

20.10.14

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 Asset Management pledges its continued support for the ten principles of the Global Compact with respect to human rights, labor, environment and anti-corruption.

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

The private equity industry is continuously increasing its focus on ESG and transparency. Argentum strives to be a driving force for these efforts, both in our own 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 2013 towards corporate sustainability. It captures our contribution as a committed signatory to the UN Global Compact.

The Global Compact’s ten universally accepted principles in the areas of human rights, labor, 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.” It is important for Argentum as an investor in private equity funds that managers and funds are also conversant with the principles and base their activities on them. This is Argentum’s aim in its monitoring and dialogue with managers.

Argentum's Investment Process

Included in our ethical guidelines is the statement that "In its investment activity, Argentum shall integrate considerations targeted on good corporate governance, the environment and society at large."

Argentum has systemized ESG-related assessments in such a way that it forms part of the legislative agreements when investing 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 that:

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

The managers also commit to report on ESG-related work to the fund's investment committee annually.

ESG is also an inherent part of the investment process within secondary and co-investments. Within secondary investments, the manager's approach to ESG is reviewed, including ethical guidelines, existing investment restrictions and reporting procedures. Within co-investments, where Argentum invests in companies alongside the funds, an overall ESG-based assessment based on the UN Global Compact's main areas is conducted in connection with the first internal review.

Investment Monitoring

In 2013, Argentum asked the managers questions related to the work they carry out prior to making new investments, and how they follow up their portfolio companies after the investments have been made. In addition to a modified version of the questions from the previous year, covering ESG, environmental issues, social factors and corporate governance, the managers were also asked specific questions relating to what action is being taken to prevent corruption.

This year, Argentum also conducted an evaluation of the portfolio, with managers being asked to answer questions about the different portfolio companies, and to say whether they consider the underlying portfolio companies to have a high, medium or low risk in respect of the main areas of the UN Global Compact.

Argentum's Business Operations

Argentum annually reports on selected indicators from the UN Global Reporting Initiative (GRI) in respect of its own activities. Argentum reports on a selection of GRI indicators that are relevant to the company and its activities.

Argentum wishes to work closely with Norwegian and international investors to develop work on ESG in the portfolio. In 2013, Argentum has engaged in dialogue with other leading private equity investors about the challenges and opportunities associated with ESG in the portfolio, both in Norway and internationally.

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 Millennium Development Goals.

Argentum Asset Management 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 Asset Management