

CANDRIAM BONDS

Société d'investissement à capital variable under Luxembourg law
5, Allée Scheffer
L – 2520 Luxembourg
Luxembourg Trade and Companies Register (RCS) B-30659

REGISTERED POST

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 1 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**);
- The implementation of securities lending and borrowing operations will continue to be performed under the same conditions, directly by Candriam and/or by one or more of the Branches. The securities lending and borrowing agent activities and collateral management activities will continue to be delegated to CACEIS Bank, Luxembourg Branch.

2/ Exclusion policy

In the interest of greater transparency and consistency, the first paragraph of the wording setting out the exclusions in the investment policy of all the sub-funds in the Prospectus is given more detail.

The sub-funds thus aim to exclude companies which:

- 1) fail to meet the criteria of a normative exclusion filter taking account of their environmental, social and governance practices and adherence to standards such as the United Nations Global Compact and the OECD's Guidelines for Multinational Enterprises. This filter seeks to exclude the companies which are the most seriously in breach of

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these normative principles and which present both material and severe structural risks in terms of environmental, social and governance factors; and/or

In addition, for the following sub-funds:

- Candriam Bonds **Convertible Defensive**
- Candriam Bonds **Credit Alpha**
- Candriam Bonds **Credit Opportunities**
- Candriam Bonds **Emerging Markets Total Return**
- Candriam Bonds **Total Return**

it is explicitly stated that “negative” exposures (selling) are authorised on excluded companies but not if they are exposed to controversial weapons subject to a legal exclusion.

3/ Reclassification of three sub-funds according to Article 8 of the SFDR Regulation, which means that they promote environmental or social characteristics but do not have sustainable investment as their objective.

The sub-funds in question are:

- Candriam Bonds **Euro High Yield**
- Candriam Bonds **Global High Yield**
- Candriam Bonds **Capital Securities**

These sub-funds did not previously have sustainable investment as their objective and did not specifically promote environmental and/or social characteristics, as described in the SFDR Regulation. They are now classified according to Article 8 of the SFDR Regulation, which means that they promote environmental or social characteristics but do not have sustainable investment as their objective. The sub-funds will take into account an analysis of ESG criteria as set out in the Prospectus.

As such, for the Candriam Bonds **Euro High Yield** and Candriam Bonds **Global High Yield** sub-funds, the analysis of private sector issuers' greenhouse gas emissions is taken into account, seeking a carbon footprint for the sub-fund which is below that of its benchmark. This analysis of private sector issuers will be applied to at least 75% of the sub-fund's investments, apart from deposits, cash and index derivatives.

Concerning the Candriam Bonds **Capital Securities** sub-fund, its ESG score will be evaluated in comparison with that of the benchmark, seeking to achieve a better score than the benchmark. This analysis of private sector issuers is applied to at least 90% of the sub-fund's investments, apart from deposits, cash, cash investment transactions, and index derivatives.

Furthermore, the sub-funds will aim to *exclude companies which*:

- 1) *Fail to meet the criteria of a normative exclusion filter taking account of their environmental, social and governance practices and adherence to standards such as the United Nations Global Compact and the OECD's Guidelines for Multinational Enterprises. This filter seeks to exclude the companies which are the most seriously in breach of these normative principles and which present both material and severe structural risks in terms of environmental, social and governance factors;*

and/or

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- 2) *Are significantly exposed to controversial activities such as tobacco or thermal coal. 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 weapons. "*

Finally, the text indicating that these sub-funds did not systematically take account of the Principal Adverse Impacts (PAI) of investment decisions on sustainability factors is deleted.

This evolution of SFDR classification will not have any material impact on the way the portfolio of the sub-fund is managed.

4/ Candriam Bonds Credit Opportunities sub-fund

The sub-fund's objective is to offer shareholders the ability to participate in the yields of the bonds of high credit risk companies located *principally* in European Union and/or North American countries. This term *principally* is added to the description of the investment objective and of the investment policy in the fact sheet of the Prospectus concerning this sub-fund.

These changes will take effect on **1st July 2022**.

Shareholders who do not agree with the above changes may apply for the redemption of their shares, free of charge, for a period of one month from **30 May 2022**.

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