

March 2022

As a responsible investor, Chahine Capital has decided to implement a multi-level engagement policy with its various stakeholders. Access to financial and extra-financial data is crucial for Chahine Capital, a quantitative manager. Our ambition is to focus our engagement effort on data availability.

This document explains the conditions under which Chahine Capital intends to implement its engagement policy towards its various stakeholders.

1 – Engagement with extra-financial data providers

We challenge our extra-financial data providers (RepRisk and Sustainalytics) when the ESG data for some stocks is not available, when the ratings do not seem appropriate to us, or when some controversies are not taken into account quickly. We initiate a dialogue to find out the reason for this absence and the possible coverage of these stocks.

2 – Direct dialogue with companies not covered by Sustainalytics

For the management of our Digital Stars Eurozone SRI fund, we use different ESG approaches such as ESG integration and best-in-universe. To do this, we use ESG Risk Rating and Carbon Risk Rating provided by Sustainalytics. For the Eurozone, not all companies have a rating.

We have therefore decided to implement an engagement to candidate portfolio companies that are not covered by Sustainalytics. Our ESG analyst examines the extra-financial information published by the company on its website. Following this, an email is sent to the company to find out the reasons for this non-coverage and its sustainable positioning. In order to facilitate its response, an ESG engagement survey is sent to be filled in, containing different questions on the ESG/ISR communications, publications made and data related to SFDR PAI (Sustainable Finance Disclosure Regulation Principle Adverse Impacts). In addition, the company is explicitly advised that we encourage it to approach extra-financial data providers in order to improve transparency on these subjects and maximize its attractiveness to investors.

3 – Engagement with the largest emitters in the Digital Stars Eurozone portfolio

For each fund in the Digital Funds range, we publish a quarterly ESG activity report including various environmental, social and governance performance indicators. For our Digital Stars Eurozone SRI fund, we also calculate the worst contributors to the portfolio's carbon footprint and those that contribute the most to the portfolio's water consumption. We engage in dialogue with companies whose contribution to the portfolio's carbon footprint or water consumption represents more than 20% of the portfolio. We want to know what actions the company is taking on the environmental indicator to which it contributes the most.

We also engage in a dialogue with portfolio holdings for which RepRisk has spotted more than 30 incidents linked to human rights.

4 – Engagement with market players

We participate in joint initiatives through the Principles for Responsible Investment (PRI), the world's leading promoters of responsible investment, and the FIR - Forum pour l'Investissement Responsable (French SIF - Sustainable Investment Forum). One of our areas of engagement through these collaborative initiatives is with fossil fuel companies.

5 – Specific engagement with fossil fuel companies in the Digital Stars Eurozone fund

Regarding fossil fuel companies, a systematic and direct engagement is to be made with those held in the Digital Stars Eurozone fund in order to discuss their sustainable positioning.

An engagement follow-up is available upon request for all completed engagements. We plan to publish an engagement report in late 2022.