

H.E. António Guterres
Secretary-General
United Nations
New York, NY 10017
USA

Bergen, 28.10.2021

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 ninth 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 improving 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 2020 towards ESG and 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 fund managers and funds are conversant with the principles and base their activities on them. This is Argentum's aim in its monitoring and dialogue with managers, and we include it in the legal framework when making new investments.

Argentum's Investment Process

Argentum has developed separate ESG requirements for the investment process, making this an integral part of the decision-making and monitoring of managers in the portfolio.

The ESG-related assessments form 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 reporting on ESG-related topics to Argentum 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 ESG policies, investment restrictions, investment strategy, reporting procedures and the current portfolio. 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 prior to the investment.

Investment Monitoring

In 2020, 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 policies and guidelines, anti-corruption, ESG reporting and value creation related to ESG, the managers were also asked specific questions regarding climate risk and opportunities, data security, the EU taxonomy for sustainable activities and the Task Force on Climate-Related Financial Disclosures (TCFD). Argentum also questioned the managers if they considered the UN Sustainable Development Goals (SDG) in their ESG work and, if so, which SDGs were most relevant to their activities.

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. The fund managers were also asked to report CO² emissions for the portfolio companies.

Argentum's Business Operations

Argentum annually reports on a selection of indicators from the UN Global Reporting Initiative (GRI) that are relevant to the company and its activities. Argentum works continuously with Norwegian and international investors on how to further develop work related to ESG and is engaged in regular dialogue with investors and managers on these topics. Argentum is also a signatory of the UNIFEM and the Women's Empowerment Principles of the UN Global Compact.

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 SDGs.

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, we commit to reporting on our progress annually according to the Global Compact COP policy.

Sincerely Yours,



Mr. Nils E. Joachim Høegh-Krohn,

CEO, Argentum Asset Management