial statements, it is our responsibility to perform compliance audit procedures and performance audit procedures on selected subject matters in accordance with the public auditing standards. In our compliance audit, we test the selected subject matters to obtain reasonable assurance about whether the examined transactions covered by the financial statements comply with the relevant provisions of appropriations, laws and other regulations, and with agreements entered into and usual practice. In our performance audit, we make an assessment to obtain reasonable assurance about whether the systems, processes or transactions examined support the exercise of sound financial management in the administration of the funds and the operation of the activities covered by the financial statements.

If, based on the procedures performed, we conclude that material critical comments should be made, we are required to report this in this statement.

We have no material critical comments to report in this connection.

Copenhagen, 12 April 2024

Deloitte
Statsautoriseret Revisionspartnerselskab
Business Registration No. 33 96 35 56

Jens Ringbæk
State-Authorised Public Accountant
Identification number (MNE): mne27735

Lars Hillebrand
State-Authorised Public Accountant
Identification number (MNE): mne26712

FINANCIAL STATEMENTS

INCOME STATEMENT

Note		DKK 1,000 2023	DKK 1,000 2022
2/	Contribution from share capital investments	73,133	196,420
3/	Contribution from project loans and guarantees	149,073	(177,662)
4/	Other contributions from projects	(10,077)	(8,550)
	CONTRIBUTION FROM PROJECTS	**212,129**	**10,208**
5/	Management fees and other income	97,607	65,568
5/	Operating expenses	(155,404)	(138,423)
	OPERATING INCOME	**154,332**	**(62,647)**
6/	Financial income	11,621	1,729
6/	Financial expenses	(20,309)	3,723
	NET INCOME FOR THE YEAR	**145,644**	**(57,195)**

BALANCE SHEET AT 31. DECEMBER

ASSETS

Note		DKK 1,000 2023	DKK 1,000 2022
	FIXED ASSETS		
	Share capital investment in projects at cost	4,437,363	4,249,532
	Value adjustments	48,147	57,020
7/	Share capital investment in projects	4,485,509	4,306,552
	Project loans at cost	1,372,467	1,498,316
	Allowance for impairment and value adjustments	(409,879)	(400,811)
8/	Project loans, net	962,588	1,097,505
9/	Investment in subsidiaries	2,670	2,230
10/	Fixed assets and leasehold improvements	2,500	3,027
	Other receivables	15,725	0
	Total fixed assets	**5,468,992**	**5,409,314**
	CURRENT ASSETS		
11/	Interest receivable related to projects	68,732	32,637
12/	Other receivables	74,801	85,287
	Bonds	525,545	103,686
	Cash	717,171	68,067
	Total current assets	**1,386,249**	**289,677**
	TOTAL ASSETS	**6,855,241**	**5,698,991**

LIABILITIES AND EQUITY

Note		DKK 1,000 2023	DKK 1,000 2022
	EQUITY		
	Paid-in capital	3,433,490	3,009,490
	Repaid capital	(1,250,000)	(1,250,000)
	Retained earnings	3,012,034	2,871,390
13/	**Total equity**	**5,195,524**	**4,630,880**
	PROVISION FOR LOSSES		
14/	Provisions for guarantees and loan commitments	1,847	2,110
	Total provisions for losses	**1,847**	**2,110**
	NON CURRENT LIABILITIES		
15/	Long-term debt	1,588,419	985,242
	CURRENT LIABILITIES		
	Drawn on bank credit facility	0	5,882
16/	Other current liabilities	69,451	74,877
		69,451	80,759
	Total liabilities	**1,657,870**	**1,066,001**
	TOTAL EQUITY, PROVISION FOR LOSSES AND LIABILITIES	**6,855,241**	**5,698,991**

CASH FLOW STATEMENT

	DKK 1,000 2023	DKK 1,000 2022
CASH FLOW FROM OPERATING ACTIVITIES		
Dividends from projects received	90,723	104,945
Interest from projects received	117,470	55,769
Other project-related payments	(3,550)	27,192
Operating expenses, net	(89,902)	(86,724)
Net payments related to financial income and expenses	(12,784)	5,269
Net cash from operating activities	**101,957**	**106,451**
CASH FLOW FROM (TO) INVESTING ACTIVITIES		
Received from sale of shares	357,004	122,930
Received from project loans	197,511	143,854
Received from derivatives, loans	(2,399)	(8,887)
Collateral received regarding derivatives	15,500	(16,200)
Paid-in share capital in projects	(548,933)	(629,502)
Disbursement of project loans	(78,226)	(253,138)
Paid-in capital in subsidiaries	(440)	0
Received from (invested in) bonds	(422,042)	3,520
Net cash from (to) investing activities	**(482,025)**	**(637,423)**

	DKK 1,000 2023	DKK 1,000 2022
CASH FLOW FROM (TO) FINANCING ACTIVITIES		
Loan from Danmarks Nationalbank	574,595	425,792
Loan from the Nordic Investment Bank	(14,540)	(12,455)
Financing from EU	50,999	76,722
Financing from REPO	0	(107,551)
Paid-in capital received during the year	424,000	223,875
Net cash from (to) financing activities	**1,035,054**	**606,383**
NET CHANGE IN CASH	654,986	75,411
NET CASH BEGINNING OF YEAR	**62,185**	**(13,226)**
NET CASH END OF YEAR	**717,171**	**62,185**
- Shown as cash in current assets	**717,171**	**68,067**
- Shown as drawn on bank credit facility	**0**	**(5,882)**

NOTES

NOTES

Note 1 / Accounting policies

This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act concerning Class C enterprises (large).

In accordance with Section 37 (5) in the Danish Financial Statements Act, IFU applies the International Financial Reporting Standards (IFRS) as regards measurement of financial assets and financial liabilities (IFRS 9) and related disclosures (IFRS 7).

The accounting principles applied are unchanged from previous year.

Presentation and classification

To better reflect IFU's activities, the presentation of the income statement and balance sheet as well as the order of the line items in the income statement deviate from the standard format in the Danish Financial Statements Act. By presenting the primary statements on the basis of IFU's special character as an investment fund (long-term investments), the financial statements hereby provide the reader with the best possible overview of IFU's activities. The deviation is in accordance with Section 23 (4) of the Danish Financial Statements Act.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to IFU, and provided that the value of the assets can be measured reliably.

Liabilities are recognised in the balance sheet when IFU has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of IFU, and the value of the liabilities can be measured reliably.

On initial recognition, financial assets and liabilities are measured at fair value, which is generally equivalent to cost. Adjustment subsequent to initial recognition is affected as described below for each item.

Information brought to IFU's attention before the time of finalising the presentation of the annual report, and which confirms or invalidates affairs and conditions existing at the balance sheet date, is included in the recognition and measurement.

Income other than value adjustments is recognised in the income statement when earned, just as costs are recognised by the amounts attributable to this financial year. Value adjustments of financial assets and liabilities are recognised in the income statement as value adjustments. Danish kroner is used as the measurement currency. All other currencies are regarded as foreign currencies. The fund's revenues are comprised of gross contribution from investments, however not less than zero.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted price, without any deduction for transaction costs.

For all other financial instruments not traded in an active market, the fair value is determined by using valuation techniques deemed to be appropriate in the circumstances.

For assets and liabilities that are measured at fair value on a recurring basis, IFU identifies transfers to and from the three levels of the fair value hierarchy by reassessing the categorisation and deems transfers to have occurred at the beginning of each reporting period.

Foreign currency adjustment

Foreign currency transactions are initially recognised in DKK using the exchange rate at the transaction date. Loans, receivables, payables and other monetary items denominated in foreign currencies, which have not been settled at the balance sheet date, are converted into DKK using the exchange rate at the balance sheet date. All exchange rate adjustments, including those that arise at the payment date, are recognised in the income statement as contribution from projects or financial income and expenses, depending on their nature.

Non-monetary items

Monetary balance sheet items are translated at the exchange rates at the balance sheet date, whereas non-monetary items are translated at transaction date rates.

Derivative financial instruments

On initial recognition in the balance sheet and subsequently, derivative financial instruments are measured at fair value. Positive and negative fair values of derivative financial instruments are recognised under other receivables or other payables, respectively, and are only offset when IFU has the legal right and the intention to settle several financial instruments net.

Changes in the fair value of derivative financial instruments are recognised in the income statement as either "Contribution from project loans and guarantees", if related to economical hedging of project loans, or "Other contributions from projects", if related to economical hedging of receivables from sale of shares.

INCOME STATEMENT

Contribution from share capital investments

Contribution from share capital investments includes declared dividends (net of non-refundable taxes), gains and losses from divested share capital investments and value adjustments in relation to the outstanding portfolio at year-end. Dividends are included in the income statement at the declaration date.

Contribution from project loans and guarantees

Contribution from project loans and guarantees includes interest income, guarantee commissions and value adjustments, including impairment provisions, reversals of impairment provisions and exchange rate adjustments.

Other contributions from projects

Other contributions from projects include value adjustments, including exchange rate adjustments in relation to receivables, the effect of derivative hedges and interest from receivables.

NOTES

Note 1 / Accounting policies continued

Management fees and other income
Management fees comprise fees received for the management of IFU managed funds.

Operating expenses
Operating expenses comprise expenses for management, administrative staff, office expenses, depreciation of fixed assets and leasehold improvements, etc.

Income from investments in associates and subsidiaries
Dividends from associates and subsidiaries are included in the income statement at the declaration date.

Financial income, net
Financial income, net comprises interest income on cash and bonds, realised and unrealised capital gains and losses on bonds, interest expenses, exchange rate adjustments on cash and bank charges.

BALANCE SHEET

Share capital investment in projects
Share capital investments in projects are recognised when they are disbursed. Share capital investments in projects are measured both at initial recognition and throughout the investment period at fair value with changes recognised through profit or loss as contribution from share capital investments.

Share capital investments in projects where IFU has significant influence (typically 20-50 per cent of the voting rights) are associates and are accounted for as share capital investments.

Project loans
Project loans are designated as loans and receivables and are recognised when they are disbursed. Project loans are initially recognised at fair value and are subsequently measured at amortised cost less an allowance for impairment provided that they meet the so-called "SPPI" test (solely payments of principal and interest).

The allowance for impairment is measured in accordance with IFRS 9 by applying the simplified approach, whereby the expected loss in the remaining life of the loan is recognised irrespective of whether the loan is allocated to stage 3 (credit impaired), stage 2 (significant increase in credit risk) or stage 1 (all other loans).

The expected loss is measured loan by loan by applying an estimated loss percentage based on IFU's past experience, current expectations and internal rating of the individual project loans.

Provisions for losses on guarantees and loan commitments are calculated in the same way as the allowance for impairment of project loans.

Impaired project loans, together with the associated allowance amount, are written off when there is no realistic prospect of future recovery, and all collateral has been realised or has been transferred to IFU. If a previous write-off is later recovered, the recovery is credited to "Contribution from project loans and guarantees".

Project loans, which do not meet the "SPPI" test, e.g. loans which include equity features such as profit participation or equity conversion options, are measured at fair value. Value changes are recognised in profit or loss as contribution from project loans.

Investments in subsidiaries
Investments in subsidiaries are included in the balance at cost less accumulated impairment losses. Subsidiaries are insignificant in size and consolidated accounts have therefore not been made.

Fixed assets and leasehold improvements
Fixed assets and leasehold improvements are measured at cost less accumulated depreciation and impairment losses.

Straight-line depreciation is made on the basis of an estimated useful life of the fixed asset varying from three to ten years. Depreciation is recognised in the income statement under operating expenses.

Fixed assets and leasehold improvements costing less than DKK 50,000 per unit are recognised as costs in the income statement at the time of acquisition.

Interest receivable related to projects and other receivables
Interest receivables related to projects and other receivables are designated as receivables and are recognised over the period when they are earned.

Interest receivables related to projects and other receivables are recognised at nominal value less any allowance for impairment.

Interest receivable related to projects includes accrued interest on project loans. Other receivables include receivables from sale of shares and loans, dividends receivables, administrative and other project-related receivables.

Cash and cash equivalents
Bonds are stated at the official prices quoted on the balance sheet date except for drawn bonds, which are stated at par value. Realised and unrealised gains or losses on bonds are recognised in the income statement under financial income, net.

Non-current liabilities
Non-current liabilities are recognised at the date of borrowing as the proceeds received less transaction costs paid. Subsequently, non-current liabilities are measured at amortised cost. Liabilities are designated as long-term debt according to the repayment conditions at the balance sheet date.

Current liabilities
Current liabilities are initially recognised at fair value and are subsequently measured at amortised cost.

Commitments
Undisbursed commitments to projects are comprised of undisbursed contractual commitments and binding commitments not yet contracted. The existence of such liabilities will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within IFU's control.

CASH FLOW STATEMENT

The cash flow statement has been prepared in accordance with the direct method and shows IFU's cash flow from operating, investing and financing activities as well as IFU's cash position at the beginning and end of the year. Cash comprises cash at hand less short-term bank debt.

NOTES

Note 2 / Contribution from share capital investments

	DKK 1,000 2023	DKK 1,000 2022
Dividends from projects	57,833	140,236
Realised gain (loss) from divested share capital investments	2,883	1,418
Value adjustments, portfolio	5,641	54,766
Debt directly related to share capital investments	6,776	0
Contribution from share capital investments	**73,133**	**196,420**

Note 3 / Contribution from project loans and guarantees

	DKK 1,000 2023	DKK 1,000 2022
Interest income and fees related to project loans and guarantees	212,315	98,924
Allowance for impairment, interest and fees	(41,473)	(45,777)
Allowance for impairment and value adjustments, loan portfolio	(11,375)	(245,826)
Allowance for impairment, remaining commitments on loan portfolio	618	1,137
Allowance for impairment, guarantees	(355)	203
Exchange rate adjustments, project loans	(19,605)	25,156
Value adjustments, derivatives	8,968	(11,479)
Contribution from project loans and guarantees	**149,073**	**(177,662)**

Note 4 / Other contributions from projects

	DKK 1,000 2023	DKK 1,000 2022
Value adjustments, receivables, excl. exchange rate adjustments	(5,484)	(2,014)
Exchange rate adjustments, receivables	(110)	(4,337)
Interest from receivables	(395)	587
Other income and expenses	(4,088)	(2,786)
Other contributions from projects	**(10,077)**	**(8,550)**

NOTES

Note 5 / Management fees, other income and operating expenses

	DKK 1,000 2023	DKK 1,000 2022
Management fees and other income		
Management fees	97,229	64,913
Board member fees	278	555
Various income	100	100
Total management fees and other income	97,607	65,568
Expenses		
Salaries, head office	85,056	74,860
Rental expenses, head office	8,081	7,926
Travel expenses, head office	5,360	5,742
Regional office expenses	18,583	18,742
Fees for board of directors	1,675	1,340
Fees for external assistance	6,240	7,081
IT expenses	15,279	10,211
Office expenses, head office	1,793	1,782
Various expenses	10,883	9,031
Depreciation of fixed assets and leasehold improvements (note 10)	753	585
Total expenses before payroll tax	153,704	137,300
Payroll tax	1,700	1,123
Total operating expenses	155,404	138,423

	DKK 1,000 2023	DKK 1,000 2022
Fee to the auditor of the funds included in "Fees for external assistance" and "Various expenses":	**1,523**	**665**
- hereof audit fees*	599	477
- hereof other assurance engagements	201	112
- hereof tax and VAT advice	19	17
- hereof other non-audit services	659	59

Fees for services other than audit provided by Deloitte Statsautoriseret Revisionspartnerselskab amounted 878t (2022: 188t) and covered various assurance reports, assistance on know-your-client procedures and advisory regarding valuation models.

	DKK 1,000 2023	DKK 1,000 2022
Specification of personnel expenses (salaries etc.)**		
Salaries, remunerations etc.	91,961	81,336
Pension contributions	8,459	7,579
Other expenses for social security	409	402
Payroll tax	1,701	1,123
Personnel expenses in total	**102,530**	**90,440**
Total remuneration to the board of directors	1,675	1,340
Total remuneration to the executive board	5,780	4,631
Total remuneration to the board of directors and executive board	**7,455**	**5,971**
Average number of employees, head office	87	80
Average number of employees, regional offices	18	18
	105	**98**

*) Hereof DKK 494 directly realted to IFU (DKK 375 in 2022)**) The figures are included in “Salaries, head office”, “Travel expenses”, “Regional office expenses”, “Fees for board of directors” and “Payroll tax”.

NOTES

Note 6/ Financial income, net

	DKK 1,000 2023	DKK 1,000 2022
Financial income		
Interest income, cash and bonds	11,621	1,729
Financial income	**11,621**	**1,729**
Financial expenses		
Interest expenses, bank charges and exchange rate adjustments	(20,127)	4,190
Loss on bonds	(182)	(467)
Financial expenses	**(20,309)**	**3,723**
Financial income, net	**(8,688)**	**5,452**

Note 7/ Share capital investments in projects

	DKK 1,000 2023	DKK 1,000 2022
Share capital investment in projects beginning of year at cost	4,249,532	3,667,595
Paid-in share capital in projects during the year	548,933	826,775
Project loans or interest converted into share capital during the year	0	7,236
Proceeds from divestment of shares	(378,501)	(130,943)
Realised gain (loss) from divestment of shares relative to cost, net	17,398	(121,131)
Share capital investment in projects end of year at cost *	**4,437,362**	**4,249,532**

	DKK 1,000 2023	DKK 1,000 2022
Accumulated value adjustments beginning of year	57,020	(120,295)
Reversed value adjustments, divested share capital investments	(14,515)	122,549
Value adjustments, portfolio during the year	5,641	54,766
Accumulated value adjustments end of year	**48,147**	**57,020**
Share capital investment in projects end of year	**4,485,509**	**4,306,552**
Hereof associated companies:		
Share capital investment in projects end of year at cost	2,739,098	2,263,176
Accumulated value adjustments end of year	31,936	(26,099)
	2,771,034	**2,237,077**
Accumulated value adjustments end of year are comprised of:		
Positive value adjustments	724,891	673,222
Negative value adjustments	(676,744)	(616,202)
	48,147	**57,020**

*) DKK 470.758m guaranteed by the Danish State (DKK 393.2m in 2022).

NOTES

Note 7 / Share capital investment in projects continued

Associated companies

DKK 1,000

Name/domicile	Form of company	IFU´s ownership interest (%)	2023 Result	2023 Equity*
			According to the latest approved annual report	
aBi Finance Limited, *Uganda*	Ltd.	28.32	11,007	423,018
Abler Nordic AS, *Norway*	AS	33.33	7,443	84,210
AC Capitales Infrastructure Fund II, *Canada*	Fund	20.27	(4,977)	7,324
Aerial & Maritime Ltd., *Mauritius*	Ltd.	35.17	(2,033)	20,121
African Coffee Roasters (EPZ) Limited, *Kenya*	Ltd.	20.00	(1,821)	(870)
African Guarantee Fund, *Kenya*	Fund	33.52	(44,658)	1,328,455
Afrinord Hotel Investments A/S, *Denmark*	A/S	20.00	51	2,712
Afro Farm Limited, *Tanzania*	Ltd.	40.00	(250)	(3,863)
Al Quseir Hotel Company SAE, *Egypt*	SAE	20.00	(1,031)	9,445
Alliance for Microfinance in Myanmar Limited, *Myanmar*	Ltd.	23.55	(71,763)	72,520
CerCa A/S, *Denmark*	A/S	48.00	(105)	1,036
CRDB Bank Congo SA, *DR Congo*	SA	22.50	N/A**	N/A**
COT Africa Limited, *Mauritius*	Ltd.	49.99	N/A**	N/A**
Danish Agribusiness Fund K/S, *Denmark*	K/S	37.50	9,952	354,646
Danish Climate Investment Fund I K/S, *Denmark*	K/S	39.92	(30,658)	1,006,818
Danish Microfinance Partners K/S, *Denmark*	K/S	24.92	(21,634)	207,551
Danish Sustainable Development Goals Investment Fund K/S, *Denmark*	K/S	40.00	232,015	4,785,327

Associated companies

DKK 1,000

Name/domicile	Form of company	IFU´s ownership interest (%)	2023 Result	2023 Equity*
			According to the latest approved annual report	
Danper Agricola La Venturosa S.A.C., *Peru*	S.A.C	45.00	3,049	53,870
Danper Agricola Olmos S.A.C., *Peru*	S.A.C	25.00	(9,631)	165,063
Dynatest South America Holding ApS, *Denmark*	ApS	33.33	(1,210)	(7,662)
Emerging Markets Power Ghana Limitied, *Ghana*	Ltd.	27.00	(280)	504
Enara Bahrain SPV W.L.L., *Bahrain*	WLL	41.43	39,693	161,838
Equilibrium Management Co. Ltd., *China*	Ltd.	31.60	(2,452)	(2,509)
Fibertex South Africa, *South Africa*	Pty. Ltd	25.80	1,898	(10,121)
Ghana Emulsion Limited, *Ghana*	Ltd.	26.10	N/A**	N/A**
House of Odin Ltd., *Nigeria*	Ltd.	20.20	988	4,854
Jema Autolife Co., Ltd, *China*	Ltd.	44.01	(1,974)	(1,843)
Nordic Horn of Africa Opportunities Fund, *Canada*	Fund	47.17	799	128,988
Nordic Microfinance Initiative Fund III KS, *Norway*	KS	24.40	(2,023)	424,599
Rabai Power Holdings Limited, *United Kingdom*	Ltd.	20.00	33,322	420,716
Smart Solar International Holding, *France*	SA	49.00	(161)	(2,450)
Spark+ Africa Fund SCSp, *Luxembourg*	SLP	45.33	(3,149)	61,702

*) Excluding undisbursed commitments/not paid-in capital.
**) The entities first annual report has not yet been approved.

NOTES

Note 8 / Project loans, net

	DKK 1,000 2023	DKK 1,000 2022
Project loans beginning of year at cost	1,498,316	1,408,298
Disbursements during the year	78,226	253,138
Interest and fees converted into project loans during the year	(197,511)	10,626
Repayments during the year	0	(143,854)
Project loans converted into share capital during the year	(19,605)	(7,236)
Exchange rate adjustments, project loans	0	25,156
Project loans transferred to other receivables during the year	(3,969)	(30,229)
Write-offs during the year	0	(17,583)
Project loans end of year at cost *	**1,372,467**	**1,498,316**
Accumulated value adjustments incl. allowance for impairment beginning of year	(400,811)	(172,276)
Reversed allowance for impairment, loans written off	0	(15,881)
Value adjustments including allowance for impairment for the year	(7,406)	(212,362)
Allowance for impairment related to conversions during the year	(1,662)	(292)
Accumulated value adjustments incl. allowance for impairment end of year	**(409,879)**	**(400,811)**
Project loans, net end of year	**962,588**	**1,097,505**

	DKK 1,000 2023	DKK 1,000 2022
Hereof project loans at amortised cost:		
Project loans at amortised cost end of year at cost	1,372,467	1,414,650
Accumulated allowance for impairment end of year	(409,879)	(395,791)
	962,588	**1,018,859**
Hereof project loans at fair value:		
Project loans at fair value end of year at cost	0	83,666
Accumulated value adjustments end of year	0	(5,020)
	0	**78,646**
*) Project loans end of year at cost are comprised of:		
Senior project loans	1,107,124	1,132,084
Subordinated loans	206,184	306,348
Equity loans	59,159	59,884
	1,372,467	**1,498,316**

*) Project loans end of year at cost in DKK distributed according to currency denomination:

	2023 Currency	2022 Currency	2023	2022
DKK			192,580	307,732
USD[1]	71,878	92,442	436,515	644,526
EUR	68,501	66,015	293,743	490,921
INR	500,000	500,000	39,751	42,150
Other currencies			0	12,987
			962,588	**1,498,316**

[1] USD 37,9m is hedged against DKK (USD 46.3m in 2022)

NOTES

Note 9 / Investment in subsidiaries

	DKK 1,000 2023	DKK 1,000 2022
Investment in subsidiaries beginning of year at cost	2,230	2,230
New investments during the year	440	0
Investment in subsidiaries end of year at cost	**2,670**	**2,230**
Accumulated value adjustments end of year	**0**	**0**
Investment in subsidiaries, net end of year	**2,670**	**2,230**

Name / Domicile:	Form of company	IFU's ownership interest (%)	2023 Result (according to the latest approved annual report)	2023 Equity (according to the latest approved annual report)
IFU Investments Komplementar Copenhagen, *Denmark*	ApS	100%	24	245
IFU Investments Partners GP Copenhagen, *Denmark*	P/S	100%	(36)	246
DCIF I GP Komplementar Copenhagen, *Denmark*	ApS	100%	12	123
DCIF I GP Copenhagen, *Denmark*	P/S	100%	(20)	368
DAF I GP Komplementar Copenhagen, *Denmark*	ApS	100%	9	99
DAF I GP Copenhagen, *Denmark*	P/S	100%	(17)	406
DSDG GP Komplementar Copenhagen, *Denmark*	ApS	100%	8	82
DSDG GP Copenhagen, *Denmark*	P/S	100%	(15)	438
DSDG II GP Komplementar Copenhagen, *Denmark*	ApS	100%	N/A*	N/A*
DSDG II GP Copenhagen, *Denmark*	P/S	100%	N/A*	N/A*

Subsidiaries are insignificant in size and consolidated accounts have not been made.

*) The entities first annual report has not yet been approved.

Note 10 / Fixed assets and leasehold improvements

	DKK 1,000 2023	DKK 1,000 2022
Cost beginning of year	13,691	12,689
Additions during the year	226	1,002
Cost end of year	**13,917**	**13,691**
Depreciation beginning of year	10,664	10,079
Depreciation for the year (note 5)	753	585
Depreciation end of year	**11,417**	**10,664**
Book value end of year	**2,500**	**3,027**

Note 11 / Interest receivable related to projects

	DKK 1,000 2023	DKK 1,000 2022
Interest receivable related to projects before allowance for impairment	183,420	119,835
Allowance for impairment	(114,688)	(87,198)
Interest receivable related to projects	**68,732**	**32,637**

NOTES

Note 12 / Other receivables

	DKK 1,000 2023	DKK 1,000 2022
Dividend receivables	3,996	36,875
Receivables from sale of shares	28,020	9,258
Receivables from sale of loans	2,186	3,086
Receivable front-end fees	1,754	1,353
Other project-related receivables	115	153
	36,071	50,725
Value adjustments	(7,715)	(3,984)
	28,356	46,741
*) Derivatives	11,048	5,662
Collateral paid regarding derivatives	700	16,200
Administrative receivables	26,140	13,486
Accrued interest receivables from bonds	5,380	145
Rental deposits	3,177	3,053
	74,801	**85,287**

*) Stated amount for 2023 concerns a hedged amount of USD 26.6m with term from 2024 to 2027.

Note 13 / Total equity

	DKK 1,000 2023	DKK 1,000 2022
Paid-in capital beginning of year	3,009,490	2,597,717
High Risk High Impact Initiative	0	99,500
African Guarantee Fund (in kind contribution)	0	197,273
Project Development Programme	0	15,000
Ukraine facility	110,000	0
India Climate Finance Initiative	100,000	100,000
Blended Finance Energy Initiative	99,000	0
IFU capital	115,000	0
Paid-in capital end of year	**3,433,490**	**3,009,490**
Repaid capital beginning of year	(1,250,000)	(1,250,000)
Repaid capital end of year	**(1,250,000)**	**(1,250,000)**
Retained earnings beginning of year	2,871,390	2,928,585
Transfered income for the year	140,644	(57,195)
Retained earnings end of year	**3,012,034**	**2,871,390**
Total equity end of year	**5,195,524**	**4,630,880**

NOTES

Note 14 / Provisions for guanrantees and loan commitments

	DKK 1,000 2023	DKK 1,000 2022
Allowance for impairment on remaining commitments beginning of year	2,110	3,450
Allowance for impairment on remaining commitments on loans	(618)	(1,137)
Allowance for impairment on remaining commitments on guarantees	355	(203)
Allowance for impairment on remaining commitments end of year	**1,847**	**2,110**

Note 15 / Long-term debt

	DKK 1,000 2023	DKK 1,000 2022
Loan from Danmarks Nationalbank	1,400,484	827,090
Loan from the Nordic Investment Bank	66,890	81,430
Loan from EU	121,045	76,722
	1,588,419	**985,242**

The term of the bullet loans issued by Danmarks Nationalbank are seven to nine years and with an annual interest rate of 2.25% - 0.0% and an annual fee to the Danish State of 0.15%.

The term of the equal instalment loans issued by Nordic Investment Bank are five to six years and with a semi-annual variable interest rate.

Loan from EU has no terms and is related to a specific share capital investment.

Note 16 / Other current liabilities

	DKK 1,000 2023	DKK 1,000 2022
Other project-related debt	94	1,013
	94	1,013
Derivatives *	4,699	10,679
IFU Sustainability Facility	15,964	12,793
Administrative debt	45,351	47,802
Current accounts	0	1,388
Other liabilities	3,343	1,202
	69,451	**74,877**

*) Stated amount for 2023 concerns a hedged amount of USD 11.2m with term from 2024 to 2028.

Note 17 / Undisbursed commitments to projects

Undisbursed commitments to projects are comprised of undisbursed contractual commitments and binding commitments not yet contracted. The stated amount of guarantees is net of provision for losses, if any.

	DKK 1,000 2023	DKK 1,000 2022
Amounts payable on share capital and loan agreements	1,746,794	2,123,878
Guarantees *	494	32,160
Binding commitments	206,434	211,435
Undisbursed commitments to projects	**1,953,722**	**2,367,473**

*) Net outstanding guarantees after provision for losses amount to 0 (32,021 in 2022).

NOTES

Note 18 / Contingent liabilities

The total lease and rental commitments amount to DKK 7.5m (DKK 8.6m in 2022)
- hereof due within the following year DKK 7.5m (DKK 8.4m in 2022).

Note 19 / Related party disclosures

IFU project investments - shares and loans
For a list of project investments where IFU has significant influence, see note 7.

Transactions conducted during the year with the project companies include dividends, interest income and fees and directors' fees from the companies in which IFU representatives are board members.

In accordance with section 98 c (7) of the Danish Financial Statements Act, the amount of the related party transactions have not been disclosed in the financial statements as they were conducted on an arm's length basis.

Board of directors and executive board
IFU's other related parties are the members of the board of directors and the executive board.

During 2023, IFU had business transactions with Nykredit Bank A/S, part of the Nykredit Group, in which the chairman is CEO, and with PKA, where four pension funds under PKA have invested in funds managed by IFU - these investments are managed for PKA by IIP Denmark, in which the deputy chairman is managing partner.

The rules of procedure for the board contain detailed rules regarding conflict of interest - as well as a reference to the conflict-of-interest rules in the Danish Public Administrations Act, which the board is subject to - and the above-mentioned business transactions are not considered to be of a nature as to impair the general independence of the chairman or the deputy chairman.

Furthermore, remuneration was paid to the members of the board of directors and executive management. Also, the chairman and the deputy chairman receive remuneration for representing IFU at the investor board of the Danish Sustainable Development Goals Investment Fund K/S, a fund established and managed by IFU.

Note 20 / Recommended appropriation of net income

	DKK 1,000 2023	DKK 1,000 2022
Distribution to IFU Sustainability Facility	5,000	0
Transfered to reserve under equity	140,644	(57,195)
	145,644	**(57,195)**

Note 21 / Financial highlights and investments contracted in 2023

Financial highlights (table) - see p. 72
New investments during the year - an overview (table) - see p. 46

Note 22 / Financial risk management

Introduction
Through in vestments, IFU is exposed to financial risks such as equity and credit risk on in vestments, currency risk, interest rate risk and liquidity risk.

The board of directors has established limits to a void excessive concentrations of risk and through its investment policy and due diligence procedures, IFU further seeks to identify and mitigate the equity and credit risk.

Note 23 / Equity and credit risk

Equity risk
Equity risk arises from changes in the fair values of share capital investments in projects.

Credit risk
Credit risk is the risk that IFU will incur a financial loss due to a counterparty not fulfilling its obligation. These credit exposures occur from project loans, derivatives and other transactions.

Managing equity and credit risk
At portfolio level, IFU mitigates equity risk and credit risk by investing in a variety of countries and by limiting the concentration of risks per partner. IFU assesses concentrations of risk on the basis of total commitments, which include acquisition cost of both share capital investments and project loans, binding commitments and amounts payable on share capital and loan agreements. Furthermore, through the due diligence process IFU assesses the specific risks for each share capital investment and project loan and seeks to mitigate associated equity and credit risks.

For some of IFU's share capital investments, IFU has the opportunity to sell the shares through pre-agreed exit agreements. In this way, IFU mitigates the risk of not being able to exit the investments. See note 28 for fair value measurement basis.

On an ongoing basis, the credit quality of the projects is assessed based on among other things:
- Specific terms as agreed
- Current and expected operational results of the company
- Expected sales value and pledges
- Historical records of debt service

NOTES

Note 23/ Equity and credit risk continued

The table below shows the distribution of the cost of IFU's investments by the OECD country risk classification.

This classification takes into account the political and economic environment of each country, including risk of force majeure such as war, etc.

The classification of each country is updated twice a year.

2023	Share capital investments		Project loans		Total		Commitments (off balance)	
OECD	DKK 1,000	%	DKK 1,000	%	DKK 1,000	%	DKK 1,000	%
2	72,841	2%	118,236	9%	191,077	3%	30,673	2%
3	220,514	5%	126,310	9%	346,824	6%	94,497	5%
4	113,821	3%	209,429	15%	323,250	6%	54,494	3%
5	68,714	2%	91,298	7%	160,012	3%	0	0%
6	390,001	9%	125,276	9%	515,277	9%	15,387	1%
7	365,961	8%	533,525	39%	899,486	15%	156,485	8%
Africa regional	1,224,761	28%	71,649	5%	1,296,410	22%	130,930	7%
DAC	1,796,207	40%	31,978	2%	1,828,185	31%	1,032,059	53%
Asia regional	11,985	0%	0	0%	11,985	0%	28,320	1%
Latin America Regional	172,557	4%	0	0%	172,557	3%	38,906	2%
Not rated	0	0%	64,766	5%	64,766	1%	371,173	19%
Total	**4,437,362**	**100%**	**1,372,467**	**100%**	**5,809,829**	**100%**	**1,953,722**	**100%**

2022	Share capital investments		Project loans		Total		Commitments (off balance)	
OECD	DKK 1,000	%	DKK 1,000	%	DKK 1,000	%	DKK 1,000	%
2	91,158	2%	101,561	7%	192,719	3%	55,128	2%
3	238,902	6%	76,200	5%	315,102	5%	153,414	6%
4	131,161	3%	48,219	3%	179,380	3%	15,358	1%
5	189,342	4%	263,846	18%	453,188	8%	20,519	1%
6	306,733	7%	384,925	26%	691,658	12%	7,986	0%
7	274,164	6%	439,496	29%	713,660	12%	110,982	5%
Africa regional	1,222,502	29%	81,542	5%	1,304,044	23%	306,378	13%
DAC	1,617,060	38%	32,513	2%	1,649,573	29%	1,619,687	68%
Asia regional	173,354	4%	0	0%	173,354	3%	30,969	1%
Latin America Regional	5,156	0%	0	0%	5,156	0%	47,052	2%
Not rated	0	0%	70,014	5%	70,014	1%	0	0%
Total	**4,249,532**	**100%**	**1,498,316**	**100%**	**5,747,848**	**100%**	**2,367,473**	**100%**

NOTES

Note 23/ Equity and credit risk continued

Credit quality/impairment (IFRS 9)

All outstanding project loans valued at amortised cost have been classified into three stages:

- Stage 1 includes project loans with no credit deterioration and no specific allowance for impairment.
  The allowance for impairment according to IFRS 9 are based on IFU's historical annual credit loss.
- Stage 2 includes project loans where payments are delayed with more than 30 days at the end of the year but without specific allowance for impairment.
  The allowance for impairment according to IFRS 9 are based on IFU's historical credit loss.
- Stage 3 includes credit impaired project loans with a specific allowance for impairment.

The table below shows the project loans at cost according to stages.

DKK 1,000	2023	2022
Project loans (stage 1)	744,618	715,078
Project loans (stage 2)	88,330	148,164
Project loans (stage 3)	539,519	551,408
Total	**1,372,467**	**1,414,650**

The table below illustrates the credit quality by OECD country risk for project loans in stage 1.

DKK 1,000	2023	2022
OECD 0	116,589	128,984
OECD 2	0	4,183
OECD 3	126,310	74,100
OECD 4	0	6,000
OECD 5	242,805	239,151
OECD 6	116,505	138,049
OECD 7	142,410	124,611
Total	**744,618**	**715,078**

The table below shows project loans according to stages.

DKK 1,000	Allowance for impairment %	Project loans at cost	Accumulated allowance for impairment	Project loans carrying amount 2023
Project loans (stage 1)	(2.6)%	744,618	(19,668)	724,950
Project loans (stage 2)	(9.8)%	88,330	(8,700)	79,630
Project loans (stage 3)	(70.7)%	539,519	(381,510)	158,009
Total		**1,372,467**	**(409,879)**	**962,588**

DKK 1,000	Allowance for impairment %	Project loans at cost	Accumulated allowance for impairment	Project loans carrying amount 2022
Project loans (stage 1)	(1.3)%	715,078	(9,233)	705,845
Project loans (stage 2)	(7.5)%	148,164	(11,140)	137,024
Project loans (stage 3)	(68.1)%	551,408	(375,418)	175,990
Total		**1,414,650**	**(395,791)**	**1,018,859**

NOTES

Note 23/ Equity and credit risk continued

Project loans at amortised cost before allowance for impairment	Stage 1	Stage 2	Stage 3	Total 2023
Project loans beginning of year at cost	715,078	148,164	551,408	1,414,650
Disbursements during the year	60,045	0	18,181	78,226
Interest and fees converted into project loans during the year	14,771	125	2,113	17,009
Repayments during the year	(81,926)	(6,629)	(26,670)	(115,225)
Project loans converted into share capital during the year	0	0	0	0
Exchange rate adjustments, project loans	(13,496)	(2,114)	(2,614)	(18,224)
Project loans transferred to other receivables during the year	0	0	0	0
Write-offs during the year	(3,969)	0	0	(3,969)
Project loans end of year at cost before change of stages	690,503	139,546	542,418	1,372,467
Change in loan value from stage 1	0	0	0	0
Change in loan value from stage 2	51,216	(51,216)	0	0
Change in loan value from stage 3	2,899	0	(2,899)	0
Project loans end of year at cost	**744,618**	**88,330**	**539,519**	**1,372,467**

Project loans at amortised cost before allowance for impairment	Stage 1	Stage 2	Stage 3	Total 2022
Project loans beginning of year at cost	844,419	275,057	210,088	1,329,564
Disbursements during the year	249,867	0	3,271	253,138
Interest and fees converted into project loans during the year	9,599	735	292	10,626
Repayments during the year	(139,105)	(3,149)	(1,600)	(143,854)
Project loans converted into share capital during the year	(7,236)	0	0	(7,236)
Exchange rate adjustments, project loans	12,607	6,595	1,022	20,224
Project loans transferred to other receivables during the year	(27,229)	0	(3,000)	(30,229)
Write-offs during the year	(1,186)	0	(16,397)	(17,583)
Project loans end of year at cost before change of stages	941,736	279,238	193,676	1,414,650
Change in loan value from stage 1	(251,758)	116,957	134,801	0
Change in loan value from stage 2	25,100	(248,031)	222,931	0
Change in loan value from stage 3	0	0	0	0
Project loans end of year at cost	**715,078**	**148,164**	**551,408**	**1,414,650**

Accumulated allowance for impairment	Stage 1	Stage 2	Stage 3	Total
Accumulated allowance for impairment beginning of year	(9,233)	(11,140)	(375,418)	(395,791)
Reversed allowance for impairment, loans written off	0	0	0	0
Allowance for impairment for the year	(1,626)	2,544	(8,256)	(12,426)
Allowance for impairment related to conversions during the year	0	0	(1,662)	(1,662)
Accumulated allowance for impairment end of year before change of stages	(10,859)	(13,684)	(385,336)	(409,879)
Change in loan value from stage 1	0	0	0	0
Change in loan value from stage 2	(4,983)	4,983	0	0
Change in loan value from stage 3	(3,826)	0	3,826	0
Accumulated allowance for impairment end of year	**(19,668)**	**(8,701)**	**(381,510)**	**(409,879)**

Accumulated allowance for impairment	Stage 1	Stage 2	Stage 3	Total
Accumulated allowance for impairment beginning of year	(14,969)	(37,341)	(122,328)	(174,638)
Reversed allowance for impairment, loans written off	0	0	15,881	15,881
Allowance for impairment for the year	(86,747)	(143,460)	(6,535)	(236,742)
Allowance for impairment related to conversions during the year	0	0	(292)	(292)
Accumulated allowance for impairment end of year before change of stages	(101,716)	(180,801)	(113,274)	(395,791)
Change in loan value from stage 1	92,483	(6,759)	(85,724)	0
Change in loan value from stage 2	0	176,420	(176,420)	0
Change in loan value from stage 3	0	0	0	0
Accumulated allowance for impairment end of year	**(9,233)**	**(11,140)**	**(375,418)**	**(395,791)**

NOTES

Note 23/ Equity and credit risk continued

Maximum exposure to credit risk
The following table shows the maximum exposure to credit risk for IFU. The table only includes derivatives with positive market value.

	2023		2022	
DKK 1,000	Carrying amount	Maximum credit exposure (contractual cash flow)	Carrying amount	Maximum credit exposure (contractual cash flow)
Project loans	962,588	1,372,467	1,097,505	1,498,316
Interest receivable related to projects	68,732	183,420	32,637	119,835
Other receivables	28,356	36,071	46,741	50,725
Derivatives	11,048	11,048	5,662	5,662
Cash	717,171	717,171	68,067	68,067
Commitments	0	205,903	0	179,682
Total	**1,787,895**	**2,526,081**	**1,250,612**	**1,922,287**

Description of collateral held and fair value hereof (accessibility of pledged assets for project loans)
In a number of cases, IFU has received securities to minimise credit exposure. IFU has received the following types of securities:
- Pledges
- Indemnities and counter-guarantees

The fair value of the pledges is DKK 251m (2022: DKK 196m) and for indemnity and counter-guarantee the fair value is DKK 151m (2022: DKK 166m).

NOTES

Note 24 / Currency risk

Currency risk is the risk that the value of a financial instrument fluctuates due to changes in foreign exchange rates.

IFU is exposed to currency risk through its investments that are denominated in currencies other than the functional currency (DKK). It is IFU's general policy to hedge foreign exchange exposures originated from project loans in other currencies than EUR, when the principal of the loan is greater than the equivalent of USD 1m, and internal credit rating is above a certain threshold.

IFU does not hedge local currency exposure in share capital investments, as costs are typically very high and by way of operation investments may have a natural built-in hedge, e.g. export-oriented businesses. IFU does not hedge commitments to disburse either, as timing and amounts are often difficult to foresee.

IFU primarily uses cross currency swaps to hedge the exposure towards changes in foreign exchange rates on project loans. As exchange rate adjustments of the hedged item and fair value adjustments of the derivative financial instruments are recognised in the income statement, hedge accounting in accordance with IFRS 9 is not applied.

Currency exposure and sensitivity
The following table indicates the currencies to which IFU had significant exposure as of 31 December on its financial assets and liabilities excluding share capital investments. The analysis calculates the effect of a reasonably likely movement of the currency rate against DKK on profit or loss with all other variables held constant. There is no sensitivity effect on equity as IFU has no assets classified as available-for-sale or designated hedging instruments.

2023

DKK 1,000	Project loans	Interest receivables	Project-related receivables	Hedged	Provision for losses Guarantees and loan commitments	Other project-related debt	Net exposure	Increase in foreign exchange rates	Effects on profit or loss
USD	436,510	22,028	0	(245,101)	(131)	0	213,306	10%	21,331
EUR	293,745	39,949	2,153	0	(237)	(94)	335,517	1%	3,356
INR	39,751	0	264	0	0	0	40,016	10%	4,002
DKK	192,582	6,754	26,212	245,101	(985)	0	469,664	N/A	0
Other	0	0	(273)	0	0	0	(273)	10%	(27)
Total	**962,588**	**68,731**	**28,356**	**0**	**(1,353)**	**(94)**	**1,058,229**		

2022

DKK 1,000	Project loans	Interest receivables	Project-related receivables	Hedged	Provision for losses Guarantees and loan commitments	Other project-related debt	Net exposure	Increase in foreign exchange rates	Effects on profit or loss
USD	594,767	19,597	36,683	(322,471)	(1,444)	0	327,132	10%	32,713
EUR	208,422	5,572	681	0	(80)	(49)	214,546	1%	2,145
INR	41,922	0	0	0	0	0	41,922	10%	4,192
DKK	252,394	7,468	9,187	322,471	(586)	(964)	589,970	N/A	0
Other	0	0	190	0	0	0	190	10%	19
Total	**1,097,505**	**32,637**	**46,741**	**0**	**(2,110)**	**(1,013)**	**1,173,760**		

NOTES

Note 25 / Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments.

Most of IFU's investments in project loans carry variable interbank interest rates, thus changes in interest rates will mainly affect future cash flows and income.

Interest rate exposure and sensitivity
The annual effect of changes in the interest rate only affects the fair value of fixed rate loans. For variable rate loans, the effect on profit and loss will be a change in the interest payments for the coming year.
The annual effect of an increase in the interest rate of 100 basis points is shown in the table below for fixed and variable interest rate loans.

2023					
DKK 1,000	Project loans	SWAP	Net exposure	Increase in interest rates	Effect on profit or loss
Fixed	180,466	(62,602)	117,864	100 bp	0
Variable	782,129	62,602	844,731	100 bp	8,447
Total	**962,595**	**0**	**962,595**		

2022					
DKK 1,000	Project loans	SWAP	Net exposure	Increase in interest rates	Effect on profit or loss
Fixed	210,862	(78,085)	132,777	100 bp	0
Variable	886,943	78,085	965,028	100 bp	9,650
Total	**1,097,805**	**0**	**1,097,805**		

Note 26 / Liquidity risk

Liquidity risk is defined as the risk that IFU will encounter difficulty in meeting financial obligations.

IFU is primarily equity financed except for current liabilities comprised of administrative debt and negative fair value of derivative financial instruments and long-term debt comprised of loans from Danmarks Nationalbank and the Nordic Investment Bank.

IFU's primary exposure to liquidity risk arises from commitments to disburse share capital investments and project loans.

To meet these and other obligations, IFU, apart from capital contributions net of dividends, relies on a continuous positive cash flow from interest and repayments on project loans as well as dividends and sales of share capital investments to meet its obligations. It is IFU's policy to maintain a positive cash position. A DKK 300 million overdraft facility shared with IØ is in place to cover unexpected negative short-term fluctuations in cash flows.

At year-end, DKK 300 million was available for drawing. In addition, an overdraft facility of DKK 200 million has been established also to cover fluctuations in cash flows.

At year-end, DKK 200 million was available for drawing. Furthermore, IFU has access to loan financing of DKK 1,800m from Danmarks Nationalbank on two lending lines. At the end of 2023, DKK 1,395m was drawn on these lending lines. Finally, IFU has agreed with the EU for financing of EUR 23.7m for three specific projects, of which EUR 17.5 m has been drawn and EUR 6.2m remaining to be drawn. Total liquidity resources available to IFU amount to DKK 951m at year-end 2023.

NOTES

Note 26/ Liquidity risk continued

Contractual maturities

The contractual maturities based on undiscounted contractual cash flows are shown below for financial assets, liabilities, guarantees and commitments.

2023

DKK 1,000	Carrying amount	Contractual cash flows	On demand	0-1 year	1-5 years	Over 5 years	No fixed maturity
Assets							
Project loans	962,588	1,372,467	113,931	296,643	640,435	321,458	0
Interest receivable related to projects	68,732	183,420	183,420	0	0	0	0
Other receivables	79,478	87,194	5,866	33,706	43,745	0	3,877
Derivatives	11,048	11,047	0	1,696	8,274	1,077	0
Cash and cash equivalents	1,242,716	1,242,716	718,441	91,669	362,331	70,275	0
Total assets	**2,362,376**	**2,894,658**	**1,021,658**	**421,528**	**1,054,785**	**392,810**	**3,877**
Liabilities							
Derivatives	4,699	4,699	0	32	4,667	0	0
Other current liabilities	64,752	64,752	0	64,752	0	0	0
Loan from Danmarks Nationalbank	1,400,484	1,400,484	0	0	0	1,400,484	0
Loan from the Nordic Investment Bank	66,890	66,890	0	14,714	52,176	0	0
Loan from EU	121,045	121,045	0	0	0	121,045	0
Drawn on bank credit facilities	0	0	0	0	0	0	0
Total liabilities	**1,657,870**	**1,657,870**	**0**	**79,498**	**56,843**	**1,521,529**	**0**
Off-balance							
Guarantees		494	0	0	0	0	494
Amounts payable on share capital and loan agreements		1,746,794	1,746,794	0	0	0	0
Binding commitments		206,434	0	206,434	0	0	0
Total off-balance		**1,953,722**	**1,746,794**	**206,434**	**0**	**0**	**494**

2022

DKK 1,000	Carrying amount	Contractual cash flows	On demand	0-1 year	1-5 years	Over 5 years	No fixed maturity
Assets							
Project loans	1,097,505	1,498,316	132,180	187,179	639,942	539,015	0
Interest receivable related to projects	32,637	119,835	119,835	0	0	0	0
Other receivables	79,625	83,609	38,381	16,717	9,258	0	19,253
Derivatives	5,662	5,662	0	589	4,184	889	0
Cash and cash equivalents	171,753	171,753	68,067	103,686	0	0	0
Total assets	**1,387,182**	**1,879,175**	**358,463**	**308,171**	**653,384**	**539,904**	**19,253**
Liabilities							
Derivatives	10,679	10,679	0	2,178	8,361	140	0
Other current liabilities	64,198	64,198	0	64,198	0	0	0
Loan from Danmarks Nationalbank	827,090	879,105	0	0	0	879,105	0
Loan from the Nordic Investment Bank	81,430	81,430	0	14,687	56,518	10,225	0
Loan from EU	76,722	76,722	0	0	0	76,722	0
Drawn on bank credit facilities	5,882	5,882	0	5,882	0	0	0
Total liabilities	**1,066,001**	**1,118,016**	**0**	**86,945**	**64,879**	**966,192**	**0**
Off-balance							
Guarantees		32,160	0	0	0	0	32,160
Amounts payable on share capital and loan agreements		2,123,878	2,123,878	0	0	0	0
Binding commitments		211,435	0	211,435	0	0	0
Total off-balance		**2,367,473**	**2,123,878**	**211,435**	**0**	**0**	**32,160**

NOTES

Note 27 / Classification of financial instruments

The following table provides a reconciliation between line items in the balance sheet and categories of financial instruments.

2023

DKK 1,000	Designated at fair value through profit and loss	Loans and receivables at amortised cost	Loans and receivables at fair value	Other liabilities at amortised cost	Total
Financial assets					
Share capital investment in projects	4,485,509	0	0	0	4,485,509
Project loans	0	962,588	0	0	962,588
Interest receivable related to projects	0	68,732	0	0	68,732
Other receivables	28,241	51,237	0	0	79,478
Derivatives	11,048	0	0	0	11,048
Bonds	525,545	0	0	0	525,545
Cash and cash equivalents	0	717,171	0	0	717,171
Total financial assets	**5,050,343**	**1,799,728**	**0**	**0**	**6,850,071**
Financial liabilities					
Current liabilities:					
Derivatives	4,699	0	0	0	4,699
Other current liabilities	0	0	0	64,752	64,752
Long-term debt	121,045	0	0	1,467,374	1,588,419
Total financial liabilities	**125,743**	**0**	**0**	**1,532,126**	**1,657,870**

2022

DKK 1,000	Designated at fair value through profit and loss	Loans and receivables at amortised cost	Loans and receivables at fair value	Other liabilities at amortised cost	Total
Financial assets					
Share capital investment in projects	4,306,552	0	0	0	4,306,552
Project loans	0	1,018,859	78,646	0	1,097,505
Interest receivable related to projects	0	32,637	0	0	32,637
Other receivables	46,588	33,037	0	0	79,625
Derivatives	5,662	0	0	0	5,662
Bonds	103,686	0	0	0	103,686
Cash and cash equivalents	0	62,185	0	0	62,185
Total financial assets	**4,462,488**	**1,146,718**	**78,646**	**0**	**5,687,852**
Financial liabilities					
Current liabilities:					
Derivatives	10,679	0	0	0	10,679
Other current liabilities	0	0	0	64,198	64,198
Long-term debt	0	0	0	985,242	985,242
Total financial liabilities	**10,679**	**0**	**0**	**1,049,440**	**1,060,119**

The carrying amount of project loans with fixed interest terms amounts to DKK 250m (2022: 211m). The fair value of these project loans amounts to DKK 240m (2022: DKK 199m) measured as the net present value of the future cash flow. The inputs used to measure the fair value for project loans are all level 2 inputs in the fair value hierarchy. For more information, see disclosure on fair value measurement, note 28. For other loans and receivables and other liabilities the carrying amount is measured at amortised cost at reasonable approximation of fair value.

NOTES

Note 28 / Fair value measurement basis

The calculation of fair value is based on a fair value hierarchy that reflects the level of judgement associated with the inputs used to measure the fair value. The fair value hierarchy has the following levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date
- Level 2 inputs are inputs other than quoted prices included within level 1 that are observable for the assets or liabilities, either directly or indirectly; and
- Level 3 inputs are unobservable inputs that have been applied in valuing the respective assets or liabilities.

In the following sections a short description of the overall principle for IFU's calculation of fair value is provided. For all investments the value determined by using the methods described below will be adjusted, if considered necessary and appropriate, by taking the following factors into account:

1) Current and expected operational results of the project company
2) Risk of remittance, if any
3) Specific circumstances relating to the partners, project, country, region and/or sector
4) Current market conditions
5) Tax issues

Share capital investments
Most of IFU's fair value estimates are based on unobservable market data (level 3).
Indirect investments through financial intermediaries (funds) where the underlying investments are valued according to a fair value principle will be valued at net assets value according to the most recent financial statement received by IFU. Financial intermediaries include own managed funds, loan funds, (externally managed) funds where IFU has a managerial role and externally managed private equity funds. For own managed funds, IFU has made the fair value assessment of the indirect investments following the same principles as described here.

Direct investments are valued as follows:

- In the initial phase all investments are valued at cost price less any impairment adjustment, as this is deemed to provide a good indication of fair value. Hereafter investments will be valued by either the Discounted Cash Flow method (DCF), by an earnings multiple if appropriate and reliable transaction/earnings multiples are available, or by the net assets methodology, if appropriate. For direct investments in financial institutions, book value of equity is applied in cases where it reflects fair value. For smaller investments, see below.
- If during the 12-month period prior to the reporting date IFU has received a binding offer in writing from a third party, or a significant transaction has taken place, the shares will normally be valued based on the offer or the recent transaction.

The following general assumptions are applied when performing DCF or earnings multiple calculations:

- For DCF calculations, budgets and forecasts for the investments form the basis for the valuation.
- A weighted average cost of capital based on the cost of equity and the cost of debt weighted by the targeted financial leverage from the industry. Growth in terminal period is based on the estimated long-term inflation rate of the country.
- An illiquidity discount is applied and other specific adjustments may be applied where relevant for both DCF and earnings multiple calculations.

Valuing private investments in developing countries at fair value involves a large inherent uncertainty. Due to this uncertainty, a degree of caution is applied when exercising judgements and making the necessary estimates. For smaller investments (cost price or book value of equity below DKK 25m) uncertainties are deemed to be even higher and therefore these will be valued at book value of equity to reflect IFU's share of earnings in the companies. These investments constitute a minor part of IFU's portfolio.

Some share capital investments include a pre-agreed exit agreement. In these cases the value of the exit agreements is taken into consideration as part of the fair value calculation. Investments valued according to exit agreements are in the table below disclosed together with investments valued based on a recent binding offer or transaction.

Project loans
Project loans, which do not meet the "SPPI" test (solely payments of principal and interest), e.g. loans which include equity features such as profit participation or equity conversion options, are measured at fair value.

In the initial phase all loans are valued at cost price less any impairment adjustment, as this is deemed to provide a good indication of fair value. Hereafter loans will be valued by the DCF method based on updated assumptions for future cash flow including equity features.

Valuing project loans in developing countries at fair value involves a large inherent uncertainty. For smaller project loans (cost price of loan below DKK 25m) uncertainties are deemed to be even higher and therefore these will be valued at amortised cost less an allowance for impairment. These project loans constitute a minor part of IFU's portfolio.

NOTES

Note 28/ Fair value measurement basis continued

Fair value measurements and reconciliation

The following table shows financial instruments recognised at fair value by level in the fair value hierarchy and a reconciliation of all movements in the fair value of items categorised within level 3.

2023

DKK 1,000	Level 1	Level 2	Level 3	Total
Share capital investments				
Opening balance	5,713	0	4,300,839	4,306,552
Transfers into the level	0	0	0	0
Total gains/ losses for the period included in profit or loss [1]	313	0	8,212	8,525
Paid-in share capital in projects	0	0	548,933	548,933
Proceeds from divestment of shares	0	0	(378,501)	(378,501)
Closing balance	**6,026**	**0**	**4,479,483**	**4,485,509**
Project loans at fair value				
Opening balance	0	0	78,646	78,646
Transfers into the level	0	0	0	0
Transfers out of the level	0	0	(78,646)	(78,646)
Exchange rate adjustments	0	0	0	0
Total gains/losses for the period included in profit or loss	0	0	0	0
Closing balance	**0**	**0**	**0**	**0**
Other receivables				
Opening balance	0	46,588	0	46,588
Closing balance	0	28,241	0	28,241
Derivative financial instruments (Assets)				
Opening balance	0	5,662	0	5,662
Closing balance	0	11,048	0	11,048
Derivative financial instruments (Liabilities)				
Opening balance	0	10,679	0	10,679
Closing balance	0	4,699	0	4,699
Total recurring fair value measurements	**6,026**	**43,987**	**4,479,483**	**4,529,497**

2022

DKK 1,000	Level 1	Level 2	Level 3	Total
Share capital investments				
Opening balance	12,754	0	3,534,546	3,547,300
Transfers into the level	0	0	7,236	7,236
Total gains/ losses for the period included in profit or loss [1]	(7,041)	0	63,225	56,184
Paid-in share capital in projects	0	0	826,775	826,775
Proceeds from divestment of shares	0	0	(130,943)	(130,943)
Closing balance	**5,713**	**0**	**4,300,839**	**4,306,552**
Project loans at fair value				
Opening balance	0	0	81,096	81,096
Transfers into the level	0	0	0	0
Transfers out of the level	0	0	0	0
Exchange rate adjustments	0	0	4,932	4,932
Total gains/losses for the period included in profit or loss	0	0	(7,382)	(7,382)
Closing balance	**0**	**0**	**78,646**	**78,646**
Other receivables				
Opening balance	0	15,356	0	15,356
Closing balance	0	46,588	0	46,588
Derivative financial instruments (Assets)				
Opening balance	0	2,249	0	2,249
Closing balance	0	5,662	0	5,662
Derivative financial instruments (Liabilities)				
Opening balance	0	4,674	0	4,674
Closing balance	0	10,679	0	10,679
Total recurring fair value measurements	**5,713**	**62,929**	**4,379,485**	**4,448,127**

[1] Recognised in Contribution from share capital investments.
Hereof DKK 8m (2022: DKK 66m) is attributable to assets held at 31 December for level 3.

NOTES

Note 28/ Fair value measurement basis continued

Valuation techniques and unobservable inputs used measuring fair value of level 3 fair value measurements.

2023

Type of investment	Fair value at 31/12/2023	Valuation technique	Unobservable inputs	Reasonable possible shift in %	Change in fair value
Indirect investments through financial intermediaries Own managed funds, loan funds and funds where IFU has a managerial role	1,905,621	Net assets value			
Externally managed funds	787,207	Net assets value			
Direct investments	75,817	Cost			
	27,678	Quoted prices			
	51,735	Binding offers/ transaction/exit terms			
	1,169,665	Book value of equity			
	438,265	Discounted Cash Flow	WACC	+10%	(49,331)
			Growth in terminal value	- 20%	(592)
	10,360	Multiple valuation	EV/EBITDA	- 10%	(1,362)
			Price/Book	- 10%	0
	13,135	Book value of equity (small investments)			
Share capital investments	**4,479,483**				
Project loans at fair value	**0**	Discounted Cash Flow	Discount rate	+10%	0
Total investments at fair value	**4,479,483**				

2022

Type of investment	Fair value at 31/12/2022	Valuation technique	Unobservable inputs	Reasonable possible shift in %	Change in fair value
Indirect investments through financial intermediaries Own managed funds, loan funds and funds where IFU has a managerial role	1,653,989	Net assets value			
Externally managed funds	845,971	Net assets value			
Direct investments	202,410	Cost			
	66,229	Quoted prices			
	63,216	Binding offers/ transaction/exit terms			
	1,030,222	Book value of equity			
	418,260	Discounted Cash Flow	WACC	+10%	(67,418)
			Growth in terminal value	- 20%	(13,398)
	12,244	Multiple valuation	EV/EBITDA	- 10%	(2,001)
			Price/Book	- 10%	0
	8,298	Book value of equity (small investments)			
Share capital investments	**4,300,839**				
Project loans at fair value	**78,646**	Discounted Cash Flow	Discount rate	+10%	(4,500)
Total investments at fair value	**4,300,839**				

MANAGEMENT

BOARD OF DIRECTORS

The Danish minister for development cooperation appoints the chairman, the deputy chairman and the other members of the board of directors for three-year terms, according to Section 9 of the Danish Act on International Development Cooperation. Each appointment is personal. The current three-year term ends on 31 August 2024.

Since 1 January 2013, an observer from the Ministry of Foreign Affairs has been appointed to IFU's board of directors.

The board of directors usually convenes six to eight times a year. On the recommendation of the executive management, it makes decisions about investments and key issues.

It is noted that the chairman has been a member of the board for more than 12 years and as such cannot be considered independent in accordance with the recommendations by the Danish Committee on Corporate Governance. ▪

MICHAEL RASMUSSEN
Chairman, board member since 2000.
CEO, Nykredit.
Other board memberships: Nykredit Bank A/S (chairman), Totalkredit A/S (chairman), Sparinvest Holding SE (chairman), Finance Denmark (chairman), Sund og Bælt Holding A/S (chairman).

EMILIE DAMM KLARSKOV
Board member since 2021.
Head of Analysis,
The Economic Council
of the Labour Movement.

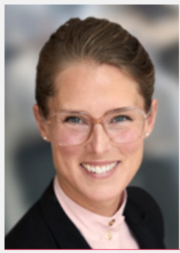
JARL KRAUSING
Board member since 2021.
Deputy CEO and International Director, CONCITO. Other board memberships: Udviklingspolitisk Råd (deputy chairman), Merkur Banks Klimafond, Rådet for Samfundsansvar og Verdensmål.

ANETTE EBERHARD
Deputy chairman, board member since 2021.
Managing Partner, IIP Denmark.
Other board memberships: Alm. Brand Group (chairman Audit Committee and member of Risk Committee).

NANNA HVIDT
Board member since 2021.
Formerly director, Danish Institute for International Studies and director of Evaluation, Learning and Quality, Ministry of Foreign Affairs.
Other board memberships: CARE Danmark.

IRENE QUIST MORTENSEN
Board member since 2021.
Head of Sustainability, International Zone, Arla Foods.

THOMAS BUSTRUP
Board member since 2021.
Deputy CEO, Danish Industry. Other board memberships: Baltic Development Forum (chairman), Business Europe US Network (chairman), Verdens Bedste Nyheder (deputy chairman), International Chamber of Commerce, Denmark, State of Green, Byggeriets Kvalitetskontrol, DIBD A/S and subsidiaries, DI-Asia Base A/S and subsidiaries.



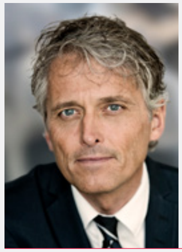
HANNA LINE JAKOBSEN
Board member since 2021.
Director, Social & Humanitarian,
Novo Nordisk Fonden.
Other board memberships:
The Social Capital Fund.

KARIN POULSEN
Board observer since 2022.
Ambassador, Director, Department for Green Diplomacy and Climate, Ministry of Foreign Affairs.

EXECUTIVE MANAGEMENT

The Danish minister for development cooperation appoints the CEO.

SØREN PETER ANDREASEN
Acting CEO
Board memberships: EDFI Management Company (chairman).



LARS KROGSGAARD
CIO
Board memberships: Samplix ApS, DCR Solution A/S, ViroGates A/S.

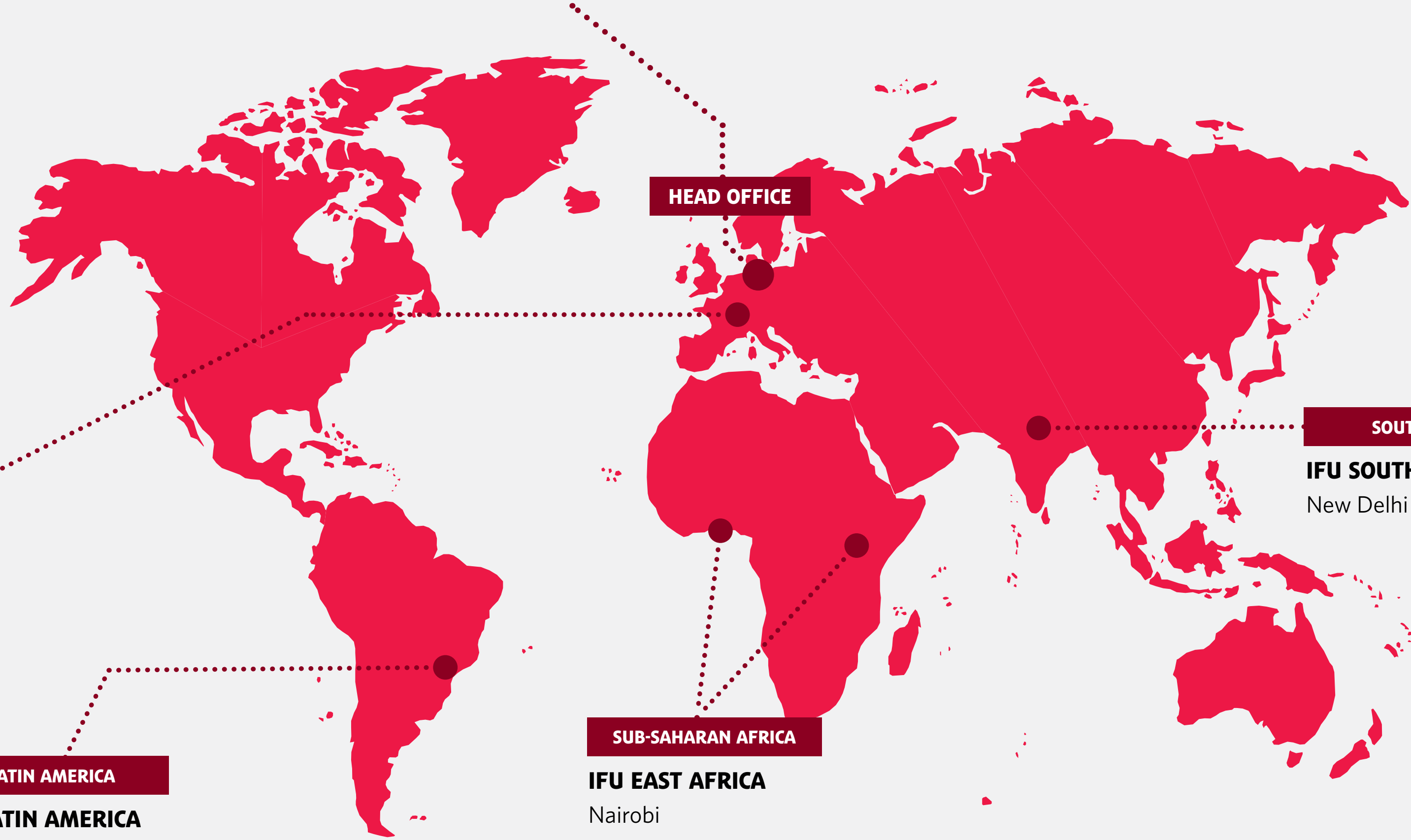
STAFF

Staff - See www.ifu.dk - click here

GLOBAL PRESENCE

COPENHAGEN

Fredericiagade 27 · 1310 Copenhagen K · Denmark
Tel: + 45 33 63 75 00 · E-mail: ifu@ifu.dk



SOUTH ASIA

IFU SOUTH ASIA
New Delhi

EUROPE & MENA

IFU EUROPE & MENA
Kyiv

LATIN AMERICA

IFU LATIN AMERICA
São Paulo

SUB-SAHARAN AFRICA

IFU EAST AFRICA
Nairobi

IFU WEST AFRICA
Accra

IFU.DK

INVESTMENT FUND FOR
DEVELOPING COUNTRIES

IFU

Fredericiagade 27
1310 Copenhagen K
Denmark

+45 33 63 75 00
ifu@ifu.dk
www.ifu.dk

CVR no 23598612

Cover photo from Assela 2 Wind Farm, Ethiopia, by Ernst Tobisch
All dividers from SASAII CT Station, Cape Town, South Africa, by Ernst Tobisch. Other photos by Ernst Tobisch, IFU project companies and IFU staff.

NORDIC ECOLABEL
5041 0139
Ecolabelled Printed Matter