

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.

Agenda	Ambition	Targets
Climate Action	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
Circularity	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
Sustainable Production	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
Responsible Offering	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 CO₂ & 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_{2e}).

Historical Performance

Methodology: control approach and market-based

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

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 100¹

- ¹ 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 31st 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 _{2e})	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 CO2 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.