

ARGENTUM

ESG Report 2018

Argentum Fondsinvesteringer



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

Key aspects of Argentum's ESG¹ 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 the 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** and measures these indicators both internally for the organisation and for its investment activities. 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 and sustainable value creation ultimately provides the best return. Having sound procedures for corporate social responsibility and ESG work, both for investment decisions and internally within 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
- Integration of 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 internally in our activities and operations
- Raising ESG awareness in our own organisation
- Annual reporting on our internal and external ESG activities.

¹ Environmental, Social and Corporate Governance.

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.



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. The UN PRI are 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 2018 is available at:

www.unglobalcompact.org/participation/report/cop/create-and-submit/active/422987

² Cf. Section B1 in Argentum’s ethical guidelines.

³ Cf. Sections A15 and B5 in the guidelines.

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 managers 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 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 on 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 systematised 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 in 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.

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

Within secondary investments⁵, Argentum does not have any influence on the existing legislative agreements for established funds, although the manager's policy, investment restrictions, investment strategy and underlying portfolio are screened before any investment decision is made. Argentum is focussed on obtaining a good impression of the status of the manager's ESG work, particularly if this is a manager that Argentum was not previously familiar with. Necessary clearance is required before an investment decision is taken. In future, Argentum will continue the work on ensuring that new managers are aware of ESG and support the potential further development of the managers' own guidelines when required.

Within co-investments, where Argentum either directly or through intermediate companies or funds (e.g. Nordic Additional Funding (NAF)), invests in companies together with mutual funds, social responsibility is part of the points that are specifically examined before an Investment decision is taken.

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

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

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

After the co-investment has been made, there is an annual follow-up of the status of the ESG work in each portfolio company. Argentum is constantly working on further developing its ESG work and will continue its efforts to develop the processes in advance of new investments and in following up on the managers.

New commitments in 2018

During 2018, Argentum committed to 11 new funds in the primary portfolio: Explore Equity I, Gilde Healthcare Services III, GRO Fund II, Inflexion BO V, Inflexion Partnership Capital Fund II, Mayfair Equity Partners II, NewPort Buyout Fund I, Sherpa Private Equity, SNÖ True North, Triton Fund V and Verdane Edda.

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 their own routines that satisfactorily cover reporting to Argentum.

Seven of the managers are new to Argentum’s portfolio. Explore Equity Partners, Gilde Healthcare, GRO Capital, Mayfair Equity Partners, NewPort Capital, Sherpa Capital and SNÖ Ventures. 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 satisfactory ESG guidelines, or are in the process of doing so.

General status report 2018

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 2018, Argentum’s portfolio consisted of 70 different, external management teams.

Indicator	Status 2018	Status 2017
How many of the managers in our portfolio follow ESG guidelines in their investments?	65 of 70 (93%)	52 of 56 (93%)
How many of our managers have satisfactory ESG guidelines? ⁶	58 of 70 (83%)	46 of 56 (82%)
How many funds report on their ESG activities to the investors?	11 new commitments have committed to this. Previously, 46 new commitments committed to this. An additional 4 managers have developed/are in the process of developing this type of reporting.	8 new commitments have committed to this. Previously, 38 new commitments committed to this. An additional 5 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: 63 of 70 managers	Satisfactory: 50 of 56 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 principally 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.

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.

If we look in more detail at the point relating to satisfactory guidelines, it shows an increase of 12 managers that have these, from 46 to 58. The proportion of managers who have developed their own guidelines therefore increased from 82% to 83%. The increase is due to the fact that the new managers in the portfolio have established satisfactory guidelines related to ESG, and that existing managers have developed guidelines that are considered satisfactory.

The managers are continuously working on updating and further developing their policies, which is reflected in the reports we have received. As many as 34 of the managers have either taken specific steps to further develop their ESG policies or initiatives in 2018 or have reported specific development plans for 2019. This demonstrates that the majority of the active managers in Argentum's portfolio are continuously working to strengthen the ESG work in the portfolio, which 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 2018. Argentum has been careful to provide feedback that the company is available to provide input to managers who are working on developing their own policy or their work on ESG.

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 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 last year's report, there was an extra focus on some specific issues related to key topics around climate change, notification and data security, and how these are followed up in the ownership period.

In this year's report, Argentum has also asked the managers specific questions about some key topics related to ESG. Last year's questions about how the managers are exposed to climate risk and what opportunities and challenges they see related to this, and the question about data security, have been retained. The question about notification has also been replaced with a specific question related to waste, and especially plastic waste. The aim is to investigate whether the managers have implemented specific measures to reduce waste in the portfolio companies.

Argentum has also retained the question relating to compliance with the UN Sustainable Development Goals.⁸ 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 is to gain 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
- Partnership for the goals

⁸ www.fn.no/Tema/FNs-baerekraftsmaal/Dette-er-FNs-baerekraftsmaal

Argentum also asks the managers a question related to CO₂ emissions for the underlying portfolio companies. The reason for this was to obtain an overview of the managers who have figures pertaining to this. Based on last year's reporting, only a small proportion of the underlying portfolio companies had an overview of this. Argentum also wants to go on examining this to form a better idea of how widespread the measurement of CO₂ emissions is in the portfolio, and whether this has changed since last year.

The questions that Argentum asked the managers were as follows:

1. Policies and guidelines

- A. Please state whether or not there have been any changes to your ESG policies/guidelines in 2018, or if any future modifications have been planned.
- B. Please state if there have been any breaches on ESG policies/guidelines in 2018. 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. To what extent have you discovered ESG issues in DD processes? Please comment on how you typically handle such issues.

3. Key topics

1. UN Sustainable Development Goals

- A) Do you believe the UN'S Sustainable Development Goals could be helpful in your ESG work? How?

2. Climate change

- A) What is the portfolio companies' exposure to climate change risk?
- B) What are the opportunities to reduce climate change risk in the portfolio?

3. Waste and plastics

- A) Have the portfolio companies implemented specific measures to reduce waste, especially plastic waste?

4. Data security

- A) Have specific measures been taken to ensure data security in the portfolio companies?

4. Anti-Corruption

- A. Do any of your portfolio companies have operations in areas where corruption typically is widespread?
 - I) If yes, which company(-ies), and what anti-corruption measures have been taken?
 - II) How are such measures being monitored?

5. Reporting on ESG factors

- A. Has there been any development in the reporting from your portfolio companies on ESG-related issues, especially regarding ESG-related KPIs?
- B. How do you plan to report on ESG to your LPs going forward?

6. Value creation related to ESG

- A. To what extent do you see that efforts 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 rate has been very good and we have received feedback from 99% of the managers (69 of 70). 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 funds that have not included this are funds that have already completed their investment period and this evaluation is therefore no longer 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 related to the UN Sustainability Goals shows that more and more of the managers in Argentum portfolio are aware of these goals. Many of the managers find that the UN Sustainability Goals are a useful aid in underpinning their strategy for sustainability and corporate social responsibility. Although the UN Global Compact and UN PRI are more widely used in the work on corporate social responsibility, there are more and more managers working actively to make use of the UN Sustainability Goals as a framework for their ESG work in the future.

For the question related to climate risk, the reporting from the managers shows that this largely depends on the investment focus and the industry the portfolio companies operate in. For the majority of managers, the climate risk is considered low because of the investment focus. For companies where the climate risk is considered greater, the managers have established good procedures to address this. In general, the managers are keen to reduce climate-related risk in the portfolio, and to look out for possible opportunities in the portfolio.

Waste management is an issue that is generally seen as important and which the portfolio companies are focusing on. To varying degrees, the managers have adopted measures at the portfolio company level, where the measures taken are often implemented on a company-specific basis. In relation to plastic waste in particular, it is mainly portfolio companies that have a lot of such waste that have introduced measures to reduce this and deal with it in a good way.

Data security is increasingly considered important by the managers. Last year's reporting reflected the fact that the underlying portfolio companies were working to put in place the necessary routines when the General Data Protection Regulation (GDPR) entered into force in May 2018. This work was completed in 2018. Based on this year's reporting, we see that a growing number of managers are concerned about cyber security in general, especially in the industries where this is most relevant.

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 reporting shows that the work on developing KPIs for ESG is still a focus area of the managers. A continually increasing number of managers have established ESG-specific KPIs and many are also in the process of developing these. Many see the need to have specific KPIs for each individual portfolio company instead of general KPIs across the portfolio. Several managers have also started reporting selected ESG-related KPIs to the investors. In general, the reporting to the investors is continually improving, and several managers have included ESG reporting as part of the standard quarterly reports. More and more managers also publish a separate ESG report.

The majority of managers consider the ESG work to have a positive financial effect on the companies, even if it is difficult to isolate from other measures implemented in the company. Many managers also believe that this is something that will become clearer at a later stage of the ownership period and/or in the event of a sale. The managers also identified a clear focus on ESG having a positive effect for employees, customers and suppliers. Argentum has received examples of companies where the ESG work has had a positive financial effect or contributed to a higher

market value. 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 617 underlying portfolio companies, which corresponds to 84.4% of the underlying portfolio companies. This is on a par with the previous year when we received reports from 578 underlying portfolio companies (88.9%). The reports were as follows:

Indicator	Human rights	Labour	Environment	Anti-corruption
Low risk	96.3% (93.3%)	92.7% (92.0%)	81.5% (79.6%)	88.2% (84.6%)
Medium risk	3.4% (6.4%)	7.3% (8.0%)	17.8% (19.4%)	10.9% (14.5%)
High risk	0.3% (0.3%)	0.0% (0.0%)	0.6% (1.0%)	1.0% (0.9%)

The number of companies reported on increased further this year, and the reporting shows the same main trends as previous years. They generally report a low risk related to 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. Overall, the proportion considered as medium risk is slightly lower than in previous years. As the reporting is related to risk, this risk 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 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 also included a question about CO₂ emissions for the underlying companies in the portfolio. Argentum received reports for 63 underlying companies, which corresponds to 10.2% of the companies that reported on risk, or 8.6% of the total underlying portfolio. This is almost twice as many as last year, when 32 underlying companies reported on emissions. Total CO₂ emissions of 424,991 tonnes were reported. This is less than half of last year's figure, when emissions of 895,850 tonnes were reported. The reason for much of the reduction is that a company that accounted for a large proportion of emissions last year is now no longer in the portfolio.

The majority of the emissions reported were from a minority of companies. (Two companies were responsible for 43.4% of the reported emissions). The report shows that few of the underlying companies have data for this. This is not surprising since this principally concerns smaller and unlisted companies. At the same time, this year's reporting shows that an increasing number of managers are collecting emissions data for the companies where this is relevant. Argentum will continue to request this data from the managers in order to form a better picture of CO₂ emissions in the underlying portfolio.

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 2018. Two of the breaches were related to environmental matters and one to corporate governance. 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

The reports Argentum has received clearly demonstrate that the managers are conscious of the ESG work and the positive trend continued in 2018. It is positive that more and more managers view the ESG work as a continual process and have specific plans for further developing this. As an evaluation of ESG factors prior to investments is now largely carried out by all managers, it is natural that further developments are closely linked to the use of ESG-related KPIs and reporting to investors. Many managers took further steps in this work in 2018. We also see that the UN Sustainability Goals are increasingly being included in the managers' ESG strategy.

In 2019, 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 and that there are good ESG assessments prior to investments. Argentum is focussed on dialogue with managers in connection with the ESG work and will provide good follow-up of the managers in their ESG work, as well as contribute input when required.

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 2018	Status 2017
Recycling (Paper and IT)	43%	43%
Business travel, CO ₂ equivalents	63.8 tonnes	54.1 tonnes
Business travel, CO ₂ equivalents – per FTE	2.9 tonnes	2.6 tonnes
Sick leave	1.50%	3.41%
Percentage of women	29.0%	30.0%
Skills development (per employee)	0.65 hours	12 hours

Environmental indicators

Argentum's business operations involve travelling. In 2018, the company's travel activities resulted in 63.8 tonnes of CO₂ equivalents, while the corresponding figure for 2017 was 54.1 tonnes of CO₂ equivalents. This represents an increase of 18.1% compared with 2017. This increase also contributes to an increase in emissions per employee, which have risen from 2.6 tonnes per full-time equivalents in 2017 to 2.9 tonnes per full-time equivalents in 2018. The increase is due to increased travel in 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. The amount of travel was slightly higher in 2018 than in previous years. Argentum estimates that over time the emissions will be about 60 tonnes per year. Although emissions in 2018 were somewhat in excess of this, they were in line with what one would expect in a normal year. Argentum sees this as a natural development in terms of the company's international activity. Argentum has an agreement with an external party to cover 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 2018, which is the same level as the previous year.

Social indicators

Argentum had 24 employees at the end of 2018, compared with 20 employees at the start of the year. The number of full-time equivalents in 2018 was 21.67, which is used in average calculations in this report unless otherwise stated. Sickness absence amounted to 1.5 per cent of total working hours in 2018, a decrease from 2017, when sickness absence amounted to 3.41 per cent.

Argentum strives for equality and the proportion of women in the company remained stable in 2018, ending at 29.0 per cent, compared to 30.0 per cent in 2017. In a small organisation such as Argentum, new hires and departures will have a substantial impact on these percentages. The proportion of female employees on the board is 50% and 33.3% in the management group.

Diversity 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 applicants will always be considered. The company has flexible arrangements that make it easier to combine both a 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 0,65 hours in 2018, compared with 12 hours in 2017. The reason for the decrease is that fewer employees were on external courses of a certain duration in 2018. Recruitment to the company will have an effect on the level of courses and skills development. Argentum will also continue to focus on developing the expertise of its employees.

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 seventh report in 2018. 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 in Private Equity International and the UN PRI's Responsible Investment Forum in 2018, and gave talks at the Argentum Centre for Private Equity, the NVCA and SustainableInsight's annual conference on sustainability and Norsif and the NVCA's seminar on private equity and ESG. Argentum has regular dialogue with investors, managers and other stakeholders in connection with the ESG work and has assisted with their work on developing their ESG processes and routines. Argentum will continue discussions with Norwegian and international investors in connection with the ESG work in 2019.