

# PICARD GROUPE SAS SUSTAINABILITY-LINKED FINANCE FRAMEWORK

## DNV ELIGIBILITY ASSESSMENT

### Scope and objectives

Picard Groupe SAS (hereafter referred to as "Picard") is a leading retailer of frozen food products in France, offering premium quality unprocessed meat, fish and seafood, fruits and vegetables and bakery products, as well as a full range of ready-made starters, main courses, desserts and ice cream at various price points through their portfolio of 1,068 stores and, since November 2020, a home delivery service.

Picard has developed a Sustainability-Linked Financing Framework 2021 (the "Framework"). The Framework enables the issuance of Sustainability-Linked Bonds, Sustainability-Linked Loans or any other Sustainability-Linked instruments to finance and support activities with a general purpose of providing climate change mitigation through the improvement of energy efficiency of the portfolio of stores and by reducing the Greenhouse Gases (GHGs) emitted by the transport of their products.

Picard has identified two material Key Performance Indicators (KPIs) to the business where Picard commits to future sustainability improvements within a predefined timeline (by 2025).

- **KPI 1:** Energy consumption of stores (Scope 1 and 2)
- **KPI 2:** CO2 emissions from transportation (Scope 3)

Picard will assess its sustainability performance against the following annual Sustainability Performance Targets (SPTs) for the period to 2025:

- **SPT 1**
  - SPT 1a: Reduce energy consumption of stores by 6% by 2023 from a 2020 baseline
  - SPT 1b: Reduce energy consumption of stores by 10% by 2025 from a 2020 baseline
- **SPT 2**
  - SPT 2a: Reduce CO2 emissions from transportation by 10% by 2023 from a 2019 baseline
  - SPT 2b: Reduce CO2 emissions from transportation by 15% by 2025 from a 2019 baseline

DNV GL Business Assurance Services UK Limited ("DNV") has been commissioned by Picard to provide an eligibility assessment of Picard's Framework. Our objective has been to provide an assessment on whether the Framework meets the criteria established within the International Capital Market Association (ICMA) Sustainability-Linked Bond Principles June 2020 (SLBP) and Loan Market Association (LMA)

Sustainability Linked Loan Principles May 2020 (SLLP). Our methodology to achieve this is described under 'Work Undertaken'.

No assurance is provided regarding the financial performance of Bonds issued under the company's Framework, the value of any investments, or the long-term environmental and/or societal benefits of the associated transactions. Our objective has been to provide an assessment that the Framework has met the criteria established on the basis set out below.

## Responsibilities of the Management of Client and DNV

The management of Picard has provided the information and data used by DNV during the delivery of this review. Our statement represents an independent opinion and is intended to inform Picard management and other interested stakeholders in the Framework as to whether the established criteria have been met, based on the information provided to us. In our work we have relied on the information and the facts presented to us by Picard. DNV is not responsible for any aspect of the nominated assets referred to in this opinion and cannot be held liable if estimates, findings, opinions, or conclusions are incorrect. Thus, DNV shall not be held liable if any of the information or data provided by Picard management and used as a basis for this assessment were not correct or complete.

## Basis of DNV's opinion

We have adapted our eligibility assessment protocol, which incorporates the requirements of the SLBP and SLLP to create a Picard-specific Sustainability-Linked Financing Framework Eligibility Assessment Protocol (henceforth referred to as "Protocol"). Our Protocol includes a set of suitable criteria that can be used to underpin DNV's opinion. The overarching principle behind the criteria is that a Sustainability Linked instrument should *"provide an investment opportunity with transparent sustainability credentials"*.

As per our Protocol, the criteria against which the Framework has been reviewed are grouped under the five Principles:

- **Principle One: Selection of Key Performance Indicators (KPIs).** The issuer of a sustainability-linked bond should clearly communicate its overall sustainability objectives, as set out in its sustainability strategy, and how these relate to its proposed Sustainability Performance Targets (SPT). The KPI should be relevant, core and material to the issuer's core sustainability and business strategy, measurable or quantifiable on a consistent methodological basis, externally verifiable; and able to be benchmarked externally.
- **Principle Two: Calibration of Sustainability Performance Targets (SPTs).** The SPTs should be ambitious, meaningful and realistic. The target setting should be done in good faith and based on a sustainability improvement in relation to a predetermined performance target benchmark.

- **Principle Three: Bond Characteristics.** The bond will need to include a financial and/or structural impact depending on whether the selected KPIs reach (or not) the predefined SPTs. The bond documentation needs to require the definitions of the KPI(s) and SPT(s) and the potential variation of the SLB's financial and/or structural characteristics. Any fallback mechanisms in case the SPTs cannot be calculated or observed in a satisfactory manner, should be explained.
- **Principle Four: Reporting.** Issuers should publish and keep readily available and easily accessible up to date information on the performance of the selected KPI(s), as well as a verification assurance report outlining the performance against the SPT(s) and the related impact and timing of such impact on the bond's financial and/or structural characteristics, with such information to be provided to investors participating in the bond at least once per annum.
- **Principle Five: Verification (Post-issuance).** The Issuer should have its performance against its SPTs independently verified by a qualified external reviewer with relevant expertise, such as an auditor, environmental consultant and/or independent ratings agency, at least once a year. The verification of the performance against the SPT(s) should be made publicly available.

Through this protocol we have also included and reviewed the Framework against the SLLP:

- **Principle One** - Relationship to Borrower's Overall Corporate Social Responsibility (CSR) Strategy
- **Principle Two** - Target Setting – Measuring the Sustainability of the Borrower
- **Principle Three** - Reporting
- **Principle Four** – Review

## Work undertaken

Our work constituted a high-level review of the available information, based on the understanding that this information was provided to us by Picard in good faith. We have not performed an audit or other tests to check the veracity of the information provided to us. The work undertaken to form our opinion included:

- Creation of a Picard-specific Protocol, adapted to the purpose of the Framework, as described above and in Schedule 2 and Schedule 3 to this Assessment;
- Assessment of documentary evidence provided by Picard on the Framework and supplemented by a high-level desktop research. These checks refer to current assessment best practices and standards methodology;
- Discussions with Picard management, as well as review of relevant documentation and evidence related to the criteria of the Protocol; and
- Documentation of findings against each element of the criteria.

Our opinion as detailed below is a summary of these findings.

## Findings and DNV's opinion

DNV's summary findings are listed below, with further detail provided in Schedule 2 and Schedule 3:

### 1. Principle One: Selection of Key Performance Indicators (KPIs).

Within the Framework, Picard has identified 2 Key Performance Indicators (KPIs) material to the business where Picard commits to future sustainability improvements within a predefined timeline (by 2025):

- **KPI 1:** Energy consumption of stores (Scope 1 and 2)
- **KPI 2:** CO2 emissions from transportation (Scope 3)

KPI 1 is a key measure of Picard's own operations' environmental footprint because, as a frozen food retailer, Picard has determined that cooling including freezers and cold storage accounted for the majority of the business' global electricity consumption. DNV notes that Picard already relies on 100% renewable energy (evidenced to DNV by Guarantees of Origins), therefore the KPI is focused on reducing the overall energy consumption. DNV would therefore view the reduction of energy consumption as relevant, core and material to Picard's overall business.

For KPI 1, historical data on energy consumption has been provided for each year from 2012. The data is externally verifiable against the international standard ISO 50001 and has been audited annually by a Third Party since 2015.

A methodology for the calculation of the KPI has also been provided by Picard that is measurable and quantifiable on a consistent methodological basis.

KPI 2 is also a key measure of Picard's supply chain operations' environmental footprint and considered a material issue because, as a retailer, Picard has demonstrated that GHG emissions from transport represents a significant part of its total emissions, and represent the majority of their Scope 3 emissions. This KPI represents approximately 13% of Picard's total emissions excluding any product-related emissions.

In 2019 Picard joined a voluntary initiative led by the French Shippers' Council called "FRET21 – The Shippers Pledge", an initiative that aims to reduce freight transport's impact on the environment which has been built with the French Environmental Agency (ADEME) and the support of Ségolène Royal, the former French Minister of Ecology, Sustainable Development and Energy.

For KPI 2, historical data is therefore only available from 2019; as this is the date the FRET21 initiative started. DNV has reviewed documentation and confirms that this is sufficient justification for the provision of less than 3 years of historical data. The data is verifiable against the FRET21 commitment and externally audited through an annual report sent to the French Environment Agency via ECO-CO2.

Based on the work undertaken, DNV can confirm that the KPIs are material to the company's overarching sustainability strategy. The rationale and process for KPI selection, as well as its definition, measurability and verifiability, are clearly defined, presented within the Framework, and are deemed to be robust, reliable and in accordance with the SLBP and SLLP.

## **2. Principle Two: Calibration of Sustainability Performance Targets (SPTs).**

Aligned with the 2 KPIs outlined above, Picard has set the following SPTs:

- **SPT 1**

- SPT 1a: Reduce energy consumption of stores by 6% by 2023 from a 2020 baseline
- SPT 1b: Reduce energy consumption of stores by 10% by 2025 from a 2020 baseline

- **SPT 2**

- SPT 2a: Reduce CO2 emissions from transportation by 10% by 2023 from a 2019 baseline
- SPT 2b: Reduce CO2 emissions from transportation by 15% by 2025 from a 2019 baseline

### **SPT 1**

Picard's goal for SPT 1 is considered ambitious as Picard has already achieved substantial improvements in the energy efficiency of its stores since 2012 (10.2% reduction between 2012 and 2020). As a result, reaching an additional longer-term reduction of 6% by 2023 and by 10% by 2025 represents a material improvement in overall energy efficiency. DNV confirms this is a stretching target as they intend to achieve a similar reduction in a shorter timeframe and is based on a lower baseline than the previous reduction achieved between 2012 and 2020.

Although there is no systematic reference to a science-based scenario, DNV considers that Picard has sufficiently demonstrated that SPT 1 goes beyond "Business as Usual" (BAU). Given that all of Picard's electricity originates from renewable sources, a significant step to reduce environmental impact, DNV believes that a goal of further reducing overall energy consumption represents a considerable further commitment to sustainability and aligned with Picard's sustainability strategy.

DNV has also seen evidence that the target is also in line with either the historical performance and/or the current targets of Picard's peers. DNV concludes that Picard's targets are amongst the leaders in their peer group.

## **SPT 2**

Picard's goal for SPT 2 is considered ambitious as it goes beyond the European regulations set in 2019 which require cutting GHG emissions from new trucks by 15% *from* 2025, while Picard's ambition is to achieve this decrease *by* 2025 using both new and existing fleet. DNV notes that Picard's target includes their existing fleet which includes older vehicles, meaning they will have to include extra measures to reach the target across their entire fleet.

The CO<sub>2</sub> emission performance requirements for heavy-duty vehicles set by the European Commission in 2019 require a 15% reduction for the reporting periods of the year 2025 onwards. SPT 2 commits Picard to achieve the required 15% reduction by 2025 using a combination of new and existing fleet vehicles. DNV considers this ambitious and beyond BAU as this target is above and beyond the vehicle regulations as Picard include their existing fleet and aim to achieve this reduction sooner.

Picard's target also represents an ambition beyond BAU as Picard's voluntary commitment to be aligned with FRET21 requires a reduction of GHG emissions by at least 5% within the three years from 2019. SPT 2 aims to reduce GHG emissions by 10% in 2023 and by 15% by 2025 therefore going beyond the FRET21 target.

Although Picard's data is available only from 2019 for SPT 2, we feel that this is sufficient as this follows the requirement of the FRET21 scheme, and Picard has sufficiently demonstrated that SPT 2 goes beyond BAU.

This target is also in line with either the historical performance and/or the current targets of Picard's peers. DNV concludes that Picard's targets are amongst the leaders in their peer group.

The regulation of heavy-duty vehicles set by the European Commission in 2019 is designed to contribute to the achievement of the EU's commitments under the Paris Agreement. Picard's CO<sub>2</sub> emission reduction target for transportation goes beyond this requirement, DNV therefore concludes that SPT 2 supports the Paris agreement goal of keeping a global temperature this century well below 2 degrees Celsius above pre-industrial levels.

Both SPTs are deemed to be meaningful as they address key environmental challenges for Picard, and more widely for the frozen food retail sector, to mitigate climate change by improving the energy efficiency of stores and reducing emissions from transportation, which are both material issues and are consistent with Picard's sustainability strategy.

DNV has also reviewed supporting documentation showing both SPTs to be realistic, even in light of the reductions already achieved. The Framework and supporting evidence also outline what measures Picard intend to take to achieve these targets.

Based on the work undertaken, DNV can confirm that the SPTs represent a material improvement in the respective KPIs, and as such are considered to be ambitious and beyond BAU; both SPTs are aligned with peers' performance, where possible backed by science-based benchmarks/scenarios, consistent with Picard's overall strategic sustainability strategy, and set on a predefined timeline, DNV therefore concludes that this is in line with the SLBP.

### **3. Principle Three: Bond Characteristics.**

DNV can confirm the failure by Picard to satisfy SPT 1 or SPT 2, on a set reference date will trigger a step-up margin or margin adjustment, as applicable. Picard has confirmed the reference date, step-up margin, or margin adjustment will be specified in the relevant documentation of the specific transaction (i.e. Final Terms of the Sustainability-Linked Bond)

DNV can confirm the Bond Characteristics as set out in the Framework meet the requirements of the SLBP and SLLP.

### **4. Principle Four: Reporting.**

Picard has committed to annual reporting against the KPIs within its annual report or a separate document, and accessible on its company website.

Picard has confirmed reporting would include an explanation of methodologies and supporting documentation used to derive the performance figures against the SPTs, and where relevant, an assessment of the positive impacts resulting from the progress against the SPTs.

DNV can confirm Picard's reporting commitment is in line with the requirements of the SLBP and SLLP.

### **5. Principle Five: Verification.**

Picard has committed to providing up to date information on the 2 KPIs performance on an annual basis, disclosing information in either its annual report or on the website. The data presented by Picard is verified on an annual basis by external auditors: a Third Party for SPT1 and ECO-CO2 for SPT2, as outlined in 1b, Schedule 2.

DNV can confirm Picard's commitment to verification is in line with the requirements of the SLBP and SLLP.

On the basis of the information provided by Picard and the work undertaken, it is DNV's opinion that the Picard Sustainability-Linked Financing Framework meets the criteria established in the Protocol and that it is aligned with the stated definition of sustainability linked loan within the Sustainability Linked Loan Principles as well as sustainability-linked bonds within the Sustainability Linked Bond Principles 2020, which is to *"incentivise the issuer's achievement of material, quantitative, pre-determined, ambitious, regularly monitored and externally verified sustainability (ESG) objectives through KPIs and SPTs"*, thereby providing *"an investment opportunity with transparent sustainability credentials"*.

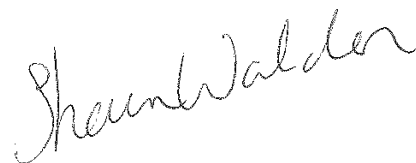
**for DNV GL Business Assurance Services UK Limited**

London, 19 April 2021

A handwritten signature in black ink, appearing to read "Richard Stutt".

**Richard Stutt**

Senior Consultant and Project Manager  
DNV – Business Assurance

A handwritten signature in black ink, appearing to read "Shaun Walden".

**Shaun Walden**

Principal Consultant and Reviewer  
DNV – Business Assurance

**About DNV**

Driven by our purpose of safeguarding life, property, and the environment, DNV enables organisations to advance the safety and sustainability of their business. Combining leading technical and operational expertise, risk methodology and in-depth industry knowledge, we empower our customers' decisions and actions with trust and confidence. We continuously invest in research and collaborative innovation to provide customers and society with operational and technological foresight.

With our origins stretching back to 1864, our reach today is global. Operating in more than 100 countries, our 12,000 professionals are dedicated to helping customers make the world safer, smarter, and greener.



**SCHEDULE 1: DESCRIPTION OF PICARD’S KEY PERFORMANCE INDICATOR (KPI) AND SUSTAINABILITY PERFORMANCE TARGET (SPT)**

KEY PERFORMANCE INDICATOR (KPI)	SUSTAINABILITY PERFORMANCE TARGET (SPT)
<p><b>Energy consumption of stores (Scope 1 and 2)</b></p>	<p><b>Reduce energy consumption of stores by 6% by 2023 and by 10% by 2025 from a 2020 baseline (kWh °C / m3 of cold)</b></p>
<p><b>CO2 emissions from transportation (Scope 3)</b></p>	<p><b>Reduce CO2 emissions from transportation by 10% by 2023 and by 15% by 2025 from a 2019 baseline (gCO2e / ton-km)</b></p>

## SCHEDULE 2: SUSTAINABILITY-LINKED BOND ELIGIBILITY ASSESSMENT PROTOCOL

### 1. Selection of Key Performance Indicators (KPIs)

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
1a	KPI – material to core sustainability and business strategy	<p>The issuer’s sustainability performance is measured using sustainability KPIs that can be external or internal.</p> <p>The KPIs should be material to the issuer’s core sustainability and business strategy and address relevant environmental, social and/or governance challenges of the industry sector and be under management’s control. The KPI should be of high strategic significance to the issuer’s current and/or future operations.</p> <p>It is recommended that issuers communicate clearly to investors the rationale and process according to which the KPI(s) have been selected and how the KPI(s) fit into their sustainability strategy.</p>	<p>Interview with Picard’s senior management and review of:</p> <ul style="list-style-type: none"> <li>• Sustainability-Linked Financing Framework (April 2021)</li> <li>• Cancellation Statement - Guarantee of Origin (of renewable energy)</li> <li>• CSR report Picard 2018-2019 (web-v)</li> <li>• Cancellation Statement - Guarantee of Origin - 30/01/2021</li> </ul>	<p>It is in our opinion that Picard has set 2 KPIs that are material to their business and aligned with their commitment to pursue the integration of sustainability into their activities, through the implementation of their sustainability strategy.</p> <p>The strategy has four pillars and Picard have selected 2 KPIs under pillar III “Promote Sustainable Logistics and Retail Practices”. We have noted a number of other strong performance targets in the Framework but the 2 KPIs below have been identified by Picard as the most material to their business. It is our opinion that the Framework clearly outlines the rationale and process for selecting those KPIs.</p> <ul style="list-style-type: none"> <li>• <b>KPI 1, Energy consumption of stores (Scope 1 and 2):</b> <ul style="list-style-type: none"> <li>○ Materiality and rationale: this is a key measure of Picard’s own operations’ environmental footprint because, as a frozen food retailer, Picard has demonstrated that cooling including freezers and cold storage accounted for over 60% of the business’ electricity consumption and that air conditioning, freezers and cold storage represented 85% of the energy consumption of a representative Picard store, as stated in the latest CSR report.</li> <li>○ DNV notes that the Picard is already relying on 100% renewable energy (evidenced to DNV by Guarantees of Origins), therefore the KPI is</li> </ul> </li> </ul>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
				<p>focused on reducing the overall energy consumption. DNV would therefore view the reduction of energy consumption as relevant, core and material to Picard’s overall business. DNV has reviewed a sample of documentation certifying the cancellation of guarantees of origin through the French Registry for Guarantees of Origin. Therefore Picard’s focus is on the reduction of energy consumption and KPI 1 has been developed accordingly.</p> <ul style="list-style-type: none"> <li>• <b>KPI 2, CO2 emissions from transportation (Scope 3):</b> <ul style="list-style-type: none"> <li>○ Materiality and rationale: this is a key measure of Picard’s supply chain operations’ environmental footprint. This is material because as a retailer, Picard has determined that GHG emissions from transport represented approximately 13% of total emissions excluding any product-related emissions, or 5% including product-related emissions.</li> <li>○ In 2019 Picard made a voluntary commitment to be aligned with FRET21 and a core factor for Picard to develop this KPI, while secondary factors include the implementation of low greenhouse gas emission zones in more than 35 conurbations in Picard’s areas of operation in France, and 90% of Picard’s transporters signing up to a French CO2 emissions reduction charter, “Objectif CO2”, as described in Picard’s CSR report.</li> </ul> </li> </ul> <p>DNV concludes that the KPIs set by Picard are consistent with the SLBP and material to the company’s overarching sustainability strategy.</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
1b	KPI - Measurability	<p>KPIs should be measurable or quantifiable on a consistent methodological basis; externally verifiable; and able to be benchmarked, i.e. as much as possible using an external reference or definitions to facilitate the assessment of the SPTs level of ambition.</p> <p>Issuers are encouraged, when possible, to select KPI(s) that they have already included in their previous annual reports, sustainability reports or other non-financial reporting disclosures to allow investors to evaluate historical performance of the KPIs selected.</p> <p>In situations where the KPIs have not been previously disclosed, issuers should, where possible, provide historical externally verified KPI values covering at least the previous 3 years.</p>	<p>Interview with Picard’s senior management and review of:</p> <ul style="list-style-type: none"> <li>• Sustainability-Linked Financing Framework (April 2021)</li> <li>• Cert_PICARD_all-sites_ISO50001-V3_valid-24aug21</li> <li>• FRET21_Picard_ Pilotage de l’engagement_2019_V3.2</li> <li>• Cert_PICARD_all-sites_ISO50001-V3_valid-24aug21</li> </ul>	<p>It is our opinion that the KPIs chosen by Picard are measurable, quantifiable, externally verifiable and able to be benchmarked. From the documents assessed we can confirm the following:</p> <ul style="list-style-type: none"> <li>• <b>KPI 1:</b> <ul style="list-style-type: none"> <li>○ Historical data on energy consumption over the last three years.</li> <li>○ The data is externally verifiable against the international standard ISO 50001 and audited annually by a Third Party.</li> </ul> </li> <li>• <b>KPI 2:</b> <ul style="list-style-type: none"> <li>○ Historical data is available only from 2019; this is because 2019 is the date the FRET21 initiative started, which Picard is a signatory of. FRET21 is a scheme initiated by the Ademe (French agency for the environment and energy management) to help companies reduce the carbon footprint of their logistics. DNV has reviewed documentation and confirms that this is sufficient justification for the provision of less than 3 years worth of historical data.</li> <li>○ The data is verifiable against the FRET21 commitment and externally audited through an annual report sent to the French Environment Agency via ECO-CO2.</li> </ul> </li> </ul> <p>DNV concludes that the measurability of the 2 KPIs is clearly defined in the Framework and consistent with the SLBP.</p>

1c	KPI – Clear definition	A clear definition of the KPI(s) should be provided and include the applicable scope or perimeter as well as the calculation methodology	<p>Interview with Picard’s senior management and review of:</p> <ul style="list-style-type: none"> <li>• Sustainability-Linked Financing Framework (April 2021)</li> </ul>	<p>It is our opinion that Picard has provided and included the applicable scope, parameters and calculation methodology as required under the SLB principles for each of the 2 KPIs:</p> <ul style="list-style-type: none"> <li>• <b>KPI 1: Energy consumption of stores (Scope 1 and 2)</b> <ul style="list-style-type: none"> <li>○ kWh °C / m3 of cold</li> <li>○ Intensity ratio calculated using an algorithm to determine the theoretical energy consumption in-store in 2012 versus the reporting year.</li> </ul> </li> <li>• <b>KPI 2: CO2 emissions from transportation (Scope 3)</b> <ul style="list-style-type: none"> <li>○ gCO2e / ton-km</li> <li>○ Intensity ratio calculated in line with the FRET21 methodology.</li> </ul> </li> </ul> <p>DNV can confirm that the scope, parameters, and calculation methodology for the 2 KPIs are clearly defined in the Framework and consistent with the SLBP.</p>
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## 2. Calibration of Sustainability Performance Targets (SPTs)

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
2a	Target Setting - Meaningful	The SPTs should be ambitious, realistic and meaningful to the issuer’s business and be consistent with the issuers’ overall strategic sustainability/ESG strategy	Interview with Picard’s senior management and review of: <ul style="list-style-type: none"> <li>• Sustainability-Linked Financing Framework (April 2021)</li> <li>• Benchmark of ESG Targets vsent</li> <li>• FRET21_Picard_Pilotage de l'engagement_2019_V 3.2</li> <li>• 02_Politique Energétique_ISO5000 01_V10bis_revised20 21</li> <li>• CSR report Picard 2018-2019 (web-v)</li> <li>• Financial-Statements_Q3_Picard_Bondco_FY21</li> </ul>	DNV can confirm that the selected KPIs outlined in 1a are aligned with the following SPTs <ul style="list-style-type: none"> <li>• <b>SPT 1</b> – The reduction of the energy consumption in stores by 6% by 2023 and by 10% by 2025 from a 2020 baseline (kWh °C / m3 of cold)               <ul style="list-style-type: none"> <li>○ Picard’s goal for SPT 1 is considered ambitious as Picard has already achieved substantial improvements in the energy efficiency of its stores since 2012 (10.2% reduction between 2012 and 2020). As a result, reaching an additional longer-term reduction of 6% by 2023 and by 10% by 2025 represents a material improvement in overall energy efficiency. DNV confirms this is a stretching target as they intend to achieve a similar reduction in a shorter timeframe and is based on a lower baseline than the previous reduction achieved between 2012 and 2020. Picard’s ambition level is also demonstrated by the findings from Picard’s peer benchmarking study which shows that Picard’s ambition matches or exceeds current or previous targets set by their peers, for example, Picard’s target is in-line with Carrefour underlying’s energy consumption target and in line with Casino’s historical performance</li> <li>○ SPT 1 is deemed meaningful because it addresses a key environmental challenge for Picard, and more widely for the frozen food retail sector, to mitigate climate change by improving the energy efficiency of stores, which is a material issue, as detailed in 1a, and consistent with Picard’s sustainability strategy.</li> <li>○ DNV has reviewed supporting documentation and considers SPT 2 to be realistic in light of the</li> </ul> </li> </ul>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
				<p>reductions already achieved by Picard and the future plans outlined.</p> <ul style="list-style-type: none"> <li>• <b>SPT 2</b> – the reduction the CO2 emissions from transportation by 10% by 2023 and by 15% by 2025 from a 2019 baseline (gCO2e / ton-km)               <ul style="list-style-type: none"> <li>○ Picard’s goal for SPT 2 is considered ambitious as it goes beyond the European regulations set in 2019; which require cutting GHG emissions from new trucks by 15% from 2025, while Picard’s ambition is to achieve this decrease by 2025 using both new and existing fleet. The peer benchmarking study reviewed by DNV also shows that Picard’s target is in line either with the historical performance of peers in some cases and the current target of peers in others.</li> <li>○ SPT 2 is deemed meaningful because it addresses a key environmental challenge for Picard to mitigate climate change by reducing the GHG emitted by the transport of products, which is a material issue, as detailed in 1a, and consistent with Picard’s sustainability strategy.</li> <li>○ DNV has reviewed supporting documentation and considers SPT 2 to be realistic in light of the reductions already achieved by Picard and future plans outlined.</li> </ul> </li> </ul> <p>DNV can confirm that the SPTs are ambitious, realistic, meaningful and consistent with Picard’s overall sustainability strategy, that this is clearly defined in the Framework and consistent with the SLBP.</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
2b	Target Setting - Meaningful	SPTs should represent a material improvement in the respective KPIs and be beyond a "Business as Usual" trajectory; where possible be compared to a benchmark or an external reference and be determined on a predefined timeline, set before (or concurrently with) the issuance of the bond.	Interview with Picard's senior management and review of: <ul style="list-style-type: none"> <li>• Sustainability-Linked Financing Framework (April 2021)</li> <li>• Benchmark of ESG Targets vsent</li> <li>• FRET21_Picard_Pilotage de l'engagement_2019_V 3.2</li> <li>• 02_Politique Energétique_ISO5000 01_V10bis_revised20 21</li> <li>• CSR report Picard 2018-2019 (web-v)</li> <li>• Financial-Statements_Q3_Picard_Bondco_FY21</li> </ul>	It is our opinion that Picard's SPTs are meaningful for the following reasons: <ul style="list-style-type: none"> <li>• <b>SPT 1</b> <ul style="list-style-type: none"> <li>○ SPT 1 is considered to be beyond "Business as usual" ("BAU") due to its high level of ambition and leadership in comparison with Picard's peers' performance, as detailed in 2a.</li> <li>○ SPT 1 has a predefined baseline of 2020 and a target year of 2023 for its first phase and 2025 for its second phase.</li> </ul> </li> <li>• <b>SPT 2</b> <ul style="list-style-type: none"> <li>○ Picard's target also represents an ambition beyond BAU as Picard's voluntary commitment to be aligned with FRET21 requires a reduction of GHG emissions by at least 5% within the three years from 2019. SPT 2 aims to reduce GHG emissions by 10% in 2023 and by 15% by 2025 therefore going beyond the FRET21 target.</li> <li>○ The CO2 emission performance requirements for heavy-duty vehicles set by the European Commission in 2019 requires a 15% for the reporting periods of the year 2025 onwards. SPT 2 commits Picard to achieve the required 15% reduction by 2025 using a combination of new and existing fleet vehicles. This is above and beyond the vehicle regulations as Picard include their existing fleet and aim to achieve this reduction sooner.</li> <li>○ SPT 2 is also considered a material improvement due to its high level of ambition and leadership in comparison with peers' performance, as detailed in 2a.</li> </ul> </li> </ul>



Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
				<ul style="list-style-type: none"> <li>○ SPT 2 has a predefined baseline of 2019 and a target year of 2023 for its first phase and 2025 for its second phase.</li> </ul> <p>DNV can therefore confirm that the SPTs represent a material improvement in the respective KPIs, go beyond a “Business as usual” (BAU) trajectory and, where possible, are compared to a benchmark or an external reference. We consider this to be adequately supported by the documentation provided by Picard and consistent with the SLBP.</p>
2c	Target Setting – benchmarks	<p>The target setting exercise should be based on a combination of benchmarking approaches:</p> <ol style="list-style-type: none"> <li>1. The issuer’s own performance over time for which a minimum of 3 years, where feasible, of measurement track record on the selected KPI(s) is recommended and when possible forward-looking guidance on the KPI</li> <li>2. The SPTs relative positioning versus the issuer’s peers where comparable or available, or versus industry or sector standards</li> <li>3. Systematic reference to science-based scenarios, or absolute levels (e.g. carbon budgets) or official country/regional/international targets or to recognised</li> </ol>	<p>Interview with Picard’s senior management and review of:</p> <ul style="list-style-type: none"> <li>• Sustainability-Linked Financing Framework (April 2021)</li> </ul> <p>Benchmark of ESG Targets vsent</p>	<p>It is our opinion that Picard’s target setting is adequate for the following reasons:</p> <ul style="list-style-type: none"> <li>• <b>SPT 1</b> <ul style="list-style-type: none"> <li>○ Picard can demonstrate 3 years of historical data for the reduction of energy consumption, as detailed in 1b.</li> <li>○ Although there is no systematic reference to a science-based scenario, DNV considers that Picard has sufficiently demonstrated that SPT 1 goes beyond BAU and places Picard’s in a leading position compared to peers, as detailed in 2a.</li> </ul> </li> <li>• <b>SPT 2</b> <ul style="list-style-type: none"> <li>○ Although Picard’s data is available only from 2019 for SPT2, we feel that this is sufficient as this is what is required under the FRET21 scheme which Picard is a signatory of, as detailed in 1b.</li> <li>○ DNV has reviewed documentation demonstrating that SPT 2 was clearly developed following science-based scenarios, as SPT 2 is based on the French environmental agency’s FRET21 scheme, itself based on the 2019 EU regulation which sets carbon reduction targets</li> </ul> </li> </ul>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
		<p>Best-Available-Technologies or other proxies</p>		<p>for the transport sector, therefore supports the Paris agreement goal of keeping a global temperature this century well below 2 degrees Celsius above pre-industrial levels.</p> <ul style="list-style-type: none"> <li>○ In addition, Picard has demonstrated that SPT 2 goes beyond BAU and places Picard's in a leading position compared to peers, as detailed in 2a.</li> </ul> <p>DNV can therefore confirm that Picard's target setting exercise is based on an adequate combination of benchmarking approaches, that this is clearly outlined in the Framework and consistent with the SLBP.</p>
2d	Target setting – disclosures	<p>Disclosures on target setting should make clear reference to:</p> <ol style="list-style-type: none"> <li>1. The timelines of target achievement, the trigger event(s), and the frequency of SPTs</li> <li>2. 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</li> <li>3. Where relevant, in what situations recalculations or pro-forma adjustments of baselines will take place</li> <li>4. Where possible and taking into account competition and confidentiality considerations, how the issuers intend to reach such SPTs</li> </ol>	<p>Interview with Picard's senior management and review of:</p> <ul style="list-style-type: none"> <li>• Sustainability-Linked Financing Framework (April 2021)</li> <li>• Benchmark of ESG Targets vsent</li> <li>• FRET21_Picard_Pilotage de l'engagement_2019_V 3.2</li> <li>• 02_Politique Energétique_ISO5000 01_V10bis_revised20 21</li> <li>• CSR report Picard 2018-2019 (web-v)</li> <li>• Financial-Statements_Q3_Picard_Bondco_FY21</li> </ul>	<p>It is our opinion that Picard's disclosures on target setting are adequate for the following reasons:</p> <ul style="list-style-type: none"> <li>• For both SPTs, the timelines to achieve targets and the trigger events, are clearly disclosed in the Framework and other documentation, as detailed in 2b.</li> <li>• DNV considers Picard's SPTs realistic, as detailed in 2b, and Picard has clearly described how it intends to reach the KPIs in supporting documentation.</li> </ul> <p>DNV can confirm that both SPTs' disclosures on target setting make clear reference to: the timelines, trigger events and frequency of SPTs, the baseline and rationale for improvement of the KPIs, potential recalculations, and how Picard intend to reach such SPTs. DNV confirms that this is clearly outlined in the Framework and consistent with the SLBP.</p>

### 3. Bond Characteristics

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
3a	Bond Characteristics – SPT Financial/structural impact	The SLB will need to include a financial and/or structural impact involving trigger event(s) based on whether the KPI(s) reach the predefined SPT(s).	Interview with Picard’s senior management and review of: <ul style="list-style-type: none"> <li>Sustainability-Linked Financing Framework (April 2021)</li> </ul>	<p>We have reviewed relevant documentation confirming that the financial structure of transactions under Picard’s Framework would contain a sustainability-linked feature which would result in a coupon adjustment, should Picard fail to satisfy SPT 1 or SPT 2 on a set Reference Date.</p> <p>The reference date, step-up margin, or margin adjustment will be specified in the relevant documentation of future specific transactions (i.e. Final Terms of the Sustainability Linked Bond).</p> <p>DNV can therefore confirm that the inclusion of trigger event(s) under the Framework is in line with the requirements outlined by the SLBP.</p>
3b	Bond Characteristics – Fallback mechanism	<p>Any fallback mechanisms in case the SPTs cannot be calculated or observed in a satisfactory manner should be explained.</p> <p>Issuers may also consider including, where needed, language in the bond documentation to take into consideration potential exceptional events.</p>	Interview with Picard’s senior management and review of: <ul style="list-style-type: none"> <li>Sustainability-Linked Financing Framework (April 2021)</li> </ul>	<p>DNV can confirm there appears to be a low risk of Picard not being able to calculate its KPIs</p> <p>DNV can confirm Picard’s commitment to the bond characteristics is in line with the requirements of the SLBP.</p>

#### 4. Reporting commitments

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
4a	Reporting	<p>Issuers of SLBs should publish, and keep readily available and easily accessible:</p> <ol style="list-style-type: none"> <li>1. Up-to-date information on the performance of the selected KPI(s), including baselines where relevant</li> <li>2. A verification assurance report relative to the SPT outlining the performance against the SPTs and the related impact, and timing of such impact, on the bond's financial and/or structural characteristics</li> <li>3. Any information enabling investors to monitor the level of ambition of the SPTs</li> </ol> <p>This reporting should be published regularly, at least annually, and in any case for any date/period relevant for assessing the SPT performance leading to a potential adjustment of the SLB's financial and/or structural characteristics.</p>	<p>Interview with Picard's senior management and review of:</p> <ul style="list-style-type: none"> <li>• Sustainability-Linked Financing Framework (April 2021)</li> </ul>	<p>We can confirm that Picard has committed to annual reporting against the KPIs within its annual report or a separate document, and accessible on its company website.</p> <p>Picard has confirmed reporting would include an explanation of methodologies and supporting documentation used to derive the performance figures against the SPTs, and where relevant, an assessment of the positive impacts resulting from the progress against the SPTs.</p> <p>DNV can confirm Picard's commitment to reporting is in line with the requirements of the SLBP principles.</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
4b	Second Party Opinion	Publication of any pre-issuance external review, such as a second party opinion, or if relevant a verification of baselines.	Interview with Picard's senior management and review of: <ul style="list-style-type: none"> <li>Sustainability-Linked Financing Framework (April 2021)</li> </ul>	<p>Picard has committed to conducting a second party opinion on the Framework meeting the ICMA criteria. This includes an assessment of the KPIs selected, benchmark and baselines selected, and the credibility of the strategy to achieve them.</p> <p>DNV can confirm the pre-issuance of any publication is in line with the requirements of the SLBP.</p>

## 5. Verification

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
5a	External Verification	Issuers should have its performance against each SPT for each KPI independently verified by a qualified external reviewer with relevant expertise, at least once a year, and for each SPT trigger event.	Interview with Picard's senior management and review of: <ul style="list-style-type: none"> <li>Sustainability-Linked Financing Framework (April 2021)</li> <li>Cert_PICARD_all-sites_ISO50001-V3_valid-until-24aug21</li> <li>FRET21_Picard Pilotage de l'engagement 2019_V3.2</li> </ul>	<p>Picard has committed to providing up to date information on the 2 KPIs performance on an annual basis, disclosing information in either its annual report or on the website. The data presented by Picard is verified on an annual basis by external auditors: Bureau Veritas for SPT1 and ECO-CO2 for SPT2, as outlined in 1b.</p> <p>DNV can confirm Picard's commitment to verification is in line with the requirements of the SLBP.</p>

### SCHEDULE 3: SUSTAINABILITY LINKED LOAN ELIGIBILITY ASSESSMENT PROTOCOL

#### 1. Relationship to Borrower’s Overall Sustainability Strategy

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
1a	Overall Strategy - Objectives	The borrower of a sustainability linked loan should clearly communicate to its lenders its sustainability objectives, as set out in its sustainability strategy, and how these align with its proposed SPTs.	Interview with Picard’s senior management and review of: <ul style="list-style-type: none"> <li>• Sustainability-Linked Financing Framework (April 2021)</li> <li>• CSR report CSR report Picard 2018-2019 (web-v)</li> </ul>	<p>The SPTs and corresponding KPI in the Framework are exclusively focused on the environment component of Picard’s vision that is to be set out in its sustainability strategy. Specifically these KPIs link to Picard’s ‘Virtuous supply chain’ and ‘Better energy efficiency’ listed within their CSR Report 2018-2019. DNV has been lead to believe that an updated CSR report will be made available this year.</p> <p>This approach is deemed appropriate with reference to the rationale in Ref. 1a in schedule 2.</p> <p>Picard’s framework is confirmed to be aligned and consistent with the company’s overarching sustainability vision through its environmental focus – notably reducing emissions and increasing energy efficiency. As highlighted in Schedule 2 – Ref 2a and Ref 2b, the SPTs outlined in the framework underlines Picard’s long-term strategy to become more responsible and sustainable.</p>
1b	Overall Strategy - Context	Borrowers are encouraged to position this information within the context of their overarching objectives, strategy, policy and/or processes relating to sustainability.	Alongside discussions with Picard’s management, DNV reviewed: <ul style="list-style-type: none"> <li>• Sustainability-Linked Financing Framework (April 2021)</li> <li>• CSR report CSR report Picard 2018-2019 (web-v)</li> </ul>	<p>As per the analysis in 1a in Schedule 2, DNV has confirmed that the context of the Sustainability-Linked Finance Framework has been positioned in context with Picard’s overall sustainability strategy</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
1c	Overall Strategy - Standards	Borrowers are also encouraged to disclose any sustainability standards or certifications to which they are seeking to conform.	Alongside discussions with Picard's management, DNV reviewed: <ul style="list-style-type: none"> <li>Sustainability-Linked Financing Framework (April 2021)</li> <li>CSR report CSR report Picard 2018-2019 (web-v)</li> </ul>	Picard is committed to the FRET21 and continued adherence to ISO 50001, refer to 1a. Schedule 2 for further details.

## 2. Target Setting – Measuring the Sustainability of the Borrower

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
2a	Target Setting - Meaningful	The SPTs should be ambitious and meaningful to the borrower's business and should be tied to a sustainability improvement in relation to a predetermined performance target benchmark.	Alongside discussions with Picard's management, DNV reviewed: <ul style="list-style-type: none"> <li>Sustainability-Linked Financing Framework (April 2021)</li> </ul>	Confirmed as meaningful by DNV and appropriately tied to a predetermined performance target benchmark. Refer to 2c in Schedule 2 for further details.
2b	Target Setting - Meaningful	Market participants recognise that any targets should be based on recent performance levels.	Alongside discussions with Picard's management, DNV reviewed: <ul style="list-style-type: none"> <li>Sustainability-Linked Financing Framework (April 2021)</li> <li>Benchmark of ESG Targets vsent</li> <li>FRET21_Picard_Pilotage de</li> </ul>	Confirmed as appropriate by DNV, given the provision of historical evidence and track-record. Refer to 2d in Schedule 2 for further details.

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
			<p>l'engagement_2019_V3.2</p> <ul style="list-style-type: none"> <li>02_Politique Energétique_ISO500001_V10bis_revised2021</li> <li>CSR report Picard 2018-2019 (web-v)</li> </ul> <p>Financial-Statements_Q3_Picard_Bondco_FY21</p>	
2c	Target Setting - Meaningful	Interaction of the KPIs with the interest rate or equivalent.	<p>Alongside discussions with Picard's management, DNV reviewed:</p> <ul style="list-style-type: none"> <li>Sustainability-Linked Financing Framework (April 2021)</li> </ul>	Confirmed by DNV as appropriate under the SLLP. Refer to 3a in Schedule 2 for further details.

### 3. Reporting

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
3a	Reporting	Borrowers should, where possible, make and keep readily available up to date information relating to their SPTs, with such information to be provided to those institutions participating in the loan at least once per annum. Borrowers should be encouraged to publicly report information relating to their SPTs and this information will	<p>Alongside discussions with Picard's management, DNV reviewed:</p> <ul style="list-style-type: none"> <li>Sustainability-Linked Financing Framework (April 2021)</li> </ul>	DNV concludes that the framework meets the reporting requirements outlined under the SLLP. Refer to 4.a. in Schedule 2 for further details.



Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
		often be included in a borrower’s annual report or its sustainability report.		

**4. Review**

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
4a	External Review	The borrower should have its performance against its SPTs independently verified by a qualified external reviewer, such as an auditor, environmental consultant and/or independent ratings agency, at least once a year.	<p>Alongside discussions with Picard’s management, DNV reviewed:</p> <ul style="list-style-type: none"> <li>Sustainability-Linked Financing Framework (April 2021)</li> </ul>	<p>Picard has committed to providing up to date information on both the KPI’s performance on an annual basis, disclosing information on its investor relations website. The data presented by Picard is verified on at least an annual basis by external auditors. We can confirm that Picard has expressed its intent to publish an assurance report each year, that will be accessible on Picard’s investor relations website, confirming whether the performance of the KPIs meet the relevant SPTs.</p> <p>DNV concludes that the framework meets the review requirements outlined under the SLLP. Refer to 5a in Schedule 2 for further details.</p>