

29 March 2019

FRONTIER'S COMMITMENT TO UN GLOBAL COMPACT

As part of the UN Global Compact (UNGC) commitment, Frontier is required to communicate what the company does to promote the ten principles associated with that commitment.

STATEMENT OF CONTINUED SUPPORT BY COO

To our stakeholders

Date: 29 March 2019

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

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.

We also commit to share this information with our stakeholders using our primary channels of communication.

Yours sincerely,

A handwritten signature in black ink that reads "Chris Newton". The signature is written in a cursive, flowing style.

Chris Newton

Chief Operating Officer

COMMUNICATION OF PROGRESS 2019

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 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 framework, 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 are in the process of strengthening our guidance for managers and senior members of staff on our commitment to the UNGC principles.

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 concerns internally in this area. Frontier has put in place policies 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.

Progress made

In 2019 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. All employees are given the opportunity to opt out of projects which raise personal ethical issues. Given the type of work we do, it is very rare for such concerns to arise.
- 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.

Measurement of outcomes

Frontier has introduced a process for tracking how possible new work has been assessed, 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. As part of the bidding review framework, Frontier's project managers are required to report any potential project leads that have been rejected due to concerns that they might conflict with the UNGC principles or our values.

Outcomes this year

No projects were reported that were considered and rejected on these grounds in 2018. We believe that this reflects the fact that, following the guidance issued, project managers have internalised the UNGC principles. While this is positive, we remain vigilant as we further expand our business.

There have been no issues raised under our anti-harassment and anti-bullying policies this year.

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

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 member of staff owns a share of the company and has an equal vote in 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 internal, employee-run groups to discuss issues around working families and LGBT inclusion. These groups are aimed at supporting those who are affected by these issues, and providing an open space for discussion.

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 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, partnership with homeless association), mentoring and external support channels. Frontier has special remit teams dedicated to making improvements to Work Life Balance, Wellbeing and Inclusion 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:

- our interview process includes blind application selection at first stage to eliminate bias;
- 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 Diversity and Inclusion programme and produces annual diversity monitoring with statistics for presentation to the board and on our website.

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.

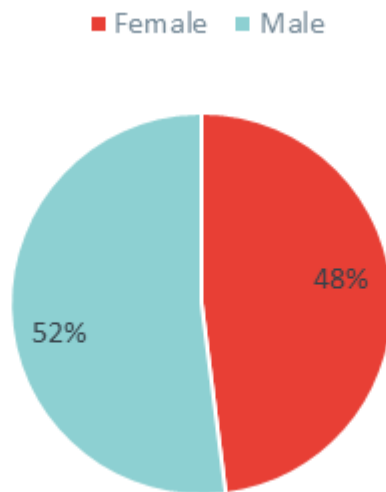
Measurement of outcomes

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 slightly below parity (at around 48%) with a lower level of female participation in more senior positions in the firm.

Figure 1 Gender balance at Frontier at end 2018



Source: Frontier Economics

In 2018, we hired 42 new permanent members of staff, 74% of whom were women.

Moreover, Frontier is a relatively diverse company, notwithstanding the majority of staff being based in our UK office. This is reflected in the composition of Frontier staff by nationality and reflects the efforts made by Frontier's recruitment team.

Environmental Principles

Assessment, Policy and Goals

Frontier's business does not have, by its nature, a high negative impact on the environment, but Frontier is nonetheless committed to reducing this impact as much as possible.

In particular, Frontier's aim is firstly to minimise our usage of paper, energy, water and other scarce resources, and secondly to reduce the impact of business travel on carbon emissions.

Goals for the coming year

Frontier continues its efforts towards reducing CO2 emissions per head.

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.

Since then the company has grown considerably year on year and now counts seven offices across Europe. Operations and facilities may vary between offices but our main environmental principles are applied across all of them. In addition, Frontier has taken multiple green office initiatives, such as:

- reduce need or impact of travel – through individual and firm wide video-conferencing systems;
- waste reduction – through re-use and recycling (no landfill), “follow-me” printing system to save paper waste; and
- save energy – through virtualising our server equipment and upgrading our colour printers to low-energy, zoned and timed LED or similar energy efficient lighting, and purchasing low-energy computer and kitchen equipment.

Our employees are encouraged to do their share in reducing the carbon footprint. With this in mind, the Green Team has been raising awareness around the office regarding the importance of recycling and of choosing environmentally friendly transport (we operate the ‘cycle to work’ scheme).

We continue supporting social impact carbon projects in Africa by off-setting our emissions and to date have offset 3,684.48 tonnes of carbon dioxide emissions to balance out our carbon footprint. This includes CO2 Balance's improved cook stove project in Kenya and borehole rehabilitation project in Uganda – improving the lives of thousands of people within these project areas.

Progress made this year

The Greenhouse Gas Assessment for 2017 reveals a carbon footprint of 505.82 tCO₂e. This is a notable decrease compared to the previous assessment for 2016, which was 569.89; in turn this figure was also a reduction, with Frontier Economics' footprint seemingly peaking in 2015 and reducing year on year. This reduction in emissions between 2016 and 2017 amounts to a significant decrease of 64.06 tCO₂e, a drop of 11%.

The largest factor in this reduction in carbon emissions is linked to a decrease in emissions in electricity consumption. It makes up over 32% of the company's carbon footprint and during 2016 there was a drop of 72 tCO₂e. The previous reduction was mainly linked to air travel; for this assessment period there has been another reduction in air travel emissions, showing that the previous reduction was not a “one off”.

As with 2016, the number of employees has increased in 2017 and this, coupled with the reduction in emissions, has resulted in a large reduction in the emissions per employee figure, falling from 2.63 tCO₂e in 2016 to 1.95 tCO₂e in 2017.

Measurement of outcomes

Frontier uses the firm CO2 Balance to run an independent audit of its greenhouse gas emissions on an annual basis. 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.

Frontier also regularly monitors its energy use across the company and we have been monitoring and offsetting our corporate carbon footprint since 2010, achieving eight years as a “CarbonZero” company through our support of the social impact carbon offset projects run by CO2 Balance in Africa.

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 these issues. 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.

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.

Measurement of outcomes

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