

# FRONTIER'S COMMITMENT TO UN GLOBAL COMPACT

## STATEMENT OF CONTINUED SUPPORT BY COO

30 July 2024

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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.

This year's statement marks a decade that Frontier been a signatory to the UNGC. Frontier 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 UN 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 2024

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 or clients 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.

For example, in January we published and communicated our internal guidance on the ethical considerations of our project selection. This was accompanied by a template to document the 'Ethical Considerations Assessment' that we require the Project Manager/Director to conduct in relevant cases.

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, our work or supply chain. We have appropriate policies in place and open channels of communication in order to identify and address any issues that might arise. For example, we have anti-harassment and anti-bullying policies to protect our employees alongside a range of other policies such as modern slavery, anti-bribery and corruption a supplier code of conduct. 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 communicated new guidance on monitoring any ethical issues that arise in our work, including how decisions should be taken when a practice director is considering a relevant project.

- Our Corporate and Social Responsibility (CSR) team continues to monitor, promote and communicate our activities in this area. The team undertakes regular reviews of projects that have 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 website<sup>1</sup>.

## 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 and directors 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. Before committing to conduct any work, Frontier's project managers and directors are also required to discuss leads with the Management Committee as well as their broader practice area, if they are in any doubt whatsoever as to their compatibility with UNGC principles or our values.

## Outcomes this year

Over the course of the last year, the Management Committee has not had to intervene to prevent any projects taking place that might otherwise contravene the UNGC principles or our wider ethical guidance. 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.

## 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.

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<sup>1</sup> <https://www.frontier-economics.com/media/gzqnrfgp/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 coordinated by Frontier's central Equity, Diversity and Inclusion Council.

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 require 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**

In 2023, we took a significant step by working alongside EDI experts to develop a new EDI strategy. This has set a strong foundation, clarifying our goals, defining who is responsible for what and laying out steps for achieving our objectives. Our updated EDI mission is to build a workplace where everyone is treated fairly, feels respected and has an equal chance to succeed. Everyone has a role to play in the success of this mission, but responsibility for

driving it lies with our Executive Directors and Management Committee, who in turn are accountable to our Board. We've set up an EDI council, led by our People Director, to steer our efforts and act as a design authority and decision-making forum. In 2024, we have launched five working groups to tackle specific improvement areas:

**1) Diversity in talent acquisition.**

Women are underrepresented among economics graduates and experienced economists, and this trend has worsened in recent years. Studies indicate that between 2013 and 2018, only between 30% and 38% of economic undergraduate students were female and that progress toward gender parity has now slowed and in some areas been reversed. We tackle this in our recruitment by ensuring we reach as many female candidates as possible, through marketing, partnerships and inclusive selection practices. We also strive to promote internal role models and provide support for female careers. We're pleased to share some positive numbers reflecting our progress. In the year to March 2024, women represented:

- 40% of our new Analysts
- 60% of our business management team hires
- 50% of our experienced economist hires
- 46% of all our permanent new starters.

We ensure fair pay from the start by aligning our salaries with external benchmarks. In 2024, we plan to fine-tune how we recruit, reaching out more effectively to a greater variety of candidates and training our hiring managers to run processes that are inclusive and focused solely on the skills needed for the job.

**2) Talent development and promotion.**

In 2019, we set a goal to achieve 40% female representation at Manager level by January 2024. We achieved that goal a year early, in January 2023. In January 2024, 57% of our Manager promotions, 40% of Associate Director promotions and 50% of Director promotions were female. We also monitor bonus and salary increases by gender to ensure equitable reward and progression over time. While we are proud of what we've achieved, we know that to continue closing our gender pay gap we must do more to increase female representation at the most senior levels of our organisation. Our Talent Development group will work on making promotions and resourcing processes clearer and more supportive, especially for those on parental leave. We'll also enhance our programmes for women's advancement, paying particular attention to the challenges faced by women of colour.

**3) Strengthening our inclusive culture.**

Over the past year, we've taken steps to make our workplace more inclusive, including initiatives focused on menopause and menstruation. But a recent employee survey indicated we could improve how we show our commitment to EDI, including by making the commitment of our leaders more visible.

In 2024 we'll strive to make these improvements. We have launched a working group dedicated to strengthening our inclusive culture by articulating how we measure our performance around EDI and the behaviours we expect from our leadership teams.

**4) Client engagement.**

We know EDI is also important to our clients. We want Frontier to be a role model to them and to other partners. To help achieve this, we'll increase the external visibility of our EDI goals and progress. We will also foster an environment of open communication, trust and support. That means making our EDI standards clear to clients and others we work with, and ensuring our employees and partners enjoy a positive working environment through a zero-tolerance approach to discriminatory behaviour. To help us do this, we'll clarify and promote our escalation processes.

#### **5) Diversity Data.**

In 2023 we invested in a new people management system, creating a step-change in the diversity data we collect and monitor. We can now collect better data around ethnicity and gender identity, allowing us to more accurately understand the experiences of employees, including those who are intersectional. Data will be used to monitor outcomes across recruitment, reward, remuneration, promotions and attrition. This will allow us to identify and respond to any trends, ensuring everyone has an equal opportunity to succeed.

### **Progress made**

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

- We continue to invest 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.

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.

- We have introduced our first Menopause awareness campaign and Menopause support policy in 2022. By providing information and guidance to our employees and managers on how menopause can affect women and how we can provide support, we took a step forward in opening up a dialogue and creating a culture of openness and support around the topic. We have also committed to ongoing investment in this space by offering one to one coaching with an external coach who specialises in menstruation, hormonal health and menopause as well as funding menopause healthcare plans, providing treatment and support.
- Our Growing Families programme offers comprehensive support before, during, and after parental or care leave. In 2023, more than half of our eligible staff have taken advantage of this programme, benefiting from resources and guidance tailored to their unique needs during these pivotal moments in their lives. This initiative reflects our commitment to ensuring that starting or growing a family does not impede career development but is embraced as a valued part of our employees' journey

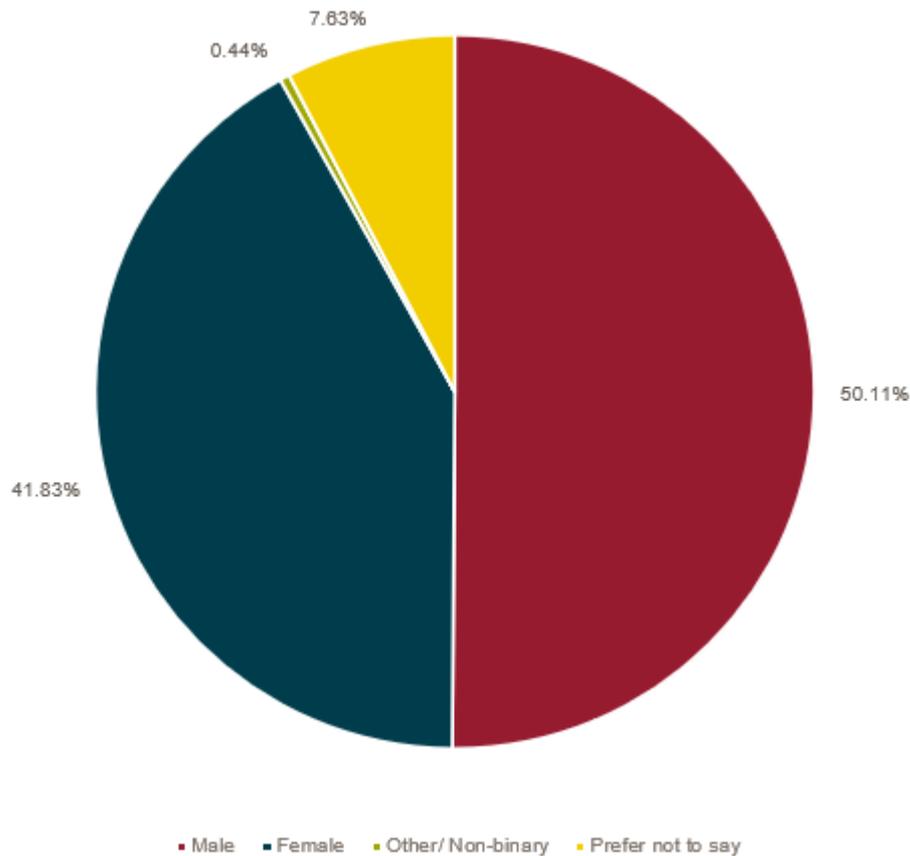
## Measurement of outcomes

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' progression and 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 41.8%. Female participation fluctuates depending on grade and is lower in more senior positions in the firm.

## Figure 1 Gender balance at Frontier at end of June 2024



Source: Frontier Economics

Frontier is proud of the national diversity of our team, 52 nationalities are represented, with 32% of our London staff having citizenship other than British.

## 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 by focussing on three core initiatives:

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

We have been a ‘carbon-zero’ company since 2010. We seek engagement both within the business and with the wider community to promote greater environmental responsibility as a company. As well as working on the issues mentioned above, we engage our employees in

green policy debates through discussion and events, and encourage environmental responsibility across the company through behavioural nudges.

## **Background, methodology and assessment**

As an economics consultancy operating in an office environment, our main environmental impacts are electricity and business travel emissions.

As a growing and expanding company we have taken the decision to normalise our data by reporting an intensity ratio of tCO<sub>2</sub>e per full-time employee (FTE), allowing for a more meaningful comparison over time.

Frontier uses the firm CO<sub>2</sub>balance to audit its greenhouse gas emissions each year. Our annual review reports emissions under all three scopes defined under the Greenhouse Gas Protocol and the ISO 14064\_1 standard:

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

These annual reviews are based on the data Frontier produces, which CO<sub>2</sub>balance analyse and review. Emissions factors are taken from Defra/DECC's 'UK government conversion factors for company reporting'.

The assessment methodology for the greenhouse gas review follows the reporting guidelines provided by the Greenhouse Gas Protocol, which is published by the World Business Council for Sustainable Development and the World Resources Institute (WBCSD/WRI Protocol).

Frontier has 14 years of audited CO<sub>2</sub> reports and to date offset 7,933.27 tonnes of carbon dioxide emissions to balance out our carbon footprint. Offsets are conducted through social impact carbon offset projects in Africa, run by CO<sub>2</sub>balance.

## **Progress made this year**

The total carbon emissions from this period (571tCO<sub>2</sub>) matches the increase from the previous assessment. The recent rise in emissions reflects the ongoing resumption of air travel post-COVID19. Direct comparisons to the previous 2 reporting years during the COVID era need to be taken with caution and a truer reflection of the company's growth / reduction in emissions can be drawn from the pre-COVID 2019 carbon assessment. When compared against the 2022/23 data, it shows a reduction in this current period of over 12%.

The latest carbon audit report includes once again the carbon emissions related to Frontier's home working model. These estimates are based on the Home Emissions Whitepaper produced by EcoAct in partnership with Lloyds Banking Group and NatWest Group.

This year, we have set out our carbon reduction plan with a commitment to achieving Net Zero emissions by 2030. In order to continue our progress towards achieving Net Zero, Frontier has set its own emissions reduction targets that are aligned with the Science Based Targets initiative (SBTi).

We have updated our travel policy to raise awareness of our commitment to reducing travel-related CO<sub>2</sub> emissions and encourage staff to actively consider this commitment when making choices about the mode of transport as well as the frequency of business travel.

This year, Frontier has undertaken pro bono work to support environmental goals. 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<sup>2</sup>, and how Covid-19 has affected London's air quality<sup>3</sup>.

## Goals for the coming year

Our objectives for the coming year are focussed on **Achieving the commitments set out in carbon reduction plan** to reduce absolute Scope 1 and Scope 2 emission by 46% by 2030 from a 2019 base year. We also commit to measure and reduce our Scope 3 emissions:

- **Reduction of Scope 2 emissions** – our London head office will be moving to new premises designed to be fully net-zero carbon in both construction and operation, targeting BREEAM Outstanding certification and a 5.5\* NABERS rating. Operational energy use will be reduced through air source heat pumps, efficient heating and cooling systems, smart modelling, and photovoltaic cells on the roof to provide onsite renewable energy. The building will provide transparent data on its energy use, facilitating ESG reporting and encouraging energy efficiency.
- **Understanding Scope 3 emissions reduction opportunities** – we will set up a team to understand the nature of these emissions to the extent possible and will explore what would be needed to mitigate against potential growth in travel-related emissions.
- **Circular economy** – the new office will promote a circular economy, feature an in-house wormery for turning food waste into compost for the edible rooftop gardens, be free of

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<sup>2</sup> <https://www.frontier-economics.com/fr/fr/actualites-et-perspectives/publications/article-i8445-fixing-failing-carbon-offset-markets/>

<sup>3</sup> <https://www.frontier-economics.com/uk/en/news-and-insights/articles/article-i8518-how-covid-19-lockdowns-have-affected-air-quality-in-london/>

single-use plastic, and fully electric. As part of our move and fit-out we aim to reuse and repurpose existing assets and use recycled materials and products where possible.

## **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 standards 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.