

LA FRANCAISE LUX

Société Anonyme - Société d'Investissement à Capital Variable
60, avenue J.F. Kennedy, L - 1855 Luxembourg
R.C.S. Luxembourg: B 66. 785
(the "**Company**")

NOTICE TO SHAREHOLDERS OF THE SUB-FUND EURO INFLATION (THE "SUB-FUND")

Luxembourg, 22 of June 2023

Dear Shareholder,

The Company's board of directors (the "**Board**") hereby informs you that the investment policy of the Sub-Fund will be updated in order to reflect the submission of the Sub-Fund to the disclosures requirements under article 8 of the Regulation 2019/2088 on sustainability-related disclosures in the financial services sector. Further to this update, the Sub-Fund will promote environmental, social and governance (ESG) characteristics as part of its investments.

As of 24 of July 2023, the investment policy of the Sub-Fund will read as follows¹:

"(...) The management strategy includes tracking the difference in the risk level of the portfolio relative to that of the index. A limited deviation from the risk level of the index is anticipated.

[The initial investment universe is constructed from government and corporate issuers belonging to the J.P. Morgan GBI Global hedged Euro Index (JHUCGBIG Index) and the Bloomberg Euro Aggregate Corporate (LECPREU Index) as well as from issuers not belonging to those index but invested in a portfolio which meets the investment criteria of the sub-fund detailed above, which are analysed by La Française Sustainable Investment Research (hereinafter the " Research Center") of the entity "La Française Group UK Limited" specialised in determining responsible investment criteria. It is specified that there is a risk of conflicts of interest with respect to the provision of ESG scores by the Research Center.

Issuers are subject to the same requirements regardless of whether or not they belong to the index.

The analysis of Environmental, Social and Governance criteria is carried out by the Research Center, which has developed a proprietary ESG model. This tool uses raw data from various data providers to calculate KPIs (Key Performance Indicators).

For bonds, an assessment of the issuer's Environmental, Social and Governance criteria may be carried out; however, the consideration of these criteria is not necessarily exhaustive or systematic.

¹ Additions appear in blue

As such, the sub-fund promotes certain environmental and social characteristics within the meaning of Article 8 of the EU Sustainable Finance Disclosure Regulation (EU) 2019/2088 (SFDR).

Issuers to be excluded based on the exclusion policy of La Française Group, available on the website www.la-francaise.com, are automatically excluded.”]

The following section will also be inserted in the Sub-Fund’s factsheet in compliance with the Regulation 2020/852 on the establishment of a framework to facilitate sustainable investment:

[“Taxonomy Regulation

The sub-fund will not invest a portion of its assets in economic activities that contributes to an environmental objective. Thus, the sub-fund will invest 0% of its net assets in economic activities that qualify as environmentally sustainable under Article 3 of Taxonomy Regulation.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this sub-fund do not take into account the EU criteria for environmentally sustainable economic activities.

The strategy of the sub-fund does not consider principal adverse impacts of its investment decisions on sustainability factors as it promotes E/S characteristics but will not make any sustainable investments.]

If you do not agree with the changes mentioned above, you may request the redemption of your shares until 11 a.m on 21 July 2023. Shareholders are reminded of the fact that in compliance with the prospectus of the Company no redemption fee is payable in case of redemption of shares.

The updated version of the prospectus (reflecting among others the above change) will be available at the registered office of the Company as soon as visa-stamped by the Luxembourg supervisory authority of the financial sector.

Yours faithfully,

On behalf of the Board