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1.0 Introduction

Pursuant to the EU Sustainable Finance Disclosures Regulation (2019/2088) on sustainability-related disclosures in the financial services sector (“**SFDR**”), Andurand Capital Management Limited (“**ACML**”) is required to disclose the manner in which sustainability risks are integrated into the investment process and the results of the assessment of the likely impacts of sustainability risks on the returns of the Financial Products under management.

ACML is an investment services firm authorised by the Malta Financial Services Authority as a full-scope AIFM pursuant to Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers (the “**AIFMD**”) and therefore falls within the definition of a Financial Market Participant pursuant to the SFDR.

Andurand Capital Management LLP (“**ACMLLP**”) is an investment services firm authorised by the UK Financial Conduct Authority. Historically, ACMLLP was authorised and regulated by the UK FCA pursuant to Directive 2014/65/EU as a MiFID Firm. As from 13 April 2023 however, ACMLLP has become a full-scope AIFM. SFDR applied in the EU after 31 December 2020 and is therefore not operative for the purposes of the European Union (Withdrawal) Act 2018, and will not automatically form part of English law after 31 December 2020. ACMLLP is therefore technically out of scope for the purposes of SFDR. Notwithstanding, in view of the delegation by ACML to ACMLLP of a portion of the portfolio management function, this policy applies to ACML and ACMLLP (together referred to as “**Andurand Capital**” for the purpose of this document) and all the Financial Products, as defined in the SFDR, managed by Andurand Capital.

Section 2.0 of this Policy relates to Andurand Capital’s Responsible Investment Policy, whereas Section 3.0 of this Policy relates to Andurand Capital’s approach to ESG as a firm.

2.0 Responsible Investment Policy

2.1 Overview

For the purposes of Andurand Capital's ESG Policy, the following Financial Products managed by Andurand Capital are referred to as the "**Andurand Legacy Funds**":

- Andurand Commodities Master Fund, including Andurand Commodities Fund and Andurand Commodities Fund L.P.;
- Andurand Commodities Discretionary Master Fund, including Andurand Commodities Discretionary Fund, Andurand Commodities Discretionary Fund L.P., Andurand Commodities Discretionary Enhanced Fund, and Andurand Commodities Discretionary Enhanced Fund L.P. ;
- Andurand Carbon Master Fund, including Andurand Carbon Fund and Andurand Carbon Fund L.P.;
- Andurand UCITS ICAV; and
- the Managed Accounts.

Andurand Climate and Energy Transition Master Fund, including Andurand Climate and Energy Transition Fund and Andurand Climate and Energy Transition Fund LP are collectively referred to as "**ACETF**". **ACETF collectively refers to Andurand Climate and Energy Transition Master Fund, Andurand Climate and Energy Fund and Andurand Climate and Energy Fund L.P. ACETF promotes certain environmental characteristics within the meaning of Article 8 of the SFDR.**

2.1.1 Definitions of ESG factors

Andurand Capital acknowledges the multiple facets of ESG and considers the following to be the broad categorization of each of the ESG elements and key terminology used throughout this Policy:

- **Environmental:** climate change, greenhouse gases, deforestation, water conservation, waste, and sustainability;
- **Social:** human rights, modern slavery, supply chains, diversity, gender pay, conflict minerals; and
- **Governance:** board diversity, board independence, disclosure, and remuneration.
- **ESG Investment:** Investment activities that identify the relationship between investments and the societies and environments in which they operate, as well as the relationship between companies and their shareholders;
- **ESG and Impact Integration:** How Andurand Capital measures, analyzes, and incorporates the risks and opportunities linked to environmental, social, and governance (ESG) drivers;
- **Screening:** How Andurand Capital constructs its investable universe determining which investments are not aligned with its core principle of investing in Energy Transition;
- **Impact Investment:** An investment which is designed to achieve a specific ESG benefit.

2.1.2 Andurand Capital's Philosophy with respect to Responsible Investment

Andurand Capital believes that ESG and sustainability trends and the energy transition are intrinsically linked. The same competitive and regulatory pressures that drive the energy transition will also open businesses to competition on social and governance drivers.

Within the context of ACETF's investment strategy, Andurand Capital also believes that:

- by integrating, reporting, and reviewing its investments on ESG criteria as outlined in this Policy, it can best manage its clients' funds by correctly understanding the true risks inherent in its investments.
- properly understanding, measuring, reporting, and considering climate is a risk factor, on the same level of traditional risk measurements such as Value at Risk ("VaR") and/ or volatility metrics.

2.1.3 Responsibility for the implementation of the policy, review and updates.

Responsibility for the implementation of this policy shall rest with the Climate and Energy Transition team at Andurand Capital, with the support of the rest of the Investment team, in consultation with the Compliance and Risk Management functions.

The Climate and Energy Transition Team shall review the policy at least on an annual basis and present a revised policy to the Senior Management and Board of Directors of Andurand Capital for final review and approval.

2.2 Policy on ESG Integration

2.2.1 Adherence to Principles for Responsible Investment

As noted above, Andurand Capital believes that ESG and sustainability trends and the energy transition are intrinsically linked. The same competitive and regulatory pressures that drive the energy transition will also open businesses to competition on social, governance and broader environmental drivers. Andurand Capital considers climate a risk factor, on the same level of traditional risk measurements.

Particularly with respect to ACETF, Andurand Capital's approach is to analyze, integrate, monitor and report how the fund's portfolio is performing on relevant ESG and sustainability metrics. Although broader sustainability and ESG metrics shall be considered, particular focus is given to the environmental pillar (E in ESG)¹.

2.2.2 Policy on exclusions, rationale, exclusion criteria and screening process

Pursuant to the SFDR, "**Sustainability Risk**" means an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment.

The definition of Sustainability Risk embeds a materiality test i.e. it must be capable of having a *material* negative impact on the value of the investment. Therefore, while all portfolios are likely to be subject to some sustainability risk, the question is whether or not the risk is such that the value of the investment could be materially negatively impacted by an environmental, social or governance event.

For instance, transition risk i.e. the risk of a decrease in the value of investments in fossil fuel providers because of a switch to low-carbon energy, may be captured by the definition of Sustainability Risk.

2.2.2.1 Andurand Climate and Energy Transition Fund

ACETF's investment universe comprises (i) carbon assets and soft commodities subject to both the direct physical and the reflexive policy impact of climate change, (ii) commodity derivatives, and (iii) listed equities, as further detailed in its Private Placement Memorandum. ACETF does not trade oil or coal commodities. Furthermore, going forward, ACETF:

- will only be positioned long or flat in the carbon markets it invests in.
- will hold a smaller number of names in the portfolio (10-15) in order to have higher conviction in, and lower churn of, the investments made.

ACETF will always remain net long its investable universe. Additionally, ACETF will also never invest nor will it derive revenue or have exposure to companies that produce palm oil, weapons, tobacco, adult entertainment or provide gambling services.

¹ We also conduct an in-depth analysis of the carbon intensity of the ACET Fund twice a year using the carbon-footprinting methodology we first set out in our document *Carbon Footprinting and Portfolio Decarbonization*, March 2023

Also with respect to ACETF, Andurand Capital:

- shall seek to integrate ESG considerations into its research, asset selection, and trade design process;
- shall conduct analysis at both the company level, as well as the sovereign level;
- on at least a quarterly basis, shall assess companies in ACETF's portfolios on their social and governance metrics as provided by external vendors. Although Andurand Capital does not believe that external vendors currently provide the highest level of ESG benchmarking, it believes that these ratings provide its Investment Team with actionable insight into the risks inherent in ACETF's investments;
- shall adopt an integration approach that spans the entirety of its investment process, including asset identification, asset selection, as well as portfolio management.

From a governance perspective, with respect to ACETF, Andurand Capital:

- established the ACET Investment Committee ("ACET IC") in September 2023, whose purpose is to review, evaluate, and provide recommendations concerning investment proposals submitted by members within ACMLLP's Investment Team. The ACET IC is responsible for conducting due diligence on each proposal, including risk assessment and ESG evaluations.
- shall report on ESG metrics periodically, as further detailed below in Section 2.2.4:
- has established relevant reporting frameworks with respect to internal reporting, including quarterly updates to ACML's Board of Directors, and frequent and ongoing liaison with the internal Risk Management and Compliance functions, as well as weekly updates to the ACET IC.

2.2.2.2 Andurand Legacy Funds

Andurand Capital has based its assessment on the below considerations and the materiality test mentioned above:

- the overall investment objective, strategy and portfolio composition of the Andurand Legacy Funds; and
- its fundamentally driven investment strategy that allows it to express its market views (long/short) in different forms;

Andurand Capital has therefore determined that transition risk does not have a material negative bearing on the value of the Andurand Legacy Funds.

At the time of reviewing this Policy therefore, Andurand Capital has determined that Sustainability Risk is not relevant for the Andurand Legacy Funds in view of the inherent nature of the underlying investments and the investment objective and strategy of the said Financial Products.

Nevertheless, Andurand Capital is committed to adopting and implementing responsible investment principles in a manner that is consistent with its fiduciary responsibilities to clients. This document therefore also sets out Andurand Capital's firm level approach to the management of environmental, social and governance ("ESG") issues in its operations at the firm level, including the principles that Andurand Capital aspires to. The policy is supported by a set of procedures that have been or are being implemented in order to integrate these principles into Andurand Capital's activities.

2.2.3 ESG screening: ESG criteria & factors analysed, process & analysis

In view of the considerations outlined above, this section with respect to ESG screening is primarily applicable to ACETF.

Andurand Capital combines quantitative and qualitative techniques for ESG and sustainability analysis. For this analysis, Andurand Capital primarily uses commercially available modelling to access company level risk and form its thesis generation (whilst noting the limitations of third-party platforms).

ESG analysis is integrated throughout Andurand Capital's investment process, namely within its (i) universe selection; (ii) fundamental analysis gating process; and (iii) continuous assessment.

2.2.4 Reporting and Disclosure

2.2.4.1 Andurand Climate and Energy Transition Fund

In addition to the statutory disclosures with respect to ACETF (including its Private Placement Memorandum and the applicable pre-contractual disclosures, and its Annual Financial Statements including its periodical disclosures), , Andurand Capital shall provide:

- Monthly monitoring (reviewing and updating, as applicable) and reporting on ESG scores using third-party analytics (at score-quartile level);
- Quarterly Sustainability Report: including material ESG metrics, market commentary, votes taken and company interactions.
- Bi-Annually, Andurand Capital's portfolio carbon intensity report is reviewed and updated accordingly, when applicable: this includes equities, commodities, and carbon exposures².

2.2.4.2 Andurand Legacy Funds

With respect to the Andurand Legacy Funds, Andurand Capital shall make the relevant disclosures pursuant to the SFDR, in addition to Andurand Capital's regular investor reporting, which includes monthly investor newsletters including *inter alia* performance updates and market commentary, and data factsheets.

² Andurand Capital tracks ACETF's portfolio emissions daily and reports these monthly. Information on Andurand Capital's portfolio carbon-footprinting methodology can be found in the *Carbon Footprinting and Portfolio Decarbonization* report from March 2023.

2.3 Shareholder Engagement and Stewardship

The Andurand Legacy Funds do not typically invest in external investee companies, and therefore Andurand Capital’s Shareholder Engagement Policy as summarized below shall only apply to ACETF.

2.3.1 Engagement goals and standards

Andurand Capital shall seek to engage in active ownership of the investee companies in which ACETF shall invest.

2.3.2 Engagement process

- **Voting Rights:** Andurand Capital believes in working with investee companies to adopt an increasingly progressive view on climate. As a relatively small market player, Andurand Capital shall seek industry expertise to guide its views at a company level and will therefore seek to exercise its voting rights in investee companies according to the Children’s Investment Fund “Say on Climate”³ initiative in cases where they provide guidance on such an investment;
- **Company Engagement:** Andurand Capital believes engagement is an important tool in understanding investee companies and in managing investment risk, and shall therefore integrate shareholder engagement as part of its investment strategy in relation to ACETF. Andurand Capital has therefore adopted an Engagement Policy, details of which shall be made publicly available on Andurand Capital’s website pursuant to the Second Shareholder Rights Directive.

2.3.3 Policy on proxy voting

Andurand’s proxy voting procedures and record keeping are overseen by Andurand’s Operations Team who will refer, where appropriate, to the Climate and Energy Transition Investments Team for voting decisions.

Andurand’s proxy voting policies and procedures are designed to ensure that it votes proxies in the best interests of its clients. It is not Andurand Capital’s policy to automatically support the Board of investee companies particularly where having entered into dialogue with a company an issue has not been satisfactorily resolved and it is felt not to be in the best interests of its clients.

A record of all voting instructions is maintained whether in person or via proxy. Andurand Capital shall not *publicly* disclose voting records due to client confidentiality reasons, however relevant information in relation to Andurand Capital’s engagement will be included in the Quarterly Sustainability Report .

As noted above, pursuant to its ESG Policy, Andurand Capital shall vote shareholder resolutions according to the “Say on Climate” initiative in cases where they provide guidance on such an investment.

³ www.sayonclimate.org

3.0 Management Company Policy

Andurand Capital strives to be a socially responsible company and therefore aims to integrate sustainability in its business strategy and management.

3.1 Overview

3.1.1 The firm's approach to implementing ESG practices in its business

Andurand Capital is committed to adhering to sound ESG practices as further detailed hereunder and becoming a greener manager.

From an investment management perspective, Andurand Capital has established the ACET Investment Committee (the “**ACET IC**”), whose purpose is to review, evaluate, and provide recommendations concerning investment proposals submitted by members within ACMLLP's Investment Team. The ACET IC is composed of two Co-Portfolio Managers, who act as the voting members. The ACET IC may call on or invite other individuals as Observers or Participants for its meetings, for example Investment Analysts, the Risk Manager, the Compliance Officer, or others.

3.1.2 Responsibility for the policy, review and updates

As noted above, responsibility for the implementation of this policy primarily rests with the Climate and Energy Transition team at Andurand Capital, with the support of the rest of the Investment team, in consultation with the Compliance and Risk Management functions.

The Climate and Energy Transition Team shall review the policy at least on an annual basis and present a revised policy to the ACET IC and Andurand Capital's Senior Management for final review and approval.

The governing bodies of Andurand Capital shall review and approve this policy. Any further updates to this policy will also be subject to their review.

3.2 Environmental factors

Andurand Capital is committed to making a positive environmental contribution as a firm, and is currently considering measures that may be implemented in this regard, including but not limited to, reducing its carbon footprint by optimizing its energy, gas and water consumption, and opting for more carbon-efficient travel arrangements.

Andurand Capital operates in virtually paperless offices, with paper documents used being properly shredded and recycled. Other office waste is separated for the necessary processing and recycling. Andurand Capital aims to buy renewably sourced energy from the energy provider, where it is possible.

Andurand Capital, well-known in energy discussions, actively promotes climate change mitigation strategies in energy discussions publicly in the press and social media.

3.3 Social factors

Andurand Capital's senior management and employees aim to support local charities and social events.

Andurand Capital also:

- ✓ provides competitive employment conditions, a safe and healthy workplace, promotes employee satisfaction and healthy lifestyle by encouraging all employees to spend time developing their fitness;
- ✓ promotes and provides support (both financially and special leave) to its employees to further their academic qualifications;
- ✓ strives for diversity within its workforce;
- ✓ provides equal opportunities and protection against any discrimination; and
- ✓ considers child and forced labour as unacceptable.

3.4 Governance factors

3.4.1 Governance and succession planning

Andurand Capital has always believed in having a strong governance set-up and has therefore dedicated sufficient resources to creating a robust corporate governance structure.

ACML's Board of Directors is composed of five members, with a majority of independent members, all of whom are well-seasoned professionals in the financial services industry and include the Company's Chief Investment Officer and Chief Operations Officer. ACMLLP's investment business is supervised by a Senior Manager, with another Senior Manager responsible for the compliance and money laundering functions of the company.

Andurand Capital has implemented a delegation framework, whereby part of the day-to-day portfolio function is delegated by ACML to ACMLLP, with ACML retaining a monitoring program over such delegation. In addition to an ever-growing Investment Team composed of highly-qualified and experienced investment professionals, Andurand Capital has also established independent risk management and compliance functions, an Operations team, an Investor Relations team, as well as a finance and administrative teams to assist with the Companies' operations and running.

Risk mitigation has been established in the event of the loss of key staff. Senior Management are required to take into account succession planning.

3.4.2 Staff Remuneration

ACML is required to have remuneration policies and practices in place for identified staff whose professional activities have a material impact on the risk profiles of the company or of the Alternative Investment Funds⁴ ("AIFs") it manages.

⁴ As defined in the AIFMD

The remuneration policies and practices are consistent with and promote sound and effective risk management. Risk taking, which is inconsistent with the risk profiles, rules or instruments of incorporation of the AIFs they manage, will not be encouraged.

ACMLLP is required to have a Remuneration Policy, which assesses its remuneration structure in line with the Remuneration Code Principles. ACMLLP is required to make a public disclosure of certain aspects of this remuneration structure.

3.4.3 Transparency

Andurand Capital has various transparency obligations pursuant to its regulatory regime, including disclosures prior to investment, regular/ periodic disclosures, publication of an Annual Audited Report, event driven disclosures, and reporting obligations to competent authorities.

3.4.4 Whistleblowing

Andurand Capital has established appropriate procedures setting out a process for raising concerns internally and the disclosure of reportable concerns and provides guidance on options for raising concerns externally.

Andurand Capital's policies define a reportable concern as a concern held by any person in relation to the activities of the companies, including:

- a) anything that would be the subject matter of a protected disclosure, including breaches of rules;
- b) a breach of the Companies' Policies; and
- c) behaviour that harms or is likely to harm the reputation or financial well-being of the Companies.

Andurand Capital therefore has in place appropriate procedures to enable any employee that has reasonable grounds for suspecting that market abuse, fraud or malpractice within the Companies has occurred or may occur, to report their suspicions confidentially without concerns about victimisation or dismissal.

3.4.5 Business continuity and data security

Andurand Capital's senior management⁵ must assume responsibility for the companies' arrangements on matters that may interest the FCA, MFSA, NFA/CFTC and the SEC. Andurand Capital must take reasonable care to organise and control such affairs responsibly and effectively with adequate risk management systems in place. With respect to ACMLLP, Senior Management Arrangements, Systems and Controls ("SYSC") is a framework for the orderly management of a regulated business and requires the firm to identify contingency and business continuity plans to ensure ability to operate on an ongoing basis and limit losses in the event of severe business disruption.

⁵ Senior Management in this context refers to the Board of Directors in the case of ACML and the designated Senior Managers in the case of ACMLLP.

Andurand Capital has implemented a Business Continuity Plan (“BCP”) that exists to ensure that the firms are able to continue with their normal day-to-day operations in the event of a breakdown in systems, disablement of building/office and/or a temporary or permanent loss of power and to ensure the restoration and recovery of all necessary records. The BCP applies to all Andurand Capital personnel.

The BCP includes contingency arrangements for the recovery from an event affecting business continuity and also preventative actions to minimise the likelihood of the occurrence of such an event.

This BCP will be reviewed, updated and tested at least annually.

3.4.6 Conduct risk

3.4.6.1 Pre-vetting and background screening of staff

Andurand Capital is required to employ staff with the skills, knowledge and expertise necessary for the discharge of the responsibilities allocated to them.

Andurand Capital assesses the suitability of anyone who acts for it, including independent contractors and agents. This includes undertaking an honesty and competence assessment at the point of hire, taking into account the level of responsibility the individual will assume within Andurand Capital.

Andurand Capital will generally follow an appropriate interview, vetting and reference verification process, including regulatory references where appropriate, undertaken by a third-party background screening company.

Staff members’ honesty and competence is also assessed on an ongoing basis, in line with the Senior Management and Certification regime for ACMLLP and the MFSA rules with respect to ACML.

3.4.6.2 Conflicts of interest policies

Andurand Capital has a fiduciary duty to manage conflicts of interest fairly and in the best interests of its clients, both between the firms (including members of staff) and its clients as well as between one client and another client. These potential or actual conflicts are addressed in policies outlining how Andurand Capital conducts itself on behalf of its clients, including via the maintenance of a Conflicts of Interest Policy and Involvements Register.

Andurand Capital must ensure that clients are not adversely affected by potential or actual conflicts and shall take all appropriate steps to identify and to prevent or manage conflicts of interest to avoid a material risk of damage to the interests of its clients. If Andurand Capital’s arrangements to manage a potential conflict of interest are not sufficient to ensure with reasonable confidence that the risk of damage to the interests of a client will be prevented, Andurand Capital will disclose in writing the conflict and the steps taken to mitigate it to the client, prior to undertaking business for them. The disclosure will provide sufficient detail to enable that client to take an informed decision with respect to the service. Disclosure of conflicts of interest is treated as a measure of last resort.

3.4.6.3 Segregation of functions and senior manager oversight

Pursuant to the independence requirements emanating from the AIFMD, Andurand Capital has designated a clear and appropriate apportionment of prescribed responsibilities among senior management so that the allocation of responsibilities is clear and the business and the affairs of the Firm can be adequately monitored and controlled by the senior management. This allocation will be reviewed annually or more frequently if circumstances change.

Andurand Capital maintains decision-making procedures and adequate internal control mechanisms designed to secure compliance with decisions and procedures at all levels of the firm. Andurand Capital maintains effective internal reporting and communication of information at all relevant levels of the firms and maintains systems and procedures that are adequate to safeguard the security, integrity and confidentiality of information.

Andurand Capital maintains up to date organisational charts and in the case of ACMLLP, each senior manager has a statement of responsibility detailing the apportionment of the prescribed responsibilities to satisfy the SYSC requirements under the Senior Management regime.

3.4.6.4 Anti-bullying and harassment policies

Andurand Capital has a zero-tolerance policy for any form of bullying, discrimination or harassment.

3.4.6.5 Procedures on financial crime and market abuse prevention

Andurand Capital is required to establish, implement and maintain adequate policies and procedures designed to detect any risk of failure by the companies to comply with their obligations under the relevant AML/CFT regulatory framework. Andurand Capital is therefore required to put in place adequate measures and procedures designed to minimize such risk and to enable the competent authorities to exercise their powers effectively.

Amongst other obligations, Andurand Capital has a legal requirement to implement and has therefore put in place the following:

1. Procedures on internal control, risk assessment, risk management, compliance management and communications;
2. Customer Due Diligence measures and ongoing monitoring;
3. Suspicious Transactions Reporting procedures (both internal and external);
4. Initial and On-going training and awareness; and
5. Record-keeping procedures.

Furthermore, in line with the Market Abuse Regulations, Andurand Capital is prohibited from:

- a) engaging or attempting to engage in insider dealing or market manipulation;
- b) recommending or attempting to recommend that another person engages in insider dealing or inducing or attempting to induce another person to engage in insider dealing; or
- c) unlawfully disclosing or attempting to unlawfully disclose inside information.