



# ESG Policy

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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 as a MiFID firm. SFDR applies 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.

### 1.1 Integration of Sustainability Risk

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.

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

- the overall investment objective, strategy and portfolio composition of the Financial Products managed by Andurand Capital; 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 Financial Products under management.

**At the time of the drafting of this policy therefore, Andurand Capital has determined that Sustainability Risk is not relevant for the Financial Products under management in view of the inherent nature of the underlying investments and the investment objective and strategy of the said Financial Products, namely:**

- **Andurand Commodities Master Fund;**
- **Andurand Commodities Discretionary Master Fund;**
- **Andurand UCITS ICAV; and**
- **the Managed Accounts.**

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 sets out Andurand Capital's 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.

## 1.2 What does ESG mean for corporations?

Andurand Capital acknowledges the multiple facets of ESG and considers the following to be the broad categorization of each of the ESG elements:

- 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.

## 2.0 Andurand Capital's Approach

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

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;
- operates in virtually paperless offices, with any paper documents used being properly shredded and recycled. All other office waste is separated for the necessary processing and recycling;
- its senior management and employees aims to support local charities and social events;
- 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.

Andurand Capital is also considering the setting up of an ESG Committee, to be composed of individuals from the investment, operations, risk and compliance teams, who would be responsible for further developing and implementing the firm's ESG policy, and considering the integration of sustainability risk in the firm's investment management decision process.

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

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