

### Sustainability-related disclosures – Frontier Energy III ('FE III')

This sustainability-related disclosure has been prepared in accordance with Article 10 of Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector using the guiding principles stated in the articles 37-49 in the Regulatory Technical Standards regulation (EU) 2022/1288.

This statement may be subject to changes, updates, and general revision in connection with any relevant developments in particular following any further legislation, guidelines and recommendations concerning the Regulation (including any delegated acts thereto) by the Danish or EU legislators/supervisory authorities.

#### a) Summary

**Financial Product:** Frontier Energy III K/S (to be established) (FE III), managed by Frontier Investment Management ApS company number (CVR no.) 33365586 (Frontier).

It is assessed that FE III should be classified as an article 9 (2) or "Dark Green" Fund. An article 9 (2) fund is "a Fund that has sustainable investment as its objective or a reduction in carbon emissions as its objective."

The basis for this classification is that 100% or nearly 100% of the expected investment activities of FE III fall within sustainable activities as defined under the EU Taxonomy and that Frontier has an elaborate Environmental and Social Management System (ESMS) with the aim of classifying and mitigating social and environmental risks. The ESMS contains among others an exclusion list, a checklist for ESG as part of both due diligence process prior to investments and as part of the monitoring of investee companies which will ensure that the investments FE III pursues will not do significant harm to its sustainable investment objectives. FE III's investment strategy is to invest in the development, construction and operation of renewable energy projects and related infrastructure in Sub-Saharan Africa. FE III monitors this strategy through mandatory reporting from the investee companies to Frontier including measures such as renewable energy capacity, renewable energy power generation, and estimated GHG emissions reductions. It is expected that there will be no material limitation and that all data reported is checked to be in line with standards in the ESMS.

FE III will not be investing in listed securities and will therefore not have an engagement policy. FE III does not have an index chosen as a reference benchmark but will seek to attain the environmental objectives through the investment strategy and implementation of relevant sustainability indicators.

#### b) No significant harm to the sustainable investment objective

FE III has several mechanisms in place to ensure that FE III does not significantly harm the sustainable investment objectives it seeks to pursue. Frontier's ESMS includes an exclusion list that covers a long list of industries to ensure that FE III will not pursue investments that are not aligned with FE III's ESG standards. The ESMS also constitute a thorough due diligence process for screening companies setting several sustainable criteria companies must meet before FE III will consider investing. Frontier will also monitor the sustainability performance of the investee companies through mandatory and voluntary reporting.

Indicators for adverse impact presented in Table 1 of Annex I in the Regulatory Technical Standards (RTS) are taken into account through the usage of the following mechanisms that are included in the ESMS.

FE III will invest 100% or nearly 100% in activities that are defined as sustainable in the EU taxonomy and thereby excluding investments in nonrenewable energy production. Frontier will do an assessment of ESG risks for all investments before investing. Adverse impacts will be monitored through mandatory reporting. Frontier will also use its board seat in the respective investee companies to respond to and mitigate any incidents concerning relevant adverse impacts.

All investments made by FE III will be aligned with principles and standards from several conventions and guidelines including the OECD Guidelines for Multinational Enterprises, UN Guiding Principles on Business and Human Rights including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights.

**c) The sustainable investment objective of the financial product**

FE III will seek to invest in the development, construction and operation of renewable energy power projects and related infrastructure in the less developed emerging markets in Sub-Saharan Africa. This will contribute to the EU taxonomy objective of climate mitigation, by increasing the global renewable energy capacity, generation, and the reduction in greenhouse gas emissions. To measure the attainment of the environmental objective the following sustainability indicators are used:

- Renewable energy capacity
- Renewable power generation
- Estimated GHG emissions reduction

**d) Investment strategy**

FE III will invest in renewable energy infrastructure assets or enabling infrastructure in Sub-Saharan Africa within the following asset classes:

- Electricity generation using solar photovoltaic technology
- Electricity generation from wind power
- Electricity generation from hydropower
- Transmission and distribution of electricity
- Electricity generation using concentrated solar power (CSP) technology
- Storage of electricity

This investment strategy is established in the funds ESMS. It is assessed that the strategy presented in the ESMS will be sufficient to meet all requirements in SFDR to the effect that FE III will not be required to apply any additional defined strategy to attain the environmental objectives. The investment strategy is implemented through several gateways and will have to pass through the investment committee set up by the fund as the final gateway. Frontier will not present an investment to the FE III investment committee unless it is in compliance with the ESMS.

In the ESMS, Frontier has established a governance structure/system where all roles and responsibilities are thoroughly explained, and this is implemented in all investee companies. To ensure that the governance initiatives put forward in the ESMS are followed, FE III will use its 'active owner' governance right if necessary.

**e) Proportion of investments**

FE III intends to invest 100% of the AUM in sustainable investments contributing to environmental objectives and will apply the mechanisms from the section *No significant harm done to the sustainable investment objective* to each investment. Each investment is expected to be aligned with EU Taxonomy. FE III does not use derivatives to attain sustainable investment objectives.

**f) Monitoring of sustainable investment objective**

Through reporting of mandatory information submitted to Frontier by each of the FE III investee companies, the environmental objectives and sustainability indicators used to measure the achievement of such objectives are monitored. This information will be provided in line with the reporting standards set out by Frontier.

**g) Methodologies**

Estimated GHG emissions reductions generated are calculated as the difference between the estimated GHG emission from each of the FE III investee companies and the estimated baseline GHG emission from the equivalent amount of energy produced in the specific country of the investee company. Other industry-

standard methodologies may also be applied. FE III will also apply the ESG due diligence tools provided in the Frontier ESMS.

**h) Data sources and processing**

The investee companies will provide the data through reports to FE III containing the relevant data needed to comply with the standards set out in the Frontier ESMS. The reports are checked and approved by an ESG employee of the investee company or Frontier. Data will be processed internally by Frontier. It is expected that a small proportion of data will be estimated.

**i) Limitations to methodologies and data**

It is expected that there will be no material limitations to the data.

**j) Due diligence**

Due diligence will be carried out by the investment manager in collaboration with the ESG team in accordance with Frontier's ESMS to assess whether or not FE III should invest. This due diligence process also includes evaluating the contractors expected to provide goods and services to the assets. The results from the ESG team will be presented to the IC committee which will decide whether to invest or not.

**k) Engagement policies**

FE III will not invest in shares that trade on a regulated market operating or situated in the EU and are thereby not required to have an engagement policy. If Frontier has reason to suspect that one of its investee companies is unable or unwilling to respect sustainability-related issues, Frontier will address and mitigate this.

**l) Attainment of the sustainable investment objective**

No index has been chosen as a reference benchmark for FE III. By investing accordingly with the aforementioned investment strategy and the implemented sustainability indicators for FE III, each environmental objective is considered to be attained.