



21.10.13

H.E. Ban Ki-moon
Secretary General
United Nations
New York, NY 10017
USA

**UN Global Compact – Communication on Progress
Letter of Commitment from Argentum’s Chief Executive Officer**

Dear Mr. Secretary General,

I am pleased to confirm that Argentum Fondsinvesteringer continues to support the ten principles of the Global Compact with respect to human rights, labour, environment and anti-corruption.

We are also proud to submit Argentum’s first Communication on Progress since Argentum adhered to the Global Compact in 2012. Argentum has followed the principles of the Global Compact for several years, and the principles are placed at the core of Argentum’s investment decisions.

The private equity industry has increased its focus on ESG and transparency in recent years. In Argentum, we strive to be a driving force for these efforts, both in our investment processes and through collaboration with other members of the industry.

Argentum and the UN Global Compact

This Communication on Progress accounts for Argentum’s activities during 2012 towards corporate sustainability. It captures our contribution as a committed signatory to the United Nations Global Compact.

The Global Compact’s ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption and its approach to corporate sustainability are placed at the core of Argentum’s investment decisions. As stated in Argentum’s ethical guidelines: “The values which form the basis of Argentum’s activities shall be in accordance with the principles set out in the UN’s Global Compact.”

Argentum has performance indicators related to environmental and corporate social responsibility.

Argentum has ethical guidelines that are periodically reviewed. Included in the guidelines is the statement that “In its investment activity, Argentum shall integrate considerations targeted on good corporate governance, the environment and society at large”

Investment process

Argentum has systemized assessments relating to ESG in such a way that it forms part of the legislative agreements when participating in new funds. Argentum has established a standard agreement in the form of a side letter, which all fund managers must endorse in one form or another, prior to committing to a new fund. This includes acceptance of the following:

- That Argentum's investment activities are based on the principles of the UN Global Compact
- That they have received Argentum's ethical guidelines, and are urged by Argentum to develop similar guidelines
- To evaluate the social, environmental and ethical consequences of current and future investments

The managers also commit to report on the work relating to ESG to the investment committee in the fund once a year.

ESG is also part of the investment process within secondary and co-investments. Within co-investments, where Argentum invests directly in specific companies, the companies are assessed against the main points in the UN Global Compact and Argentum's ethical guidelines.

Investment monitoring

In 2012, Argentum asked the managers questions related to the work funds carry out prior to making new investments, and how they follow up their portfolio companies after the investments have been made. Argentum asked the fund managers the following questions:

1. Are ESG factors included in the due diligence processes of the funds' investments, and are responsible investment matters evaluated on a regular basis? Please list the ESG factors assessed, and any relevant processes for reporting.
2. Has there been conducted an assessment of the potential environmental impact of the business operations of the portfolio companies? If so, how has any potential risk or negative impact been mitigated or resolved?
3. Has there been conducted an assessment of social factors, such as factors affecting the work force, customers, suppliers and communities, which could be applicable to the portfolio companies. If so, how are these factors addressed and/or resolved?
4. What measures have you taken to ensure good corporate governance and sound ESG practices in the funds' portfolio companies?

This year, Argentum also carried out an assessment of the managers' guidelines and the fund's legislative agreements. Specifically, we examined whether sectors have been excluded from investments, whether reference has been made to specific policies/guidelines, (including human rights, labour, environmental and corruption policies). Argentum also evaluated to what extent reference has been made to established standards for responsible investments, including EVCA/industry associations, UN Pri and UN Global Compact and whether the funds have other specific regulations concerning, for example, insider trading and stock trading.

Argentum's Business Operations

Argentum prepare a yearly report based on selected indicators from the UN Global Reporting Initiative (GRI). Argentum reports on a selection of the GRI indicators that are most relevant to the company, including recycling and business travel emissions.

Argentum work continuously to collaborate with other members of the industry with regards to ESG issues. At the Argentum Conference in 2012 one of the two main sessions was "Reputation and Credibility" relating to work on ESG in the portfolio. Argentum has also had discussions during 2012 with other Norwegian and international investors in connection with the work on ESG in the portfolio. In order to strengthen its work relating to ESG Argentum became a member of the newly established Norsif, an independent association of asset owners and asset managers, service providers and industry associations with interest in, and activities related to, responsible and sustainable investments.

With this communication, we express our intent to advance the Global Compact principles within our sphere of influence. We are committed to making Global Compact and its principles part of the strategy, culture and day-to-day operations of our company and investment activities and engage in collaborative projects which advance the broader development goals of the United Nations, particularly the Millenium Development Goals.

Argentum Fondsinvesteringer will make a clear statement of this to our stakeholders and the general public. We recognize that a key requirement for participation in the Global Compact is the annual submission of a Communication on Progress (COP), which describes our company's efforts to implement the ten principles. We support public accountability and transparency, and therefore commit to report on progress annually according to the Global Compact COP policy.

Sincerely Yours,



Mr. Nils E. Joachim Høegh-Krohn
CEO, Argentum Fondsinvesteringer