

An aerial photograph of a rugged, snow-covered mountain range overlooking a deep fjord. The sun is low on the horizon, casting a warm, golden glow over the scene. The water in the fjord is a deep blue-green, with white foam from waves crashing against the rocky shore. The sky is filled with soft, white clouds, and the overall atmosphere is serene and majestic.

# Bluefront's Responsible Investment Policy

## 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.

Bluefront is a pure play seafood private equity firm and invest in companies that makes the seafood value chain more sustainable and the future of the blue economy. By executing on our investment strategy, we seek to make the seafood value chain more sustainable.



To act on our mission, Bluefront has implemented an Environmental, Social and Governance (ESG) framework that steers our investment activities. The ESG 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.

## **Integrating ESG in our investment process**

We believe that there are no contradictions in focusing on ESG in our investment process and delivering long-term profit to our investors. ESG considerations are an integral part of our investment decision-making process. We seek portfolio companies that share our vision in making the seafood value chain more sustainable.

We aim to achieve this by investing in small to medium sized companies, which contribute to increased sustainable seafood production.

## **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. As part of the due diligence process, potential investments are required to complete a comprehensive ESG Questionnaire. The ESG 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, as identified by Collier Fairr. 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.

When the 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 most prominent risks for each company, and implement mitigating measures.



## 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. An ESG strategy will be developed for each portfolio company, which includes identifying specific KPI's and setting specific targets linked to the Sustainable Development Goals. Bluefront will assist the portfolio companies in implementing policies and procedures to measure and report on the progress of the ESG and sustainability targets as set out in each company's ESG strategy. Part of the growth capital is earmarked for an ESG onboarding package.

## Sustainability reporting

The portfolio companies are required to submit data for KPI's related to the Sustainable Development Goals as set out in the company's ESG strategy, along with financial performance, on a quarterly basis. Bluefront onboards all portfolio companies to an 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 ESG targets and measuring progress towards achieving set goals.

