



## 1 – Introduction

We have decided at a corporate-level to exclude certain sectors and practices from our entire range of long-only funds.

Thus, we exclude, according to norm-based criteria:

- Companies that manufacture or distribute anti-personnel mines from all of our portfolios according to the Ottawa Treaty (enforced in 1999);
- Companies that manufacture or distribute cluster munitions from all of our portfolios in accordance with the Convention on Cluster Munitions (enforced in 2010);
- Companies that do not comply with fundamental ethical standards (UN Global Compact), such as violation of individual rights, non-respect of human rights, major environmental damage, etc;
- Companies domiciled in controversial “Call to Action” jurisdictions (e.g. Iran and North Korea) identified by the Financial Action Task Force.

We do not invest in companies breaching fundamental ethical standards (violation of individual rights, non-respect of human rights, severe environmental damage, etc.), including companies whose operations or suppliers violate the 10 principles of the UNGC (United Nations Global Compact). We rely on the exclusion list established by Norges Bank, on RepRisk’s UNGC Violator Flag and FactSet.

### **Weapons sector**

We also have banned investment in companies active in the production, sales and distribution of non-conventional weapons such as cluster bombs, anti-personnel mines and nuclear weapons. If production, sale or distribution of conventional weapons (war material usually considered less controversial) represents more than 5% of revenues, we do not invest in the company.

### **Energy sector**

Chahine Capital has also decided not to invest in companies whose income from coal mining activities (thermal coal, metallurgical coal, and coke) exceeds 10% of their total revenue. Companies whose coal-fired electricity generation represents more than 10% of turnover (or the production capacity exceeds 10,000 MW) or production, sale or distribution of nuclear-based power generation exceeds 5% of turnover are excluded. This includes uranium extraction, uranium concentration, refining, conversion and enrichment, the production of nuclear fuel structures, construction and use of nuclear reactors. It also includes treatment of spent nuclear fuel, nuclear decommissioning and radioactive waste management.

Moreover, in energy sector, if the sum of activities related to unconventional oil and gas, such as oil sands extraction, shale oil, shale gas and Arctic drilling represents more than 5% of revenues.

### **Tobacco sector**

In addition, companies involved in traditional or related tobacco (such as tobacco e-cigarettes, new generation tobacco/nicotine products) production, tobacco sale or distribution for more than 5% of their turnover are excluded.

### **Biodiversity sector**

Companies whose production of pesticides, palm oil or genetically modified organisms (GMOs) represents more than 5% of their total revenue are also excluded.

### **Other sectors**

Companies with income from activities related to the following sectors are excluded:

- Gambling exceeding 5% of sales
- Alcohol representing more than 20% of the turnover
- Non-medicinal drugs exceeding 5% of the turnover
- Adult entertainment (pornography) representing more than 5% of turnover

We have supplemented our existing daily-risk policy with a component related to ESG controversies. Indeed, business conduct risks related to human rights, labour, environment and corruption can result in risks to company reputation and profits, and therefore in a risk borne by 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.



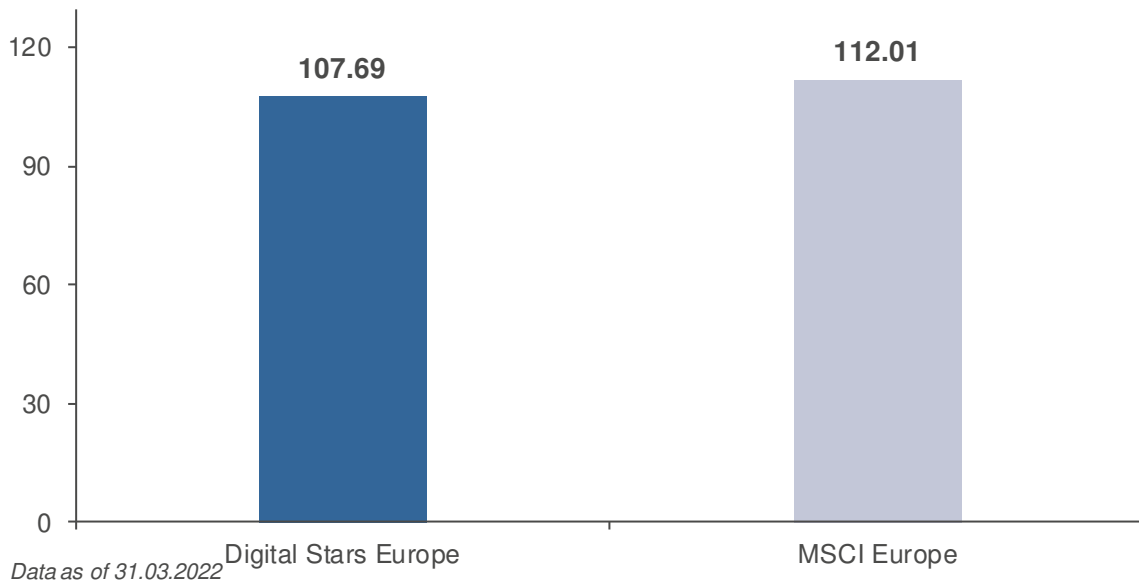
Finally, we have set up an SRI voting policy and signed the United Nations Principles for Responsible Investment (UNPRI).

## 2 – Environmental performance

### A. Carbon footprint

The carbon footprint of the portfolio is the total carbon emission (scope 1 and scope 2) of the portfolio divided by the portfolio's assets. It is expressed in tons of carbon per million Euros invested.

#### Carbon footprint



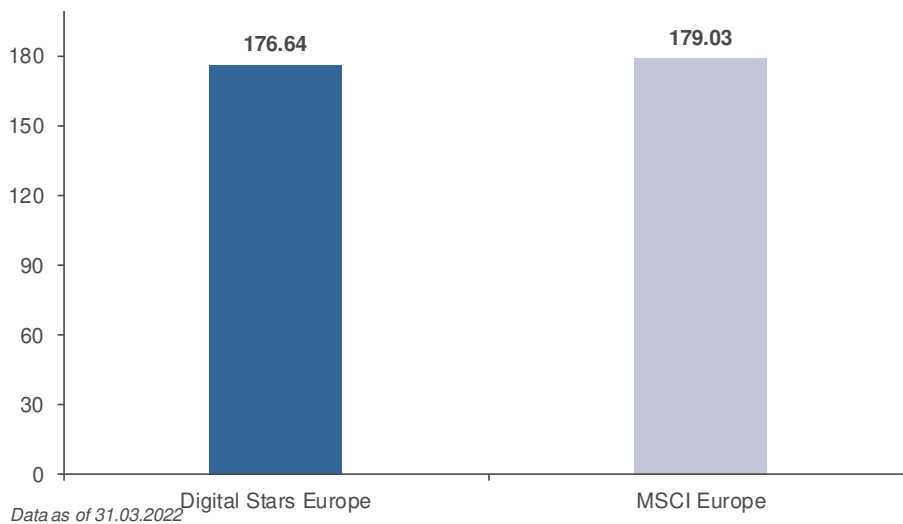
For this indicator, 88% of the portfolio is covered against 97% for the index. Constituents weights were normalised (rebased at 100%) to take into account the partial coverage of the portfolio and/or the benchmark.

Sources: Sustainalytics (carbon footprint scope 1 and scope 2), FactSet (market capitalisation)

### B. Carbon intensity

The carbon intensity of the portfolio measures the portfolio's exposure to the most carbon-intensive companies. This indicator is expressed in tons of carbon per million Euros of turnover.

#### Carbon intensity



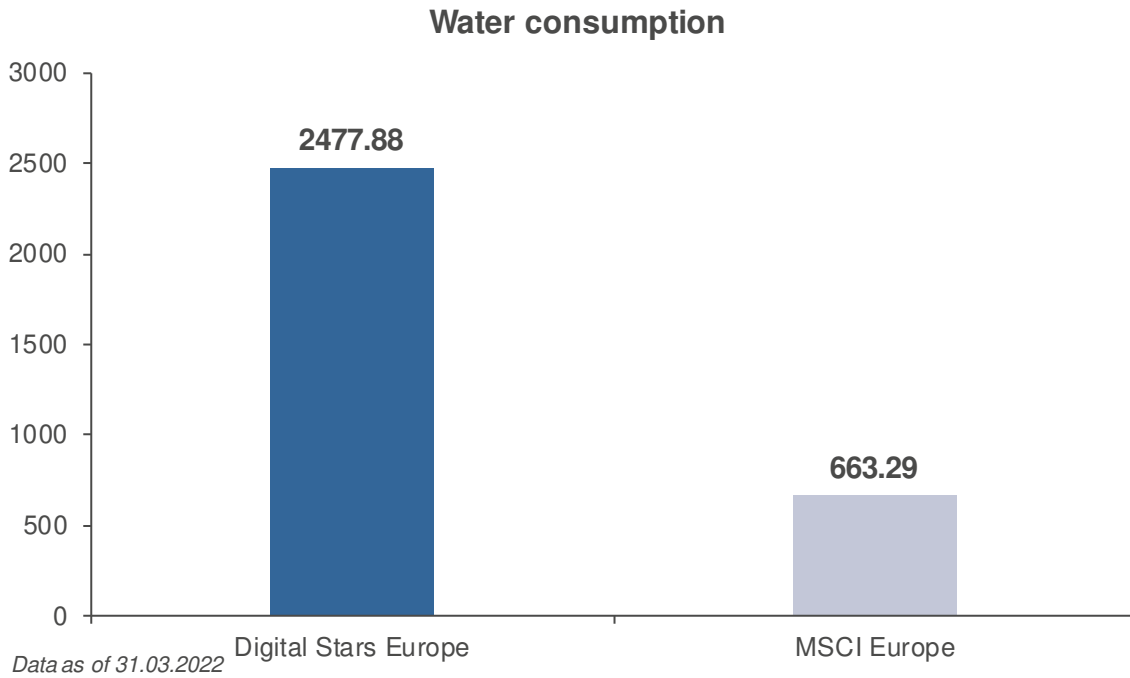


For this indicator, 88% of the portfolio is covered against 97% for the index. Constituents weights were normalised (rebased at 100%) to take into account the partial coverage of the portfolio and/or the benchmark.

Source: Sustainalytics (carbon footprint scope 1 and scope 2), FactSet (turnover)

### C. Water consumption

Water consumption is the total volume of water withdrawn and consumed by a company for its own purposes and not returned to the source from where it was withdrawn.



For this indicator, 94% of the portfolio is covered against 99% for the index. Constituents weights were normalised (rebased at 100%) to take into account the partial coverage of the portfolio and/or the benchmark.

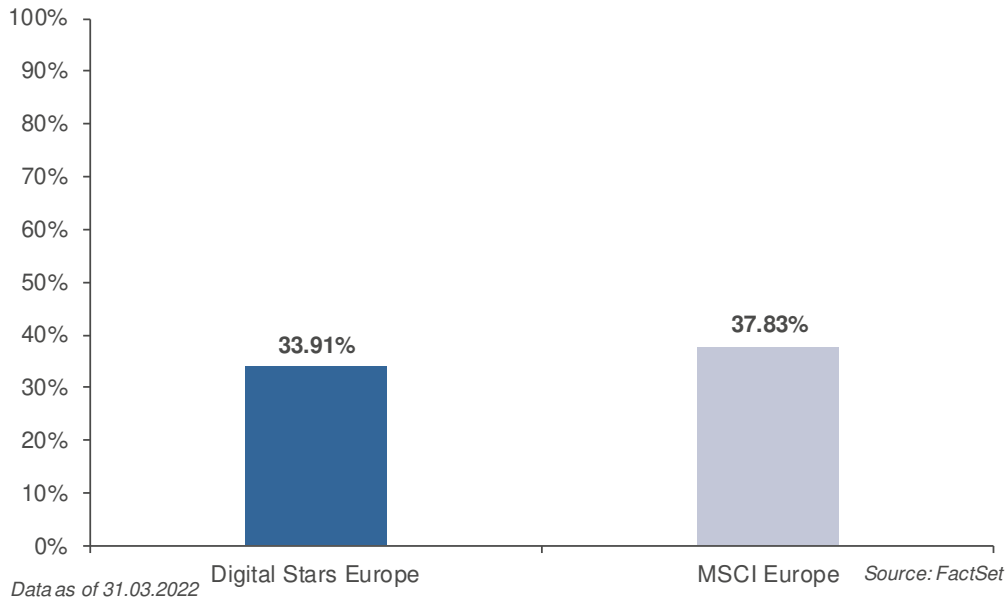
Source : Sustainalytics, FactSet

## 3 – Social performance

### A. Women on board



**% Women on board**

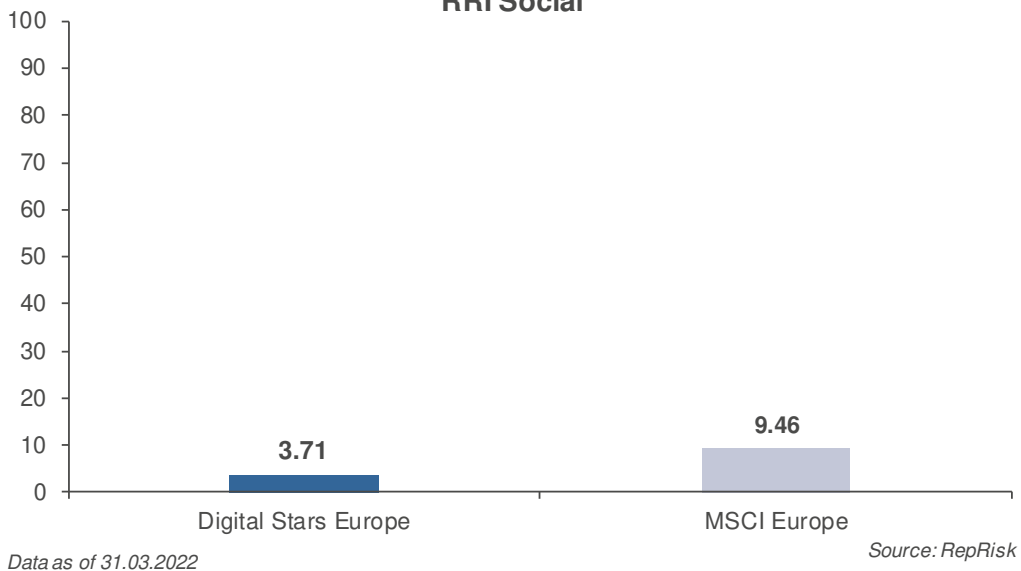


For this indicator, 97% of the portfolio is covered against 100% for the index. Constituents weights were normalised (rebased at 100%) to take into account the partial coverage of the portfolio and/or the benchmark.

**B. RRI social – measuring the importance of social controversies**

This indicator measures the reputational risk of a company related to social issues based on its controversies. The closer this indicator is to 100, the higher the risk. For more details, see glossary.

**RRI Social**



For this indicator, 97% of the portfolio is covered against 99.8% for the index. Constituents weights were normalised (rebased at 100%) to take into account the partial coverage of the portfolio and/or the benchmark.

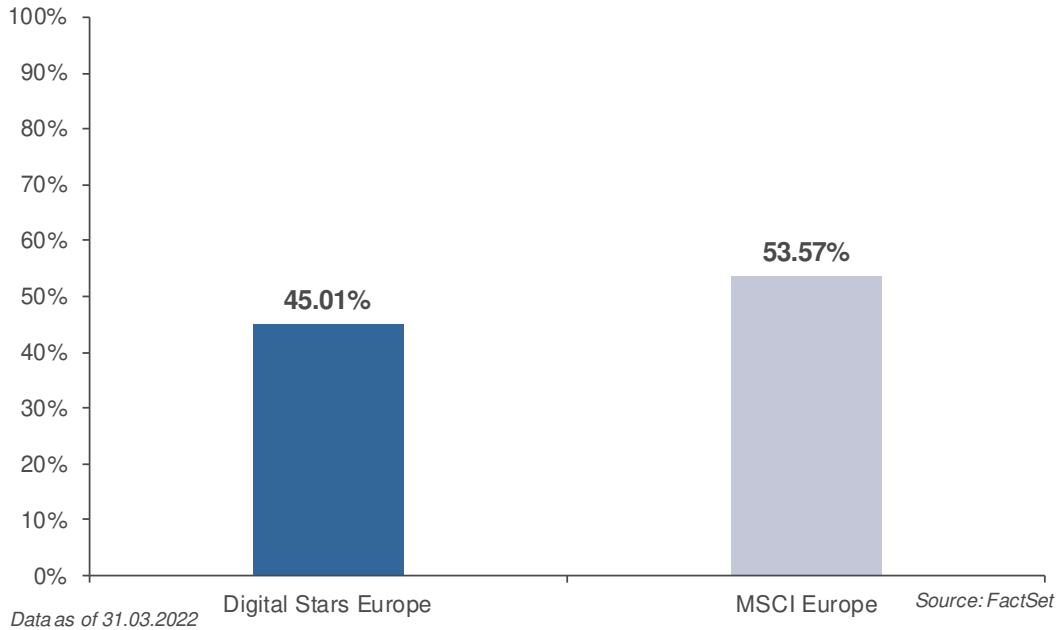
**4 – Governance performance**

**A. Board independence**

This indicator measures the number of independent directors in the overall number of directors.



**% Board independence**

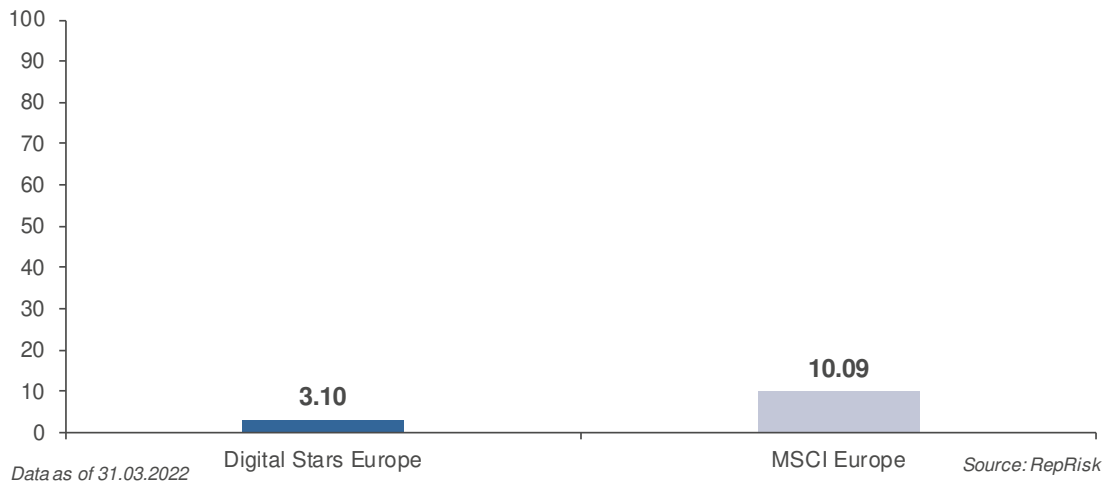


For this indicator, 97% of the portfolio is covered against 100% for the index. Constituents weights were normalised (rebased at 100%) to take into account the partial coverage of the portfolio and/or the benchmark.

**B. RRI governance**

This indicator measures the reputational risk of a company related to governance issues based on its controversies. The closer this indicator is to 100, the higher the risk. For more details, see glossary.

**RRI governance**



For this indicator, 97% of the portfolio is covered against 99.8% for the index. Constituents weights were normalised (rebased at 100%) to take into account the partial coverage of the portfolio and/or the benchmark.

**5 – ESG controversies (RepRisk)**

**CURRENT RRI (REPRISK INDEX): ESG REPUTATIONAL RISK (Data as of 31/03/2022)**

This indicator measures the reputational risk of companies related to ESG controversies. It is calculated as a weighted average. The closer this indicator is to 100, the higher the risk. For more details, see glossary.

Digital Stars Europe: 10 / 100  
MSCI Europe: 28 / 100



Digital Stars Europe exhibits a weighted average RRI 64% below that of its benchmark (MSCI Europe).

**PEAK RRI: 2-YEAR PEAK ESG REPUTATIONAL RISK (Data as of 31/03/2022)**

This indicator is based on the highest RRI of companies over the last two years. It is calculated as a weighted average.

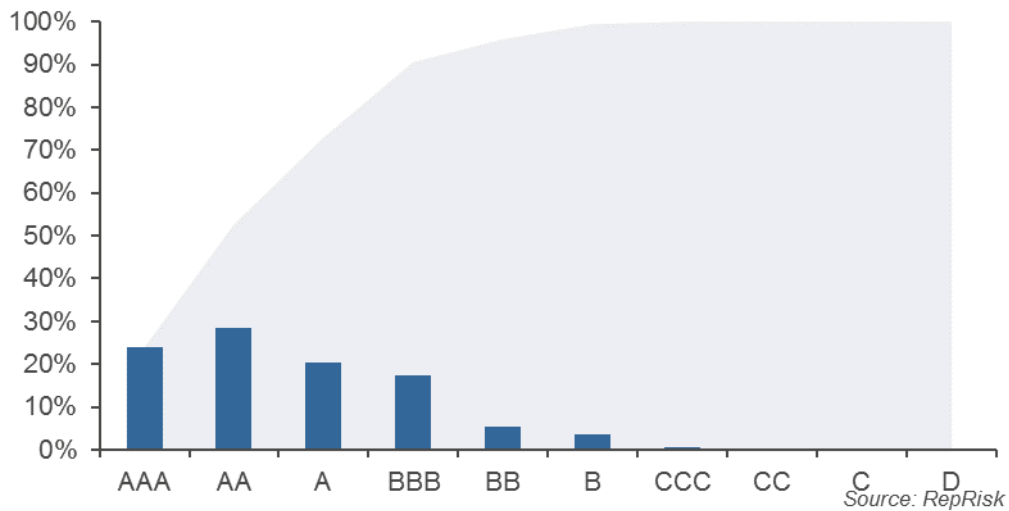
Digital Stars Europe: 18 / 100  
MSCI Europe: 39 / 100

Digital Stars Europe exhibits a weighted average 2-year Peak ESG Reputational Risk 54% below that of its benchmark (MSCI Europe).

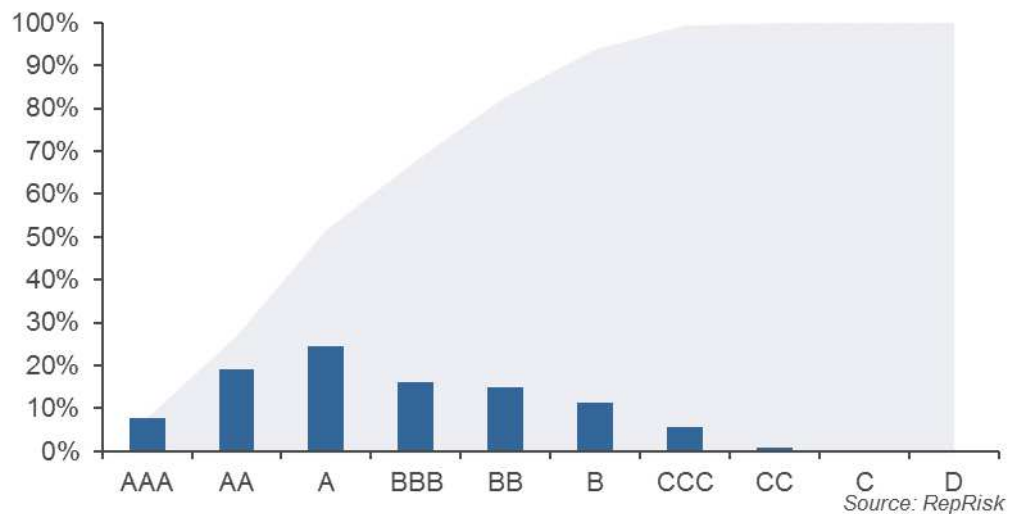
These indicators have a coverage rate, for the portfolio and for the index, of 100%.

**ESG REPRISK RATING**

**Digital Stars Europe**



**MSCI Europe**



73% of the fund stocks have an ESG RepRisk Rating AAA, AA, A, vs. 51% for the benchmark.



**6 – Excluded companies**

4 companies have been excluded during Q1 2022 in a portfolio composed of 170 stocks.

Excluded companies in Digital Stars Europe in Q1 2022 were from consumer staples, materials, energy and healthcare sectors.

Date	Fund	Stock	ISIN	Exclusion Criteria	Remark
04/01/2022	Digital Stars Europe	Marks and Spencer Group plc	GB0031274896	RRI 45>40 Recall undeclared gluten content	Sold from portfolio
04/01/2022	Digital Stars Europe	Norsk Hydro ASA	NO0005052605	Potential UNGC Violator (Environment)	Sold from portfolio
15/02/2022	Digital Stars Europe	Equinor	NO0010096985	RRI 41>40 Criticisms on Equinor's plans to develop new oil fields.	Sold from Portfolio
29/03/2022	Digital Stars Europe	GlaxoSmithKline plc	GB0009252882	RRI 42>40 bribery scandal in China and false advertising in the US	Sold from portfolio

44 companies have not been integrated in the portfolio during the latest rebalancing due to ESG criteria:



Date	Fund	Stock	ISIN	Exclusion Criteria	Remark
04/01/2022	Digital Stars Europe	Playtech plc	IM00B7S9G985	Gambling	Not integrated Price momentum
04/01/2022	Digital Stars Europe	Naturgy Energy Group, S.A.	ES0116870314	RRI 40 Carbon emission, Environment impact	Not integrated Price momentum
04/01/2022	Digital Stars Europe	Uniper SE	DE000UNSE018	Coal capacity 28%, Potential UNGC violator - Environment	Not integrated Price momentum
04/01/2022	Digital Stars Europe	Veolia Environnement SA	FR0000124141	RRI 50>40 waste mismanagement	Not integrated Price momentum
04/01/2022	Digital Stars Europe	JENOPTIK AG	DE000A2NB601	Military contracts 9.5%>5% (estimated)	Not integrated Price momentum
13/01/2022	Digital Stars Europe	FLEX LNG Ltd	BMG359472021	Bermuda (Tax heaven) based company	Not integrated NN Momentum
27/01/2022	Digital Stars Europe	British American Tobacco p.l.c.	GB0002875804	Tobacco	Not integrated Price Momentum
27/01/2022	Digital Stars Europe	UBS AG	CH0024899483	RRI 48>40 Tax evasion in France	Not integrated Price Momentum
27/01/2022	Digital Stars Europe	ABN AMRO Bank NV Depository receipts	NL0011540547	Potential UNGC violator (Corruption)	Not integrated Price Momentum
27/01/2022	Digital Stars Europe	Jeronimo Martins, SGPS S.A.	PTJMT0AE0001	RRI 40 Market dominance abuse	Not integrated Price Momentum
27/01/2022	Digital Stars Europe	TotalEnergies SE	FR0000120271	RRI 54>40 UNGC Violator (Environment)	Not integrated Price Momentum
27/01/2022	Digital Stars Europe	HSBC Holdings Plc	GB0005405286	RRI 45>40 Money laundering issues	Not integrated Price Momentum
27/01/2022	Digital Stars Europe	Tesco PLC	GB00BLGZ9862	RRI 45>40 Contaminated food recall + pooremployment conditions	Not integrated Price Momentum
27/01/2022	Digital Stars Europe	Eni S.p.A.	IT0003132476	RRI 48>40 Pollution	Not integrated Price Momentum
15/02/2022	Digital Stars Europe	UBS AG	CH0024899483	RRI 40 Tax evasion in France	Not integrated NN Momentum
15/02/2022	Digital Stars Europe	Pernod Ricard SA	FR0000120693	Alcohol	Not integrated Earnings and NN Moment
28/02/2022	Digital Stars Europe	Equinor	NO0010096985	RRI 46>40 Pollution	Not integrated Price Momentum
28/02/2022	Digital Stars Europe	Dassault Aviation SA	FR0014004L86	Weapons	Not integrated Price Momentum
28/02/2022	Digital Stars Europe	British American Tobacco p.l.c.	GB0002875804	Tobacco	Not integrated Price Momentum
28/02/2022	Digital Stars Europe	HSBC Holdings Plc	GB0005405286	RRI 45>40 Money laundering issues	Not integrated Price Momentum
28/02/2022	Digital Stars Europe	Drax Group plc	GB00B1VNSX38	Coal 15% capacity	Not integrated Price Momentum
28/02/2022	Digital Stars Europe	Rheinmetall AG	DE0007030009	Military contracting 63.4% of the business	Not integrated Price Momentum
28/02/2022	Digital Stars Europe	Shell PLC	GB00BP6MXD84	RRI 53>40 Pollution & Corruption issues	Not integrated Price Momentum
28/02/2022	Digital Stars Europe	RWE AG	DE0007037129	Coal 23% of production	Not integrated Price Momentum
28/02/2022	Digital Stars Europe	Eni S.p.A.	IT0003132476	RRI 53>40 Pollution & Corruption issues	Not integrated Price Momentum
28/02/2022	Digital Stars Europe	Glencore plc	JE00B4T3BW64	RRI 53>40 Social Issues, Pollution, Greenwashing	Not integrated Price Momentum
28/02/2022	Digital Stars Europe	BAE Systems plc	GB0002634946	Weapons	Not integrated Price Momentum
28/02/2022	Digital Stars Europe	Kongsberg Gruppen ASA	NO0003043309	Weapons	Not integrated Price Momentum
28/02/2022	Digital Stars Europe	Scandinavian Tobacco Group A/S	DK0060696300	Tobacco	Not integrated Price Momentum
15/03/2022	Digital Stars Europe	Betsson AB Class B	SE0015672282	Gambling	Not integrated Earnings Momentum
15/03/2022	Digital Stars Europe	Pernod Ricard SA	FR0000120693	Non alcohol	Not integrated Earnings and NN Moment
15/03/2022	Digital Stars Europe	Rheinmetall AG	DE0007030009	Military contracting 63.4% of the business	Not integrated NN Momentum
15/03/2022	Digital Stars Europe	Vallourec SA	FR0013506730	RRI 55>40 Socio-environmental damage in Brazil	Not integrated NN Momentum
29/03/2022	Digital Stars Europe	BAE Systems plc	GB0002634946	Weapons	Not integrated Price Momentum
29/03/2022	Digital Stars Europe	Yellow Cake Plc	JE00BF50RG45	Uranium involvement	Not integrated Price Momentum
29/03/2022	Digital Stars Europe	Rheinmetall AG	DE0007030009	Weapons	Not integrated Price Momentum
29/03/2022	Digital Stars Europe	HENSOLDT AG	DE000HAG0005	Weapons	Not integrated Price Momentum
29/03/2022	Digital Stars Europe	Saab AB Class B	SE0000112385	Weapons	Not integrated Price Momentum
29/03/2022	Digital Stars Europe	Thales SA	FR0000121329	Weapons	Not integrated Price Momentum
29/03/2022	Digital Stars Europe	Kongsberg Gruppen ASA	NO0003043309	Weapons	Not integrated Price Momentum
29/03/2022	Digital Stars Europe	Dassault Aviation SA	FR0014004L86	Weapons	Not integrated Price Momentum
29/03/2022	Digital Stars Europe	Leonardo SpA	IT0003856405	Weapons	Not integrated Price Momentum
29/03/2022	Digital Stars Europe	Equinor	NO0010096985	RRI 47>40 Pollution and buying Russian Oil & Gas	Not integrated Price Momentum
29/03/2022	Digital Stars Europe	Bayer AG	DE000BAY0017	Pesticides and RRI 52>50 Cancer due to pesticides	Not integrated Price Momentum





## 7 – Glossary

**Portfolio carbon footprint:** total CO2 emissions (scope 1 and scope 2) of the portfolio divided by the portfolio's assets. It is expressed in tons of CO2 per million euros invested.

**Portfolio carbon Intensity:** a measure of the portfolio's exposure to the most carbon-intensive companies.

**Portfolio coverage:** proportion of assets invested in a company (if available data).

**RepRisk Index (RRI):** A quantitative measure that dynamically captures a company's or project's reputational risk related to ESG issues. The RRI facilitates an initial assessment of the ESG risks associated with investments or business relationships, allows the comparison of a company's exposure with that of its peers, and helps track risk trends over time.

The RRI ranges from zero (lowest) to 100 (highest). The higher the value, the higher the risk exposure:

0-24: generally denotes low risk exposure

25-49: represents medium risk exposure

50-59: denotes high risk exposure

60-74: denotes very high risk exposure

75-100: denotes extremely high risk exposure

The RRI is broken down into:

- **RRI environmental:** reputational risk of a company to environmental issues
- **RRI social:** the reputational risk of a company to social issues
- **RRI governance:** reputational risk of a company to governance issues

**RRI Trend:** indicates the increase or decrease in RRI over the last 30 days.

**Peak RRI:** the maximum value reached by the RRI over the past two years.

**RepRisk Rating (RRR):** A letter rating that facilitates corporate benchmarking against a peer group and the sector, as well as integration of ESG and business conduct risks into business processes. The Rating provides decision support in risk management, compliance, investment management, and supplier risk assessment.

The RepRisk Rating ranges from AAA to D:

AAA, AA, A denotes low ESG risk exposure

BBB, BB, B denotes moderate ESG risk exposure

CCC, CC, C denotes high ESG risk exposure

D denotes very high ESG risk exposure

**Water consumption:** Water consumption is the total volume of water withdrawn and consumed by a company for its own purposes and not returned to the source from where it withdrew it, expressed in tons of water.