

## **Aquantum Group Guidelines for Sustainability and Responsible Investing**

Munich/Luxembourg | Latest update: January 2020

---

## **Our Company - our Approach to ESG**

Aquantum is an institutional asset manager and developer of systematic trading strategies. Our main focus is on trading seasonally recurring inefficiencies in international commodity markets caused by human behavior. The name Aquantum is derived from the components "Aqua" and "Quantum". "Aqua" stands for liquidity and transparency, "Quantum" for purely quantitative trading principles. The primary goal of our strategies is to generate absolute returns in a large number of different market phases.

We are of the opinion that it is mandatory for an internationally oriented financial portfolio manager to take sustainability criteria into account in strategy development and operational business. In addition, we are of the opinion that the systematic considerations of ecological and social criteria as well as questions of good corporate governance are necessary for the implementation of adequate and up-to-date risk management.

By signing the United Nations Principles for Responsible Investment (PRI) in (...), we aim to contribute to the development of a more solid and sustainable financial system. We regard the consideration of sustainability criteria in the entire value chain of an asset manager as a sensible investment in the future.

These guidelines describe our principles for the systematic and integrated consideration of

- ecological criteria ("environment"),
  - social aspects ("social") and
  - questions of responsible corporate management ("governance")
- together "ESG criteria".

As a provider of quantitative trading strategies, which are largely implemented with the help of derivatives in the commodities sector, we are aware of the major long-term challenges this step presents. We remain aware that the signing of the United Nations PRI is not a non-binding declaration of intent, but a tangible undertaking to consider ESG criteria. We therefore seek, in particular through close cooperation with UN representatives, to adequately analyze, define, professionalize and take into account the environmental and social impacts associated with our trading approach and the instruments used, and to promote an international improvement in the understanding and recognition of ESG criteria in these areas.

## **Consideration of Sustainability Criteria in Corporate Strategy and Operations**

Compliance with all relevant legal regulations and administrative requirements is a mandatory matter for us. Where necessary, these are specified in concrete terms in our own internal sets of rules and regulations and formulated as instructions to employees. Relevant standards with indeterminate legal terms are critically questioned and interpreted in accordance with both ethical and social standards. The relevant legal regulations, administrative guidelines and Aquantum's internal rules and regulations form the basis for responsible actions and accountability on the part of every employee.

We are committed to the Universal Declaration of Human Rights as established by the United Nations. We do not work with companies or institutions that we know violate fundamental human rights. Ensuring and supporting legal equality regardless of gender, age, race, religion or sexual orientation is also a matter of principle for us.

In addition, we are committed to responsible corporate governance and a sustainable human resources policy. We strive for long-term employee retention and advancement. The remuneration system of the Aquantum Group is therefore made up of fixed and variable components and is based, among other things, on the sustainable economic success of the company.

As far as possible, Aquantum also applies high standards to its own handling and managing of resources and sustainability. We optimize our energy consumption by renting buildings or parts of buildings that have been developed under the guiding principle of sustainability and resource efficiency (Green Building certification), constantly try to reduce the volume of business travel through video and telephone conference technology and take environmental compatibility and regional origin into account when selecting products and services.

### **Consideration of Sustainability Risks in the Risk Strategy**

Sustainability risks are events or conditions in the areas of environment, social affairs or corporate governance (collectively "ESG risks"), the occurrence of which may have actual or potential negative effects on the net assets, financial position, results of operations and reputation of a company. Climate-related sustainability risks can take the form of physical and transition risks. Physical risks can arise in connection with individual extreme weather events as well as long-term changes in climatic and ecological conditions. Transition risks result from the transition to a low-carbon economy. Political measures can lead to an increase and/or shortage of fossil fuels or to high additional investment costs.

Ignorance of ESG risks can also lead to considerable reputational damage for companies.

Aquantum takes into account possible ESG risks in its risk strategy that are relevant to the company's strategy and pursues an additional risk-based approach to identifying, managing and controlling sustainability risks as part of its existing risk management.

### **Consideration of Sustainability Criteria in the Investment Process**

As a quantitative asset manager, Aquantum incorporates ESG criteria as far as possible into both the analysis process and model and strategy design. When implementing sustainability goals, we are guided by the PRI of the United Nations, taking into account the requirements and goals of our investors. The focus here is on taking into account and preserving the long-term interests of our customers and maintaining a high degree of transparency.

By making significant use of market-neutral spread trading strategies in the commodities area, we significantly reduce the risk of price influences and promote market liquidity and market integrity.

Depending on the model, we concentrate exclusively on the use of highly liquid derivative trading instruments and avoid the use of products with low market depth. Physical commodities are not traded.

The use of trading instruments with reference to certain companies in the weapons, gambling, alcohol, tobacco and other industries or with reference to countries with certain systemic political and social problems such as human rights violations or corruption is excluded.

Nevertheless, the consideration of realistically justifiable and internationally enforceable ESG criteria in investments in commodity markets appears to be a considerable challenge. For example, environmentally damaging mining or processing practices or poor working conditions are currently still often feared to be inherent and present, particularly in the extraction of raw materials. We therefore advocate an accelerated process to define internationally acceptable quality criteria and broader acceptance of the PRI standards and underline our willingness to work with other market players and exchanges to introduce standardized and highly liquid trading instruments (in particular futures contracts) referencing compliance with ESG minimum quality standards. Aquantum recognizes that only a joint initiative of international policy-makers, investors and major market players can create the necessary ESG-compliant demand and supply chain in the commodities sector. We wish to actively promote this initiative.

As a signatory to the United Nations PRI, we will report on our ESG activities in the annual PRI Transparency Report. There we present our ESG approach and current developments in terms of strategy and status of implementation.

---

### **Important Notice / Disclaimer**

This document is published for the reader's personal information only. It is strictly private and confidential and does not constitute investment, legal, tax, or other advice.

Neither the information nor the opinions made available in this document constitute an invitation, offer, or recommendation to obtain economic exposure to any of Aquantum GmbH's investment programs or financial products, nor to make any financial transaction or provide investment advice. Any investment decision relating to one of the investment programs or financial products described herein must only be based on the respective sales documents (e.g., fund prospectus, offering memorandum, PPM, term sheet, managed account agreement, and so on).

Although best efforts have been made to ensure that the information and data set out in this document are reliable, no representations or warranties are made as to its accuracy, validity, completeness, timeliness, and adequacy.

The investment programs and financial products referred to in this document may not be offered in all jurisdictions and may only be purchased by those investors entitled to do so. The information and contents in this document are not addressed to any persons or legal entities whose domicile prohibits the distribution of this information. All persons and legal entities whose domiciles are subject to a foreign jurisdiction should inform themselves about and observe these restrictions.

Where this document contains statements or information relating to projections or future economic performance, such projections are only projections and actual results may differ materially.

Past performance is not necessarily indicative of future results.

Unless otherwise specified, this document and its content are owned by Aquantum GmbH and may contain information, text, graphics, logos, or other contents registered and protected by copyright, trademarks, or other proprietary rights. No permission is granted to upload, copy, modify, send, frame, amend, or distribute any of it in any way without obtaining the prior written consent of Aquantum GmbH. If you are in doubt as to whether an item is a trademark or registered trademark of Aquantum GmbH or any of its affiliates, or if an item is subject to copyright, please contact us for clarification (email address: [contact@aquantumgroup.com](mailto:contact@aquantumgroup.com)).