



CHAHINE CAPITAL
PERFORMANCE ENGINEERING

Corporate Social Responsibility (CSR) Report 2021 – 2022



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1. OVERVIEW OF CHAHINE CAPITAL

Chahine Capital is an independent investment management headquartered in Luxembourg and a pioneer in quantitative long-only equity Momentum strategies in Europe. The Digital Funds SICAV, which was launched in 1998, has been among the best performers within the industry for more than 20 years, delivering a significant and persistent alpha.

Chahine Capital's investment team of expert engineers, Portfolio Managers and Researchers develop proprietary algorithmic models to identify stocks that will outperform the market.

1 team of recognised experts

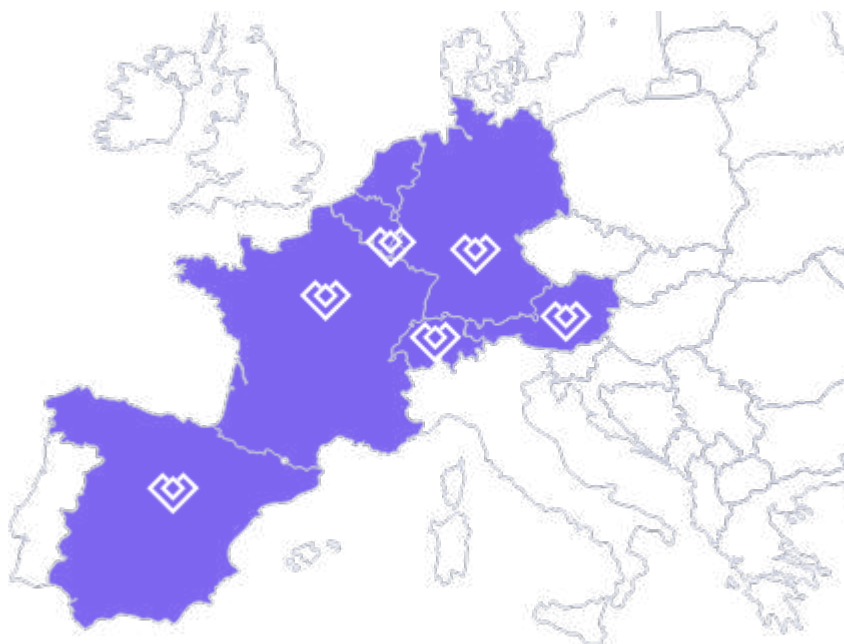
3 countries

23 years of track record

1,6 billion of assets under management as of 31 March 2022.

20 employees (6 women, 14 men)

Our locations



2. EDITORIAL

«Combining performance with meaning in our investment solutions»



In the context of climate emergency and an ongoing unprecedented health crisis, social, environmental and economic concerns are now key priorities for everyone.

More than ever aware of these issues and the importance of investing in line with the respect of future generations, Chahine Capital has set itself a goal: combining performance with meaning in our investment approach.

At the same time, we have decided to initiate a CSR (Corporate Social Responsibility) initiative in 2021, based on three axes - Committing to our clients for more sustainable investments, adopting a positive approach towards society and protecting our Planet.

With the aim of meeting our clients' expectations, we have been strengthening our investment philosophy in order to be a responsible player that takes into account environmental, social and governance considerations. We have also moved our voting policy towards an SRI (Socially Responsible Investment) voting policy through proxy voting with the support of our partner ISS Governance. Finally, we have been intensifying the labelling process of our funds, being granted the LuxFLAG ESG or SRI labels for most of our portfolios. We also obtained the French SRI label and the Belgian SRI label «Towards Sustainability» for the Digital Stars Eurozone fund.

In addition to this commitment, Chahine Capital has been strongly involved in financing socially useful projects. Based on this view, we have chosen two non-profit organisations whose actions in favour of the most disadvantaged ones are recognised and serve the general interest: the Simplon Foundation Endowment Fund and the Musée du Louvre Endowment Fund.

Moreover, Chahine Capital has assessed the impact of its activity on climate using the carbon footprint methodology developed by ADEME (Agency for ecological transition). The aim is first to be aware of the impact of our activities on the climate, and to act accordingly to reduce our carbon footprint.

Each of our actions and ambitions are detailed in this report in order to help build tomorrow's world together.

Charles Lacroix – CEO, Chahine Capital

3. Highlights of 2021 - 2022

MARCH 2021

- Organisation of a semi-annual client «e-conference». The objective is to provide an update on strategy, portfolio positioning, macroeconomic environment and company updates.

The aim of these e-conferences is to limit the organisation of in situ client conferences as they were regularly held before Covid. These events are inherently more energy intensive than online conferences. Aware of the importance of implementing a hybrid format, we will henceforth alternate between e-conferences and in situ conferences in order to reduce our environmental impact while maintaining a close relationship with our clients.



JUNE 2021

- Providing a best practice guide to each employee in order to encourage them to adopt sustainable practices and to reduce the negative impact on environment.
- Installation of a water filter to provide employees with quality water and ban single-use plastic. Distribution of water bottles and mugs.

SEPTEMBER 2021

- Organisation of the 2nd semi-annual client e-conference.
- Organisation of a school supplies collection by SNCF staff on lines L and A in support of the Restos du Cœur.



OCTOBER 2021

- Organisation of an internal working seminar in Luxembourg to strengthen team spirit.

DECEMBER 2021

- Deployment of the new graphic identity on different materials (presentations, brochures, social networks) and highlighting our responsible approach.



 RÉPUBLIQUE FRANÇAISE

APRIL 2022

- Launch of our new website, entirely redesigned and rebranded with our new visual identity. An ESG and CSR section has been developed.



MARCH 2022

- Organisation of another client semi-annual e-conference.
- Obtaining the French SRI Label for the Digital Stars Eurozone fund (after obtaining the LuxFLAG ESG Label for four other funds in 2019).
- Dematerialisation of payslips. Pay slips are now accessible via the eDocPerso solution.
- Deployment of electronic signatures to reduce printing and facilitate exchanges within a secure framework.
- Membership of the Forum for Responsible Investment.



JULY 2022

- Move of the Paris office to more spacious, functional and energy efficient premises.
- Obtaining the Belgian SRI label «Towards Sustainability» for the Digital Stars Eurozone fund.



4. OUR CSR APPROACH

Chahine Capital's CSR approach is based on three commitments:

1 - Committing to our clients for more responsible investments



- Key dates
- Governance
- Exclusion policy
- Dialogue and transparency

2 - Adopting a positive approach towards society



- Philanthropy
- Solidarity actions
- A committed purchasing policy

3 - Protecting our planet



- Sensitizing
- Recycling
- Reducing our paper consumption
- Changing the way we interact each other

4.1 - COMMITTING TO OUR CLIENTS FOR MORE RESPONSIBLE INVESTMENTS

In order to support more responsible finance, Chahine Capital integrates environmental, social and governance criteria into its investment processes to offer investors more sustainable investment solutions.

Key dates



2019

Chahine Capital becomes a UN PRI signatory and obtains LuxFLAG ESG label for four of its funds (Digital Stars Europe, Digital Stars Europe Ex-UK, Digital Stars Europe Smaller Companies, Digital Stars US Equities).



2022

Digital Stars Eurozone obtains the French SRI Label and the Belgian SRI label «Towards Sustainability». Chahine Capital is also a member of the Forum for Responsible Investment (FIR, FrenchSIF), a member of Eurosif, the European association for the promotion of sustainability through the European financial markets.

Governance

The ESG policy is implemented by the investment team and integrated into quantitative models in order to be implemented in all “Digital Stars” portfolios. The Risk management team monitors on a daily basis the compliance of the funds with the responsible investment policy.

The Chahine Capital’s executive committee, composed of its CEO, CIO and Head of Risk and Compliance, defines the ESG policy.

Exclusion policy

Norm-based and sector exclusions, ESG controversies

Chahine Capital is committed to excluding :

- Companies involved in weapons, coal mining activities, unconventional oil and gas, tobacco, alcohol, gambling, non-medicinal drugs, pornography, pesticides, palm oil and GMOs;
- Companies that violate any of the 10 principles of the United Nations Global Compact (UNGC);
- The most controversial companies, according to RepRisk's ESG indicators.

Dialogue and transparency

SRI voting policy

An SRI voting policy has been set up within Chahine Capital. We therefore vote at shareholders' meetings and apply by default the SRI voting recommendations provided by our partner ISS Governance.

The detailed SRI voting policy is available on our website:

<https://chahinecapital.com/en/responsible-investment/>

Engagement policy

As quantitative investor, accessing to reliable, granular and comprehensive data is crucial for Chahine Capital. We therefore seek to improve the availability of ESG data, on the companies in our investment universe. For stocks not covered by Sustainalytics and RepRisk, Chahine Capital is approaching these data providers and the companies concerned to encourage them to provide the necessary sustainability information.

The detailed engagement policy is available on our website:

<https://chahinecapital.com/en/responsible-investment/>



4.2 ADOPTING A POSITIVE APPROACH TOWARDS SOCIETY

In 2021, we have chosen to support two non-profit organisations whose actions in favour of disadvantaged people are recognised and serve general interest. The Simplon Foundation Endowment Fund and the Louvre Museum Endowment Fund.

Philanthropy



Created in 2019, the Simplon Foundation Endowment Fund promotes digital solidarity, inclusiveness and eco-responsibility in the service of mankind and nature, with a non-profit and general interest goal. It aims to strengthen the positive impacts of digital technologies, useful to people and virtuous for the environment, in France and internationally.

Among these different programs, we support in particular two initiatives related to digital technology that are in line with the DNA of Chahine Capital:

The “Education of women in technical digital jobs” project

Currently, only 15% of women hold positions in technical jobs. The objective of this project is to work towards the feminization of the workforce by educating women who are far from employment.

The “Emergency Scholarship Solidarity Fund”

Its aim is to provide occasional assistance to students in extremely precarious situations so that they can continue their training. These difficulties in coping with daily expenses (housing, mobility, health, food, etc.) are major barriers to the continuation of their training and their access to employment.



fonds de dotation

Created in 2009, this endowment fund aims to provide long-term support for the Louvre's public interest missions: to promote access to culture, to ensure the restoration, study, and enrichment of national collections, to fight against exclusion, and to implement educational initiatives, etc.

We are contributing to this fund, which aims at bringing the Musée du Louvre closer to people who are geographically or socially distant from culture.

Solidarity actions

In order to go further in our approach, we have also initiated solidarity actions to support the associative sector:



LES RESTAURANTS DU CŒUR

In September 2021, Chahine Capital employees took part in a charity initiative for Les Restos du Cœur. Organised by the SNCF Transilien teams in Paris-Montparnasse, this donation was used to support needy pupils and students in order to help them have a more relaxed start to the school year.



LAURETTE FUGAIN

A container was made available to Parisian employees to collect plastic caps for the benefit of the Laurette Fugain association in the fight against leukaemia.

A committed purchasing policy

Chahine Capital has chosen Antilope for the purchase of office supplies – a company promoting professional integration of people with disabilities.

For the purchase of coffee beans, Chahine Capital will go to Café Joyeux, a charity association with the purpose of training and employing people with cognitive disabilities such as Down syndrome or autism.





4.3 PROTECTING OUR PLANET

Aware of the environmental urgency and our role to play, Chahine Capital is making concrete commitments to reduce its environmental footprint.

Sensitising

A best practice guide has been provided to each employee in order to encourage them to adopt sustainable practices and to reduce the negative impact on the environment (eco-actions at the workplace, eco-actions at the office, eco-actions when travelling).

Recycling

Containers are available to employees for:

- Collecting used batteries;
- Sorting paper, cardboard and glass;
- Recycling used Covid masks into basic materials in Paris.

Chahine Capital has also decided to ban single-use plastic by installing in its offices a water fountain in Luxembourg and water filter in Paris. Each employee has also been provided with a cup and a drinking bottle.

Reducing our paper consumption

The pay slip system has been dematerialised. Thus, pay slips are available to employees via a secure digital platform.

An electronic signature solution has been implemented. As we are involved in a regulated activity requiring the signature of a large number of documents, this has enabled a significant reduction of our paper printouts.

All printers are programmed by default in black and white and in duplex format. Ink cartridges are recycled by a specialized supplier. To continue, printing is carried out on PEFC certified paper (Programme for the Endorsement of Forest Certification schemes), certifying sustainable forest management.

Changing the way we interact each other

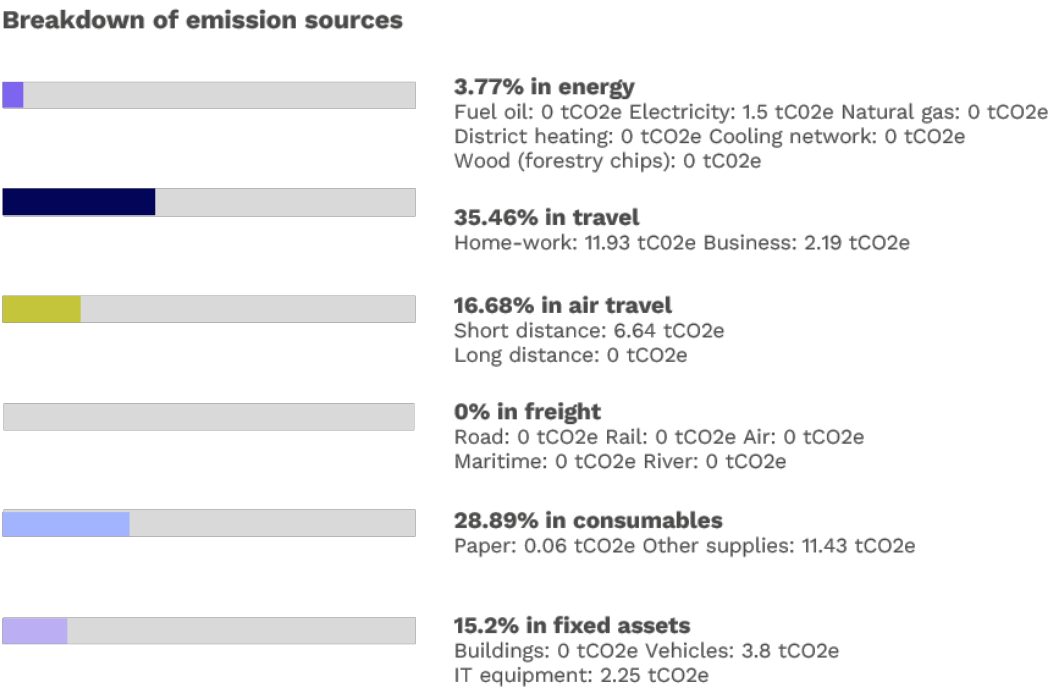
Trip limitation

Chahine Capital aims to reduce non-essential travels by favoring video and telephone conferencing, both internal and external. Whenever possible, the least polluting mode of transportation will be used.

Implementation of a low carbon strategy

Chahine Capital is committed to assessing the impact of its activity on climate using the carbon footprint methodology developed by ADEME (Agency for ecological transition). The aim is to identify actions that will reduce its environmental footprint. Then, the goal is to contribute to carbon neutrality by financing projects, with the GoodPlanet Foundation, which are commensurate with the greenhouse gas emissions that cannot be reduced.

In 2021, our emissions were approximately 39.8 tonnes of CO2 equivalent, distributed as follows:



In 2022, we will continue our commitment and will focus on less polluting transportation, which is our main source of emissions.

This year, our financial contribution benefited the following projects:

Dissemination of solar cookers

Bolivia
11.600 solar cookers installed
46.000 tonnes of CO2 avoided
46.000 beneficiaries

Recycling of household waste

Madagascar/Cameroon/Togo 78,000 tonnes of waste treated
7.400 tonnes of compost produced and marketed
36.000 tonnes of CO2 avoided

Development of new projects

Developing Countries (DC) and Least Developed Countries (LDC)
Types: Access to renewable and sustainable energy



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PERFORMANCE ENGINEERING

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