

FRONTIER'S COMMITMENT TO UN GLOBAL COMPACT

16 May 2022

STATEMENT OF CONTINUED SUPPORT BY COO

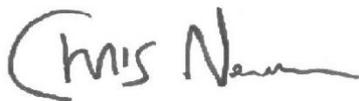
To our stakeholders

I am pleased to confirm that Frontier Economics 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 black ink that reads "Chris Newton".

Chris Newton

Chief Operating Officer

COMMUNICATION OF PROGRESS 2022

Frontier is a microeconomics consultancy, using economics to solve practical policy and business problems for clients in both the public and private sectors. Frontier operates according to four internal key values 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

Frontier monitors the application of this internal review mechanism, to ensure that it has been firmly embedded into Frontier's culture. 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.

In light of the recent developments in Ukraine we are looking to strengthen further our processes to ensure ongoing compliance with international sanctions. We have identified third parties who can support us in this by providing sanctions intelligence as well as helping us to develop our policy and procedural framework.

IMPLEMENTATION

Frontier's Management Committee is ultimately responsible for ensuring that the company does not engage in commercial relationships that would make it complicit with human rights violations.

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 well-being 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 continue to ensure that our standard form contracts – the terms and conditions used when agreeing contracts for our services – are consistent with the principles of the UNGC.
- 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.
- Our Corporate and Social Responsibility (CSR) team continues to monitor, promote and communicate our activities in this area.
- The CSR team has provided updated guidance to the firm regarding how colleagues should consider ethical issues in projects, and also in supply arrangements.

¹ <https://www.frontier-economics.com/media/1942/supplier-code-conduct.pdf>

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.

OUTCOMES THIS YEAR

No projects were reported that were considered and rejected on these grounds in 2021. 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

Frontier is owned and run by its employees. Much of the day-to-day management of Frontier is done through internal teams containing a mix of people from different levels and roles within the business. 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.

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 permanent member of staff owns a share of the company and has corresponding voting rights in relation to the issues considered as part of the company's ASM).

In the area of discrimination, 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, colour, 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-run affinity 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. Additionally, all employees are paired to a mentor who provides individual coaching to support learning and career progression.

GOALS FOR THE COMING YEAR

Our goal this year is to continue 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 central People team are committed to continue to promote our Equity, Diversity and Inclusion programme which is focused on 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 age, disability, gender, marital or civil partnership status, pregnancy or maternity, race, colour, nationality, ethnic or national original, religion or belief, sex or 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:

- all interviewers are trained in best-practice interview techniques and are given cultural and bias awareness training;
- colleagues have undergone training for interviewing to ensure that their assessment of candidates is based entirely on objective criteria;
- Frontier emphasises in the latest guidance provided to project managers 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;
- our Equality Policy is now embedded in our induction for all new joiners and the firm's stance on equality is clearly outlined as part of our recruitment and on-boarding processes;
- we adhere to the Modern Slavery and Human trafficking law and produce an annual statement for our shareholders and suppliers; and
- the firm has an active Equity, Diversity and Inclusion programme and produces annual diversity monitoring with statistics for presentation to the board and on our website.
- Frontier has re-launched 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. It formalises the process Frontier has historically had in place, and improves the quality and consistency of experience for staff.

In other areas:

- 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.
- Frontier staff have launched Brilliance, an employee led network for disabilities and health conditions - physical and mental.

MEASUREMENT OF OUTCOMES

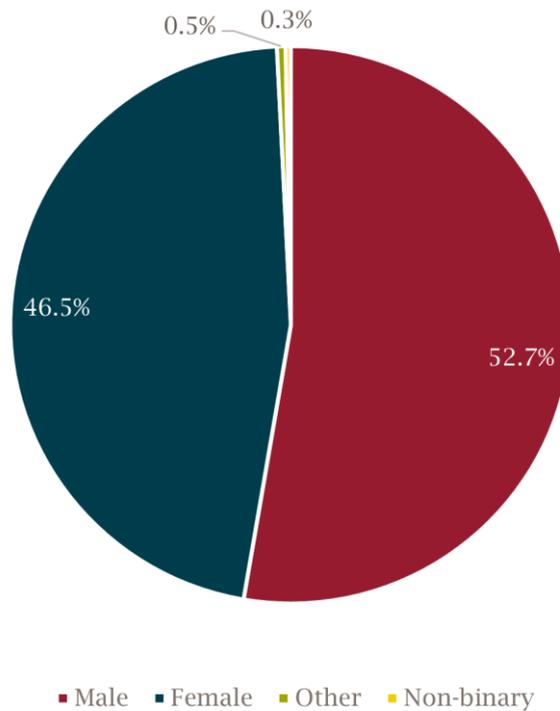
We monitor our performance against the company's values through a variety of informal and more formal ways: staff feedback, group discussions, our appraisal system and staff surveys. We monitor in particular the data on colleagues' promotions to understand whether there are potential gender barriers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

OUTCOMES THIS YEAR

As can be seen below, the overall female participation at all levels of the company was 46.5%. 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 2021



Source: Frontier Economics

In 2021, we hired 49 new permanent members of staff, 53% of whom were women.

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 adopted an environmental policy in 2009 in order to manage and measure our carbon footprint, namely to minimise the usage of paper, energy, water and other scarce resources and to reduce the impact of business travel on carbon emissions, across all office locations.

To date we have produced 11 years² of audited CO₂ reports and since 2010³ we have had status as a “CarbonZero” company through our support of the social impact carbon offset projects run by CO₂Balance in Africa.

ASSESSMENT, POLICY AND GOALS

As an economic consultancy operating in an office environment, our main environmental impacts are electricity and business travel emissions. For offices for whom energy data is unavailable⁴, CO₂e p/sqm of air-conditioned office space is applied. Emissions for rail and taxi travel are based on pounds (£) spent per category (CO₂e per £).

Frontier operates as one UK company so, for the purpose of our annual carbon footprint report, CO₂balance 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 goal continues to be the integration of environmental sustainability into our day-to-day operations, decision-making and organisational values. Our objectives are focussed on developing measures and a long-term carbon footprint reduction strategy (incorporating sustainability targets and indicators and inputting into business policies which have a direct or indirect impact on the environment). Our objectives for the coming year are focussed on:

- **Reviewing our environmental policy** to ensure it is fit for purpose and reflects the overall firm values and organisational needs within the current context of hybrid working
- **Promoting greater environmental responsibility** through regular internal activities with employees and external engagement with relevant stakeholders
- **Benchmarking our offices for environmental sustainability** against future alternative options and a framework for sustainability accreditations

² 2009 to current

³ Emissions from 2009 were off-set in 2010 to achieve ‘carbon-zero’ status

⁴ Applicable for Berlin office only

IMPLEMENTATION

Frontier set up a team responsible for reducing Frontier's impact on the environment back in 2010. 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.

Our employees are encouraged to do their share in reducing the carbon footprint. Our Green Team raises awareness on topic of recycling and reusing, we operate a 'cycle to work scheme', and offer volunteering days to be used to support the cause of environmental sustainability.

PROGRESS MADE THIS YEAR

Since 2009, 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.

The current period has of course been heavily impacted by the COVID-19 pandemic, especially with the introduction of home working and severely limited travel, greatly reducing the company's carbon footprint for this period. However, the latest audit report includes the carbon emissions related to Frontier Economics home working. These estimates are based on the Home Emissions Whitepaper produced by EcoAct in partnership with Lloyds Banking Group and NatWest Group. Future reporting will determine if changes made over the past year are temporary, or if they have resulted in an inadvertent move towards lower carbon intensity business practices.

While emissions for the current reporting period during lockdown amounted to only 188.70tCO₂, we took the decision to offset 654tCO₂, which was the same volume of emissions as incurred in the previous 12-month period.

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 Economics have offset 6,708 tonnes of carbon dioxide emissions to balance out their carbon footprint. 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 breaches 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, including previous employment reference checks 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.