

An aerial photograph of a rugged, snow-covered mountain range. A deep fjord or bay is visible, with a small coastal settlement nestled at the base of the mountains. The water in the fjord is a deep blue-green, and the surrounding land is covered in a thick layer of snow. The sky is overcast with soft, diffused light.

Bluefront's Responsible Investment Policy

Introduction

Bluefront Equity believes that long-term value creation comes from combining impact, responsible investing and financial returns. Our Responsible Investment Policy sets out how we integrate environmental, social and governance (ESG) factors, alongside impact considerations, across our investment processes. It aligns with our mission to accelerate sustainable aquaculture through intentional investments that drive measurable positive outcomes. This policy applies to all funds managed by Bluefront Equity, including Bluefront Capital I and II.

Background

Climate change is one of the most significant threats to financial and socioeconomic stability. Bluefront Equity firmly believes the financial sector will play an important role in taking action to preserve financial stability and contribute to the transition to an environmentally and socially sustainable economy.

As a sector-specific seafood private equity firm, Bluefront invests in companies that make the seafood value chain more sustainable. Our focus is on enhancing fish welfare, protecting ocean health, and improving operational efficiency. We contribute to the food transition by enabling a shift from high-emission land-based proteins to resource-efficient proteins from the ocean.



To act on our mission, Bluefront has implemented an Impact and Environmental, Social and Governance (ESG) framework that steers our investment activities. The framework is based on the UN Principles for Responsible Investment (UN PRI). Bluefront became a signatory of the UN PRI in January 2022.



The European Union has implemented a series of regulations applicable to the financial sector, aiming to build and finance a sustainable economy. Of recent regulations, the Sustainable Finance Disclosure Regulation (SFDR) requires financial market participants, including Bluefront, to evaluate and disclose sustainability-related policies and data.

Bluefront has implemented the disclosure requirements pursuant to SFDR Article 3, 4 and 5, available at Bluefront's website. Bluefront Capital I AS and Bluefront Capital II AS are categorized as 'light green' funds under SFDR Article 8, which means that we will contribute to environmental and social characteristics through the funds' investments. The SFDR disclosures available at Bluefront's website complement this Responsible Investment Policy.

Bluefront's ESG framework focuses on ESG-related KPI's that are most relevant to the seafood sector. It is our view that implementation and disclosure of company and industry specific ESG-related KPI's will have a positive economic impact on our fund's investments.

Our dual lens on Impact and ESG

Bluefront distinguishes between ESG and impact:

- ESG focuses on how environmental, social, and governance risks affect a business ("outside-in").
- Impact focuses on how a business intentionally contributes to environmental and social outcomes through its products and services ("inside-out").

Our proprietary impact framework is based on our Theory of Change: from inputs and activities to outputs, outcomes, and long-term impact. It helps ensure alignment between financial performance and societal and environmental progress across the seafood sector.

Integrating Impact and ESG in our investment process

We believe that there are no contradictions in focusing on impact and ESG in our investment process and delivering long-term profit to our investors. We seek impact through portfolio companies that share our vision in making the seafood value chain



more sustainable. ESG considerations are an integral part of our investment decision-making process.

We target small to medium-sized companies that develop scalable products, services, and technologies with the potential to solve key sustainability challenges in aquaculture. The investment mandate prioritizes fish welfare, ocean stewardship, energy and water efficiency, and sustainable production methods.

Exclusions

We seek to exclude investment opportunities in any company which:

- deliberately and repeatedly violate the laws, rules and regulations laid down by the national authorities in the markets in which such company operates;
- is subject to trade embargoes imposed by the United Nations or the European Union and endorsed or otherwise officially ratified or approved by the Kingdom of Norway
- is involved in:
 - the production of tobacco;
 - the manufacturing or production of weapons which, in the course of normal intended use, would breach fundamental humanitarian principles (i.e. atomic, biological or chemical weapons, cluster bombs or anti-personnel landmines); or
- contributes to or is responsible for:
 - serious or systematic violations of human rights (such as murder, torture, deprivation of liberty, forced labour, illegal child labour and other forms of child exploitation)
 - serious violations of the rights of individuals in situations of war or conflict
 - severe environmental damage
 - severe or gross corruption; or
 - other serious violations of fundamental and internationally recognised ethical principles.

Guidelines and Sustainability Outcomes

- guidelines on environmental factors
- guidelines on social factors
- guidelines on governance factors

Investment process

Bluefront conducts a thorough assessment of the impacts a potential portfolio company has on ESG and sustainability factors prior to investment, and continuously during the investment holding period.

Due diligence

As part of the due diligence process, potential investments are required to complete a comprehensive Impact and ESG Questionnaire. The Questionnaire covers a variety of sustainability indicators, including environmental, social and employee matters, respect for human rights, and anti-corruption and anti-bribery matters. Our approach to assessing a company's ESG profile is focused on the sustainability risks that are most prominent in the seafood segment. The impact potential of the potential investment is mapped against the ESG risks as identified by Collier Fairr. Following this analysis, a Theory of Change is set up per company. An external third party supplements the deal team analysis with an overview of the most prominent ESG risks and opportunities of the proposed investment. If the due diligence has revealed unmanageable ESG and sustainability risks that cannot be resolved or mitigated, Bluefront will abstain from making the investment.

Investment decision

When the Impact potential and ESG profile of a potential investment is identified, the deal team will present the findings to the Investment Committee. If the investment proceeds, Bluefront will, in close dialogue with the portfolio company, identify the impact potential and most prominent ESG risks for each company, and implement mitigating measures. Bluefront anchors initial ESG and impact strategies at the time of investment, including growth capital earmarked for onboarding and implementation.



Holding period

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 on sustainability factors. A resource internally at the company is dedicated the role as Impact Lead. An Impact and ESG strategy will be developed for each portfolio company, which includes identifying specific KPI's and setting specific targets. Bluefront will assist the portfolio companies in implementing policies and procedures to measure and report on the progress of the Impact and ESG targets as set out in each company's ESG strategy. Impact and ESG are board-level agenda items and revisited annually to ensure strategic alignment and continuous improvement.

Sustainability reporting

The portfolio companies are required to submit data as set out in the company's Impact and ESG strategy, along with financial performance, on a quarterly basis. Bluefront onboards all portfolio companies to an Impact and ESG software platform, that enables reporting on PAIs, as well as company specific KPIs. On an annual basis Bluefront will publish a sustainability report, containing information on the progress made for each portfolio company in the fund. This report is an important tool when it comes to assessing Impact and ESG targets and measuring progress towards achieving set goals.

