

Luxembourg, 3 August 2023

NOTICE TO SHAREHOLDERS

Dear Shareholders,

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

1/ Update Pre-contractual disclosure documents (PCD)

In accordance with the Management Company, the Board of Directors of the SICAV has decided to further detail the following sections of the PCDs:

- *How do sustainable investments not cause significant harm to any environmental or social sustainable investment objective?*
- *How have the indicators for adverse impacts on sustainability factors been taken into account?*
- *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?*
- *Does this financial product consider principal adverse impacts on sustainability factors?*
- *What are the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective* (details about Candriam's Level 3 SRI Exclusions Policy have been added).

The Board of Directors of the SICAV has also decided to remove:

- **except for the Sub-Fund Candriam Sustainable Equity Climate Action**, the methodology to determine the percentage of Taxonomy alignment of investments in the section *To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?*
- the reference to the Issuers that are complying with the minimum environmental and social safeguards that can be purchased for diversification purposes in the section *What investments are included under "#2 Not sustainable", what is their purpose and are there any minimum environmental or social safeguards?*

Besides, the Board of Directors has decided to add additional ESG indicators for the sub-funds as follows:

Sub-Fund	New ESG indicator added to the SFDR Annex
Candriam Sustainable Equity Children	Eligible companies need to have individual revenue/capex/orderbook exposure to the activities contributing to children's essentials and/or development above of at least 10%.
Candriam Sustainable Equity Climate Action	Eligible companies need to have individual revenue/capex/orderbook exposure to the activities contributing positively to reducing GHG of at least 10%.

CANDRIAM SUSTAINABLE

Société d'Investissement à Capital Variable governed by Luxembourg laws
(the "SICAV")

5, Allée Scheffer

L – 2520 Luxembourg

Registered with the Luxembourg Trade & Companies' Registry under number B-202950

Candriam Sustainable Equity Future Mobility	Eligible companies need to have individual revenue/capex/orderbook exposure to the activities contributing to a cleaner, safer or smarter mobility of at least 10%.
---	---

Finally, more product specific information can be found online via the following links:

<https://www.candriam.com/en/private/sfdr/>

<https://www.candriam.com/en/professional/sfdr/>

2/ Candriam Sustainable Equity Circular Economy

Following the review of the management process of the Sub-Fund Candriam Sustainable Equity Circular Economy by the Management Company, the Board of Directors of the SICAV has decided to update the Investment objective and investor profile of the Sub-Fund in the Prospectus as follows:

1. Investment objective and investor profile

The objective of the Sub-Fund is to benefit from the performance in global equities of companies that provide solutions aligned with a transition towards a circular economy. The circular economy represents an alternative to the current linear economic model ("extract, manufacture and dispose") and aims to reduce the need to extract raw materials while reducing waste generation.

This objective is implemented through a discretionary management. The selection is mainly based on the securities' financial characteristics, their contribution to the transition to the circular economy as well as the analysis of ESG aspects.

This objective is aligned with the SICAV's sustainability objective to contribute to greenhouse gas emission reduction and the objectives of the Paris Agreement. Indeed, the transition to a circular economy where the need to exploit natural resources is reduced or eliminated represents an important lever to reduce greenhouse gas emissions.

This Sub-Fund is intended for investors who wish to achieve this objective over a long investment holding period and who are aware of, understand and are able to bear the specific risks of the Sub-Fund as set out below and defined in the section entitled Risk factors in the Prospectus.

2. Investment policy

This Sub-Fund invests primarily in equities of small, mid and large cap companies providing solutions for a transition towards a circular economy. The Sub-Fund follows a structured approach to identify, assess, value and invest in such companies, whilst taking into account ESG criteria.

The Sub-Fund may hold, on an ancillary basis, the following financial instruments:

- *Securities other than those described above in accordance with Article 41 (1) of the Law of 2010 (i.e. REITS ...);*
- *Money market instruments;*
- *Deposits and/or cash;*
- *UCIs and UCITS for a maximum of 10% of assets in accordance with Article 41 (1) of the Law of 2010.*

CANDRIAM SUSTAINABLE

Société d'Investissement à Capital Variable governed by Luxembourg laws
(the "SICAV")

5, Allée Scheffer

L – 2520 Luxembourg

Registered with the Luxembourg Trade & Companies' Registry under number B-202950

The Sub-Fund may also use derivative products such as options, futures and foreign exchange transactions both for investment and hedging purposes.

Overall screening of potential circular economy related companies

The Sub-Fund implements quantitative screens relying on external data source as well as artificial intelligence to identify companies with a potential contribution to the transition to the circular economy. These companies are implementing the transition to the circular economy in a variety of ways, depending on their business sector and the circularity challenges they face.

This may involve integrating a greater proportion of biodegradable or recycled materials into their production processes, developing waste treatment solutions, enabling the extension of the lifespan of manufactured products, or reducing the need to produce new equipment by making it easier to share.

ESG screening and analysis

Companies are screened based on their ESG performance and exposure to controversial activities. The ESG analysis is the product of a methodology developed by the Management Company and detailed in the Investment Objectives section of Prospectus.

The ESG screening covers the entire portfolio of the Sub-Fund, excluding deposits, cash and index derivatives. Based on the ESG analysis and screening steps (ESG analysis, violations of the UN Global Compact, exclusion of controversial activities) listed in the Investment Objectives section, the analysed investment universe of the Sub-Fund is reduced by at least 20%, removing from it issuers with significant ESG risks.

Circularity analysis

The analysis of a company's contribution to the circular economy is based on the proprietary Circularity Analysis Model developed by Candriam (the "Model").

The Model is based on the work undertaken by the Ellen MacArthur Foundation, Oxford University and the World Business Council for Sustainable Development on the circular economy. The Model aims to offer a homogeneous analytical framework applicable to any sector of activity.

The Model is based on three pillars: Circular Commitments, Circular Results and Circular Momentum. Each pillar is analysed in detail by the management team, resulting in a score per pillar from 1 to 10. No single pillar alone can determine the degree of circularity of a company.

Considering the lack of a normative framework around the circular economy on the one hand, and the heterogeneity of circular business models on the other, the Model aims to create a body of evidence for each company to support its degree of circularity.

Financial analysis and portfolio construction

Each company is assessed through a financial framework according to five fundamental criteria:

- *quality of management,*
- *business growth,*
- *competitive advantage,*
- *value creation,*
- *financial leverage.*

CANDRIAM SUSTAINABLE

Société d'Investissement à Capital Variable governed by Luxembourg laws
(the "SICAV")

5, Allée Scheffer

L – 2520 Luxembourg

Registered with the Luxembourg Trade & Companies' Registry under number B-202950

This financial analysis framework ultimately aims to assess the risk/return trade-off of each company and to estimate its value per share. Insofar as the risks faced by a company cover both purely financial aspects and dimensions linked to so-called extra-financial practices, this analysis also takes into account ESG aspects. This is particularly the case in the assessment of management quality (integration of governance) as well as in the assessment of growth potential (analysis of the contribution to sustainable development objectives).

The strategy therefore also takes into account each company's overall contribution to the Paris Agreement objectives, and its alignment with a 2-degree global warming scenario. This alignment is not only based on carbon emissions, but includes avoided emissions, as well as a forward-looking assessment of a company's investment plans, credibility of greenhouse gas emission reduction targets and strategy.

Recently, models have been developed to assess a company's alignment with such a 2-degree scenario. These so-called sectoral decarbonization approaches define greenhouse gas emission reduction pathways for each sector, consistent with the sector's current contribution to climate change as well as the overall target.

These approaches depend both on greenhouse gas emissions data published by companies and on sectoral decarbonization models proposed by various public or private bodies. All these data lead to a quantification of the company's compatibility with a 2-degree scenario through a score per company. These scores are then aggregated at the level of the Fund and, through its own methodology, synthesized into a temperature figure.

The Sub-Fund aims to invest primarily in companies that demonstrate a positive contribution to the objectives of the Paris Agreement and therefore intends to propose a temperature figure of 2.5 degrees or less. For details on the methodology used to calculate the temperature with which the portfolio is aligned, please refer to the Transparency Code on the Candriam website, see the link under the Investment Objectives section of the Prospectus.

In line with this objective, the Sub-Fund aims to invest a higher proportion of total assets under management in high stake companies than the benchmark. The EU Climate Benchmark Regulation defines high stake companies as those belonging to one of the sectors considered to play a leading role in achieving the objectives of the Paris Agreement.

Engagement and vote

The analysis and selection process is also accompanied by active engagement, in particular through dialogue with the companies and, as a shareholder, through voting at general meetings.

The Board of Directors has further decided that the attainment of the sustainable objectives will, in addition to the other indicators already targeted, also be measured through the following complementary indicator: The eligible companies must have a circular score of at least 5 (on a scale of 0 to 10, with 10 reflecting the highest circularity). This circular score is the result of a proprietary circularity framework, which is built around three factors: circular commitment, circular results and circular momentum.

The PCD will be amended accordingly.

3/ Total Return Swaps

Following a recommendation from the Management Company, the Board of Directors has decided to permit to the following Sub-Funds to invest in Total Return Swaps (TRS) for a maximum proportion of the net assets amounting 25% and an expected proportion generally comprised between 0% and 20% of the net assets:

CANDRIAM SUSTAINABLE

Société d'Investissement à Capital Variable governed by Luxembourg laws
(the "SICAV")

5, Allée Scheffer

L – 2520 Luxembourg

Registered with the Luxembourg Trade & Companies' Registry under number B-202950

- Candriam Sustainable Bond Euro
- Candriam Sustainable Bond Euro Corporate
- Candriam Sustainable Bond Euro Short Term
- Candriam Sustainable Bond Global
- Candriam Sustainable Bond Impact

4/ Candriam Sustainable Bond Emerging Markets

The Board of Directors has decided to explicitly specify in the description of the investment policy of the Sub-Fund Candriam Sustainable Bond Emerging Markets that high yield bonds are included in the definition of debt securities. The Prospectus is redrafted as follows: *"The assets are principally invested in debt securities (bonds and other equivalent securities **including high yield bonds**)*.

5/ Maximum exposure in high yield bonds

The Board of Directors has decided to explicitly specify in the investment policy of the Sub-Funds Candriam Sustainable **Bond Euro**, Candriam Sustainable **Bond Euro Corporate**, Candriam Sustainable **Bond Global** the maximum exposure in high yield bonds as follows:

Fund Name	Max
Candriam Sustainable Bond Euro	20%
Candriam Sustainable Bond Euro Corporate	15%
Candriam Sustainable Bond Global	20%

6/ Candriam Sustainable Bond Impact

The investment policy of the Sub-Fund Candriam Sustainable Bond Impact is further detailed mentioning that based on the ESG analysis and screening steps (ESG analysis, violations of the UN Global Compact, exclusion of controversial activities) listed in the Investment Objectives section of the Prospectus, the analysed investment universe of the Sub-Fund is reduced by at least 20%, removing from it issuers with significant ESG risks.

7/ Conversion fees Sub-Fund Candriam Sustainable Money Market Euro

With effect as of 1st December 2022, the Board of Directors has decided to set up a conversion fee on the C and R2 share classes of all the sub-funds, amounting max. 2.5% of the net asset value of the share class, for the benefit of the selling agents.

This conversion fee is in fact not applicable to the Sub-Fund Candriam Sustainable Money Market Euro and shall then be removed.

8/ Issue of shares and subscription and payment procedures

The Board of Directors wishes to inform the shareholders about the following:

Fair treatment of investors

Investors participate in the Sub-Funds by subscribing into, and holding, shares of individual Share Classes. Individual shares of a single Share Class bear the same rights and obligations in order to ensure equal treatment of all investors within the same Share Class of the relevant Sub-Fund.

CANDRIAM SUSTAINABLE

Société d'Investissement à Capital Variable governed by Luxembourg laws
(the "SICAV")

5, Allée Scheffer

L – 2520 Luxembourg

Registered with the Luxembourg Trade & Companies' Registry under number B-202950

While remaining within the parameters profiling the different Share Classes of the relevant Sub-Fund, the Management Company may enter into arrangements, on the basis of objective criteria as further specified below, with individual investors or a group of investors providing for special entitlements for those investors.

Such entitlements shall be understood as being rebates on fees charged to the Share Class, or specific disclosures, and will be granted solely based on objective criteria determined by the Management Company and out of its own resources.

Objective criteria include, but are not limited to (alternatively, or cumulatively):

- the expected holding period for an investment in the Sub-Fund;
- the investor's willingness to invest during the launch phase of the Sub-Fund;
- the current or anticipated amount subscribed or to be subscribed by an investor;
- the total Asset under Management (AuM) held by an investor in the Sub-Fund or in any other product of the Management Company;
- the type of the investor (e.g. repackager, wholesaler, fund management company, asset manager, other institutional investor, or private individual);
- the fee or revenues generated by the investor with a group of, or all affiliates of the group to which the Management Company belongs.

Any investor or prospective investor within a Share Class of a given Sub-Fund which is, in the reasonable opinion of the Management Company, objectively in the same situation than another investor in the same Share Class who entered into arrangements with the Management Company is entitled to the same arrangements. In order to obtain the same treatment, any investor or prospective investor may liaise with the Management Company by addressing a request to the Management Company. The Management Company will share the relevant information on the existence and nature of such specific arrangements with the relevant investor or prospective investor, verify the information received from the latter and determine on the basis of the information made available to it (including by such investor or prospective investor) whether the latter is entitled to the same treatment or not.

9/ Candriam's commitment to support sustainability initiatives

The Board of Directors wishes to inform the shareholders that Candriam's commitment to support sustainability initiatives is evolving as follows:

Firstly, Candriam commits to set aside 10% of the net management fees (i.e. net of any rebates paid to distributors, platforms and/or clients) earned by Candriam on the Sub-Funds **Candriam Sustainable Equity Circular Economy**, **Candriam Sustainable Equity Children and Candriam Sustainable Equity Climate Action** to support sustainability initiatives. This percentage may be reviewed at Candriam's discretion and after any such change will be reflected in an updated Prospectus.

Moreover, Candriam may, each year, decides to set aside an additional discretionary amount (using a portion of the net fees earned on other Sub-Funds of the SICAV) to support sustainability initiatives.

As a consequence:

- The Prospectus is updated in its section 5. *Investment objectives / Candriam's commitment to support sustainability initiatives*.
- The Fact Sheets are updated to remove in the section *Fees and charges* the indication that "10% of the net management fees earned by Candriam are set aside to support sustainability initiatives, in accordance with the

CANDRIAM SUSTAINABLE

Société d'Investissement à Capital Variable governed by Luxembourg laws
(the "SICAV")

5, Allée Scheffer

L – 2520 Luxembourg

Registered with the Luxembourg Trade & Companies' Registry under number B-202950

section *Candriam's commitment to support sustainability initiatives* described in the *Investment objectives* chapter of the Prospectus" **EXCEPT** for the Sub-Funds **Candriam Sustainable Equity Circular Economy, Candriam Sustainable Equity Children and Candriam Sustainable Equity Climate Action.**

The above-mentioned modifications will take effect on **8 September 2023**.

The shareholders who do not agree with the proposed modifications can redeem their shares, free of charge, for a period of one month as from **7 August 2023**.

The Prospectus dated **8 September 2023**, and the key 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