

As part of a global reflection on the impact of its investments, Chahine Capital has decided to adopt a responsible approach in the choice of its investments.

It is essential to us at Chahine Capital to align the interests of investors with the general interests of civil society. It was therefore important to us to integrate ESG concerns into our investment processes, so that the notion of long-term investment is in line with respect for the future generations.

Chahine Capital is a UNPRI signatory.

The following funds were granted the LuxFLAG ESG label: Digital Funds Stars Europe, Digital Funds Stars Europe Ex-UK, Digital Funds Stars Europe Smaller Companies and Digital Stars US Equities.

### **1. Governance:**

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Chahine Capital's management committee, composed of the CEO, the CIO and the head of risk and compliance, defines the ESG policy. It is implemented by the investment team, integrated into the application of the quantitative models and applied to all investments in the "Digital Stars" portfolios. Its strict application is monitored daily by the risk management.

### **2. Norm-based and sectors exclusions:**

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First, we have decided at a corporate-level to exclude certain sectors and practices from our entire range of funds.

Thus, we have banned investment in companies active in the production of weapons, including of course cluster bombs, anti-personnel mines and companies involved in nuclear weapons maintenance ("Don't bank on the bomb").

Chahine Capital has also decided not to invest in companies whose income from coal mining activities (thermal coal, metallurgical coal, coke) exceeds 30% of total revenue. In addition, companies engaged in the production of tobacco are also excluded.

Finally, we do not invest in companies which are found to be in breach of fundamental ethical standards (violation of individual rights, non-respect of human rights, severe environmental damage, etc.).

Moreover, the overall exposure of the "Digital Stars" sub-funds to the gambling sector (casinos, lotteries, etc.) is limited to a maximum of 5% of their assets.

### **3. Controversies monitoring and risk control:**

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We have supplemented our existing daily-risk policy with a component related to ESG. Indeed, business conduct risks related to human rights, labour, the environment and corruption can result in risks to a company's reputation and finances, and therefore in a risk for the final investor.

Thus, we exclude companies with a high level of controversy (levels defined in our ESG Risk Control procedure, available on demand). We use the external RepRisk database for this purpose.

In addition, companies whose operations violate UNGC (United Nations Global Compact) principles are excluded.

#### 4. SRI voting policy:

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J.Chahine Capital has set up with ISS as a partner an SRI voting policy. We therefore vote at all shareholders' meetings of the companies held in the Digital Funds and apply by default the SRI voting recommendations provided by ISS research.

#### 5. Objectives:

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Chahine Capital has set ambitious ESG objectives and hopes to contribute to the UN Sustainable Development Goals.

## SUSTAINABLE DEVELOPMENT GOALS

The measures previously mentioned above are expected to have an impact on the achievement of 6 of them:

**3** GOOD HEALTH AND WELL-BEING



**7** AFFORDABLE AND CLEAN ENERGY



**8** DECENT WORK AND ECONOMIC GROWTH



**9** INDUSTRY, INNOVATION AND INFRASTRUCTURE



**13** CLIMATE ACTION



**16** PEACE, JUSTICE AND STRONG INSTITUTIONS



#### 6. Reporting - Transparency:

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An ESG activity report is produced every quarter and contains:

- the list of excluded companies and the detailed reasons for their exclusion.
- the average RRI of each fund and each benchmark, for comparison.
- the distribution of RepRisk ratings of each fund and each benchmark, for comparison.

This report is available on the website of the management company at this page:

<https://www.chahinecapital.com/responsible-investment/?lang=en>

A report on the exercise of voting rights is also produced every quarter.

This report is also available on the website of the management company at this page:

<https://www.chahinecapital.com/responsible-investment/?lang=en>