

FRONTIER'S COMMITMENT TO UN GLOBAL COMPACT

STATEMENT OF CONTINUED SUPPORT BY COO

22 September 2023

To our stakeholders

I am pleased to confirm that Frontier Economics Ltd reaffirms its support of the Ten Principles of the United Nations Global Compact (UNGC) in the areas of Human Rights, Labour, Environment and Anti-Corruption.

Frontier has proudly been a signatory to the UNGC since 2014 and strongly supports the UN Global Compact and the role that businesses play in promoting sustainability and development goals.

In this annual Communication on Progress, we describe our actions to continually improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "J Bellis".

James Bellis

Chief Operating Officer

Communication of Progress 2023

Frontier Economics Ltd (Frontier) is a microeconomics consultancy which harnesses the power of economics to solve challenging policy and business problems for clients in both private and public sectors. Frontier is an employee owned, values driven organisation where people are at the heart of our business and our values are aimed at promoting staff welfare and engagement. These are:

- fun – making Frontier a welcoming and enjoyable place to work;
- interesting – doing work that is challenging and makes a difference;
- profitable – and sustainably so; and
- open – having a culture that generates trust, respect and integrity.

Frontier is committed to respecting and promoting the ten principles of the UNGC. Below we provide a summary of our contribution to the UNGC principles.

Human Rights Principles

Assessment, Policy and Goals

The focus of the company in this area has been to ensure that none of the work that we do for clients makes us complicit with human rights violations. Frontier continues to respect human rights principles, in accordance with the laws of the countries in which its offices are located (UK, Belgium, France, Germany, Ireland, and Spain).

Risks are most likely to arise for us where Frontier is called upon to work for companies operating in countries where local laws may not fully protect human rights and/or uphold non-discriminatory principles. Our priority is therefore to ensure that, as Frontier grows internationally and expands the scope of the work it does, we do not place ourselves in situations where we may be complicit with or are remaining silent in the face of possible human rights violations.

Frontier's public commitment to the UNGC in February 2014 was our first formal step. Since then we have put in place guidance and an internal review mechanism that is effective in ensuring that Frontier's business winning activity remains at all times consistent with the principles of the UNGC.

Goals for the coming year

We have communicated to colleagues across the firm the importance of giving explicit consideration to these issues when doing business. We strengthened our guidance for managers and senior members of staff on our commitment to the UNGC principles.

Frontier is in the process of revising and strengthening our internal guidance on the ethics considerations of our project selection. This will be recirculated across the firm in due course.

To ensure ongoing compliance with international sanctions we have implemented a tool that conducts checks and ongoing monitoring of prospective and current clients & suppliers against sanctions lists and flags full/partial matches for further investigation. In addition to checking individuals/entities against the sanctions lists the tool also identifies organisations that are owned or controlled by individuals, entities, countries, or regions which are sanctioned by the US Department of the Treasury's Office of Foreign Assets Control (OFAC) and/or the European Union.

IMPLEMENTATION

All Frontier Directors are responsible for ensuring that the company does not engage in commercial relationships that would make it complicit with human rights violations with the Board ultimately accountable

We do not consider there to be any Human Rights concerns within Frontier. We have appropriate policies in place and open channels of communication in order to identify and address any issues that might arise in relation to employee welfare. For example, we have anti-harassment and anti-bullying policies to protect our employees alongside a range of other policies aimed at promoting wellbeing within the workplace. Perhaps more importantly, Frontier has a flat management structure where communication between colleagues at all levels in the company is actively promoted and colleagues with management responsibilities in particular listen and are responsive to feedback from the wider firm. This feedback is collected through a number of channels, including regular and anonymous staff surveys.

In addition, we have in place a whistleblowing policy which outlines a process for raising and, if necessary, escalating concerns, particularly those where the public interest is at risk.

Progress made

In the last year we have progressed in this area in the following ways:

- We continue to highlight to all colleagues the firm's commitment to ensuring that all project work is fully compliant with the UNGC.
- We have developed new guidance on monitoring any ethical issues that arise in our work.
- Our Corporate and Social Responsibility (CSR) team continues to monitor, promote and communicate our activities in this area. The team undertook a review of projects that raised ethical issues across the firm.

- We continue to use a supplier code of conduct which sets out the standards we expect of all our suppliers, to ensure that any company we directly work with is compliant with UNGC principles. This supplier code of conduct can be found on our website¹.

Measurement of outcomes

Frontier has introduced a process to help us better understand the risks that we face and ensure that we meet the UNGC principles, including those relating to human rights violations. Frontier's project managers are required to report any potential project leads that have been considered but rejected due to concerns that they might conflict with the UNGC principles or our values. Frontier's project managers are also required to discuss leads with the Management Committee if they are in any doubt whatsoever as to their compatibility with UNGC principles or our values.

We have undertaken a review of the projects that raise ethical issues in our work.

Outcomes this year

No projects were reported that were considered and rejected on these grounds in 2022. We believe that this reflects the fact that, following the guidance issued, project managers have appropriately internalised the UNGC principles and therefore quickly move to dismiss any such leads at an early stage. While this is positive, we remain vigilant as we further expand our business.

We have not received any complaints which relate to the Human Rights Principles nor any indication that there may be any such issues within Frontier.

Labour Principles

Assessment, Policy and Goals

The welfare of our colleagues is at the very core of our activity, since the value we bring to our clients lies in the people who work at Frontier.

Frontier runs a large range of initiatives aimed at ensuring staff feel happy and fulfilled in their working environment. These include measures to promote work-life balance, career development, progression and fulfilment, and overall social cohesion within the company. It also means promoting colleagues' engagement with the values of the company, and ensuring that they feel empowered to make change happen.

¹ <https://www.frontier-economics.com/media/3430/supplier-code-of-conduct-2019.pdf>

In terms of the labour principles specifically mentioned in the UNGC, our focus has been on ensuring the absence of any form of discrimination. Neither forced nor child labour are a concern in the context of Frontier's work. Frontier is committed to ensuring all our employees have a voice. Frontier's open culture promotes staff participation and employee empowerment (each member of staff owns a share of the company and has an equal vote in the company's ASM).

Frontier is committed to providing equal opportunities to all employees and prospective employees, independent of age, disability, gender, marital or civil partnership status, pregnancy or maternity, race, nationality, ethnic origin, religion or belief, sex or sexual orientation. In addition, as with violations of human rights, Frontier is committed to not being associated with any form of discrimination by clients or other third parties.

Frontier has a number of internal, employee resource groups including gender, working families, disabilities and health conditions, LGBT and race, ethnicity and culture. These groups are supported and coordinate by Frontier's central Equity, Diversity and Inclusion steering group.

In regards to training and development, Frontier offers a comprehensive syllabus of training available to all employees.

Upon commencement of employment, all employees attend an HR Induction and are made aware of Frontier policies relating to standards of behaviour that we requires from them as well as where they can seek support. We ensure that 100% of new starters complete the induction within two weeks of commencement of employment. We also provide specific mandatory training on awareness of modern slavery to everyone within Frontier which will be repeated on regular cycle.

Goals for the coming year

Our goal this year is to invest time, resources and budget to furthering our Equity, Diversity & Inclusion journey while continuing to promote employee engagement with the Frontier values and its UNGC commitment, in particular among our more junior colleagues. In our view, this is the best guarantee that these values and principles remain relevant and a continuing focus for our staff. Frontier's People team are committed to continue to embed our Equity, Diversity and Inclusion principles into all aspects of the employee journey from recruitment to exit.

Implementation

Frontier has put in place a range of policies and initiatives aimed at ensuring the welfare of our employees. These include generous maternity leave, flexible working arrangements (e.g. working part-time, working from home), supporting charity initiatives (e.g. red nose day, a

volunteering day allowance, partnership with educational charities), mentoring and external support channels. Frontier has special remit teams dedicated to making improvements to work-life balance and wellbeing across the firm.

In the area of equality, Frontier has a written policy setting out our commitment to combat discrimination on the grounds of ethnic origin, religion or belief, disability, age and sexual orientation. It also monitors whether and how such policies are applied in practice, as we recognise that discrimination may sometimes be implicit or indirect.

Progress made

This year Frontier has continued to embed measures to prevent any potential discrimination issues arising, in particular:

- We are working with our Executive team to build a new Equity, Diversity and Inclusion strategy, involving groups and stakeholders from across the firm.
- In January 2023, we achieved our target of '40% female representation at the Manager by January 2024' – one year ahead of target.
- We have invested in our female talent through extensive learning and development programmes, one to one coaching, sponsored leadership programmes and parental coaching.
- We provide project managers with guidance that, in pursuing new business, they must ensure that Frontier is not placed in any situation where it would be associated with forms of discrimination.
- We continue to adhere to the Modern Slavery and Human trafficking law and produce an annual statement for our shareholders and suppliers.
- Frontier has embedded its workplace adjustment policy. This policy supports the identifications and implementation of adaptations that account for health conditions and disabilities and support the individuals to work in such a way that they're not disadvantaged by their situation. We have also expanded the support available to employees and managers, establishing a partnership with a leading occupational health provider.

In other areas:

- We have improved our employee survey approach, introducing more frequent pulse surveys which monitor wellbeing and satisfaction throughout the year.
- Frontier actively monitors work-life balance and working hours to ensure that employees do not work excessive hours.
- Frontier has pushed forward mental health initiatives, aimed at increasing the awareness, understanding and acceptance of mental health issues and problems.

- Frontier has established links with external coaches and mentors that are specialists in stress management and mental health issues.
- we have also enhanced awareness of our Employee Assistance Programme system so that employees have access to 24-hour, confidential support on a range of wellbeing issues.

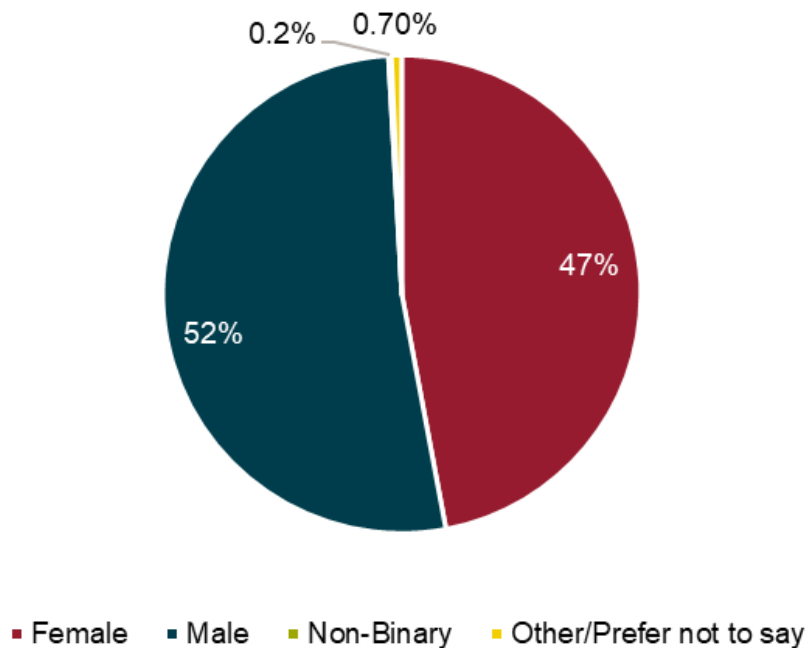
Measurement of outcomes

We monitor our performance against the company’s values through a variety of informal and more formal ways: staff feedback, group discussions, our appraisal system and staff surveys. We monitor in particular the data on colleagues’ promotions to understand whether there are potential gender barriers to progression.

Outcomes this year

As can be seen below, the overall female participation at all levels of the company was 47%. Female participation fluctuates depending on grade and is lower in more senior positions in the firm. This has improved in recent years, with the proportion of female Executive representation increasing from 22% in 2018, to 30% in 2022.

Figure 1 Gender balance at Frontier at end of March 2023



Source: Frontier Economics

Frontier is proud of the national diversity of our team, 44 nationalities are represented, with 53% of our London staff born outside of the UK.

Environmental Principles

Frontier's vision for environmental sustainability is built on our values, which distinguish us and guide our actions. We are committed to actively minimising the adverse impact that our business has on the environment. We seek engagement both within the business and with the wider community to promote greater environmental responsibility as a company.

Implementation

Frontier set up a team responsible for reducing and measuring Frontier's impact on the environment back in 2009. In the same year, we adopted an environmental policy and have since taken multiple green initiatives, to:

- reduce need or impact of travel;
- reduce waste and recycling; and
- save energy and other natural resources.

Since then, Frontier has grown significantly. Our total number of employees has increased year on year, and we've expanded our office space across Europe. We've therefore normalised our data by reporting an intensity ratio of tCO₂e per full-time employee (FTE), allowing for a more meaningful comparison over time.

Assessment, Policy and Goals

As an economic consultancy operating in an office environment, our main environmental impacts are electricity and business travel emissions. Frontier operates as one UK company so, for the purpose of our annual carbon footprint report, we calculate the emissions for all Frontier offices (Berlin, Brussels, Cologne, Dublin, London, Madrid, Paris), reporting overall company emissions.

Our annual review reports emissions under all three scopes defined under the Greenhouse Gas Protocol and the ISO 14064_1 standard, as below:

- Scope 1 – Direct emissions
- Scope 2 – Indirect emissions
- Scope 3 – Indirect emissions (outsourced operations)

Goals for the coming year

Our green remit continue to work to integrate environmental sustainability into Frontier's day-to-day operations. As well as promote greater environmental responsibility and encourage the use of environmentally friendly technology, they engage employees in green policy debates through discussion and events, and encourage environmental responsibility across the company through behavioural nudges. Our objectives are focussed on developing a long-term carbon footprint reduction strategy and for the coming year we aim to:

- **Set out our carbonzero roadmap**, adopting a number of carbon reduction targets that will decrease our emissions over the next five years to continue our progress to achieving Net Zero
- **Promoting greater environmental responsibility** through regular internal activities with employees and external engagement with relevant stakeholders

Progress made this year

Whilst there has been an increase in business travel since the prior year due to the lifting of Covid-19 travel restrictions, the last reporting period has still been heavily impacted by Covid-19, especially with the introduction of hybrid working practices, greatly reducing the company's carbon footprint. Therefore, for the second year running the latest audit report includes the carbon emissions related to Frontier's home working. These estimates are based on the Home Emissions Whitepaper produced by EcoAct in partnership with Lloyds Banking Group and NatWest Group.

While emissions for the current reporting period amounted to only 262.41tCO₂, we took the decision to offset 654tCO₂, which was the same volume of emissions as incurred in the 12-month period prior to the Covid lockdown.

This year, the environmental pro-bono team's work was made up of two strands: working with third-sector organisations and publishing thought-leadership content.

As part of the first strand, Frontier worked with Sustainability First, a think-tank and charity that promotes environmental, social and economic wellbeing. A team of Frontier economists looked at the issue of building intergenerational fairness into climate policy. Together with Sustainability First, they produced a report which will provide vital information for policymakers in delivering a fair transition to net zero.

Alongside this, Frontier economists published a number of articles throughout the year analysing important environmental issues. These included thought-leadership pieces on fixing failing carbon offset markets, and how Covid-19 has affected London's air quality.

Measurement of outcomes

Frontier uses the firm CO2balance UK Ltd to run an independent audit of its greenhouse gas emissions on an annual basis. The annual review is based on the data that Frontier produces and is analysed and completed by CO2balance. Emissions factors are taken from DEFRA / DECC's "UK Government conversion factors for Company Reporting".

The assessment methodology for the Greenhouse Gas Assessment follows the reporting principles and guidelines provided by the Greenhouse Gas Protocol published by the World Business Council for Sustainable Development and the World Resources Institute (WBCSD/WRI Protocol).

We review our processes on a regular basis to ensure that all appropriate measures are being implemented and efforts are being made to mitigate harm to the environment.

To date Frontier has offset 7,362 tonnes of carbon dioxide emissions giving us a 'carbonzero' status. Offsets are conducted through social impact carbon offset projects in Africa, run by CO2balance.

Anti-Corruption Principles

Assessment, Policy and Goals

Frontier aims to conduct all of its business in an honest and ethical manner. We are committed to acting professionally, fairly and with integrity in all our business dealings and relationships.

Implementation

Frontier has anti-bribery and anti-corruption policies, and a zero-tolerance approach to upholding standard in this area. Any employee who is believed to have breached these policies will face disciplinary action, which could result in dismissal for gross misconduct. Any non-employee who breaches these policies may have their contract terminated with immediate effect.

These policies apply to all persons working for us or on Frontier's behalf in any capacity, including employees at all levels, consultants, associates, contractors, trainees, homeworkers, casual and agency staff and people on work experience.

We conduct pre-employment checks on individuals at Frontier, these may include previous employment reference checks, sanctions, financial probity and criminal records checks.

All employees are required to complete compliance training modules on a regular basis. The compliance training modules cover topics such as 'Anti-Bribery', 'Anti-money laundering',

'Modern Slavery' and 'Whistleblowing'. This training aims to provide employees with an understanding of potential risks in these areas, and what action should they take if they suspect any breaches of our policies.

Any employees offered a bribe, or asked to make one, or suspecting that any bribery, corruption or other breach of these policies has occurred or may occur, are required to notify their manager or the People Director as soon as possible.

Where the employee prefers to, this can be raised under the protection provided by our whistleblowing policy to give security to the individual that they will not face reprimand for raising the issue.

Measurement of outcomes

In all of Frontier's history, we have not had any incidents with corruption.