

Gender Policy

Adopted by the Board of Directors of the Nordic Environment Finance Corporation on 9 February 2018 with entry into force as of 9 February 2018.

1. Gender Policy

The Nordic Environment Finance Corporation (NEFCO) is an International Financial Institution owned by the Nordic countries. NEFCO's purpose is to promote investments of Nordic environmental interest with a focus on Eastern Europe. NEFCO provides both loan and equity financing. NEFCO also manages and/or acts as implementing agency in relation to a number of regional as well as global trust funds. Projects which have a positive effect on the environment/climate and promote a sustainable development are eligible for financing by NEFCO¹.

In accordance with its *Environmental and Sustainability Guidelines and Sustainability Policy*, NEFCO always requires that clients, as a minimum, adhere to the legal and regulatory requirements of their countries of operation. In addition, NEFCO in its activities generally promotes the application of international conventions, good practices and high standards in relation to environmental and social sustainability. In terms of social aspects this includes, in particular, human rights, labour practices, gender, the rights of consumers and communities as well as occupational health and safety. In general, NEFCO aims at minimizing any potential negative impacts of its financing and where adverse impacts can not be entirely avoided NEFCO requires that they must be appropriately reduced, mitigated or compensated for.

The purpose of this Gender Policy is to emphasize NEFCO's commitment to the shared goals and objectives of its owner countries in promoting gender equality and the Nordic countries' role as a leading example in delivering on the *Sustainable Development Goals*, including in particular Goal 5 - Achieve gender equality and empower all women and girls.

Through this Gender Policy, NEFCO confirms that it acknowledges that equality between women and men is a matter of fundamental human rights and recognises the necessity of integrating gender equality as a cross-cutting issue while working at achieving sustainable results within its core area of activity - the environment. As such, NEFCO is committed to conduct its environmental financing operations with the aim of distributing project benefits equally to women and men regardless of their sex, socioeconomic status, ethnicity, religion, gender identity, disability, age or sexual orientation. NEFCO also acknowledges that unequal distribution of project benefits harms both women and men.

NEFCO's commitment to gender equality is twofold. Firstly, NEFCO is committed to *proactive action* promoting gender equality in its financing operations, including raising awareness. Secondly, NEFCO is committed to ensure that *preventive actions* are taken to reduce and mitigate any possible adverse impacts that its financing operations may have on women or men due to gender.

Preventive action means at NEFCO that NEFCO conducts its financing operations in such way that adverse impacts on gender equality and risks of gender-based exclusion are sought, identified and addressed before financing is provided and that they are prevented throughout the project cycle as long as NEFCO is involved. As such, NEFCO takes these matters into account in its appraisal of project proposals and includes in financing documentation requirements for clients to be guided throughout their operations by the principle of equality of opportunity and treatment in employment and not discriminate against their workers with respect to employment or occupation on such grounds as sex, socioeconomic status, ethnicity, religion, gender identity, disability, age or sexual orientation.

¹ See "Environmental and Sustainability Guidelines", approved by NEFCO's Board on 27 September 2017 and related NEFCO "Sustainability Policy" paper, approved by NEFCO's Board as of 1 November 2013, available at www.nefco.int.

While NEFCO's financing - due to its specific environmental mandate - is not targeted at enabling implementation of projects based on their potential to contribute to achieve gender equality, *proactive action* at NEFCO means that the gender perspective is mainstreamed in all of NEFCO's financing activities.

For the purposes of this policy, *gender mainstreaming* is understood at NEFCO as a process that seeks to identify and address gender equality issues with the purpose of promoting equal access to and the effective delivery of benefits resulting from the projects financed by or through NEFCO. This includes acknowledging the differential needs of women and men, girls and boys and the implications NEFCO's financing operations may have on them.

Gender mainstreaming is actively applied throughout the project cycle. The main method to mainstream gender issues is to conduct a *Gender Assessment* for all new programmes and/or project proposals considered for financing by or through NEFCO regardless of type, size or sector. The Gender Assessment may take different forms depending on the specific planned programme or project at hand, but is as a rule carried out at an early stage (in connection to the initial stages of the programme design or the project appraisal and related due diligence review). The Gender Assessment may be done either internally or by using also external resources.

The overall objective of the Gender Assessment is to identify the gender dimensions of a planned programme or project proposal and to assess both potential positive as well as negative impacts the proposed programme/project may have on stakeholders, women and men, due to gender. The Gender Assessment also seeks to assess the available opportunities for women and men in the context of the proposed programme/project.