

**Hartree Partners, LP**  
**Environmental Social Governance Policy**  
**June 2022**

**I. INTRODUCTION**

Hartree recognizes that society's expectations of how we explore commercial opportunities are evolving. We believe that Environmental, Social and Governance ("ESG") considerations are fundamental to creating long term value for our business, employees, the environment and society. Hartree is committed to making ethical and sustainable business decisions that reflect our core value of integrity.

We believe that maintaining the highest standards of integrity requires the integration of ESG principles and practices throughout our diverse business activities. We align ourselves with the principles-based approach to doing business outlined in the Ten Principles of the UN Global Compact: Human Rights, Labor, and Environment and Anti-Corruption. These principles enable us to manage risk in the markets, activities and jurisdictions in which we operate. ESG also allows us to protect value and ensure alignment with our stakeholder expectations. Our stakeholders include our employees, financial institutions, counterparties, suppliers and customers, and the communities which we impact.

Hartree's commitment to ESG is reflected in these key principles:

- Commitment to the environment and responsible innovation that helps meet society's demand for reliable and sustainable energy
- Respect of our people and the communities in which we operate
- Integrity, ethics and compliance in how we conduct our business activities

**II. POLICY GOVERNANCE**

Hartree is a global merchant commodities firm with a diverse activity set focused on globally traded commodities. We seek to promote ESG engagement and transparency through the policy while seeking to implement best practices. This policy applies to activities undertaken by or on behalf of Hartree and its controlled subsidiaries across the globe.

Our ESG Committee (the "Committee") is comprised of senior leaders from across the firm representing commercial, assets, and functions. Currently, the Committee is led by the Group Chief Compliance Officer. The Committee is responsible for reviewing the firm's ESG strategy and policy, recommending

policy goals and evaluating best practices. Policy goals and commitments are reviewed annually by the Committee. This group reports regularly to Hartree's senior management and Executive Committee.

### **III. OUR COMMITMENTS**

This Policy is built on the following areas that reflect existing and emerging standards of ESG:

#### **Commitment to the Environment**

Hartree recognizes the importance of protecting the planet and natural resources. We recognize that actively managing sustainability and ESG issues is fundamental to the success of our business and in creating long-term value for our stakeholders. A growing part of our business focuses on Environmental Markets, in particular carbon. This reflects our fundamental belief that markets play an important role in transitioning the world away from a predominantly fossil fuel-based economy. Additionally, we will continue to map our carbon footprint, neutralize operational emissions, and look for ways to embed carbon neutral technology in our own portfolio. Our Environmental Sustainability & Climate Policy, attached at Appendix E, outlines our ambitions across Hartree's business segments.

#### **Respect of People and Communities**

Hartree respects the human rights of our employees and the communities in which we operate. Hartree is committed to providing a workplace which is safe for our employees and all others who may be affected by our undertakings and attaining the highest achievable standards of occupational health, safety and protection of the environment where reasonably practicable. In our offices and our operating facilities adhere to all relevant OSHA and EPA standards as well as state and local requirements.

We understand that we benefit from diverse perspectives and strive to ensure that all employees are treated with dignity. Hartree fosters employee development and strives for overall workplace engagement. Importantly, as reflected in our Code of Conduct, we expect our employees will not engage in or tolerate unethical or unlawful workplace conduct, including discrimination, intimidation or harassment.

Outside of our offices and operations, in the communities with which Hartree interacts, we are committed to protecting human rights and engaging responsibly with counterparties and suppliers.

#### **Integrity, Ethics & Compliance**

Integrity is embedded within Hartree's culture. Hartree is committed to maintaining the highest ethical and legal standards and conducting business in compliance with all applicable laws and regulations wherever we operate. We seek to apply the highest recognized standards across our global activities

when managing risks and opportunities that touch business conduct areas such as fraud, corruption, bribery, fiduciary responsibilities, and other behavior that may have an ethical component. Our robust AML requirements set out in our KYC process are applied globally and ensure a high standard of rigor in our due diligence processes. Adherence to the expectations set out in our FCPA and UK Anti-Bribery Statement is required of all our employees.

We apply the highest global standard across our businesses in regards to our Anti-Money Laundering policies and adhere to strict policies that prohibit bribery and other improper payments to public officials consistent with the laws in which we operate.

#### **IV. Current Policy Goals**

Hartree is committed to the on-going development of policies which reflect our key ESG principles. Our current ambitions include:

- Implementing our Environmental Sustainability & Climate Policy
- Updating our Avoidance of Modern Slavery policy
- Aligning our global portfolio of activities under a global Code of Conduct

## APPENDIX E

### ENVIRONMENTAL SUSTAINABILITY & CLIMATE POLICY

#### I. INTRODUCTION

Hartree Partners LP (“Hartree”) has established this Environmental & Climate Policy effective June 2022, in recognition of the importance of protecting the planet and natural resources and as part of our global commitment to Environmental and Social Governance (ESG).

Hartree supports the Paris Agreement and the goal of keeping global warming under 1.5° Celsius. A growing part of our business focuses on supporting the energy transition and environmental markets, in particular carbon. In addition to addressing emissions in our own operations, we believe there is a significant contribution to be made through the creation of environmental markets as a new asset class supporting the reduction of global emissions and increasing ambition to combat climate change. We have traded renewable fuels and environmental credits since 2011 and continue to leverage our 25 years of experience in physical and financial commodities as an active market developer in the trading of new environmental products such as carbon.

In line with these beliefs and principles, we have set the following firm-wide sustainability goals:

- Measure and neutralise all operational emissions (Scope 1 and 2) on an annual basis
- Regularly review and avoid increase in the carbon intensity of our operations; identify any actions that can further reduce our footprint on an ongoing basis
- Implement an internal carbon price that will be factored into our investment processes to support firm-wide emissions reductions and sustainable business decision-making
- Support the creation of environmental markets that will transition society and economies to net-zero emissions in line with the Paris Agreement

This policy outlines how our businesses align with and will achieve these goals.

#### II. ENVIRONMENTAL MANAGEMENT AND RISK

We are committed to managing our impact on the environment and mitigating risk in line with sectoral best practices and our corporate values of integrity, commitment to ESG, and contribution towards a sustainable energy transition.

##### A. Corporate Responsibility and Future Environmental Commitments

All of our owned and operated facilities comply with local, regional, and federal regulation on emissions standards. We calculate our operational Scope 1 and 2 emissions on an annual basis and will engage with stakeholders in the commodity trading sector to identify the best practice methodologies for Scope 3 measurement from 2023 onwards.

We are committed to neutralising all operational emissions on an annual basis. We will increase our use of carbon removals over time, and in 2022 invest in proprietary projects which will remove enough carbon to cover our operational footprint annually by 2028.

### **B. Internal Carbon Pricing Scheme**

Effective July 2022, we will set an internal price on carbon to actively manage our emissions and evaluate every investment we make against its climate change impact. The internal carbon price will be set relevant to global regulatory carbon prices and asset location and will not be lower than any market references. This will help us prioritise investments that accelerate the transition to a lower-carbon energy system and decarbonise our own business emissions more rapidly and effectively.

Our Environmental Products desk works across the business to support the creation of internal marginal abatement cost curves and drive carbon-informed decision making, as well as regularly re-assess the internal price against global policy changes and requirements. This showcases our commitment to the market principles we believe are core to driving global decarbonisation.

## **IV. OUR BUSINESS**

Hartree is a global merchant commodities firm. We specialise in energy but have diverse interests ranging from merchant trading, refining, transportation, and storage of energy-related products to renewable power and environmental credits. We continue to expand our business including the establishment of several environmentally focused ventures in line with our commitment to a sustainable energy transition.

### **A. Renewable Energy & Power**

Hartree actively trades natural gas, power (electricity), and biofuels. We also make strategic investments into physical energy assets, including two peaking power plants in the UK which provide supplementary power when there is peak demand from the electricity grid. We face environmental exposure through partial ownership of these plants in the UK, which are covered by the EU Emissions Trading Scheme (ETS).

Our deep understanding of underlying energy markets positions us to become a leader in decarbonising the energy mix. According to the International Energy Agency (IEA), almost 90% of global electricity generation in 2050 will need to come from renewable sources to achieve net zero emissions<sup>1</sup> – versus 29% today<sup>2</sup>. Our power and renewables trading are expanding to help meet this demand, and we have made significant investments into shaping the future of sustainable energy through several cutting-edge ventures.

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<sup>1</sup> IEA Net Zero by 2050 Report (November 2021)

<sup>2</sup> IEA Global Energy Review 2021

- AMPYR Solar Europe (ASE): joint venture with AGP Group and NaGa solar to develop a portfolio of at least 4GW of solar projects in the United Kingdom, Netherlands, and Germany.
- Hartree Solutions: an energy efficiency and industrial power service company that invests in, installs, and operates on-site energy generation to free customers from the complexities and capital constraints of renewable energy.
- Biofuels: We are investing in the development of advanced biofuels from non-food-based feedstocks, in line with growing demand for fossil fuel phase-out, reduced emissions footprints, and the EU Circular Economy Action Plan.

We continue to seek strategic partnership and investment opportunities with entities focused on growing battery technology and other solutions required to facilitate the energy transition.

## **B. Environmental Products**

The Environmental Products desk was formed in 2015 to trade carbon in both the compliance and voluntary markets. Emissions trading schemes have proven effective because they definitively cap greenhouse gas emissions, creating scarcity for the ability to pollute. This provides economic incentive for emitters to reduce their future environmental liabilities and invest into low-carbon innovations. Our Environmental Products team helps businesses understand these tradeoffs between the cost of abating in their own operations versus compensating via the use of carbon credits.

Carbon markets can provide an important part of the solution to the climate crisis as they catalyse innovation and drive emissions reduction at the lowest cost to society. Allowances and credits represent significant market opportunities for investors in the short-, mid- and long-term. By supporting and enabling participation in carbon markets, Hartree helps clients hedge against future climate risks, diversify their portfolios, and ultimately have a positive environmental impact while contributing to carbon emission reduction targets. We have made a significant investment in this space through Vertree.

- Vertree: a joint venture and partnership platform for net zero solutions. Through this platform we partner with a variety of stakeholders to catalyse private sector investment into nature-based solutions and offer the highest quality carbon reduction and removal credits for companies needing to address their unavoidable emissions.

Vertree works with businesses to:

- Understand environmental impacts and the trade-offs between abating versus compensating
- Develop strategies to decarbonise in line with the Paris Agreement and climate science
- Prevent, reduce, or eliminate sources of emissions within value chains
- Deliver high-quality verified emissions reductions and carbon removals
- Source, managing, and finance exclusive, high-quality projects in partnership with leading developers

Investing in nature-based solutions through verified carbon credits is the only viable solution currently available at sufficient scale to impact net global emissions. This venture aims to develop the market for carbon by providing capital and risk mitigation to ensure future supply of high-quality, nature-based verified emissions reduction credits. Hartree is committed to continue scaling these types of solutions and leveraging our trade, finance, and risk management expertise to promote development of a transparent, liquid global market for carbon.