

ANNEX I

Template principal adverse sustainability impacts statement

Table 1

Statement on principal adverse impacts of investment decisions on sustainability factors

Financial market participant

Frontier Investment Management ApS, company number (CVR no.) 33365586 ('FIM').

Summary

FIM considers the principal adverse impact of its investment decisions on sustainability factors. The present statement contains the aggregated principal adverse impacts on sustainability factors of FIM's underlying investments.

This is the first principal adverse sustainability impacts statement published by FIM. The first reference period concerning FIM will be 1 January 2023 to December 31 2023.

FIM has a number of procedures in place to take action in relation to potential principle adverse sustainability impacts including several ESG standards and assigning an ESG-manager to all investments, an exclusion list excluding certain asset classes, and monitoring of investments through reporting and management of ESG. FIM has several policies that helps identify and prioritize principal adverse impacts of investment decisions on sustainability factors. All polices are reviewed at least every second year. FIM does not invest in any listed securities and has therefore not implemented a shareholder engagement policy in the investment strategy. FIM adheres to several international standards.

Description of the principal adverse impacts on sustainability factors

FIM invest solely in renewable energy infrastructure projects. Data in connection to measure the potential negative impacts on sustainability indicators comes directly from the projects and the data collection for all PAI has been carried out to the best of our ability.

Indicators applicable to investments in investee companies

Adverse sustainability indicator	Metric	Impact 2023	Impact 2022	Explanation	Actions taken, and actions planned and targets set for the next reference period
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CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS

Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions	3,465.15 tCO ₂ e	3,555.12 tCO ₂ e	N/A	FIM is carbon negative and had an estimated CO ₂ reduction of 182,800 tCO ₂ but looks to reduce its carbon emissions for construction and operational assets.
		Scope 2 GHG emissions	76.61 tCO ₂ e	435.84 tCO ₂ e	N/A	
		Scope 3 GHG emissions	3,252.90 tCO ₂ e	2,345.01 tCO ₂ e	N/A	
		Total GHG emissions	6,982.77 tCO ₂ e	6336.05 tCO ₂ e	Increase in emissions is due to increased	

					construction activity in 2023. From operations Frontier has reduced emissions 2,524.19 in 2022 to 1401.95 in 2023 (44% decrease) which has been verified by an independent audit.	FIM seeks to lower scope 1 & 2 emissions by 75% in 2030. This is achieved by switching from diesel to electric, primarily in transportation. FIM also seeks to lower scope 3 emissions by 25% in 2030. This is achieved by reducing business travels through the use of online meetings instead.
	2. Carbon footprint	Carbon footprint	33.22 tCO2e/mEUR	32.98 tCO2e/mEUR	N/A	The combined effect of the scope 1, 2 and 3 reduction targets is in line with IPCC's goal of 50% CO2 reduction by 2030.
	3. GHG intensity of investee companies	GHG intensity of investee companies	113.21 tCO2e/mEUR	112.63 tCO2e/mEUR	N/A	
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	0%	0%	N/A	FIM has made no investments in companies in the fossil fuel sector

	5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	0%	N/A	N/A	
	6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	0.011 GWh/mEUR	0.013 GWh/mEUR	N/A	
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	0%	0%	N/A	
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0 tonnes/mEUR	0 tonnes/mEUR	N/A	
Waste	9. Hazardous waste and	Tonnes of hazardous waste and radioactive waste	0.00 tonnes/mEUR	0.00 tonnes/mEUR	N/A	

	radioactive waste ratio	generated by investee companies per million EUR invested, expressed as a weighted average				
INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS						
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0%	0%	N/A	FIM is a signatory to the UN Global Compact (UNGC) and its investment policy is based on UNGC and OECD guidelines for multinational Enterprises
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to	0%	0%	N/A	All investments have policies in place to monitor UNGC principles and OECD guidelines. FIM is a signatory to UNGC and are reporting each year on their principles each year.

	OECD Guidelines for Multinational Enterprises	address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises				
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	-55%	-18%	The unadjusted pay gap is 55% higher for women than men.	FIM's policy is to have equal pay for men and women.
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	11.02%	10.79%	N/A	FIM wants to pursue a better gender balance in the various boards. Whilst FIM does not discriminate with respect to any social identity in considering the appointment of board members, FIM will adopt greater focus on encouraging female applicants in the recruitment process.
	14. Exposure to controversial weapons (anti-	Share of investments in investee companies involved in the manufacture	0%	0%	N/A	FIM has not invested in companies that are involved with

	personnel mines, cluster munitions, chemical weapons and biological weapons)	or selling of controversial weapons				manufacturing or selling weapons.
Indicators applicable to investments in sovereigns and supranationals						
Adverse sustainability indicator		Metric	Impact 2023	Impact 2022	Explanation	Actions taken, and actions planned and targets set for the next reference period
Environmental	15. GHG intensity	GHG intensity of investee countries	N/A	N/A	N/A	FIM has not invested in sovereigns and supranationals so this indicator is not applicable.
Social	16. Investee countries subject to social violations	Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles	N/A	N/A	N/A	FIM has not invested in sovereigns and supranationals so this indicator is not applicable.

		and, where applicable, national law				
Indicators applicable to investments in real estate assets						
Adverse sustainability indicator		Metric	Impact 2023	Impact 2022	Explanation	Actions taken, and actions planned and targets set for the next reference period
Fossil fuels	17. Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels	N/A	N/A	N/A	FIM has not invested in real estate assets.
Energy efficiency	18. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets	N/A	N/A	N/A	FIM has not invested in real estate assets.
Other indicators for principal adverse impacts on sustainability factors						
Adverse sustainability indicator		Metric	Impact 2023	Impact 2022	Explanation	Actions taken, and actions planned and targets set for the next reference period

Emissions	4. Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	0%	N/A	N/A	FIM only invest in renewable energy assets aligned with EU taxonomy and the the Paris Agreement.
Social and employee matters	5. Lack of grievance/complaints handling mechanism related to employee matters	Share of investments in investee companies without any grievance/complaints handling mechanism related to employee matters	0%	N/A	N/A	FIM has a grievance/complaints mechanism in place for all investee companies. FIM grievance mechanism can be anonymized to ensure employees.

Description of policies to identify and prioritise principal adverse impacts on sustainability factors

FIM has the following policies in place that helps identify and prioritize principal adverse impacts of investment decisions on sustainability factors:

- Environment, Health, and Safety Policy (last approved 2022): Describes how FIM and all investments ensures that they comply with all relevant and applicable national and international legislations, regulations, and conventions beyond the legal and regulatory requirements on environment, health, and safety, as per the Funds' ESG Requirements.
- Social, Labour, and Human Rights Policy (last approved 2022): Describes how FIM and all its investments will meet its commitments in social equity, liveability, health equity, community development, social capital, social support, human rights, labour rights, place making, social responsibility, social justice, cultural competence, community resilience, and human adaptation.
- Business Integrity, Anti-Bribery & Corruption, and Corporate Governance Policy (last approved 2022): Describes how FIM takes measures to ensure that the businesses in which the Funds' capital is invested, exhibit honesty, integrity, fairness, diligence, dependability, truth-telling, and respect in all business dealings

The responsibility for the implementation of these policies lies with the investment team with support from the ESG team. All policies are subject to reviews and will be updated at least every second year.

Engagement policies

FIM does not have an engagement policy as its funds currently does not invest in shares that is trading on a regulated market situated or operating within EU. However, FIM will engage with the investee companies to ensure that sustainability related topics are prioritized. If FIM has cause to believe that an investee company is unable or unwilling to respect sustainability related topics, FIM will take specific action to engage with the company.

References to international standards

An important aspect of FIM's investment policies is to ensure that all projects are environmentally and socially sustainable. This involves robust requirements to environmental and social standards. FIM adheres to the principles and standards regarding sustainability aspects shown in the table below:

▪ Principles and Standards

Standard / Convention	Duties Imposed
UN Global Compact	Commitment to working with the 10 overall principles of Global Compact concerning human rights, labour, environment, and corruption.
UNPRI	Commitment to working actively and openly with environmental, social, and corporate governance issues.
UNGP	Commitment to work according to UNGP on Business and Human Rights
Equator Principles 2020	Adherence to 10 principles for ensuring sustainability in project financing.
IFC Performance Standards	Cornerstone standard for environmental and social performance
BII's Investment Code of Responsible Investing	

EIB Environmental and Social Standards 2018	Standards for sustainable business behaviour and to ensure optimal environmental and social performance in portfolio companies.
Swedfund's Policy for Sustainable Development and Anti-Corruption Policy	
FMO's Environmental, Social & Corporate Governance (ESG) Policy	
IFU's Sustainability Policy	
World Bank EHS Guidelines	Guidelines and standards to ensure optimal practical environmental and social performance in portfolio companies.
ILO Core Conventions	Standards for labour, namely: Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87); Right to Organise and Collective Bargaining Convention, 1949 (No. 98); Forced Labour Convention, 1930 (No. 29), Abolition of Forced Labour Convention, 1957 (No. 105); Minimum Age Convention, 1973 (No. 138), Worst Forms of Child Labour Convention, 1999 (No. 182); Equal Remuneration Convention, 1951 (No. 100); Discrimination (Employment and Occupation) Convention, 1958 (No. 111).

	The ILO Basic Terms and Conditions of Employment refer to: Hours of Work (No. 1) Minimum Wage (No. 26, 131) and Occupational Safety and Health (No. 155).
Business Integrity Standards	Various relevant national and international regulations, including the Danish Act on Anti Money Laundering and Anti-Terror Financing (in Danish: “Hvidvaskloven”)
General Data Protection Regulation (GDPR)	EU GDPR Directive The Danish Act on Data Protection (in Danish: “Databeskyttelsesloven”)
Sustainable Finance Regulation	Regulations include EU Taxonomy and Sustainable Finance Disclosure Regulation (SFDR).

FIM is committed to abide by these standards, principles, and conventions, Frontier's Portfolio Companies are required to comply with Frontier’s ESG Requirements.

These standards, principles and conventions also form the basis for FIM’s legal obligations with investees and contractors; provide the basis for developing Terms of Reference for any ESIA or E&S due diligence, and E&S monitoring work that is commissioned by Frontier or its Portfolio Companies / projects; and will be used as the reference standards for any other due diligence or monitoring activities undertaken by FIM.

Historical comparison

Historical comparison goes back to 2022.

