

STATUTES

of

The Investment Fund for Developing Countries

Pursuant to section 9(4) of Act number 555 of 18 June 2012 on International Development Cooperation, as amended by Act number 1464 of 17 December 2013 and Act number 1741 of 27 December 2016, the board of directors has adopted and the minister for development cooperation approved the following statutes.

Name and legal status

1.

The name of the fund is "Investeringsfonden for Udviklingslande". The fund also uses the abbreviation "IFU" and the secondary name "Industrialiseringsfonden for Udviklingslandene" as well as their English equivalents ("the Investment Fund for Developing Countries" and "the Industrialisation Fund for Developing Countries", respectively).

2.

(1) Pursuant to section 9(1) of the Act on International Development Cooperation the fund is an independent institution.

(2) The legal status of the fund is that of a separate and independent legal entity which is liable only to the extent of its assets.

Objects

3.

Pursuant to section 9(1) of the Act on International Development Cooperation, the object of the fund is to promote investments which support sustainable development in developing countries and contribute to the realisation of the Sustainable Development Goals.

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4.

(1) The fund may make direct or indirect investments in developing countries in the form of share capital, loans and guarantees or otherwise, deemed to have positive impact on local, sustainable business development and any other investments which, in the opinion of the board of directors, further the objects of the fund.

(2) At the discretion of the board of directors, the fund may manage investment vehicles, including funds, facilities and enterprises which further the objects of the fund and act in the public interest. At the discretion of the board of directors, the fund may itself invest in such investment vehicles, which are managed by the fund. At the discretion of the board of directors, the fund may represent a public interest in enterprises in developing countries, including through board memberships.

(3) In addition to the activities mentioned in clauses 4(1) and 4(2), the fund may undertake related activities which further the objects of the fund, including establish enterprises, finance studies regarding investment possibilities and other early-stage activities, enter into cooperation arrangements regarding investments as well as administer grants to enterprises and other schemes within the fund's area.

(4) At least 50 per cent of the fund's annual investments (measured over a rolling 3-year period) must involve low income countries, including countries in Africa. Countries whose gross national income pr. capita corresponds to 80 per cent or less of the World Bank's definition of lower middle-income countries are considered low income countries. The fund's remaining investments may be made in all countries on the OECD's Development Assistance Committee's list of countries that are eligible to receive official development assistance.

5.

(1) With due consideration being given to the interests of developing countries and the special conditions applying to investments in these countries, the fund must operate according to business principles and in close cooperation with the private business sector.

(2) Pursuant to section 9(1) of the Act on International Development Cooperation the fund must apply relevant international standards for sustainable and socially responsible investments based on intergovernmental agreements, including UN Guiding Principles

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for Business and Human Rights. The fund must work continuously to implement such standards in its investments and procedures.

6.

The activities of the fund must be to initiate activities, so that the fund's participation terminates when the enterprises in the developing countries, in which the fund invests, would normally have reached a certain level of financial stability. Except for representation on boards of directors and similar ownership representation, the fund should not participate directly in the operation of enterprises in developing countries unless such participation is temporary for the purpose of restructuring a distressed enterprise or unless other very special circumstances exist.

7.

The fund should seek to ensure that agreements contain provisions on Danish law and venue.

Assets and dividends

8.

(1) Pursuant to section 9(2) of the Act on International Development Cooperation the Danish State may subsidise the fund's activities through direct capital injection, guarantees or otherwise.

(2) The fund's income or loss is allocated to the fund's net assets.

(3) Funds that have temporarily not been spent in accordance with the objects of the fund may be invested at the discretion of the board of directors with due consideration being given to return, liquidity and security.

(4) Expenses relating to the administration of the fund, including remuneration of members of the board of directors, the executive board and the auditor, are payable out of the fund's net assets.

(5) The fund may assume debt and accept contributions for investment in projects in accordance with guidelines set by the board of directors.

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(6) Pursuant to section 9(4) of the Act on International Development Cooperation the fund may on the recommendation from the board of directors pay dividend to the Danish State. The government minister responsible for the fund must set out a dividend policy in consultation with the board of directors.

(7) The board of directors may from the net income for the year of the fund allocate up to 5 million kroners to grant facilities managed by the fund.

Meeting with the minister

8A.

(1) The fund holds an annual meeting with the government minister responsible for the fund with the following agenda:

1. informing the minister about the management report and accounts in the audited annual report as well as other issues relevant to the fund's reporting,
2. informing about the fund's application of and reporting on the standards referred to in clause 5(2), including the UN Guiding Principles for Business and Human Rights,
3. informing about the fund's work on openness about results regarding the Sustainable Development Goals, according to clause 15(6),
4. informing about the fund's contribution to the implementation of the development cooperation strategy,
5. the minister's approval of any recommendation made by the board of directors regarding dividends, and
6. the composition and competencies of the board of directors.

(2) The minister, the chairman of the board of directors and the chief executive officer participate in the meeting mentioned in clause 8A(1). The chief executive officer does not participate in the discussion of the item mentioned in clause 8A(1)(6), unless the minister and the chairman decides otherwise.

Management

9.

(1) Pursuant to section 9(3) of the Act on International Development Cooperation, the fund is managed by a board of directors, who are appointed for a three-year term by the government minister responsible for the fund, who also appoints the chairman and the

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deputy chairman from among the members. Furthermore, an observer from the Ministry of Foreign Affairs is appointed.

(2) The board of directors is composed of up to 10 members. Members are eligible for reappointment.

(3) The board of directors constitute a quorum when at least half of all members, including the chairman or the deputy chairman, are present. Decisions by the board of directors are passed by simple majority. In the event of equality of votes, the chairman (or in his absence the deputy chairman) has the casting vote.

(4) The board of directors must adopt rules of procedure governing its business and instructions to the executive board.

(5) The members of the board of directors receive remuneration to the extent determined by the minister.

10.

(1) Pursuant to section 9(3) of the Act on International Development Cooperation, the funds chief executive officer (CEO) appointed by the government minister is responsible for the fund's day-to-day management.

(2) The board of directors may appoint additional members to the executive board.

(3) The executive board must comply with the guidelines and directions given by the board of directors, including the instructions to the executive board mentioned in clause 9(4). Day-to-day management does not include decisions which, considering the circumstances of the fund, are of an unusual nature or of material importance. Such decisions may only be made by the executive board upon specific authority from the board of directors, unless a resolution of the board of directors cannot be awaited without causing material inconvenience to the activities of the fund. In that event, the board of directors must be notified of the decision as soon as possible.

(4) Members of the executive board are entitled to attend and speak, but not vote, at meetings of the board of directors unless the board of directors decides otherwise in

each specific case. The board of directors may also allow other employees to attend its meetings.

(5) Members of the executive board must notify the board of directors prior to undertaking any other paid employment, which is not temporary, entering into business activities or joining boards of commercial enterprises. If the board of directors finds such employment or position inconsistent with the conscientious performance of the duties as member of the executive board and with the respect and confidence required to fill such an office, the board of directors may order the member of the executive board to refrain from undertaking such employment, work or duties.

Binding signatures

11.

The fund is legally bound by the joint signatures of all members of the board of directors or by the joint signatures of the chairman of the board of directors and one member of the executive board.

12.

(Deleted)

13.

(Deleted)

Disclosure to the public

14.

(1) Pursuant to section 9(6) of the Act on International Development Cooperation, the Access to Public Administration Files Act does not apply to the business activities of the fund.

(2) Subject to section 9(1), and subject to the fund's duty of confidentiality, especially towards business partners, and legislation in general, the fund has a stated goal of openness about its activities, since openness about the fund's activities and results is considered the best foundation for dialogue with the wider community.

Reporting and audit

15.

(1) Every year the board of directors must submit an annual report on the activities of the fund, containing a management's review and financial statements, to the government minister responsible for the fund. The fund's financial year must be the calendar year. The annual report must be prepared in English.

(2) On the recommendation of the board of directors, the minister appoints a state authorized public accountant of an accountancy firm with international experience to audit the annual report.

(3) The auditor is appointed for a term of 1 year. Unless the board of directors decides otherwise, the term is extended automatically by 1 year at a time.

(4) The auditor is entitled to attend meetings of the board of directors during the discussion of reports, etc. to be reported on by the auditor. Regardless of the decision of the board of directors, the auditor is always entitled to attend meetings during the transaction of business of significance to the audit or the financial reporting. The auditor must attend if requested by any one member of the board of directors.

(5) The National Audit Office may, of its own motion or at the request of the Public Accounts Committee, review the accounts of the fund in accordance with the Auditor General Act. For the purpose of such reviews, the Auditor General must have access to the fund's accounts in accordance with sections 12 and 13 of the Auditor General Act.

(6) The fund must report to the public on its results in sustainable development, including realising the Sustainable Development Goals mentioned in clause 3, and the standards referred to in clause 5(2), including the UN Guiding Principles for Business and Human Rights. This can be done as part of the reporting mentioned in clause 15(1) or in a separate report.

Final provisions

16.

In the event that the fund is dissolved, its net assets accrue to the Danish State.

17.

Amendment of these statutes require a resolution of the board of directors.

(2) Pursuant to section 9(5) of the Act on International Development Cooperation, amendment of these statutes must be approved by the government minister responsible for the fund.

18.

These statutes become effective on 1 January 2018.

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Adopted by the board of directors of the fund at the board meeting on 1 February 2013 and amended at the board meetings on 28 January and 1 December 2015, 1 February 2017 and 31 January 2018.

(Signature)

Michael Rasmussen
Chairman

(Signature)

Lars Andersen
Deputy Chairman

(Signature)

Jens Jørgen Kollerup

(Signature)

Dorrit Vanglo

(Signature)

Bjarne H. Sørensen

(Signature)

Mads Kjær

(Signature)

Charlotte Jepsen

Approved by the minister for international development cooperation on 8 February 2018

(Signature)

Ulla Tørnæs
Minister for Development Cooperation