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## INDEPENDENT LIMITED ASSURANCE REPORT

To the Board of Directors of  
**MCRetail, S.G.P.S., S.A.**

### Introduction

We were engaged to perform a limited assurance engagement regarding **MCRetail, S.G.P.S., S.A.**'s ("MCRetail" or "Company") Sustainability-Linked Financing Framework for Sustainability-Linked financing instruments (hereafter "Sustainability-Linked Financing Framework") alignment with the five core components of the Sustainability-Linked Bond Principles issued by the International Capital Market Association ("ICMA") in June 2024 ("SLBP") and with the five core components of the Sustainability-Linked Loan Principles issued by the Loan Market Association ("LMA") in February 2023 ("SLLP").

### Management's Responsibilities

The Management is responsible for the:

- Preparation and presentation of the Sustainability-Linked Financing Framework and its stated policies and procedures in accordance with the five core component requirements of the SLBP and of the SLLP (Selection of Key Performance Indicators (KPIs), Calibration of Sustainability Performance Targets (SPTs), Bond and Loan characteristics, Reporting and Verification) including the:
  - Description and definition of KPI(s) (including calculation methodologies);
  - Rationale behind the selection of KPI(s) (i.e. relevance with issuer's strategy);
  - Description and definition of Sustainability Performance Targets ("SPT");
  - Motivation for the outlined SPTs (i.e. ambition level, benchmarking approaches and consistency with overall strategic planning);
  - Timelines for the target achievement, including the target observation date(s)/ period(s), the trigger event(s) and the frequency of SPTs;
  - Strategic information that would decisively impact the achievement of the SPTs;
  - Bond and Loan characteristics, including a detailed description of the potential variation of the Sustainability-Linked Bond ("SLB") or Sustainability-Linked Loan ("SLL") financial and/or structural characteristics of the bond or of the loan; and,
  - Reporting commitments and post-issuance reports.



- Selection of KPIs that are relevant, core and material to the Company's overall business, of high strategic significance to the Company's current and / or future operations, which are measurable or quantifiable on a consistent methodological basis, able to be benchmarked and externally verifiable, in accordance with section 1 of the SLBP and of the SLLP;
- Selection of ambitious Sustainability Performance Targets based on the criteria defined in section 2 of the SLBP and of the SLLP;
- Selection of relevant and reliable benchmarks for the target setting exercise, in accordance with the criteria defined in section 2 of the SLBP and of the SLLP;
- Design, implementation and maintenance of an appropriate information and internal control system to enable the preparation and presentation of Sustainability-Linked Financing Framework to the SLBP and to the SLLP that is free from material misstatement, whether due to errors or fraud;
- Prevention and detection of fraud and errors and for identifying and ensuring that the Company complies with laws and regulations applicable to its activities; and,
- Process to ensure that the Management and staff involved with the preparation and presentation of the Sustainability-Linked Financing Framework have the appropriate skills.

### **Our Responsibilities**

Our responsibility is to perform a limited assurance work and to report thereon in the form of an independent limited assurance conclusion based on the evidence obtained.

Our engagement was performed in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) and the other standards and technical guidelines as issued by Ordem dos Revisores Oficiais de Contas (OROC), which require that we plan and perform our work to obtain limited assurance as to whether anything has come to our attention that causes us to believe that the Sustainability-Linked Financing Framework, presented by MCRetail, has not been prepared, in all material respects, in accordance with the five core components of the Sustainability-Linked Bond Principles issued by the International Capital Market Association in June 2024 and with the five core components of the Sustainability-Linked Loan Principles issued by the Loan Market Association in February 2023. For this purpose, this work included, amongst other procedures, the following:

- Interviews with management and key staff responsible for Sustainability-Linked Financing Framework to obtain an understanding of the processes, systems and controls in place in respect of the selection of KPIs, calibration of SPTs, bond and loan characteristics, reporting and verification;
- Revision of the Sustainability-Linked Financing Framework and comparison of its five core components with the requirements of the SLBP and of the SLLP; and,
- Inspection of documentation which supports Management's assertion about conformance to the five core components of the SLBP and of the SLLP requirements for selection of KPIs, calibration of SPTs, bond and loan characteristics, reporting and verification.



The procedures selected depend on our understanding of the compliance with the Sustainability-Linked Financing Framework and other engagement circumstances, and our consideration of areas where material misstatements are likely to arise.

The procedures performed in a limited assurance engagement are different in nature and timing and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our conclusion.

A summary of assurance procedures (Appendix I) and our key findings and observations regarding each core component of SLBP (Appendix II) and of SLLP (Appendix III) may be found as appendices of this report.

### **Quality and independence**

The firm applied the International Standard on Quality Management 1 which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements in the Ordem dos Revisores Oficiais de Contas' code of ethics and the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour.

### **Inherent Limitations**

Our work was conducted to obtain a limited assurance over the compliance of this Sustainability-Linked Financing Framework with the SLBP issued by the ICMA in June 2024 and with the SLLP issued by the LMA in February 2023. Therefore, we do not express a conclusion over the compliance of future bonds or loans issued with this framework. Consequently, readers are cautioned that this report may not be appropriate for purposes other than that described above.

### **Conclusion**

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report.

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Sustainability-Linked Financing Framework, presented by MCRetail, S.G.P.S., S.A., has not been prepared, in all material respects, in accordance with five core components of the Sustainability-Linked Bond Principles issued by the International Capital Market Association in June 2024 and with the five core components of the Sustainability-Linked Loan Principles issued by the Loan Market Association in February 2023.



### **Restriction of Use**

Our limited assurance report is issued exclusively for the information and use of the Management of MCRetail, within the purpose expressed in the “Introduction” paragraph above and is not intended to be used for any other purpose. Our report, together with the Sustainability-Linked Financing Framework, may be shared by MCRetail with third parties, on its website or otherwise, but we accept or assume no responsibility and deny any liability to any party other than MCRetail for our work, for this independent assurance report, or for the conclusions we have reached.

Porto, 16 October 2024

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### **KPMG & Associados**

**Sociedade de Revisores Oficiais de Contas, S.A.**

**(nr. 189 and registered at CMVM with the nr. 20161489)**

Represented by

Pedro Manuel Bouça de Morais Alves da Costa

(ROC nr. 1466 and registered at CMVM with the nr. 20161076)



## **Appendices**

### **Findings and observations related to particular aspects of the engagement**

We provide a summary of our assurance procedures under the external review form recommended by the ICMA (Appendix I), findings and observations in alignment with ICMA's pre-issuance checklist to the SLBP (Appendix II) for the core components and findings and observations in alignment with a checklist regarding SLLP (Appendix III), to provide the reader with further understanding on how the Sustainability-Linked Financing Framework meets the Criteria. These observations are not intended to detract from our conclusion provided above.

We include MCRetail's (or "MC's") Sustainability-Linked Financing Framework as Appendix IV.



## Appendix I – External Review Form

### Section 1. Basic Information

Issuer name:	MCRetail, S.G.P.S., S.A.
Sustainability-Linked Instrument ISIN or Framework Name, as applicable:	Sustainability-Linked Financing Framework
Independent External Review provider's name for pre-issuance review (sections 2 & 3):	KPMG & Associados – Sociedade de Revisores Oficiais de Contas, S.A. ("KPMG")
Completion date of this form:	16 October 2024

### Section 2. Overview

#### 1. SCOPE OF REVIEW

##### The review:

- assessed the 5 core components of the SLBP (**complete review**) and confirmed the alignment with the SLBP.
- assessed only some of them (**partial review**) and confirmed the alignment with the SLBP; please indicate which elements:
  - Selection of Key Performance Indicators (KPIs)       Bond characteristics
  - Calibration of Sustainability Performance Targets (SPTs)       Reporting
  - Verification

#### 2. ROLE(S) OF INDEPENDENT REVIEW PROVIDER

- Second Party Opinion as an Independent Limited Assurance Report, in accordance with International Standard on Assurance Engagements other than Audits or Reviews of Historical Financial Information – ISAE 3000 (Revised) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC).
- Verification
- Other
- Certification
- Scoring/Rating

#### Does the review include a sustainability quality score?

- Of the issuer
- Of the framework
- No scoring
- Of the selected KPIs/SPTs
- Other (*please specify*):



### 3. ISSUER'S OVERARCHING OBJECTIVES

**We have verified that the framework includes:**

- An assessment of the issuer's overarching sustainability objectives and strategy, and the policies and/or processes towards their delivery
- An identification and assessment of environmental, social and governance related risks of adverse impact through the Issuer's [actions] and explanations on how they are managed and mitigated by the issuer
- A reference to the issuer's relevant regulations, standards, or frameworks for sustainability-related disclosure and reporting

### 4. CLIMATE TRANSITION STRATEGY

**We have verified that the framework includes:**

- The issuer's climate transition strategy & governance
- The alignment of both the long-term and short/medium-term targets with the relevant regional, sector, or international climate scenario
- The credibility of the issuer's climate transition strategy to reach its targets
- The level/type of independent governance and oversight of the issuer's climate transition strategy (e.g. by independent members of the board, dedicated board sub-committees with relevant expertise, or via the submission of an issuer's climate transition strategy to shareholders' approval)
- If appropriate, the materiality of the planned transition trajectory in the context of the issuers overall business (including the relevant historical datapoints)
- The alignment of the issuer's proposed strategy and targets with appropriate science-based targets and transition pathways that are deemed necessary to limit climate change to targeted levels
- The comprehensiveness of the issuer's disclosure to help investors assess its performance holistically



## EXECUTIVE SUMMARY OF REVIEW AND/OR LINK TO FULL REVIEW

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the Sustainability-Linked Financing Framework is not prepared, in all material respects, in accordance with the five core components of the Sustainability-Linked Bond Principles issued by the International Capital Market Association in June 2024.

### Section 3. Detailed pre-issuance review

#### 1. SELECTION OF KEY PERFORMANCE INDICATORS (KPIs)

##### Overall comment on the section:

See Appendix II of the Independent Limited Assurance Report.

##### List of selected KPIs:

KPI #1: Reduction of GHG (scope 1 and 2) Absolut Emissions for MCRetail, (market based and control approach).

KPI #2: Women in leadership positions in MCRetail, excluding Arenal

##### Definition, Scope, and parameters – we have verified that the framework includes:

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Clear definition of each selected KPIs | <input type="checkbox"/> Clear calculation methodology |
| <input type="checkbox"/> Other (please specify):                           |  |

##### Relevance, robustness, and reliability of the selected KPIs – we have verified that the framework includes:

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Credentials that the selected KPIs are relevant, core and material to the issuer's sustainability and business strategy. | <input checked="" type="checkbox"/> Evidence that the KPIs are externally verifiable, if that is not already the case. |
| <input checked="" type="checkbox"/> Credentials that the KPIs are measurable or quantifiable on a consistent methodological basis.                           | <input checked="" type="checkbox"/> Evidence that the KPIs can be benchmarked.   |
| <input type="checkbox"/> Current verification or assurance status.   | <input type="checkbox"/> Other (please specify):   |





## 2. CALIBRATION OF SUSTAINABILITY PERFORMANCE TARGETS (SPTs)

### Overall comment on the section:

See Appendix II of the Independent Limited Assurance Report.

### Rationale and level of ambition – we have verified that the framework includes:

- |   |   |
|---|---|
| <input checked="" type="checkbox"/> Evidence that the SPTs represent a material improvement compared to issuer's own performance over baseline. | <input type="checkbox"/> Credentials on the relevance and reliability of selected benchmarks and baselines. |
| <input checked="" type="checkbox"/> Evidence that SPTs are consistent with the issuer's sustainability and business strategy.                   | <input type="checkbox"/> Other ( <i>please specify</i> ):   |

### Have the specificities of the sector and/or local context been identified and addressed in the framework?

- |   |                             |
|---|-----------------------------|
| <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| <input type="checkbox"/> Not applicable |                             |

### Relevance and reliability of selected benchmarks and baselines – we have verified that the framework includes:

- |   |   |
|---|---|
| <input checked="" type="checkbox"/> Issuer's past performance   | <input type="checkbox"/> Issuer's peer performance        |
| <input checked="" type="checkbox"/> Science-based trajectories ( <i>Science Based Target initiative tool</i> ): | <input type="checkbox"/> Other ( <i>please specify</i> ): |

### Does the framework support the credibility of the issuer's strategy and action plan to achieve the SPTs?

- |   |                             |
|---|-----------------------------|
| <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
|---|-----------------------------|

### Does the framework identify the key factors that may affect the achievement of the SPTs?

- |   |                             |
|---|-----------------------------|
| <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
|---|-----------------------------|

### We have verified that the framework includes:

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> the timelines for the target achievement            | <input checked="" type="checkbox"/> the target observation date(s) |
| <input checked="" type="checkbox"/> the trigger event(s)                                | <input type="checkbox"/> Other ( <i>please specify</i> ):          |
| <input checked="" type="checkbox"/> potential recalculations or adjustments description |  |



### 3. BOND CHARACTERISTICS

**Overall comment on the section:**

See Appendix II of the Independent Limited Assurance Report.

**Does the framework assess whether the bond's financial and/or structural characteristics are commensurate and meaningful?**

Yes

No

**Does the framework disclose on the fallback mechanisms in case the SPTs cannot be calculated or observed in a satisfactory manner?**

Yes

No



#### 4. REPORTING

**Overall comment on the section:**

See Appendix II of the Independent Limited Assurance Report.

**Does the review assess the commitments of the issuer to report:****Content:**

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> The performance of the selected KPIs | <input checked="" type="checkbox"/> Verification                     |
| <input checked="" type="checkbox"/> The level of ambition of the SPTs    | <input checked="" type="checkbox"/> Assurance report                 |
|  | <input checked="" type="checkbox"/> Other ( <i>please specify</i> ): |
|  | - Updates to sustainability strategy                                 |
|  | - Governance considerations that may have an impact on KPIs/SPTs     |
|  | - Information relevant to the analysis of KPIs/SPTs                  |
|  | - Any re-assessment of KPIs and/or restatement of the SPTs           |
|  | - Any pro-forma adjustments of KPI scope                             |

**Frequency:**

- |   |                                      |
|---|--------------------------------------|
| <input checked="" type="checkbox"/> Annual                | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other ( <i>please specify</i> ): |                                      |

**Means of Disclosure:**

- |   |   |
|---|---|
| <input type="checkbox"/> Information published in financial report, or annual report and accounts | <input checked="" type="checkbox"/> Information published in sustainability report or sustainability suite of reporting |
| <input type="checkbox"/> Information published in ad hoc documents                                | <input type="checkbox"/> Other ( <i>please specify</i> ):   |



#### Section 4. Post-issuance (as defined in the framework)

##### 1. CHANGE TO PERIMETER REVIEW (if applicable)

###### Material change:

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> Perimeter | <input checked="" type="checkbox"/> KPI methodology  |
| <input type="checkbox"/> SPTs calibration     | <input checked="" type="checkbox"/> Other: <ul style="list-style-type: none"><li>• The change in applicable laws, regulations, guidelines and policies which are required for the determination of the KPI and/or the SPT.</li><li>• The data due to better data accessibility and accuracy or discovery of data errors.</li></ul> |

##### 2. VERIFICATION

###### Level of verification:

- |   |   |
|---|---|
| <input checked="" type="checkbox"/> Limited assurance     | <input type="checkbox"/> Reasonable assurance |
| <input type="checkbox"/> Other ( <i>please specify</i> ): |   |

###### Frequency:

- |   |                                      |
|---|--------------------------------------|
| <input checked="" type="checkbox"/> Annual                | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other ( <i>please specify</i> ): |                                      |

#### Section 5. Additional information

**Useful links** (e.g. to the external review provider's methodology or credentials, to the full review, to issuer's documentation, etc.)

MC's website (<https://mc.sonae.pt/en/>).



## Appendix II – Summary of assurance key findings and observations regarding SLBP’s core components

### Findings and observations related to particular aspects of the engagement

We provide a summary of our findings and observations in alignment with ICMA’s pre-issuance checklist to the SLBP for the five components, to provide the reader with further understanding on how the Sustainability-Linked Bond Framework meets the Criteria. These observations are not intended to detract from our conclusion provided above.

SLBP component 1: Selection of Key Performance Indicators (KPIs)			
Topic	Type of information	Recommended vs. Necessary	Observations and findings
General	<ul style="list-style-type: none"> <li>- Rationale for SLB issuance &amp; consistency with issuer’s overall sustainability and business strategy or sustainable development policies.</li> <li>- Alignment with SLBP’s five core component.</li> <li>- External review types, publication dates, reviewer name.</li> </ul>	Recommended	<p>MC states in the Sustainability-Linked Financing Framework that the Framework has been established to further emphasize its commitments to sustainability, explicitly committing to address relevant, core and material sustainability issues. The Framework is also a mean to further communicate to investors and stakeholders the Sustainability Strategy and commitments and, moreover, the sustainability-linked instruments further expedite its commitment to embed the sustainability pledge transversally across the organization.</p> <p>The Framework states that it has been established in alignment with SLBP’s five corecomponents.</p> <p>The Framework defines that MC will report at least annually about the progress made on the KPI(s) and the achievement or not of the SPT(s), making sure that the publication is readily available and easily accessible on MC’s annual Integrated Report, published on MC’s website (<a href="https://mc.sonae.pt/en/">https://mc.sonae.pt/en/</a>).</p> <p>The Framework indicates that MC engaged with KPMG for a limited assurance engagement regarding the Framework’s alignment with SLBP’s five core components, before issuing the financial instruments, and that, regarding post-issuance reviews, the performance of each KPI will be verified, on an annual basis, for at least a limited level of assurance by an appropriately qualified independent party.</p>



<p>Selection of KPIs</p>	<ul style="list-style-type: none"> <li>- Description and definition of KPI(s).</li> <li>- Rationale behind the selection of KPI(s) (i.e. relevance of issuer's strategy, materiality, national sustainability strategy such as NDCs).</li> <li>- Historical externally verified KPI values covering at least the previous [3] years, where feasible</li> <li>- Where relevant, the verified baseline or reference point selected for improvement of KPIs as well as the rationale for that baseline or reference point to be used (including date/period).</li> <li>- Existence of back-up mechanism in case the KPI cannot be calculated or observed, or not in a satisfactory manner which should also be reflected in any recalculation policy.</li> </ul>	<p>Recommended</p>	<p>The Framework describes and presents the rationale for the definition of the two selected KPIs, stating that such KPIs are relevant, core, consistent with the Company's sustainability strategy and material to the Company's overall business. These KPIs embody two of their most important sustainability commitments: greenhouse gas emissions and diversity.</p> <p>The Framework indicates that KPI #1 has been defined as the "Reduction of GHG (scope 1 and 2) Absolut Emissions for MC (market based and control approach)". The scope of the KPI #1 includes all of MC's controlled operations. The Framework defines that GHG emissions shall be accounted for in accordance with the GHG Protocol (Corporate Accounting and Reporting Standard), calculated on a control approach and market-based method. It describes that scope 1 includes emissions from own fleet vehicles, boilers, F-gases from cooling systems and emissions from leased fleet recognized as a right of use (according to IFRS16). Scope 2 includes indirect emissions from electricity consumption on a market-based approach, considering the purchase of green energy sources. Lastly, the Framework describes that emissions are measured in metric tons of Carbon Dioxide equivalent (tCO<sub>2e</sub>).</p> <p>It is noted that in 2023 MC's decarbonization targets for operations and the value chain were validated and approved by the Science Based Targets initiative (SBTi), an initiative that promotes the establishment of emission reduction targets in line with climate science, with the year 2022 as the baseline. Hence, the Framework sets the baseline value at 151,835 tCO<sub>2e</sub> for the year 2022. KPI #1 is to be measured on a twelve-month period basis, from January 2024 to December 2030.</p> <p>According to the framework, the rationale for choosing this KPI is that MC believes that it can play a relevant role in responding to the climate emergency, helping to limit the average temperature increase to 1.5°C through the decarbonization of its activities. Furthermore, MC has assumed the commitment of carbon neutrality by 2040.</p>
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		<p>The Framework highlights that KPI #1 aligns with the Sustainable Development Goals (SDG) 7 - “Affordable and Clean Energy” and SDG 13 - “Climate Action”.</p> <p>The Framework indicates that KPI #2 has been defined as “Women in leadership positions in MC, excluding Arenal”. The scope of the KPI #2 includes controlled operations by MC except for Arenal, since Arenal has not defined gender equality targets and is not governed by the segmentation of functions defined for the Group. Additionally, Arenal’s headcount is immaterial in the MC context. KPI #2 is calculated considering the number of women in the functional categories of Executives and Senior and Middle Managers over the total of employees in those categories.</p> <p>The framework sets the baseline value at 35.6% for the year 2019. KPI #2 is to be measured on a twelve-month period basis, from January 2024 to December 2030.</p> <p>The rationale for choosing this KPI is presented in the Framework as reflecting gender diversity as crucial for organizational balance, especially in decision making roles. The Framework highlights that KPI #2 aligns with Sustainable Development Goals (SDG) 5 “Gender Equality”, SDG 8 “Decent Work and Economic Growth”, and SDG 10 “Reduce Inequalities”.</p> <p>The framework defines scenarios that could lead to the recalculation of KPI #1 and KPI #2 baselines and/or SPT #1 and SPT #2, to reflect events that cause the calculated value of any KPI to be positively or negatively affected by at least 10% cumulatively, compared to the respective baselines. These scenarios include material changes in:</p> <ol style="list-style-type: none"> <li>a. The calculation methodology of the KPI;</li> <li>b. The change in applicable laws, regulations, guidelines and policies which are required for the determination of the KPI and/or the SPT;</li> <li>c. The data due to better data accessibility and accuracy or discovery of data errors;</li> </ol>
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		<p>d. The perimeter of MC due to any acquisition, demerger, merger, corporate reconstruction, divestiture, or disposal, where any such change is defined as material. Regarding KPI #2, in case of mergers or acquisitions, recalculation will only occur if new companies follow the job grades as defined in the subsection Methodology for calculation #2.</p> <p>Lastly, it is also stated that in the specific case of mergers, acquisitions and disposals, MC will have a full reporting year after such Recalculation Event to be able to implement the internal control systems that allow the collection of data to recalculate the KPIs baselines and SPTs.</p>
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SLBP component 2: Calibration of Sustainability Performance Targets (SPTs)			
Topic	Type of information	Recommended vs. Necessary	Observations and findings
Calibration of SPTs	<ul style="list-style-type: none"> <li>- Description and definition of SPT(s).</li> <li>- Motivation for the outlined SPTs (i.e. ambition level, benchmarking approaches and consistency with overall strategic planning or national strategy and sustainable development policies such as NDCs).</li> <li>- The timelines for the target achievement, including the target observation date(s)/period(s), the trigger event(s) and the frequency of SPTs.</li> <li>- Strategic information that would decisively impact the achievement of the SPTs.</li> <li>- Where feasible, science-based or benchmarked against an industry standard or peer countries/regions (e.g. consider SMART philosophy specific, measurable, attainable, relevant and time-bound).</li> <li>- The means for achieving the target(s), where possible, and taking competition and confidentiality considerations into account: i.e. how the issuers intend to reach such SPTs, e.g. by describing their [national] ESG strategy and supporting ESG governance and investments, and their operating strategy, i.e. through highlighting the key levers/type of actions that are expected to drive the performance towards the SPTs as well as their expected respective contribution, in quantitative terms wherever possible, the UNFCCC's reporting guidelines for Non-Annex I Parties, which require Biennial Update Reports ('BURs') of national GHG inventories.</li> <li>- Key other factors beyond the issuer's direct control that may affect the achievement of the target(s).</li> </ul>	Recommended	<p>The Framework states that MC will assess its sustainability performance through two SPTs that are ambitious for the Company's business and consistent with its sustainability strategy. The strategy aims at accelerating decarbonisation and enhancing human development. For MC, it is crucial to focus on reducing GHG emissions and the impact activities have on climate, as well as preparing to adapt the business to future impacts. MC also considers gender diversity as crucial for the balance of organisations, especially in decision-making roles, due to proven impact on business outcomes.</p> <p>The Framework indicates that SPT #1, defined as "Reduction of GHG (scope 1 and 2) Absolut Emissions for MC (market based and control approach)", is established for KPI #1 "Reduction of GHG (scope 1 and 2) Absolut Emissions for MC (market based and control approach)". The baseline value used to define SPT #1 is 151,835 tCO<sub>2e</sub>, corresponding to the year 2022. The framework outlines yearly targets for SPT #1 as cumulative reductions of annual emissions compared to the baseline value. According to the framework, the observation dates for all target periods shall be the twelve-month period ending December 31st of each year until 2030.</p> <p>The framework states that SPT #1 is part of MC's long-term objective of achieving carbon neutrality for scope 1 and 2 emissions by 2040. The SPT is supported by medium—term commitments, such as: (1) the commitment of MC to the Science Based Target Initiative (SBTi) for scope 1 and scope 2 GHG emissions reduction, using 2022 as the baseline year, and (2) a commitment under this framework to reduce scope 1 and scope 2 GHG emissions by 44% by 2030, using 2022 as the baseline year.</p>



		<p>The framework outlines that MC aims to achieve the targets set in SPT #1 by: (i) promoting efficient and flexible energy use through investments in advanced equipment, improved monitoring, and encouraging behavioural changes; (ii) decarbonizing the energy matrix by adopting electricity-based systems and sourcing renewable energy; (iii) retrofitting refrigeration units to significantly reduce or eliminate high GWP gases; (iv) accelerating the electrification of home delivery vans and light vehicles to reduce transportation emissions; (v) collaborating with transport service providers to enhance vehicle eco-efficiency, favouring newer models and optimizing routes to lessen carbon footprint impact; (vi) fostering engagement and awareness initiatives for employees, customers, partners, and the community about the urgency of addressing climate change and encouraging behavioural shifts.</p> <p>The framework indicates that SPT #2 defined as “Women in leadership positions in MC, excluding Arenal”, is established for KPI #2 “Women in leadership positions in MC, excluding Arenal”. The baseline value used to define SPT #2 is 35.6%, corresponding to the year 2019. The framework outlines yearly targets for SPT #2, with percentages representing the proportion of leadership positions occupied by women. These targets are set at 42.1% for 2024, 43.6% for 2025, 44.5% for 2026, and between 45% and 55% from 2027 to 2030.</p> <p>According to the framework, the observation dates for all target periods of SPT #2 shall be the twelve-month period ending on December 31st of each year until 2030.</p> <p>The framework outlines that MC aims to achieve the targets set out in SPT #2 by continuously implementing, monitoring, and improving its Plan for Gender Equality.</p> <p>Finally, the framework indicates that MC has appointed KPMG to provide independent limited assurance on the alignment of the Framework with the SLBP five core components. The resulting pre-issuance Limited Assurance Report shall be made available on the Company’s website (<a href="https://mc.sonae.pt/en/">https://mc.sonae.pt/en/</a>).</p>
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SLBP component 3: Bond characteristics			
Topic	Type of information	Recommended vs. Necessary	Observations and findings
Bond characteristics	<ul style="list-style-type: none"> <li>- Definition of KPI(s) and SPT(s) (including calculation methodologies).</li> <li>- Detailed description of the potential variation of the SLB financial and/or structural characteristics of the bond, including applicable coupon variation, the coupon variation date and payment frequency, the SLB coupon mechanism if multiple KPIs, maximum cumulative step-up at maturity, if relevant.</li> <li>- If applicable, explanation of the considered back-up mechanisms in case the SPTs cannot be calculated or observed, or not in a satisfactory manner.</li> <li>- If applicable, language to take into consideration potential extreme/exceptional events (such as significant change in perimeters through material M&amp;A activities or drastic changes in regulatory environment or extreme events) that could substantially impact the calculation of the KPI, the restatement of the SPT and/or pro-forma adjustments of baselines or KPI scope.</li> <li>- For callable bonds, relevant information to determine implications of the coupon variation including, the redemption price if SPT is not measured or not met and optional redemption dates.</li> <li>- Report (performance) publication date.</li> <li>- SPT Satisfaction Date.</li> </ul>	Necessary	<p>According to the Framework, the failure and/or success to meet the SPTs at the respective observation dates will impact the financial characteristics of the sustainability-linked financing instruments issued under the Framework. This impact may take the form of a step-up / step-down in the margin / interest rate / coupon, a discount / premium payment at maturity or a combination of both, respectively. The framework further states that if a sustainability-linked financing instrument incorporates more than one KPI, each KPI may be assigned with a relative weight of the aggregate redemption premium or margin adjustment, as applicable, and will be also specified in the documentation of each Sustainability-Linked Financing Instrument.</p> <p>The Framework states that each sustainability-linked financing instrument issued under the Framework, shall include its specific characteristics, namely the relevant KPI(s), SPT(s), step-up / step-down margin / coupon amount and / or premium / discount payment amount. This documentation should specify the exact financial and / or structural implications.</p> <p>Lastly, if (i) following an SPT Observation Date and within the time limit prescribed in the Sustainability-Linked Instrument documentation (which shall not be more than 6 months after such SPT Observation Date), MC does not make publicly available information on the actual performance of the relevant KPIs relative to the respective SPTs, together with the Verification Assurance Certificate, in accordance with the Reporting and Verification sections of the Framework, or (ii) for any reason, the performance level of the relevant KPIs relative to the respective SPTs cannot be calculated or observed as prescribed, or not in a satisfactory manner (non-satisfactory manner to be understood as the Verification Assurance Certificate to be provided by the appropriately qualified independent party containing a reservation or such independent party not being in a position to provide such certificate):</p>



			<ul style="list-style-type: none"><li>• For a Sustainability-Linked Instrument impacted by the failure, but not by the success, to meet the relevant SPT(s), the step-up in the Margin / interest rate / coupon and / or premium payment, as applicable, shall be triggered;</li><li>• For a Sustainability-Linked Instrument impacted by the success, but not by the failure, to meet the relevant SPT(s), the step-down in the Margin / interest rate / coupon and / or discount payment, as applicable, shall not be triggered;</li><li>• For a Sustainability-Linked Instrument impacted by both the failure and the success to meet the relevant SPT(s), the step-up in the Margin / interest rate / coupon and / or premium payment, as applicable, shall be triggered.</li></ul>
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SLBP component 4: Reporting			
Topic	Type of information	Recommended vs. Necessary	Observations and findings
Reporting commitments	<ul style="list-style-type: none"> <li>- Location &amp; frequency of reporting.</li> <li>- Intended scope &amp; granularity of reporting.</li> <li>- Commitment &amp; disclosure of post-issuance external review (verification/assurance report).</li> </ul>	-	<p>The Framework states that MC is committed to providing its stakeholders with adequate and updated information regarding the annual progress made on the KPIs and the achievement or non-achievement of the SPTs on the observation dates. This information will be externally verified by an independent third party through at least a limited assurance report. MC will publish and maintain readily available and easily accessible up-to-date information and reports on its website (<a href="https://mc.sonae.pt/en/">https://mc.sonae.pt/en/</a>) on an annual basis.</p> <p>According to the Framework, such annual reports will fulfil the following objectives: (1) disclose up-to-date information on the performance of the KPIs relative to the SPTs, including the calculation methodology and the baselines, where relevant, (2) disclose any relevant information that enables stakeholders to monitor the progress of the KPIs towards the SPTs; and (3) when applicable, disclose information on any re-assessments of KPIs and/or restatement of the SPTs and/or pro-forma adjustments of KPI scope.</p>

SLBP component 5: Verification			
Topic	Type of information	Recommended vs. Necessary	Observations and findings
Second Party Opinion	<ul style="list-style-type: none"> <li>- Publication of any pre-issuance external review, such as a second party opinion, or if relevant a verification of baselines.</li> </ul>	Recommended	<p>The Framework outlines that on each SPT observation date, the actual performance of MC's KPIs relative to the respective SPTs will be verified to at least a limited level of assurance by a qualified independent party. MC is to disclose this assurance report on its website (<a href="https://mc.sonae.pt/en/">https://mc.sonae.pt/en/</a>).</p>



## Appendix III – Summary of assurance key findings and observations regarding SLLP’s core components

### Findings and observations related to particular aspects of the engagement

We provide a summary of our findings and observations in alignment with the SLLP for the five components, to provide the reader with further understanding on how the Sustainability-Linked Financing Framework meets the Criteria. These observations are not intended to detract from our conclusion provided above.

Component	Content	Observations and findings
Selection of KPIs	<ul style="list-style-type: none"> <li>- A clear definition of the KPIs including the applicable scope or parameters, the calculation methodology, a definition of a baseline and be benchmarked against an industry standard and/or industry peers where feasible.</li> <li>- The KPIs must be               <ul style="list-style-type: none"> <li>a. relevant, core and material to the overall business and of high strategic significance to current and future operations.</li> <li>b. measurable or quantifiable on a consistent methodological basis; and</li> <li>c. able to be benchmarked.</li> </ul> </li> </ul>	<p>The Framework describes and presents the rationale for the definition of the two selected KPIs, stating that such KPIs are relevant, core, consistent with the Company’s sustainability strategy and material to the Company’s overall business. These KPIs embody two of their most important sustainability commitments: greenhouse gas emissions and diversity.</p> <p>The Framework indicates that KPI #1 has been defined as the “Reduction of GHG (scope 1 and 2) Absolute Emissions for MC (market based and control approach)”. The scope of the KPI #1 includes all of MC’s controlled operations. The Framework defines that GHG emissions shall be accounted for in accordance with the GHG Protocol (Corporate Accounting and Reporting Standard), calculated on a control approach and market-based method. It describes that scope 1 includes emissions from own fleet vehicles, boilers, F-gases from cooling systems and emissions from leased fleet recognized as a right of use (according to IFRS16). Scope 2 includes indirect emissions from electricity consumption on a market-based approach, considering the purchase of green energy sources. Lastly, the Framework describes that emissions are measured in metric tons of Carbon Dioxide equivalent (tCO<sub>2e</sub>).</p> <p>It is noted that in 2023 MC’s decarbonization targets for operations and the value chain were validated and approved by the Science Based Targets initiative (SBTi), an initiative that promotes the establishment of emission reduction targets in line with climate science, with the year 2022 as the baseline. Hence, the Framework sets the baseline value at 151,835 tCO<sub>2e</sub> for the year 2022. KPI #1 is to be measured on a twelve-month period basis, from January 2024 to December 2030.</p>



Component	Content	Observations and findings
		<p>According to the framework, the rationale for choosing this KPI is that MC believes that it can play a relevant role in responding to the climate emergency, helping to limit the average temperature increase to 1.5°C through the decarbonization of its activities. Furthermore, MC has assumed the commitment of carbon neutrality by 2040.</p> <p>The Framework highlights that KPI #1 aligns with the Sustainable Development Goals (SDG) 7 - “Affordable and Clean Energy” and SDG 13 - “Climate Action”.</p> <p>The Framework indicates that KPI #2 has been defined as “Women in leadership positions in MC, excluding Arenal”. The scope of the KPI #2 includes controlled operations by MC except for Arenal, since Arenal has not defined gender equality targets and is not governed by the segmentation of functions defined for the Group. Additionally, Arenal’s headcount is immaterial in the MC context. KPI #2 is calculated considering the number of women in the functional categories of Executives and Senior and Middle Managers over the total of employees in those categories.</p> <p>The framework sets the baseline value at 35.6% for the year 2019. KPI #2 is to be measured on a twelve-month period basis, from January 2024 to December 2030.</p> <p>The rationale for choosing this KPI is presented in the Framework as reflecting gender diversity as crucial for organizational balance, especially in decision making roles. The Framework highlights that KPI #2 aligns with Sustainable Development Goals (SDG) 5 “Gender Equality”, SDG 8 “Decent Work and Economic Growth”, and SDG 10 “Reduce Inequalities”.</p> <p>The framework defines scenarios that could lead to the recalculation of KPI #1 and KPI #2 baselines and/or SPT #1 and SPT #2, to reflect events that cause the calculated value of any KPI to be positively or negatively affected by at least 10% cumulatively, compared to the respective baselines. These scenarios include material changes in:</p> <ol style="list-style-type: none"> <li>a. The calculation methodology of the KPI;</li> <li>b. The change in applicable laws, regulations, guidelines and policies which are required for the determination of the KPI and/or the SPT;</li> <li>c. The data due to better data accessibility and accuracy or discovery of data errors;</li> </ol>



Component	Content	Observations and findings
		<p>d. The perimeter of MC due to any acquisition, demerger, merger, corporate reconstruction, divestiture, or disposal, where any such change is defined as material. Regarding KPI #2, in case of mergers or acquisitions, recalculation will only occur if new companies follow the job grades as defined in the subsection Methodology for calculation #2.</p> <p>Lastly, it is also stated that in the specific case of mergers, acquisitions and disposals, MC will have a full reporting year after such Recalculation Event to be able to implement the internal control systems that allow the collection of data to recalculate the KPIs baselines and SPTs.</p>





Component	Content	Observations and findings
Calibration of SPTs	<ul style="list-style-type: none"> <li>- Annual SPTs should be set per KPI for each year of the loan term.</li> <li>- SPTs should be ambitious and go beyond "business as usual" and regulatory targets.</li> <li>- SPTs should be compared to benchmarks or external references when possible.</li> <li>- SPTs should align with the borrower's overall sustainability strategy.</li> <li>- SPTs should be determined before or concurrently with the loan origination.</li> <li>- SPTs should be based on recent performance levels and on a combination of benchmarking approaches:               <ul style="list-style-type: none"> <li>a. the borrower's own performance over time, for which a minimum of 3 years, where feasible, is recommended.</li> <li>b. peers' performance, and industry or sector standards.</li> <li>c. references to science-based scenarios, official targets, and recognized best-available-technologies can be used to determine relevant targets across ESG themes.</li> </ul> </li> <li>- Information provided to lenders should include target achievement timelines, baseline or reference points, adjustments or recalculations, and the borrower's plan to reach the SPTs.</li> <li>- Borrowers can seek input from external parties through Second Party Opinions or assessments.</li> <li>- Internal expertise should be developed or demonstrated to verify methodologies if no external input is sought and borrowers should thoroughly document their expertise and internal processes and make them available to lenders upon request.</li> </ul>	<p>The Framework states that MC will assess its sustainability performance through two SPTs that are ambitious for the Company's business and consistent with its sustainability strategy. The strategy aims at accelerating decarbonisation and enhancing human development. For MC, it is crucial to focus on reducing GHG emissions and the impact activities have on climate, as well as preparing to adapt the business to future impacts. MC also considers gender diversity as crucial for the balance of organisations, especially in decision-making roles, due to proven impact on business outcomes.</p> <p>The Framework indicates that SPT #1, defined as "Reduction of GHG (scope 1 and 2) Absolut Emissions for MC (market based and control approach)", is established for KPI #1 "Reduction of GHG (scope 1 and 2) Absolut Emissions for MC (market based and control approach)". The baseline value used to define SPT #1 is 151,835 tCO<sub>2e</sub>, corresponding to the year 2022. The framework outlines yearly targets for SPT #1 as cumulative reductions of annual emissions compared to the baseline value. According to the framework, the observation dates for all target periods shall be the twelve-month period ending December 31st of each year until 2030.</p> <p>The framework states that SPT #1 is part of MC's long-term objective of achieving carbon neutrality for scope 1 and 2 emissions by 2040. The SPT is supported by medium-term commitments, such as: (1) the commitment of MC to the Science Based Target Initiative (SBTi) for scope 1 and scope 2 GHG emissions reduction, using 2022 as the baseline year, and (2) a commitment under this framework to reduce scope 1 and scope 2 GHG emissions by 44% by 2030, using 2022 as the baseline year.</p> <p>The framework outlines that MC aims to achieve the targets set in SPT #1 by: (i) promoting efficient and flexible energy use through investments in advanced equipment, improved monitoring, and encouraging behavioural changes; (ii) decarbonizing the energy matrix by adopting electricity-based systems and sourcing renewable energy; (iii) retrofitting refrigeration units to significantly reduce or eliminate high GWP gases; (iv) accelerating the electrification of home delivery vans and light vehicles to reduce transportation emissions; (v) collaborating with transport service providers to enhance vehicle eco-efficiency, favouring newer models and optimizing routes to lessen carbon footprint impact; (vi) fostering engagement and awareness initiatives for employees, customers, partners, and the community about the urgency of addressing climate change and encouraging behavioural shifts.</p>



		<p>The framework indicates that SPT #2 defined as “Women in leadership positions in MC, excluding Arenal”, is established for KPI #2 “Women in leadership positions in MC, excluding Arenal”. The baseline value used to define SPT #2 is 35.6%, corresponding to the year 2019. The framework outlines yearly targets for SPT #2, with percentages representing the proportion of leadership positions occupied by women. These targets are set at 42.1% for 2024, 43.6% for 2025, 44.5% for 2026, and between 45% and 55% from 2027 to 2030.</p> <p>According to the framework, the observation dates for all target periods of SPT #2 shall be the twelve-month period ending on December 31st of each year until 2030.</p> <p>The framework outlines that MC aims to achieve the targets set out in SPT #2 by continuously implementing, monitoring, and improving its Plan for Gender Equality.</p> <p>Finally, the framework indicates that MC has appointed KPMG to provide independent limited assurance on the alignment of the Framework with the SLBP five core components. The resulting pre-issuance Limited Assurance Report shall be made available on the Company’s website (<a href="https://mc.sonae.pt/en/">https://mc.sonae.pt/en/</a>).</p>
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Topic	Content	Observations and findings
Loan Characteristics	A key characteristic of a SLL is that an economic outcome is linked to whether the selected predefined SPT(s) are met.	<p>According to the Framework, the failure and/or success to meet the SPTs at the respective observation dates will impact the financial characteristics of the sustainability-linked financing instruments issued under the Framework. This impact may take the form of a step-up / step-down in the margin / interest rate / coupon, a discount / premium payment at maturity or a combination of both, respectively. The framework further states that if a sustainability-linked financing instrument incorporates more than one KPI, each KPI may be assigned with a relative weight of the aggregate redemption premium or margin adjustment, as applicable, and will be also specified in the documentation of each Sustainability-Linked Financing Instrument.</p> <p>The Framework states that each sustainability-linked financing instrument issued under the Framework, shall include its specific characteristics, namely the relevant KPI(s), SPT(s), step-up / step-down margin / coupon amount and / or premium / discount payment amount. This documentation should specify the exact financial and / or structural implications.</p> <p>Lastly, if (i) following an SPT Observation Date and within the time limit prescribed in the Sustainability-Linked Instrument documentation (which shall not be more than 6 months after such SPT Observation Date), MC does not make publicly available information on the actual performance of the relevant KPIs relative to the respective SPTs, together with the Verification Assurance Certificate, in accordance with the Reporting and Verification sections of the Framework, or (ii) for any reason, the performance level of the relevant KPIs relative to the respective SPTs cannot be calculated or observed as prescribed, or not in a satisfactory manner (non-satisfactory manner to be understood as the Verification Assurance Certificate to be provided by the appropriately qualified independent party containing a reservation or such independent party not being in a position to provide such certificate):</p> <ul style="list-style-type: none"> <li>• For a Sustainability-Linked Instrument impacted by the failure, but not by the success, to meet the relevant SPT(s), the step-up in the Margin / interest rate / coupon and / or premium payment, as applicable, shall be triggered;</li> <li>• For a Sustainability-Linked Instrument impacted by the success, but not by the failure, to meet the relevant SPT(s), the step-down in the Margin / interest rate / coupon and / or discount payment, as applicable, shall not be triggered;</li> </ul>



		<ul style="list-style-type: none"><li>• For a Sustainability-Linked Instrument impacted by both the failure and the success to meet the relevant SPT(s), the step-up in the Margin / interest rate / coupon and / or premium payment, as applicable, shall be triggered.</li></ul>
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Topic	Content	Observations and findings
Reporting	<ul style="list-style-type: none"> <li>- Borrowers should, at least once per annum, provide the lenders participating in the loan with:               <ul style="list-style-type: none"> <li>a. up-to-date information sufficient to allow them to monitor the performance of the SPTs and to determine that the SPTs remain ambitious and relevant to the borrower's business; and</li> <li>b. a sustainability confirmation statement with verification report attached, outlining the performance against the SPTs for the relevant year and the related impact, and timing of such impact, on the loan's economic characteristics.</li> </ul> </li> </ul>	<p>The Framework states that MC is committed to providing its stakeholders with adequate and updated information regarding the annual progress made on the KPIs and the achievement or non-achievement of the SPTs on the observation dates. This information will be externally verified by an independent third party through at least a limited assurance report. MC will publish and maintain readily available and easily accessible up-to-date information and reports on its website (<a href="https://mc.sonae.pt/en/">https://mc.sonae.pt/en/</a>) on an annual basis.</p> <p>According to the Framework, such annual reports will fulfil the following objectives: (1) disclose up-to-date information on the performance of the KPIs relative to the SPTs, including the calculation methodology and the baselines, where relevant, (2) disclose any relevant information that enables stakeholders to monitor the progress of the KPIs towards the SPTs; and (3) when applicable, disclose information on any re-assessments of KPIs and/or restatement of the SPTs and/or pro-forma adjustments of KPI scope.</p>

Topic	Content	Observations and findings
Verification	<ul style="list-style-type: none"> <li>- The borrower must obtain independent and external verification, conducted by a qualified reviewer, of the performance level against each SPT for each KPI for any date/period relevant for assessing SPT performance leading to a potential adjustment of the SLL economic characteristics, until after the last SPT trigger event of the loan has been reached.</li> <li>- The verification of the performance against the SPTs must be shared with the lenders in a timely manner and, where appropriate, be made publicly available.</li> </ul>	<p>The Framework outlines that on each SPT observation date, the actual performance of MC's KPIs relative to the respective SPTs will be verified to at least a limited level of assurance by a qualified independent party. MC is to disclose this assurance report on its website (<a href="https://mc.sonae.pt/en/">https://mc.sonae.pt/en/</a>).</p>

# Sustainability-Linked Financing Framework

June 2024



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# 1. Introduction

## About MC

With over 38 years of history, dating back to the opening of the country's first hypermarket in 1985, today, MC stands out as a reference company in the retail sector.

With an omnichannel and multi-format approach, MC seeks to fulfill a variety of consumer missions through a set of complementary retail businesses, in the areas of:

- food retail, through Continente (urban hypermarkets), Continente Modelo (large-scale supermarkets), Continente Bom Dia (neighborhood supermarkets), Continente Online (e-commerce platform), and Meu Super (franchised neighborhood stores). The different formats have strategically located stores in high-population traffic areas in Portugal, offering a comprehensive and distinctive range of products.
- health, wellness and beauty retail, with an emphasis on the Wells brand in Portugal, which offers a wide range of health, beauty, optical and perfumery products, and Arenal in Spain, which provides a broad selection of health, beauty, wellness and perfumery articles.
- Complementary businesses: Bagga (coffee shops); Go Natural (organic restaurants); Cozinha Continente (restaurants); Note! (bookshop and stationary); ZU (pet care and services); Washy (self-service laundries); and Home Story (home furnishing and accessories)

Over the years, MC has worked to deliver solid economic performance while making a difference towards a better society and caring for the planet.

## Sustainability Strategy

It is our purpose, part of our DNA, and our values to challenge ourselves every day to create a better future. We believe that each new day brings a new opportunity to transform our ambition into concrete actions and impact.

Acting independently and transparently, we cooperate with various parties to ensure the best solutions for the challenges and opportunities we face. We recognize that we still have a long way to go to transform this ambition into impact. As a fundamental and structuring element of our value proposition, sustainability guides our actions, the relationships we establish with our suppliers, the development of our people, and our presence in the community.

In line with this commitment, we prioritize diversity and inclusion within our workforce, recognizing that a diverse team enriches our culture and drives innovation. By fostering an inclusive environment where all voices are heard and valued, we ensure that every



individual can contribute to our shared success, reflecting the diverse communities we serve.

Our DEI (Diversity, Equity, and Inclusion) strategy unfolds across five dimensions of diversity: gender, disabilities, LGBTQIAP+, nationalities and ethnicities, and generations. We have been progressively working on each of these dimensions since 2020. For all of them, we have defined specific goals and areas of action, and we have also introduced evaluation tools such as the inclusion index or the diversity and inclusion questionnaire launched this year.

As for gender, we are addressing four areas of action: (1) Employment and Education, with the structuring of formal and informal training programs and the definition of targets, aiming for gender parity by 2026 and we were the only Portuguese company to sign the CEO Pledge from the LEAD Network; (2) Flexibility; (3) Social protection with projects like the one against domestic violence that we developed in partnership with Portuguese Red Cross; and (4) Visibility/role models).

We are committed to advancing women in leadership through continuous progress evaluation to ensure a truly inclusive environment.

With its Sustainability Strategy, MC aims to be a facilitator of the transformation required in the food system by aligning the supply chain with the most critical dimensions and best practices, promoting increased transparency, and encouraging more sustainable behaviors among consumers. At the same time, we have a strong commitment to our people and communities. We place our people at the center of our activity and culture, and we recognize our role in building more resilient and autonomous communities.

The Sustainability Strategy and Roadmap primarily address four key agendas: **Climate Action, Circularity, Sustainable Production, and Responsible Offering**. This is complemented by MC's People and CSR Strategies.

The Climate Action agenda aims to ensure the decarbonization and adaptation of operations in line with the 1.5°C scenario. Promoting the eco-efficiency of operations, investing in the production and acquisition of renewable energy, ensuring the retrofit and replacement of cooling centers, reducing emissions associated with logistics, and accelerating the electrification of transportation are the strategic action lines we are implementing.

With the circular agenda, we are guiding our actions towards greater resource efficiency and reinforcing circularity. Ensuring the creation of sustainable packaging solutions, promoting the development of circular products and services, strengthening initiatives to combat food waste in operations, and optimizing waste collection and sorting systems for greater valorization and/or reintegration of materials into the chain are the central initiatives taking place within this agenda.

The Sustainable Production agenda aims to promote the adoption of production practices with minimal environmental impact and to ensure human rights throughout the supply chain. For that purpose, our teams evaluate the value chain's exposure to

environmental, social, and governance (ESG) risks, promote the implementation of programs supporting the adoption of more sustainable practices, and monitor and track the performance of suppliers.

Progressively democratizing access to a healthier and more sustainable basket of goods is the main goal of the Responsible Offering agenda. Expanding the range of balanced food products, promoting the implementation of campaigns to encourage responsible consumption, and facilitating consumer choices for healthier and more sustainable options are key initiatives.

<b>Agenda</b>	<b>Ambition</b>	<b>Targets</b>
<b>Climate Action</b>	Ensure the decarbonization and adaptation of MC operations, in accordance with the 1.5°C scenario	Achieve carbon neutrality in operations by 2040  By 2032, reduce greenhouse gas emissions from operations by 51% compared to 2022
<b>Circularity</b>	Guide our actions towards greater efficiency in resource consumption and strengthen circularity	Ensure that all own-brand packaging will be recyclable, compostable, or reusable by 2025, incorporating an average of 30% recycled material  By 2028, reduce food waste from our operations by 50%, compared to 2020
<b>Sustainable Production</b>	Promote the adoption of low environmental footprint production practices and advocate for respect for human rights throughout the supply chain	Ensure zero deforestation associated with critical raw materials  By 2032, reduce greenhouse gas emissions in the supply chain by 31%, compared to 2022
<b>Responsible Offering</b>	Democratize, gradually, the access to a healthier and more sustainable basket	Enhance the offering of more sustainable and healthy products through a wider range and availability, making it easier for consumers to make choices

MC also follows its parent Sonae initiative when it comes to developing a Framework for Sustainability Financing, more specifically, a **Sustainability-Linked Financing Framework** which is aligned and presented through categories of possible KPIs.

## **MC engages with reference standards and institutions**

At MC, our actions are guided by a set of principles and values rooted in our DNA, as we seek to inspire those around us to build a legacy of excellence for the future. The **Code of Ethics and Conduct** sets out the principles that govern the company's activities, as well as the ethical and moral conventions that must be respected by all members of our

governing body and all our employees in their relationships with clients, suppliers, and other stakeholders.

Through the Code of Ethics and Conduct, we ensure that all of our activities adhere to the principles of ethics and trust we have established.

Through policies and practices on human rights, MC aims for its employees, suppliers, and other stakeholders to commit to conducting their activities with respect for human rights. This constitutes a minimum guarantee of compliance both in our direct operations and throughout our supply chain, in line with the Code of Ethics and Conduct.

Furthermore, to support the integration of sustainable development principles in our management practices, we have, over the years, subscribed to a set of policies and commitments (directly or through Sonae SGPS) and developed internal benchmarks, such as: United Nations Universal Declaration of Human Rights; United Nations Global Compact Principles; The Charter of Principles of BCSD Portugal; CEO Guide For Human Rights (WBCSD); Women Initiative of the European Roundtable of Industrials (ERT); CEO Pledge, Lead Network; Future of Work Leadership Statement (WBCSD); Paris Pledge for Action; New Plastics Economy Global Commitment; The National Pact For Plastic; Business for Nature's Call to Action; Science Based Targets Network (SBTN) Corporate Engagement Program; Environmental Policy; Plan for Gender Equality; Supplier's Code of Ethics and Conduct; Sustainability Declaration of Continente Producer's Club; Sustainable Fishing Policy; Zero Deforestation Commitment; Charter of Principles for CO<sub>2</sub> & Climate Change and Letter of Principles for Plastic.

## **Governance**

MC's robust governance model is based on a clear separation of responsibilities between management and control mechanisms, rigorous internal control systems, and transparent communication practices among the various governing bodies, shareholders, and other stakeholders.

MC follows a monist governance model, where the Board of Directors oversees the management structure, and the supervisory structure comprises the Statutory Audit Board and the Statutory External Auditor.

The Board of Directors is responsible for managing the company's businesses, performing all management acts related to its corporate purpose, setting strategic guidelines, and appointing and supervising the Executive Committee and its specialized committees.

The Board of Directors at MC is focused on the company's long-term growth and development to generate value for all its stakeholders, supported by a sound corporate social responsibility framework. This governing body comprises a balanced team that is highly skilled and has in-depth knowledge of food retail. With clear intentions and focus, it has defined MC's terms for operational and financial sustainable success. It has also

articulated its mission in the retail industry and how its activities benefit customers, associates, and society as a whole.

As a Sonae company, MC integrates the different Consulting Groups established by its parent company. These are collaborative platforms that aim to promote the principles and best practices contributing to sustainable value creation. These groups produce, recommend, and consolidate the implementation of corporate policies across different businesses and coordinate projects. These groups include the **Human Resources Consulting Group (HRCG)** and the **Sustainability Consulting Group (SCG)**.

## 2. Rationale for establishing a Sustainability-Linked Financing Framework

By establishing this **Sustainability-Linked Financing Framework** (the “Framework”), MC primarily aims to further emphasize its commitment to sustainable development, explicitly addressing relevant, core, and material issues.

This Framework also serves as a means to further communicate to investors and stakeholders the strategy and commitments, and to expedite the integration of these commitments across the organization.

### **This framework is part of MC' Sustainability and People Strategy**

The approach consisted in linking the sustainability and people strategy of MC as borrower to the terms of general corporate purposes debt, incentivizing the achievement of pre-determined **Sustainability Performance Targets (SPTs)** within a pre-determined timeline.

These include, among others, sustainability-linked bonds and commercial papers issuance, sustainable loans, and other forms of financing instruments. The company's path towards increasing sustainable finance shows how much it can be instrumental to support the organic growth of a sustainable company: the aim is to progressively refinance upcoming maturities and raise new funding via Sustainability-Linked instruments.

### **Coverage and Alignment**

The Framework aims at covering Bonds, Commercial Papers Issuance, Loans, and any other financing instruments whose characteristics are linked to sustainability performance targets (together the “Sustainability-Linked Financing Instruments”).

Unless otherwise stated, the proceeds of such Sustainability-Linked Financing Instruments are intended to be used for general corporate purposes. This Framework has been established in accordance with the Sustainability-Linked Loan Principles 2023 (“SLLP 2023”) and the Sustainability Linked Bond Principles 2024 (“SLBP 2024”), as

administered by the Loan Market Association (“LMA”) and the International Capital Markets Association (“ICMA”), and their five core components:

- I. Selection of Key Performance Indicators (KPIs)
- II. Calibration of Sustainability Performance Targets (SPTs)
- III. Bond & Loan Characteristics
- IV. Reporting
- V. Verification

MC may review this Framework from time to time, including, but not limited to, its alignment to updated versions of the relevant principles as and when they are released, with the aim of adhering to the best practices in the market. Such review may result in this Framework being updated and amended.

If changes are not minor in nature, any amendment or update should be verified to at least a limited level of assurance of an appropriately qualified independent party, which shall issue an Independent Assurance Report.

The updated Framework, if any, along with the Independent Assurance Report, will be published on MC’s website (<https://mc.sonae.pt/>).

**Instruments issued under previous versions will not be affected by any updates or new iterations of this document, unless explicitly stated by MC.**

## **2.1. Selection of Key Performance Indicators (KPIs)**

KPIs were designed and assessed for MC including information about the consolidated portfolio's companies in the financial statements, that MC controls.

MC has selected the following two Key Performance Indicators (KPIs), for inclusion in Sustainability-Linked Instruments issued under this Framework, which are core, relevant, consistent with our sustainability strategy and material to our business, measuring the progress of the company on two of the top commitments (greenhouse gases (GHG) and diversity):

**KPI #1:** Reduction of GHG (scope 1 and 2) Absolut Emissions for MC (market based and control approach)

**KPI #2:** Women in leadership positions in MC, excluding Arenal

**KPI #1: Reduction of GHG (scope 1 and 2) Absolut Emissions for MC (market based and control approach).**

### **Definition and scope #1**

Reduction of GHG (scope 1 and 2) Absolut Emissions for MC market based and controlled operations. This scope includes all of MC’s controlled operations.

## Rational and Materiality #1

Climate change, due to the threat it poses to our ability and the ability of future generations to live and grow in a peaceful and prosperous world, is a central topic on our agenda. We believe we can play a relevant role in responding to the climate emergency, helping to limit the average temperature increase to 1.5°C through the decarbonization of our activities. To contribute to this common target MC assumed the commitment of carbon neutrality by 2040.

The materiality analysis exercise that supported the development of MC's sustainability strategy determined the materiality of climate action. This aspect was highlighted in the sectoral analysis, peer benchmarking, regulatory framework, and consultations with internal and external stakeholders.

For MC, it is crucial to focus on reducing our GHG emissions and the impact our activities have on the climate, as well as preparing to adapt our business to future impacts. By becoming more resilient and seizing opportunities connected to integrating this agenda into our business, climate action becomes one of the central agendas of our Sustainability Strategy. This is based on a specific ambition and targets anchored in our Climate Action Roadmap.

In 2023, MC's decarbonization targets for operations and the value chain were validated and approved by the Science Based Targets initiative (SBTi), an initiative that promotes the establishment of emission reduction targets in line with climate science, with the year 2022 as the baseline.

## Contribution to UN SDGs



UN SDG 7: Affordable and Clean Energy

UN SDG 13: Climate Action

## Methodology for calculation #1

MC absolute emissions target, calculated in accordance with the GHG Protocol Corporate Accounting and Reporting Standard methodology.

Emissions are calculated on a control approach and market-based basis.

Scope 1 is calculated based on the GHG Protocol, namely arising from own fleet vehicle emissions, boilers, F-gases from cooling systems, and emissions from leased fleet recognized as a right of use (according to IFRS16).

Scope 2 includes indirect emissions not controlled by the organization, related to the generation of purchased electricity/heat/cold consumed by MC. Scope 2 is assessed using market-based approach, given the ability to decide over the purchase of market-based solutions for decarbonizing scope 2.

Emissions are measured in metric tons of Carbon Dioxide equivalent (t CO<sub>2e</sub>).

## Historical Performance

Methodology: control approach and market-based

GHG (t CO <sub>2e</sub> )	2021	2022	2023
Scope 1	49,452	60,838	62,655
Scope 2	110,861	90,997	79,479
<b>Scope 1 and 2</b>	<b>160,313</b>	<b>151,835</b>	<b>142,134</b>

## KPI #2: Women in leadership positions in MC, excluding Arenal.

### Definition and scope for KPI #2

Women in leadership positions KPI measures the women representativeness in leadership positions, which are defined as roles of high responsibility and/or impact (Executives, Senior and Middle Managers). This KPI was designed and assessed for MC, excluding Arenal.

### Rational and Materiality for KPI #2

Gender equality is an established right, regarded as an essential human right for the development of society and for the full participation of all individuals, regardless of their gender.

The concept of gender equality encompasses equal rights, freedom and opportunities for all genders, aiming to promote equal value, recognition and participation in all spheres of public and private life. This concept has gained significant attention from key international bodies in recent years, and Portugal is no exception.

The resolution approved in the Council of Ministers no. 19/2012, on March 8th, 2021, determined that all organizations in the Government's business sector were required to adopt an equality plan, designed to achieve equal treatment and opportunities for all genders, eliminate discrimination and facilitate the balance between professional, family and personal life.

This legal requirement was later extended to companies listed on the stock market, through Law no. 62/2017 of the 1st of August 2017, which approves the regime of balanced representation between genders for the boards of directors and supervisory boards in public and listed companies, stipulating in Article 7 the requirement to draft and communicate annual gender equality plans.

This law also came to establish that the proportion of men and women shall be 20%, as of the first elective general assembly after 1 January 2018, and 33.3% as of the first elective general assembly after 1 January 2020, with regards to the board of directors and supervisory boards.

Recognizing the importance of business in fostering a democratic and inclusive society, and the benefits of gender diversity for business success, MC is committed to establish a gender balance with at least 44.5% representation of women by the end of 2026.

MC considers gender diversity as crucial for organizational balance, especially in decision making roles, due to proven positive impact on business outcomes.

As a result, aiming to reinforce women representation in leadership positions, a specific indicator was included in MC's ambition.

### Contribution to UN SDGs



UN SDG 5: Gender Equality

UN SDG 8: Decent Work and Economic Growth



## UN SDG 10: Reduce Inequalities

MC’s establishment of women in leadership positions as a KPI aligns with both SDG 5 (Gender Equality), SDG 8 (Decent Work and Economic Growth) and SDG 10 (Reduced Inequalities). By prioritizing women in leadership roles, MC promotes gender equality within its organization, providing equal opportunities for career development and empowering women economically and socially. This commitment not only addresses gender disparities but also contributes to reduced inequalities by fostering a more inclusive work environment and challenging gender stereotypes. Through these efforts, MC not only advances its corporate goals but also contributes to broader societal objectives of gender equality and social inclusion.

### Methodology for calculation #2

(Nr. of women “Executives” and “Senior & Middle Managers” / Total population “Executives” and “Senior & Middle Managers”) x 100<sup>1</sup>

- <sup>1</sup> It covers MC controlled companies that have defined gender equality targets and are governed by the segmentation of functions defined for the Group, thus excluding Arenal. Arenal’s headcount is immaterial in the MC context and does not follow the same structure of functional groups.

Results on the 31<sup>st</sup> December

### Historical Performance

MC control approach, excluding Arenal

	2019	2020	2021	2022	2023
KPI #2	35.6%	37.2%	38.8%	39.7%	40.6%

## 2.2. Calibration of Sustainability Performance Target (SPTs)

The Sustainability Performance Targets (SPTs) for each KPI, are fully aligned with MC’s Strategy and Targets, as published in their Annual Report of the Year.

### SPT #1: Reduction of GHG (scope 1 and 2) Absolut Emissions for MC (market based and control approach).

#### Sustainability Performance Target Observation Date:

31 December of each relevant year (2024 – 2030).

#### Baseline (Data and Introduction) #1

Aligning with the methodology and guidelines of the SBTi and with the submitted and validated target, we established the year 2022 as the baseline.

#### Rational and Ambition (description + tables) #1



GHG (t CO <sub>2e</sub> )	Base Year 2022	Real 2023	Target 2024	Target 2025	Target 2026	Target 2027	Target 2028	Target 2029	Target 2030
Scope 1 and 2	151,835	142,134	142,080	136,397	130,941	125,703	110,619	97,345	85,663
Δ vs base year		-6%	-6%	-10%	-14%	-17%	-27%	-36%	-44%

Considering the already executed and accelerated decarbonization process, along with a set of factors related to business strategy, market conditions, and the development and large-scale availability of new and innovative technologies, we do not foresee this as a linear path. The path is expected to include quantitative jumps rather than being linear.

### Action Plan

MC presents an integrated approach to climate change through the [Sonae Companies' Charter of Principles for CO<sub>2</sub> and Climate Change](#). This framework enables MC to craft an ambitious response tailored to its business and geographical context, grounded in best practices and the latest scientific and technological knowledge.

MC has an integrated roadmap towards the decarbonization of its operations. This involves assessing the business's exposure to climate risks and defining mitigation and adaptation measures to increase its resilience, namely:

- Promoting efficient and flexible energy consumption by investing in the installation of more efficient equipment and systems, creating the conditions necessary to better monitor and manage consumption, and fostering behavioral changes that maximize the benefits of these investments.
- Decarbonizing the energy matrix by switching to electricity-based consumption systems and ensuring the production and acquisition of electricity from renewable sources.
- Retrofitting and replacing refrigeration units with alternative solutions aimed at drastically reducing, or even completely eliminating, the use of gases with high Global Warming Potential (GWP).
- Accelerating the electrification of both the home delivery van fleet and the light vehicle fleet to reduce emissions from transportation.
- Working with transport service suppliers to improve the eco-efficiency of vehicles used in logistics, ensuring preference for newer vehicles and implementing route optimization procedures to minimize the environmental impact and reduce the carbon footprint.
- Contributing to or fostering the creation of engagement and awareness initiatives for employees, customers, partners, and community members regarding the urgent need to respond to climate change and promote behavioral change.

To achieve these objectives, we foster partnerships with various entities, including suppliers, research institutes, experts, and other strategic partners. We actively measure our carbon footprint using the GHG Protocol, assess climate risks, and set goals aligned with science through the Science-Based Targets Initiative (SBTi).

## Potential obstacles

MC depends at least partially on factors such as innovation, that are not entirely controlled by MC. For instance, decarbonizing heavy fleet requires innovation either on the electrification of the fleet or by spreading an alternative technology. In this context, MC is assuming an acceleration on the heavy fleet decarbonization more ahead on the time horizon, as a result the path won't be linear.

Acquisition of new companies or the sale of any company of the portfolio may require adjustments.

## SPT #2: Women in leadership positions in MC, excluding Arenal.

### Sustainability Performance Target Observation Date:

31 December of each relevant year (2024 – 2030).

### Baseline (Data and Introduction) #2

MC has defined its baseline for the Women in Leadership (WiL) positions in 2019, when the company established new KPI's for the mandate that was about to start. By then, Women in Leadership was one of the People KPI's defined as a priority for the Group.

### Rational and Ambition (description + tables) #2

	Base Year 2019	Historic 2020	Historic 2021	Historic 2022	Real 2023	Target 2024	Target 2025	Target 2026	Target 2027	Target 2028	Target 2029	Target 2030
KPI #2*	35.6%	37.2%	38.8%	39.7%	40.6%	42.1%	43.6%	44.5%	45-55%	45-55%	45-55%	45-55%

\* data excluding Arenal

MC believes that having more gender diversity in management roles has huge impact on the businesses' performance and sustainability. Therefore, bearing in mind that in an organization where about 70% of the workforce are women, having only 36% (in 2019) of them in leadership positions was not reflecting the full potential of our workforce, nor making the most out of our talent.

Therefore, aiming to reach gender parity, MC has defined its targets and has been regularly monitoring the progress. This KPI is indexed to the variable remuneration of all MC employees, proving that this is a shared commitment.

### Action Plan

MC has been dedicating special attention to gender equality, seeking to balance the representation of men and women throughout the organization, with a special focus on leadership positions.

Thus, MC has been publishing its Plan for Gender Equality on an annual basis, aiming to promote good practices under the scope of gender equality, applicable to both its

employees and the members of its governing bodies, and remains committed to its continuous implementation, monitoring and improvement.

### Potential obstacles

In the dynamic landscape of portfolio management, MC acknowledges the potential challenges inherent in its approach.

While the Group has set ambitious targets, managing a diverse portfolio is complex. Changes in portfolio composition can impact KPIs and affect progress towards the target. Additionally, since the KPI is measured annually on December 31st, unexpected turnover in the latter part of the year may occur, potentially hindering our ability to react promptly and meet our targets for that year.

Despite these challenges, our commitment to diversity remains unwavering, and we are continually adapting our strategies to navigate these complexities while striving to achieve our goals.

## 2.3. Recalculation Policy

The KPIs baselines and the SPTs set out in this Framework may be changed and recalculated to reflect Recalculation Events that, individually or in aggregate, affect positively or negatively the value of said KPIs by at least 10% cumulative when compared to the respective baselines.

Recalculation Events are defined as a material change in:

- The calculation methodology of the KPI.
- The change in applicable laws, regulations, guidelines and policies which are required for the determination of the KPI and/or the SPT.
- The data due to better data accessibility and accuracy or discovery of data errors.
- The perimeter of MC due to any acquisition, demerger, merger, corporate reconstruction, divestiture, or disposal, where any such change is defined as material. Regarding KPI #2, in case of mergers or acquisitions, recalculation will only occur if new companies follow the job grades as defined in the subsection Methodology for calculation #2.

Any recalculation shall be performed by MC in good faith, provided that:

- An external verifier has independently confirmed that the proposed revision:
  - is consistent with the MC's sustainability strategy; and
  - is in line with the initial level of ambition of the SPT(s),

all as described in the specific documentation of each Sustainability-Linked Financial Instrument, if any, and in this Framework.

Any such change will be communicated as soon as reasonably practicable by MC. In the specific case of mergers, acquisitions and disposals, MC will have a full reporting year after such Recalculation Event in order to be able to implement the internal control systems that allow the collection of data to recalculate the KPIs baselines and SPTs.

## 2.4. Bond & Loan Characteristics

MC will use the proceeds of any Sustainability-Linked Financing for general corporate purposes, unless otherwise stated.

Sustainability-Linked Financing Instruments will incorporate one or both of the KPIs outlined in the “Selection of Key Performance Indicators” section, as specified in each Sustainability-Linked Financing Instruments legal documentation. Although this Framework defines several KPIs and SPTs, the choice of KPI and SPT for a given transaction will be specified in the relevant documentation.

The financial characteristics of a given Sustainability-Linked Instrument will be impacted by the failure and/or by the success of MC to meet the relevant SPTs at the respective Observation Date in the following way:

- If by the failure, in the form of a step-up in the margin/interest rate/coupon, a premium payment at maturity or a combination of both, and/or
- If by the success, in the form of a step-down in the margin/interest rate/coupon, a discount payment at maturity or a combination of both.

For a given Sustainability-Linked Instrument, such impact on its financial characteristics shall be commensurate and meaningful relative to its original financial terms.

If a Sustainability-Linked Instrument incorporates more than one KPI, each KPI may be assigned with a different impact in the margin/interest rate/coupon step-up/step-down and/or the premium/discount payment, as applicable.

The specific characteristics of a given Sustainability-Linked Instrument issued under this Framework, including, but not limited to, the relevant KPI(s), SPT(s), step-up/step-down margin/interest rate/coupon amount and/or premium/discount payment amount, will be identified in the relevant documentation of such Sustainability-Linked Instrument. Such documentation will specify the exact financial and/or structural implications (which could include for instance, but are not limited to, redemption premium, interest rate/coupon or margin adjustment, depending on the nature of the instrument). Each KPI may be assigned with a relative weight of the aggregate redemption premium, interest rate/coupon or margin adjustment, as applicable, and will be also specified in the documentation of each Sustainability-Linked Financing instrument. If, (i) following an SPT Observation Date and within the time limit prescribed in the Sustainability-Linked Instrument documentation (which shall not be more than 6 months after such SPT Observation Date), MC does not make publicly available information on the actual performance of the relevant KPIs relative to the respective SPTs, together with the Verification Assurance Certificate, in accordance with the Reporting and Verification sections of this Framework, or (ii) for any reason, the performance level of the relevant KPIs relative to the respective SPTs cannot be calculated or observed as prescribed, or not in a satisfactory manner (non-satisfactory manner to be understood as the Verification Assurance Certificate to be provided by the appropriately qualified independent party containing a reservation or such independent party not being in a position to provide such certificate):

- For a Sustainability-Linked Instrument impacted by the failure, but not by the success, to meet the relevant SPT(s), the step-up in the margin/interest rate/coupon and/or premium payment, as applicable, shall be triggered;
- For a Sustainability-Linked Instrument impacted by the success, but not by the failure, to meet the relevant SPT(s), the step-down in the margin/interest rate/coupon and/or discount payment, as applicable, shall not be triggered;
- For a Sustainability-Linked Instrument impacted by both the failure and the success to meet the relevant SPT(s), the step-up in the Margin/interest rate/coupon and/or premium payment, as applicable, shall be triggered.

Further information will be provided in the specific documentation relevant to each issue of “Sustainability-Linked Instruments”.

## 2.5. Reporting

MC will annually provide sufficiently up-to-date information to monitor the performance of the KPIs and to verify the accomplishment of the SPTs.

As transparency is of value in the Sustainable Finance market, the company commits to publicly report the information by incorporating the KPIs into their Annual Report, which is verified by an external party.

This reporting would be published regularly, at least annually, in order to enable investors to monitor the progress of the SPT, especially when it is included in a facility, and will be made available on MC’s website (<https://mc.sonae.pt/en/>).

In order to provide investors and lenders with adequate information about the progress made on the KPI(s) and the achievement or not of the SPT(s) set out in this Framework and in the legal documentation of the Sustainability-Linked Financing Instruments, if any, and any impact on the Sustainability-Linked Financing pricing, MC commits to publicly report at least annually in its Annual Report, which is verified by an external party, or in a specific publication regarding SPTs kept readily available and easily accessible on the Company’s website (<https://mc.sonae.pt/en/>):

- Up-to-date information on the performance of the selected KPI, as per the relevant reporting period and when applicable, as per the Target Observation Date including the calculation methodology and including the baselines where relevant;
- Any relevant information enabling investors/lenders to monitor the ambition of the SPTs including any update in the issuer’s sustainability strategy and/or on the related KPI/ESG governance, and more generally any information relevant to the analysis of the KPIs and SPTs.
- When relevant, any re-assessments of KPIs and/or restatement of the SPTs and/or pro-forma adjustments of KPI scope more generally any information relevant to the analysis of the KPIs and SPTs.

Information may also include, when feasible and possible:

- Qualitative or quantitative explanations on the contribution of the main factors to the evolution of the KPIs performance, on an annual basis, and/or
- Illustration of the positive sustainability impacts of the performance improvement.

Following the occurrence of a Recalculation Event leading to a recalculation of a KPI baseline and/or a SPT, MC will publish on its website, Report or otherwise information on such recalculation, together with the associated verification assurance report (please refer to topics “Recalculation Policy” for more details).

## 2.6. Verification

MC has appointed KPMG & Associados, SROC S.A. to provide independent limited assurance on the alignment of this Framework with the five core components of the SLLP and SLBP. The Independent Limited Assurance Report and the Framework will be made available on MC’s website (<https://mc.sonae.pt/en/>).

### Post-Issuance Review

MC’s annual performance of each KPI will be included in their Annual Report and will be verified by an appropriately qualified independent party of their Annual Integrated Report.

Additionally, following an SPT Observation Date, MC’s actual performance of the KPIs relative to the respective SPTs will be verified by an appropriately qualified independent party, which shall issue an Independent Assurance Report.

Our Annual Integrated Report as well as the Verification Assurance Certificate confirming the performance of the KPIs relative to the respective SPTs will be made publicly available on MC’s website (<https://mc.sonae.pt/en/>).

## 3. Other alternative uses

MC intends to apply this framework to other types of Sustainability-Linked Instruments other than Sustainability-Linked Financial Instruments, namely but not limited to, Foreign Exchange Derivatives or Rates Derivatives. Such use shall be agreed upon between MC and corresponding stakeholders.

## 4. Disclaimer

This Framework is intended to provide general and non-exhaustive information. It has not been approved by any security regulatory authority.

The Framework contains certain forward-looking statements that reflect the MC's management's current views with respect to future events and financial and operational performance of MC. These forward-looking statements are based on MC's current expectations and projections about future events. Because these forward-looking statements are subject to risks and uncertainties, actual future results or performance may differ materially from those expressed in or implied by these statements due to any number of different factors, many of which are beyond the ability of MC to control or estimate precisely. None of the future projections, expectations, estimates or prospects in this document should be taken as forecasts or promises nor should they be taken as implying any indication, assurance or guarantee that the assumptions on which such future projections, expectations, estimates or prospects have been prepared are correct or exhaustive or, in the case of the assumptions, fully stated in the document.

MC has and undertakes (i) no obligation to update, modify, amend or correct this Framework, nor the statements contained herein; and (ii) no obligation to notify any Addressee if any information or statement changes or becomes inaccurate.

This Framework is not intended to be and should not be construed as providing legal or financial advice. It also does not constitute an offer or invitation to sell or any solicitation of any offer to subscribe, purchase or any other kind of recommendation regarding MC's Sustainability-Linked Bonds or Loans. Each potential purchaser should determine for themselves the relevance of the information contained or referred to in this Framework or the relevant documentation for such Sustainability-Linked Bond or Loan and their purchase should be based on such investigation, as they deem necessary. Nothing contained herein shall form the basis of any contract or commitment whatsoever and it will not be an event of default or breach of any contractual obligations under the Terms and Conditions of the Sustainability-Linked Bond or Loan if MC fails to adhere to this Framework in any respect.

Any decision to purchase the Sustainability-Linked Bond or Loan issued by MC should not be made solely based on the information contained in the respective Terms and Conditions. Prospective investors are required to make their own investigations and assessments of the business and financial condition of MC and the nature of the Sustainability-Linked Bond or Loan before taking any investment decision.

The distribution of this Framework and of the information it contains may be subject to legal restrictions in some countries. Anyone who might come into possession of it must inquire as to the existence of such restrictions and comply with them.

The Addressee is solely liable for any use of the information contained herein and MC shall not be responsible for any damages, direct, indirect or otherwise, arising from the use of this Framework by the Addressee.