

Statement on principal adverse impacts of investment decisions on sustainability factors

Financial market participant: Bluefront Equity AS

Legal entity identifier: N/A

Summary

Bluefront Equity AS (**Bluefront**) considers principal adverse impacts of its investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of Bluefront.

This statement will be updated annually by 30 June to reflect previous reference periods, the first statement to be published by 30 June 2023.

Bluefront is seeking portfolio companies that share our vision in making the seafood value chain more sustainable. As such, Bluefront conducts a thorough assessment of the impacts a potential portfolio company has on sustainability factors prior to investment, and continuously during the investment holding period.

Bluefront is a signatory to the UN Principles for Responsible Investment (PRI). Further, Bluefront seeks to actively make use of the UN Sustainable Development Goals in its investment activities, by identifying to which goals an investment contributes, and how.

Description of the principal adverse impacts on sustainability factors

Adverse sustainability indicator	Metric	Impact 2022	Explanation	Actions taken, and actions planned and targets set for the next reference period	
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS - MANDATORY INDICATORS					
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions	100t CO2e	Calculations are largely based on fuel usage.	Bluefront will work with the investee companies on implementing a policy regarding electric company vehicles and other measures to actively

					reduce Scope 1 emissions.
		Scope 2 GHG emissions (location-based method)	5.9t CO2e	Calculations are based on electricity usage.	All investee companies are situated in Norway (low CO2e multiplier due to hydro power). However, Bluefront will actively work with investee companies to implement actions to reduce GHG emissions.
		Scope 2 GHG emissions (market-based method)	284.7t CO2e		
		Scope 3 GHG emissions	N/A	Not measured in FY22. Bluefront is working on obtaining scope 3 emission data from its value chain. Due to lack of availability and poor data quality, as well as the complex nature of estimating scope 3 emissions, Bluefront does not currently possess sufficient data to report.	Bluefront will seek to implement reporting on Scope 3 GHG emissions across the portfolio for FY23 and going forward.
		Total GHG emissions	105.9t CO2e	Total GHG emissions is calculated based on Scope 1 GHG emissions and scope 2	

				GHG emission (location-based method). Does not include scope 3.	
	2. Carbon footprint	Carbon footprint	81.6t CO2e per EURm		Based on the baseline established in 2022, Bluefront will actively work with the investee companies to implement plans to reduce the carbon footprint going forward.
	3. GHG intensity of investee companies	GHG intensity of investee companies	23.23t CO2e per EURm		Based on the baseline established in 2022, Bluefront will actively work with the investee companies to implement plans to reduce the GHG intensity going forward.
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	0	Bluefront does not have exposure to companies active 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	26%	None of the investee companies are involved in non-renewable energy production	Bluefront will continue to encourage investee companies to monitor and seek to enhance the share of renewable energy consumption.
	6. Energy consumption intensity per high	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	0.41	Total energy consumption in GWh: 1.13	

	impact climate sector				
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	None of the investee companies have sites/operations located in or near biodiversity-sensitive areas.	
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0	None of the investee companies generate emissions to water.	
Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	8.7	One investee company stands for the majority of the hazardous waste.	Bluefront has taken actions to address the level of hazardous waste at the given location, and the target for FY23 is a 25% decrease from FY22 levels.

INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS - MANDATORY INDICATORS

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 %	None of the investee companies have been involved in violations of UNGC of OECD guidelines.	
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global	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	83 %	One investee company monitors compliance with the UNGC and the OECD	Necessary policies implemented for one investee company in FY22. Bluefront will work with the remaining investee

	Compact principles and OECD Guidelines for Multinational Enterprises	address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises		Guidelines as of FY2022	companies with the objective of implementing necessary policies for each company.
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	2.2 %	Pay gap of investee companies is small and stems from increased pay from overtime work.	Bluefront will continue to monitor the development of this indicator. %. Bluefront will continue to work with investee companies to ensure equal pay for equal work.
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	5.5 %	One investee company with female board member.	Diversity and equality are key areas of Bluefront's work with the investee companies and the overall ambition is a percentage of 40% female representation on the board of directors across investee companies. However, this is a longer process, so the target for FY 23 is to increase the representation to 10%.
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0	None of the investee companies are involved with the manufacture or selling of controversial weapons.	

ADDITIONAL CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS

Emissions	15. Emissions of air pollutants	Tonnes of air pollutants equivalent per million EUR invested, expressed as a weighted average	N/A	Not measured in FY22	Bluefront will implement routines to ensure reporting on this indicator for all investee companies in FY23.
	16. Emissions of ozone-depleting substances	Tonnes of ozone-depleting substances equivalent per million EUR invested, expressed as a weighted average	0	None of the investee companies contribute to emissions of ozone-depleting substances	
Water, waste and material emissions	17. Investments in companies without sustainable oceans/seas practices	Share of investments in investee companies without sustainable oceans/seas practices or policies	83 %	One of six investee companies have policies for sustainable oceans/seas practices as of FY22	Implemented for one investee company in FY22. Bluefront will work to ensure that more than 50% of the investee companies have sustainable oceans policies for FY23.
	18. Non-recycled waste ratio	Tonnes of non-recycled waste generated by investee companies per million EUR invested, expressed as a weighted average	0.46	The metric differs substantially between the investee companies.	Bluefront will continue working with the investee companies to reduce non-recycled waste. Two investee companies have this as a company specific KPI and is monitoring this on a quarterly basis.
ADDITIONAL INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS					
Social and employee matters	19. Number of days lost to injuries, accidents, fatalities or illness	Number of workdays lost to injuries, accidents, fatalities or illness of investee companies expressed as a weighted average	113.17	The metric is skewed due to a longer illness in one investee company.	Bluefront will continue to work with the investee companies to build healthy and safe working environments.

	20. Incidents of discrimination	Number of incidents of discrimination reported in investee companies expressed as a weighted average	0	No incidents reported.	Bluefront will work with the investee companies in order to implement clear guidelines for their employees, providing them with sufficient information on notification channels.
		Number of incidents of discrimination leading to sanctions in investee companies expressed as a weighted average	0	No incidents reported.	

Please refer to Bluefront’s sustainability report for further details on the actions taken and actions planned to avoid and/or reduce the principal adverse impacts identified for each investee company.

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

Bluefront is seeking portfolio companies that share our vision in making the seafood value chain more sustainable. As such, Bluefront conducts a thorough assessment of the impacts a potential portfolio company has on sustainability factors prior to investment, and continuously during the investment holding period. The assessment covers a variety of sustainability indicators, including environmental, social and employee matters, respect for human rights, and anti-corruption and anti-bribery matters.

Bluefront’s policies to identify and prioritise principal adverse impacts on sustainability factors are anchored in our Responsible Investment Policy, publicly available at Bluefront’s website (including date of approval by the Board of Directors). The Responsible Investment Policy is reviewed by the Board of Directors annually and otherwise updated when considered appropriate by Bluefront. The at all times applicable Responsible Investment Policy and the date of adoption by the Board of Directors is available at Bluefront’s websites.

The Responsible Investment Policy is supplemented by an internal framework designed to operationalize the principles set out in the Responsible Investment Policy, including due diligence questionnaires, checklists, investment committee documentation and reporting standards.

Bluefront has selected the following two opt-in indicators for principal adverse impacts:

- Investments in companies without sustainable oceans/seas practices
- Insufficient whistleblower protection

The opt-in indicators are selected based on a high-level materiality assessment based on Bluefront’s investments strategy, taking into consideration the probability of occurrence and severity. Bluefront invests in the seafood value chain, and its investee companies are in a position to provide meaningful positive contributions to sustainable ocean practices. On the other hand, investee companies may also be at risk of undermining sustainable ocean practices if their product offering does not sufficiently take sustainable practices into account. Whistleblowing protection policies are considered

a prerequisite to ensure decent working conditions, social welfare and proper governance of the small and midcap companies that Bluefront will invest in. Insufficient whistleblower protection policies may lead to risks of breaching good governance practices and recognized standards for responsible business conduct.

We have supplemented our approach to principal adverse impacts with a framework tailored to the seafood industry. In addition to the general principal adverse impacts outlined above, we focus our efforts on adverse impacts that are most prominent in the aquaculture segment.

A materiality assessment is performed by the deal team for each individual investment, which lays the foundation for the ESG-related assessments that are made prior to investment, and the subsequent engagement and follow-up with each portfolio company. During the pre-investment phase, Bluefront uses a questionnaire covering the principal adverse impacts and the sector-specific impacts in the seafood industry.

When the principal adverse impacts are identified, Bluefront will, in close dialogue with the portfolio company, identify the most prominent adverse impacts for each company, and initiate implementation of appropriate measures aimed at mitigating such impacts. Through this process, Bluefront both identifies, and prioritises, the principal adverse impacts our investment decisions have on sustainability factors.

The responsibility for implementation of Bluefront's policies to identify and prioritise principal adverse impacts primarily lies with the investment team, supported by the internal compliance function.

Bluefront collects data on the principal adverse impact indicators directly from portfolio companies. A third-party software solution is used to track, measure and report the principal adverse impact indicators, and other relevant company specific KPIs.

Engagement policies

Bluefront invests in private companies, and has not adopted engagement policies pursuant to Article 3g of Directive 2007/36/EC.

After an investment is made and throughout the investment holding period, Bluefront will engage with the portfolio companies to improve their environmental, social and governance performance, and reduce the adverse impacts of the portfolio company's business activities. This is done by, inter alia, adopting a clear and measurable sustainability strategy and implement tracking of KPIs for each portfolio company within the first 100 days after an investment is made. Furthermore, Bluefront seeks to implement a standard onboarding package in each portfolio company aimed at strengthening the governance structure, including allocation of responsibility and accountability, around principal adverse impacts.

If there are no reductions on the principal adverse impacts in a portfolio company over more than one period reported on, Bluefront will address this through its regular engagement with the portfolio companies.

References to international standards

Bluefront is a signatory to the UN Principles for Responsible Investment (PRI). Further, Bluefront seeks to actively make use of the UN Sustainable Development Goals in its investment activities, by identifying to which goals an investment contributes, and how. The standards do not in themselves align Bluefront’s investment strategy with the objectives of the Paris Agreement.

Bluefront does not make use of forward-looking climate scenarios. This is mainly due to Bluefront not having the resources required to be able to appropriately make use of such scenarios.

Version	Date	Scope
1	20 August 2021	First publication of disclosure
2	March 2023	Updated to align with Commission Delegated Regulation (EU) 2022/1288
3	30 June 2023	Annual update