

Luxembourg, 25 May 2022

NOTICE TO SHAREHOLDERS

Dear Shareholders,

The Board of Directors wishes to inform you of the following:

1/ Restructuring within Candriam

The Board of Directors of the SICAV has been informed by the Management Company of the forthcoming restructuring within Candriam as follows:

Candriam Belgium, Avenue des Arts 58 – B-1000 Brussels (**Candriam Belgium**) and Candriam France, 40, rue Washington – F-75408 Paris Cedex 08 (**Candriam France**) will both be absorbed by their sole shareholder and parent company **Candriam Luxembourg**, a Luxembourg partnership limited by shares, with its registered office at 19-21, route d'Arlon, L-8009 Strassen and entered in the Luxembourg Trade & Companies' Registry under number B37647 (**Candriam Luxembourg**), in a Luxembourg merger by absorption in accordance with article 1021-1 (et seq.) of the law of 10 August 1915 on commercial companies, as amended (the **Merger**).

Pursuant to the Merger, Candriam Belgium and Candriam France will cease to exist and all assets and liabilities, including all contractual and other rights and obligation vis-à-vis third parties, of Candriam Belgium and Candriam France will be transferred to Candriam Luxembourg by universal succession in accordance with article 1021-17 of the Law 1915, with effect on 1st July 2022 (the **Effective Date**).

As such, from the Effective Date, the effects for the SICAV will be as follows:

- the name of Candriam Luxembourg will change to **Candriam**;
- the portfolio management duties will continue to be performed under the same conditions, directly by **Candriam** and/or by one of its branches, namely Candriam – Belgian Branch, Candriam – Succursale française, Candriam – UK Establishment (the **Branches**).

2/ Evolution of the sub-fund Candriam Sustainable Equity Children into a sub-fund classified Art. 9 of the SFDR Regulation, i.e. pursuing a sustainable investment objective

The sub-fund which was not pursuing a sustainable investment will now be classified Art. 9 of the SFDR Regulation, i.e., it will pursue a sustainable investment objective.

The sub-fund will thus aim to invest in companies of which the business activities facilitate the achievement of one or more of the United Nations' Sustainable Development Goals (SDG)' targets in particular n° 3 "Good Health & Well-being", n°4 "Quality education" and n°6 "Clean Water & Sanitation" and aims to have long-term positive impact on environment and social domains.

Implementation of the SICAV's sustainable objectives

The sub-fund will invest in a portfolio of companies where at least 50% of the weighted average revenues are linked to business activities that contribute to provide essential services (clean water, sanitation, healthcare, nutrition, etc.) and/or to provide products/services that contribute to children's development (education, financial inclusion, sports/leisure,

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etc.). These business activities facilitate the achievement of one or more of the United Nations' Sustainable Development Goals (SDG) targets in particular n° 3 "Good Health & Well-being", n°4 "Quality education" and n°6 "Clean Water & Sanitation".

The aim to have long-term positive impact on environment and social domains will be assessed by the calculation of an ESG score which results from Candriam's proprietary ESG analysis. To fulfil this sustainable objective, the sub-fund's weighted average ESG score will aim to be higher than the weighted average ESG score of the Benchmark.

The sub-fund aims to exclude companies which:

- do not meet the criteria of a normative exclusion filter that takes account of compliance with international standards concerning social, human and environmental rights and the fight against corruption, such as set out in the United Nations Global Compact and the 'OECD's Guidelines for Multinational Enterprises'. This filter aims at excluding companies that are repeatedly and materially in breach of any of these principles. Furthermore, companies that present both material and severe structural risks in terms of environmental, social and governance factors are excluded from the sub-fund, and/or;
- are significantly exposed to controversial activities (such as tobacco, armaments, thermal coal and certain other fossil fuels, etc) and to controversial child-related activities. The strategy does not allow investment in companies that manufacture, use or hold anti-personnel mines, cluster bombs, or chemical, biological, white phosphorus and depleted uranium and nuclear weapons, and/or;
- are exposed to countries considered to have a highly oppressive regime.

3/ Clarification of the investment policy of the sub-fund Candriam Sustainable Defensive Asset Allocation

The investment objective of the sub-fund Candriam Sustainable **Defensive Asset Allocation** is to have long-term positive impact on environment and social domains either by direct investment or through investments in UCITS and/or UCI.

It is clearly specified in the investment policy that where the sub-fund primarily invests in the asset classes composing the portfolio through UCITS and/or other UCI, those funds are mainly funds managed by Candriam.

As for the implementation of the SICAV's sustainable objectives, it is specified that, for investments in direct lines, for corporate issuers, the aim to have long-term positive impact on environment and social domains is currently assessed by the calculation of an ESG score which results from Candriam's proprietary ESG analysis. Only corporate issuers with a good ESG score are retained in the portfolio.

4/ Exclusion policy

For the sake of greater transparency, the wording relating to the exclusion policy of Candriam detailed in the Investment objectives section of the Prospectus is re-worded as follows:

This policy aims to exclude companies that:

- *do not meet the criteria of a normative exclusion filter that takes account of compliance with international standards concerning social, human and environmental rights and the fight against corruption, such as set out in the United Nations Global Compact and the 'OECD's Guidelines for Multinational Enterprises'. This filter aims at excluding companies that are repeatedly and materially in breach of any of these principles.*

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Furthermore, companies that present both material and severe structural risks in terms of environmental, social and governance factors are excluded from the fund; and/or

- *are significantly exposed to controversial activities linked in particular to tobacco, steam coal, weapons and the production of nonconventional oil and gas. The strategy does not invest in companies that manufacture, use or hold anti-personnel mines, cluster bombs, chemical, biological, white phosphorus, depleted uranium and nuclear weapons; and/or*
- *Are exposed to countries considered as highly oppressive regimes.*

5/ Sub-fund Candriam Sustainable Equity Europe Small & Mid Caps : use of the benchmark

The benchmark of the sub-fund Candriam Sustainable **Equity Europe Small & Mid Caps** will not be used as investment universe anymore but only for the determination of risk levels/parameters and for performance comparison.

The prospectus dated **1st July 2022**, and the key investor information documents are available free of charge from the registered office of the SICAV or may be obtained free of charge from the following address:
<https://www.candriam.lu/en/private/funds-search#>.

The Board of Directors