

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 since 2019 and is committed to the 6 principles.

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 Funds Stars US Equities.

### **1. Governance:**

---

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:**

---

We have decided at a corporate-level to exclude certain sectors and practices from our entire range of funds, and not to invest in companies facing one of the following cases:

- the company is active in the production of weapons. This includes non-conventional weapons, such as cluster bombs, anti-personnel mines, biological or chemical weapons, and nuclear weapons (production and maintenance). And this includes also conventional weapon (war material);
- the revenue from coal mining activities (thermal coal, metallurgical coal, coke) exceeds 10% of total turnover or its production exceeds 20 million tons per year;
- the coal-fired electricity generation represents more than 10% of turnover, or the generation capacity exceeds 10,000 MW;
- nuclear-based power generation exceeds 5% of turnover;
- the company is a tobacco producer;
- tobacco distribution represents more than 20% of total turnover;
- the activity related to adult entertainment (pornography) represents more than 5% of turnover.

We do not invest in companies which are found to be in breach of fundamental ethical standards (e.g. the UN Global Compact principles), such as violation of individual rights, non-respect of human rights, severe environmental damage, etc.

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:**

---

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.

#### 4. SRI voting policy:

---

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.

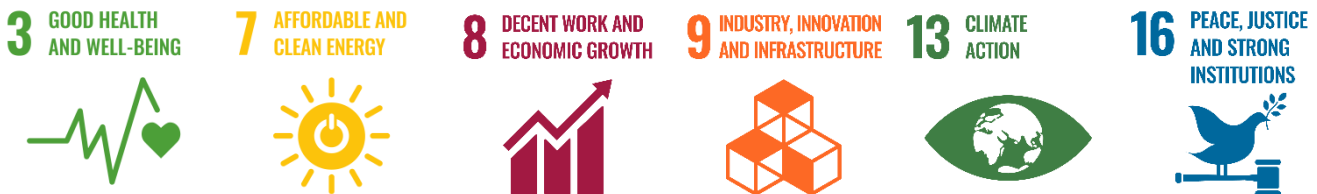
#### 5. Objectives:

---

Chahine Capital has set ambitious ESG objectives and wants 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:



#### 6. Reporting - Transparency:

---

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 RRI (RepRisk Index) is a quantitative measure that dynamically captures a company's reputational risk related to ESG issues.
- the distribution of RepRisk ratings of each fund and each benchmark, for comparison.

This report is available on our website at this page: <https://www.chahinecapital.com/responsible-investment/?lang=en>

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

This report is also available on our website at this page: