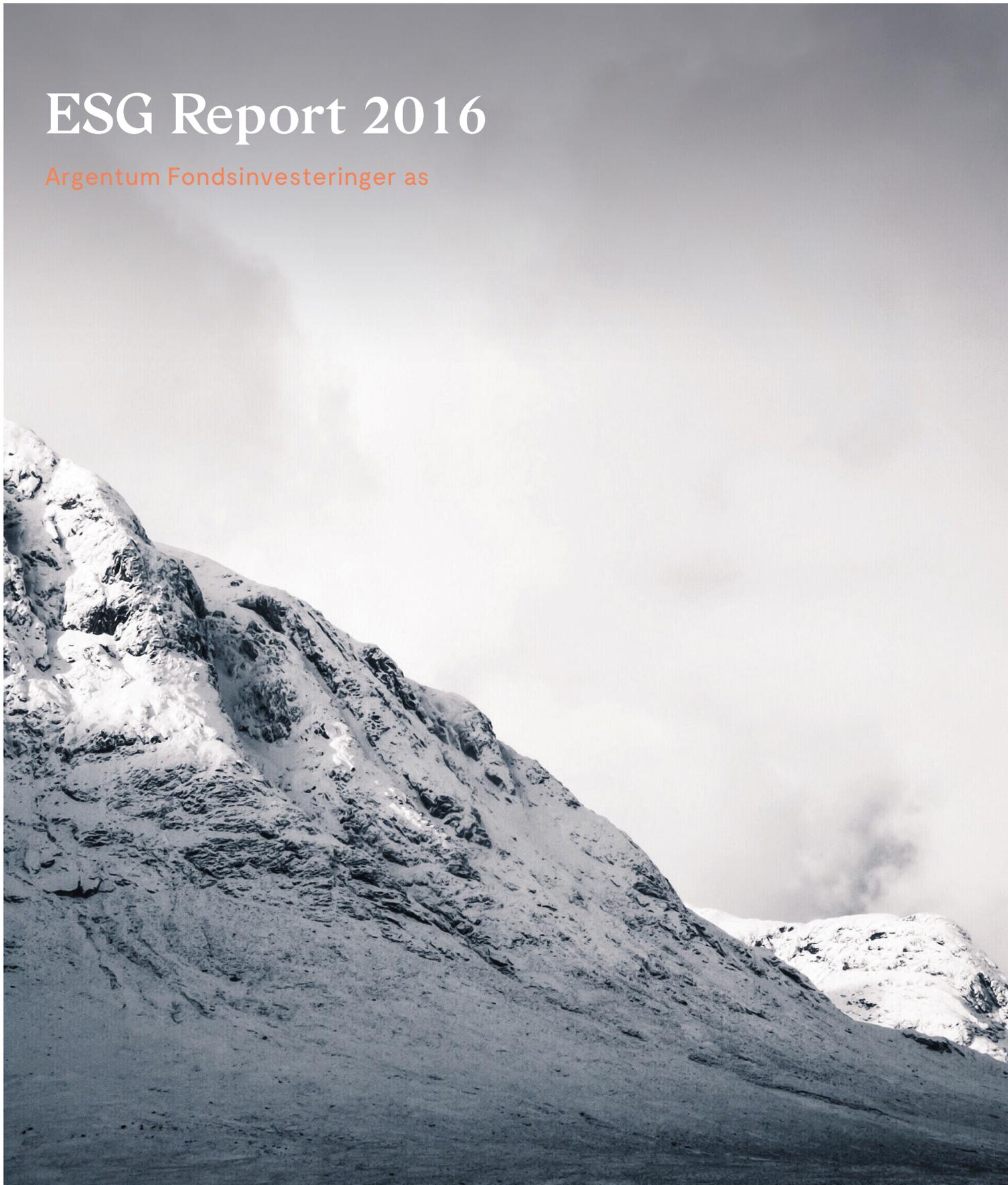


ARGENTUM

ESG Report 2016

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ESG Report 2016

Corporate social responsibility is an integrated part of Argentum's business activities. This applies to investment decisions, investment partners and the company's own operations.

Key aspects of Argentum's ESG work

Argentum has **ethical guidelines**, which can be found on the company's website, www.argentum.no. Argentum has adhered to the principles of the UN Global Compact and UN PRI for several years and the ethical guidelines are also based on these principles. Argentum became a **full member of the UN Global Compact** in 2012 and submitted its first report to the UN in 2013.

The company has **ESG performance indicators** – both internal targets for the organisation and investment-related targets. Separate ESG requirements have been drawn up for the **investment process**, making this an integral part of processes, decision-making and monitoring of managers in the portfolio

Argentum works systematically on ESG and on the further development of the company's processes in this area. The company collaborates on ESG work with other investors and is a member of the **Norwegian Forum for Responsible and Sustainable Investment** (Norsif). Argentum also prepares an **annual report on its ESG work**, which is approved by the Board and is available on the company's website.

Argentum's ESG strategy

Argentum believes that responsible value creation ultimately provides the best return. Having sound procedures for corporate social responsibility and ESG work¹, both for investment decisions and internally in the organisation, is an important part of Argentum's strategy for providing good returns and contributing to developing the industry.

ESG strategy

Argentum has identified seven main points that form the foundation for our work in the area of environmental, social and corporate governance:

- Thorough ethical guidelines that are actively communicated internally and externally
- Integrating the ethical principles in the company's investment processes, including primary, secondary and co-investments
- Dialogue with the funds Argentum invests in regarding implementation of ESG in operations as well as monitoring and reporting
- Engagement in the industry and contributing to increased focus on ESG, for example via our website
- Environmental awareness in our activities and operations
- Raising ESG awareness in our own organisation
- Annual reporting on our internal and external ESG activities

Argentum's ethical guidelines (Appendix 1) are periodically reviewed. The guidelines include the statement:

"In its investment activity, Argentum shall integrate considerations targeted on good corporate governance, the environment and society at large"². In addition, each year Argentum shall prepare a report on corporate social responsibility in respect of its own activities and specifically of the status at portfolio level³.

¹ Environmental, Social and Corporate Governance.

² Cf. Section B1 in the guidelines

³ Cf. Section A15 and B5 in the guidelines.



In addition to the company's own ethical guidelines, the principles of the UN Global Compact and the UN PRI (Principles for Responsible Investment) form the basis of the company's investment activities. The UN Global Compact is based on ten principles related to human rights, employment standards, the environment and anti-corruption. UN PRI is related to environmental, social and corporate governance issues, including incorporation of ESG into the investment process and a focus on increased transparency and implementation of these principles in the industry.

After having followed the UN Global Compact principles for a considerable time, Argentum became a full member of the UN Global Compact in 2012. **The most recent report from October 2016 is available at:** <https://www.unglobalcompact.org/what-is-gc/participants/18017-Argentum-Fondsinvesteringer- - cop>

The ten core principles of the UN Global Compact are as follows:

Human rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
Principle 2: make sure that they are not complicit in human rights abuses.

Labour standards

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
Principle 4: the elimination of all forms of forced and compulsory labour;
Principle 5: the effective abolition of child labour; and
Principle 6: the elimination of discrimination in respect of employment and occupation.

Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;
Principle 8: undertake initiatives to promote greater environmental responsibility; and
Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Anti-corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery. Argentum supports these principles and uses them as the basis for its operations. It is important for Argentum as an investor in private equity funds that the managers are also familiar with these principles and base their activities on the UN Global Compact. This is Argentum's aim in its monitoring of managers.

In addition to the Global Compact principles, Argentum also follows the European private equity and venture capital association's (Invest Europe) standard for responsible investments and has integrated this when monitoring

the managers.⁴ These questions relate to the work the funds carry out prior to making new investments, and follow-up work after the investments have been made.

Argentum follows OECD guidelines in the area of taxation, as well as the Global Forum standards and only invests in jurisdictions that follow Global Forum standards on transparency and exchange of information for tax purposes and which have entered into tax information exchange agreements with Norway. Argentum provides information about the jurisdictions of the funds on our website and in the annual report.

The internal ESG reporting is based on relevant indicators from the UN Global Reporting Initiative (GRI) that show, among other things, our impact on the environment and the trends in these indicators.

⁴ http://www.investeurope.eu/media/21433/ESG_disclosure_framework.pdf

Argentum's investment activities

Argentum places high demands on the funds in which we invest. All investment processes must disclose ESG-related assessments that have been made. If the manager's focus on ESG is unsatisfactory, Argentum can choose to refrain from making the investment.

Argentum's investment process

A separate analysis of the manager's vision, guidelines and working methods in the area of ESG is conducted prior to investing in a new fund. The analysis is carried out by collecting information and then discussing with the managers how they collect relevant information prior to investing in a portfolio company, as well as how this is followed up and reported during the ownership period. Argentum also includes ESG-related issues in the reference studies carried out by the managers. Argentum's findings and assessments are presented separately in the investment recommendation.

Argentum has systemised ESG-related assessments in such a way that they form part of the formal legislative agreements when investing in new funds. Argentum has established a standard agreement in the form of a side letter, which all managers must endorse in one form or another, prior to committing capital 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 planned investments.

Investment decisions and reporting relating to ESG are other aspects that are covered by the legislative agreements for investments in new funds. In 2016 Argentum also updated its standard side letter in order for this to comply with the Government Pension Fund Global's new guidelines relating to investments in coal. This essentially means that, in future, Argentum will not invest in funds or companies which have more than 30 per cent of their activities or income relating to coal

ESG is also an inherent part of the investment process within secondary and co-investments.

Within secondary investments ⁵ Argentum does not have any influence on the existing legislative agreements of established funds, although all the companies in the underlying portfolio are screened against Argentum's ESG investment criteria before any investment decision is made. If Argentum is unfamiliar with the manager, the manager's approach to ESG is reviewed, including ethical guidelines, existing investment restrictions and existing reporting procedures. In future, Argentum will continue to focus on presenting its guidelines to managers of funds in which we invest and will also support the potential further development of the managers' own guidelines when required.

Within co-investments, where Argentum, through Nordic Additional Funding (NAF), invests in companies together with funds, ESG is one of the aspects that is specifically investigated before an investment decision is made.

An overall ESG-based assessment of the investment opportunity is always conducted in connection with the first internal review. This is based on the UN Global Compact's main areas:

- Human rights
- Labour standards
- Environment
- Anti-corruption

After NAF has invested in a company, annual evaluations of the status of the ESG work in each portfolio company are carried out.

Argentum is constantly working on further developing its ESG work and in the future will work to further strengthen the processes prior to new investments.

New commitments in 2016

During 2016, Argentum committed to 13 new funds in the primary portfolio: August Equity Partners IV, Bencis Buyout Fund V, CBPE Capital Fund IX, Energy Ventures V, FSN Capital V, Inflexion Enterprise Fund IV, Inflexion Supplemental Fund IV, Livingbridge 6, Northzone VIII, Piper PE VI, Procuritas Capital Investors VI, Ufenau V German Asset Light and Verdane Capital IX.

⁵ Secondary: When Argentum purchases stakes in funds in the secondary market.

All of these management groups have accepted our side letter. The asset managers have either committed to submitting annual reports of their ESG work via this or have own routines that satisfactorily cover reporting to Argentum.

Six of the asset managers are new to Argentum's portfolio. August, Bencis, CBPE, Livingbridge, Piper and Ufenau. Prior to investing with new management teams, Argentum carries out particularly in-depth work, including the assessments relating to ESG. All new managers have established or are working to establish satisfactory ESG-guidelines.

General status report 2016

Argentum conducts an annual review of the status related to ESG for the funds in the portfolio. To conduct the review, Argentum asks the managers to answer a set of ESG-related questions. In addition to providing us with an overview of the portfolio status, the review assists in raising managers' awareness of ESG issues. In 2016, Argentum's portfolio consisted of 53 different, external management teams.

Indicator	Status 2016	Status 2015
How many of the managers in our portfolio follow ESG guidelines in their investments?	48 of 53 (91%)	41 of 48 (85%)
How many of our managers have satisfactory ESG guidelines? ⁶	40 of 53 (75%)	34 of 48 (71%)
How many funds submit a report on their ESG activities to the investors?	13 new commitments have committed to this. Previously, 25 new commitments committed to this. An additional 6 managers have developed/are in the process of developing this type of reporting.	7 new commitments have committed to this. Previously, 18 new commitments committed to this. Five more managers have developed/are in the process of developing this type of reporting.
Transparency: Do fund managers report on transactions and portfolio companies on the internet?	Satisfactory: 47 of 53 managers	Satisfactory: 42 of 48 managers

The assessment of the managers demonstrates that almost all of the managers have formal ESG guidelines in place⁷. For those managers that still do not have such guidelines in place, this is due to:

- Older managers, for which the investment period has expired and the funds are already fully invested
- Fund-in-fund managers that do not have their own guidelines for private equity
- Managers that are in the process of developing these, but do not yet have these in place

If we look in more detail at the point relating to satisfactory guidelines, it shows an increase of 6 managers that have these, from 34 to 40. This increase is both due to existing managers having further developed their ESG work and to new managers in the portfolio having established satisfactory guidelines associated with ESG.

The managers are continually working on updating and further developing their policies, something which is reflected in the reports we have received. 28 of the managers have either taken specific steps to further develop their ESG policies in 2016 or have reported specific development plans for 2017. This demonstrates that the vast majority of the active managers in Argentum's portfolio are continually working to strengthen the ESG work in the portfolio, something that is positive. Argentum has previously provided input to several of the managers in their work on further developing their ESG policies and has also contributed to this work in 2016.

As the majority of the managers in the portfolio have developed their own ESG policies which form the basis for the managers' investments, it is natural to examine in more detail how this is monitored, both in the investment process and during the continued ownership period. In 2013, Argentum expanded its ESG reporting to include Invest Europe's newly established standard for responsible investments. These questions relate to the work the funds carry out prior to making new investments, and the follow up once the investments have been made. Argentum has also included a specific question relating to the steps that are being taken to prevent corruption. In the previous year's reporting there was an extra focus on the board, KPIs relating to the ESG work and what the managers require from the investors and how one's own ESG work is evaluated.

⁶ The point relating to satisfactory guidelines is based on whether the managers have made their own efforts to develop an ESG policy and does not refer solely to national/international guidelines.

⁷ Here we report whether external or internal guidelines are used.

Argentum has made some changes to the questions this year because some of the work and procedures are fixed and are not necessary to follow-up each year. Of the extra questions that were asked last year, only the question regarding KPIs is in this year's reporting. Several of the questions have also been revised to better determine whether there has been a development or whether there are future plans for the different processes. This applies both to general policy, in the DD process and in relation to future reporting. In addition, Argentum has also expanded the reporting with the following question:

A question relating to compliance with the UN sustainable development goals⁸ and climate change policies prior to the investments. The UN sustainable development goals consist of 17 goals and 169 targets and are a joint work plan for eradicating poverty, combating inequality and halting climate change by 2030. The purpose of this question was to obtain an insight into how the managers act in accordance with the items on the political agenda concerning sustainability, and whether these are specifically assessed in connection with the investments. The sustainable development goals are:

- No poverty
- Zero hunger
- Good health and well-being
- Quality education
- Gender equality
- Clean water and sanitation
- Affordable and clean energy
- Decent work and economic growth
- Industry, innovation and infrastructure
- Reduced inequalities
- Sustainable cities and communities
- Responsible consumption and production
- Climate action
- Life below water
- Life on land
- Peace, justice and strong institutions
- Partnerships for the goals

An extension of the risk assessment by the underlying portfolio companies based on the Global Compact, whereby a question about the most relevant KPI relating to ESG, and possibly data linked to this, was added to the form. The purpose of this was to obtain a more detailed insight into what quantifiable ESG-indicators the managers considered to be most relevant for the underlying companies and the status of the work on developing KPIs.

The questions that Argentum asked the managers were as follows:

1. Policies and guidelines

- a) *Please state if there have been any changes to your ESG policies/guidelines in 2016, or if any future modifications have been planned.*
- b) *Please state if there have been any breaches on ESG policies/guidelines in 2016. We kindly ask to be kept regularly informed about any breaches.*

2. During the due diligence process / pre-investment phase

- a) *Please state if there have been any recent developments regarding the evaluation of ESG factors in the due diligence process.*
- b) *Please list the ESG factors assessed in DD processes; in the "E", "S" and "G" categories.*
- c) *To what extent have you discovered ESG issues in DD processes? Please comment on how you typically handle such issues.*
- d) *To what extent do you incorporate the UN's Sustainable Development Goals and policies regarding climate change when evaluating an investment?*

3. ESG during the ownership period

3.1 Environmental factors – "E"

- a) *To what extent is the environmental impact of the portfolio companies' business operations assessed?*
- b) *How has any potential risk(s) or negative impact(s) been mitigated or resolved?*

3.2 Social factors – "S"

- a) *To what extent is an assessment of social factors conducted?*
- b) *How has any negative issues been addressed and/or resolved?*

3.3 Corporate Governance, including anti-corruption-"G"

- a) *What measures have been taken in order to ensure good corporate governance in the portfolio companies?*
- b) *Do any of your portfolio companies have operations in areas where corruption typically is widespread?*

⁸<http://www.fn.no/Tema/FNs-baerekraftsmaal/Dette-er-FNs-baerekraftsmaal>

1. If yes, which company(-ies), and what anti-corruption measures have been taken?
2. How are these measures being monitored?

4. Reporting on ESG factors

- a) How do your portfolio companies report to you on ESG-related issues?
- b) Please specify if any Key Performance Indicators (KPIs) have been developed, and any future plans of developing/implementing ESG-related KPIs for the portfolio companies.
- c) How do you plan to report on ESG to your LPs going forward?

5. Value creation related to ESG

- a) To what extent do you see that work on ESG factors has had a positive financial impact on any of your portfolio companies? Please comment.
- b) Please highlight any other positive externalities related to ESG focus in the portfolio companies on the community and other stakeholders.

The reporting we have received clearly demonstrates that the managers are very conscious of the ESG work in the portfolio companies. The response percentage has been good and we have received feedback from 96% of the managers (51 of 53). Almost all of the managers that still actively invest have included questions relating to ESG in the due diligence process (the pre-investment evaluation phase). The majority of the funds that have not included this are principally funds that have already completed their investment period and this evaluation is therefore not relevant. Some managers also report that they have refused investments based on ESG-related findings in the due diligence process. The managers are also actively involved in developing this work and are focused on taking ESG issues into consideration in the due diligence process in a structured manner.

The question relating to the UN sustainable development goals revealed that a minority of the managers had actively considered these prior to the investments. Many of the managers comply with the UN Global Compact and UN Pri, but the sustainable development goals were rarely taken specifically into consideration in the evaluation processes. Since these were only established recently, it is not surprising that the majority of the managers have yet to establish procedures for evaluating the investments in light of this. However, some managers reported that they were focussed on the UN sustainable development goals and would in future place greater emphasis on these when evaluating the investments.

The managers also focus on following-up the environmental and social factors in the portfolio companies. For companies in which environmental factors are especially relevant, an *environment due diligence* (external analysis and report of environmental aspects) is carried out by external advisers prior to investment. Plans and initiatives are also prepared that are followed-up during the ownership period. Social factors are also followed up and measures initiated when required. The managers focus on good corporate governance and work towards this via the board. Issues relating to ESG are followed-up by the board and discussed at board meetings at least on an annual basis.

With regard to anti-corruption activities, the reports we have received indicate that managers of portfolio companies with operations in countries where corruption is widespread are aware of this and have established good procedures and guidelines to follow-up and avoid this.

The work on developing KPIs for EGS varies among the managers. We see that this is something that an increasing number of managers are focusing on and working actively to develop. Many see the need to have specific KPIs for each individual portfolio company instead of general KPIs across the portfolio. Compared with the previous year, several managers have progressed further in the work on receiving reports of ESG-specific KPIs from the portfolio companies, but in most cases these were not forwarded on to the investors. Many managers work actively to develop their ESG reporting to investors, both as part of the ordinary quarterly reporting and, in some cases, via own ESG reports for the portfolio.

The financial effect of the ESG work is often difficult to isolate from other measures implemented in the company. However, the majority of the managers are of the view that the focus on ESG has had a positive financial effect on the portfolio companies and many managers also believe that this is something that will become more clear later in the ownership period and/or in the event of a sale. Some managers also provided examples of how good ESG routines have made a positive contribution in a sales process. Several companies also contribute to society in other ways, both as important employers and through other social initiatives.

As was the case last year, Argentum has also this year requested that the managers conduct an evaluation of the portfolio with managers being asked to answer questions about the different portfolio companies, and to say whether they consider the portfolio companies to have a high, medium or low risk in respect of the main points of the UN Global Compact. Argentum has received reports on 452 underlying portfolio companies, which corresponds to 78.1% of the underlying portfolio companies. This is at the same level as the previous year when we received reports from 406 underlying portfolio companies (78.1 %). The reports were as follows:

Indicator	Human rights	Labour	Environment	Anti-corruption
Low risk	93.6% (93.6%)	93.6% (95.1%)	81.9% (81.0%)	85.2% (80.3%)
Medium risk	6.2% (6.2%)	6.2% (4.9%)	17.5% (18.5%)	14.4% (19.2%)
High risk	0.2% (0.2%)	0.2% (0.0%)	0.7% (0.5%)	0.4% (0.5%)

The reports show that most of the companies in the portfolio reported a low risk associated with the Global Compact criteria. Risk in the areas of human rights and labour standards was particularly low, while there were somewhat more companies that were assessed as having a medium risk relating to environment and anti-corruption. As the reporting is related to risk, this is mainly due to the portfolio companies operating in an industry or area with some risk. Risk in the area of the environment is particularly attributable to manufacturing companies. With regards to anti-corruption, these are companies that have operations/subcontractors in countries or areas where corruption is more widespread. Managers that operate in areas where corruption is widespread have established good procedures for monitoring portfolio companies in respect of this.

Compared with the previous year, the greatest difference relates to the area of anti-corruption, in which fewer companies are assessed as having a medium risk. Compared with the previous year, the difference here is minor and the development is principally due to the composition of the portfolio and not company-specific factors. As can be seen, reports have also been received that a small number of companies are in the high-risk zone. Argentum has followed-up the managers to obtain more detailed information about these specific companies. The risk is primarily related to industry/country and that there are more general reasons behind the risk assessment than company-specific ones.

This year Argentum expanded the reporting for the underlying portfolio with a question about the most relevant ESG-related KPI for the underlying portfolio companies. Argentum received reports for 134 underlying companies, which corresponds to 30.5% of the companies that reported on risk, or 23.2% of the total underlying portfolio. The managers that did not respond to this had either not developed ESG-related KPIs for the underlying portfolio companies or could not identify a single KPI that stood out as being particularly relevant. Several managers are also in the process of developing KPIs and stated that they would be able to respond to this in the future. The answers primarily related to the KPIs that were relevant, even if in some cases there was data for the underlying KPIs. Since the KPIs linked to ESG are often company specific, it is difficult to provide a full compilation of these. Based on the answers we have received, KPIs for incidents/accidents at the work place and incidents/accidents relating to the environment were considered most relevant. On the whole, this represented around 26% of the KPIs for the reported companies. Other KPIs considered particularly relevant related to resources/materials/energy use (12%), CO2 emissions (9%), supplier-related KPI-s (6%) and retention rates (6 %).

Reporting breaches of recognised principles for responsible investments

In dialogue with the funds, the managers are specifically asked whether they know of any breaches of ethical guidelines and legislative agreements. Argentum received reports of three breaches of the managers' ESG policy in 2016. When breaches are reported, Argentum places emphasis on how the breach is handled and the measures and routines that are implemented to prevent any repeat of this. The reported breaches have been handled in a satisfactory manner by the managers.

Actions and focus in the future

Argentum notes that the positive trend associated with the ESG work in the portfolio continued in 2016. It is particularly positive that the majority of managers are working actively to further develop their ESG policies and have specific plans for developing these. Since the majority of managers have developed good routines for including ESG- factors prior to investments, the natural development will still be linked to using KPIs- when following-up the investments and reporting to the investors.

Argentum will continue its efforts to ensure that our requirements in the area of ESG are addressed in legislative agreements when committing to new funds as well as to follow up existing managers on their work on ESG in the portfolio. In 2017, Argentum will continue the work on further developing the internal processes relating to the ESG work in the investment activities and strengthening the follow-up of existing managers in the ESG work.

Argentum's own activities

In accordance with Section A.15 of the Ethical Guidelines, Argentum is required to prepare an annual ESG report in respect of its own activities. This report is based on selected indicators from the UN Global Reporting Initiative (GRI). This is a set of standardised reporting indicators for corporate social responsibility that has been accepted as a global standard.

GRI indicators

GRI consists of over 80 indicators for economic, social and environmental performance, with certain core indicators that must be reported on unless they are considered to be of little importance to the company.

GRI is a set of general reporting indicators used by a number of industries, with many of the indicators being of particular relevance to larger companies. For example, Argentum does not have production activities or own buildings, but operates as an asset manager. The company has therefore decided to report on a selection of GRI indicators that are relevant to the company and its activities.

Below is an overview of the parameters Argentum reports on in connection with GRI.

Indicator	Status 2016	Status 2015
Recycling (Paper and IT)	43%	43%
Business travel, CO2 equivalents	61.9 tonnes	53.1 tonnes
Business travel, CO2 equivalents – Per full-time equivalent	2.9 tonnes	2.4 tonnes
Sick leave	2.97%	2.57%
Percentage of women	23.8%	31.8%
Skills development (per employee)	6 hours	7 hours

Environmental indicators

Argentum's business operations involve travelling. In 2016, the company's travel activities resulted in 61.9 tonnes of CO2 equivalents, while the corresponding figure for 2015 was 53.1 tonnes of CO2 equivalents. This represents an increase of 16.8% compared with 2015. This also contributes to an increase in emissions per employee, which have risen from 2.4 tonnes per full-time equivalent in 2015 to 2.9 tonnes per full-time equivalent in 2016.

Emissions also increased in 2016 due to increased travel activity at the company. Argentum is conscious of not travelling any more than is necessary for carrying out the company's activities and the company's video conferencing equipment is used extensively for the company's internal meetings. In the previous years, emissions were just over 50 tonnes of Co2 equivalents, and it is reasonable to assume that emissions will be at about 60 tonnes over time.

Argentum has an agreement with an external party regarding recycling of our discarded IT equipment, and we also require our suppliers to have environmental certification. Argentum has implemented environmental initiatives regarding paper recycling and 43 per cent of paper waste was recycled in 2016, which is the same level as the previous year.

Social indicators

Argentum had 21 employees at the end of 2016, compared with 22 employees at the start of the year. The number of full-time equivalents in 2016 was 21.3, which is used in average calculations in this report unless otherwise stated. Sick leave was 3 per cent of total working hours in 2016, compared with 2.6 per cent in 2015. This is a slight increase compared to the previous year, but lower than in previous years when sick leave was just over 3 per cent.

Argentum strives for gender equality and the proportion of women in 2016 was 23, 8 per cent, compared with 31,8 per cent in 2015. This is slightly lower than the previous year and is due to job departures last year. In a small organisation such as Argentum, the departure of individual employees will have a substantial impact on these percentages. The proportion of female employees on the board is 60% and 33.3% in the management group.

Gender equality and a good working environment are important for Argentum and Argentum is committed to this being reflected in the company. This includes equal opportunities for all employees. Argentum's business activities are within an industry that has traditionally been dominated by men. Argentum consciously uses both genders in the company's promotional materials and in recruitment work directed at new employees and the best female applicants will always be considered. The company employed 2 new women in 2017. The company has flexible arrangements that make it easier to combine career and private life. Argentum continually works to promote gender equality and to strength the work in this area. Argentum has signed the UN CEO Statement of Support for the Women's Empowerment Principles to promote global gender equality work.

Skills development/courses per employee amounted to an average of 6 hours in 2016, compared with 7 hours in 2015. The reason for this is a decrease in internal courses compared with the previous year, while the level of external course participation was at the same level as in 2015. This also varies with recruitment. Argentum will continue to focus on developing the skills of employees and internal skills development is planned for a number of areas in 2017.

Raising awareness

Each year, Argentum presents an overview of the ESG work in the annual ESG report the status of the ESG work is also summarised in the company's annual report. An annual meeting is also held with the Ministry of Trade, Industry and Fisheries that is specifically related to ESG work.

As a member of the UN Global Compact, Argentum reports on the work relating to ESG. Argentum reported for the first time in 2013 and submitted its fourth report in 2016. This report is available from the website of the Global Compact organisation. In addition to the annual reports, Argentum's ethical guidelines and our ESG reports are available at our website: www.argentum.no

Argentum became a member of Norsif (Norwegian Forum for Responsible and Sustainable Investment) in 2013. Norsif is an independent association of asset owners and asset managers, service providers and industry associations interested in responsible and sustainable management. Argentum has been active in the organisation since it was established and has also been represented on the association's events committee.

Argentum also wishes to work closely with Norwegian and international investors to develop work on ESG in the portfolio. Among other things, the company participated at Private Equity International and UN PRI's Responsible Investment Forum in 2016 and gave a speech at BA-HR on ESG work. Argentum has regular dialogue with investors, managers and other stakeholders in connection with the ESG work and has assisted managers with the work on developing their ESG processes and routines. Argentum will continue discussions with Norwegian and international investors in connection with the ESG work in 2017.

