

**PICARD GROUPE**

*société par actions simplifiée*

Registered office: 1 route Militaire, 77300 Fontainebleau (France)  
523 999 878 R.C.S. Melun

(the "**Company**")

Dated: May 30, 2024

To: Deutsche Trustee Company Limited  
21 Moorfields  
EC2Y 9DB  
United Kingdom  
(in its capacity as "**Trustee**" under each of the Indentures (as defined below))  
  
Deutsche Bank AG, London Branch  
21 Moorfields  
EC2Y 9DB  
United Kingdom  
(in its capacity as "**Principal Paying Agent**" under each of the Indentures and as "**Calculation Agent**" under the Floating Rate SSN Indenture (as defined below))

**Re: Energy Target Satisfaction Notice**

Dear Sirs, Madams,

1. We refer to
  - 1.1 the indenture dated as of July 7, 2021, governing the €310 million 5.375% Sustainability-Linked Senior Notes due 2027 (the "**Senior Notes**") issued by Picard Bondco S.A. (the "**Senior Notes Issuer**");
  - 1.2 the indenture dated as of July 7, 2021, governing the €650 million Sustainability-Linked Floating Rate Senior Secured Notes due 2026 (the "**Floating Rate SSNs**") issued by Lion/Polaris Lux 4 S.A. (the "**Floating Rate SSN Issuer**" and, together with the Company and the Senior Notes Issuer, the "**Issuers**") (the "**Floating Rate SSN Indenture**"); and
  - 1.3 the indenture dated as of July 7, 2021, governing €750 million 3.875% Sustainability-Linked Fixed Rate Senior Secured Notes due 2026 (the "**Fixed Rate SSNs**" and, together with the Senior Notes and the Floating Rate SSNs, the "**Notes**") issued by the Company  
  
(collectively, the "**Indentures**").

2. Terms used in this Energy Target Satisfaction Notice shall have the same meaning as given to them in the Indentures unless otherwise defined herein. References to “you” shall mean, collectively, the Trustee, the Principal Paying Agent and the Calculation Agent.
3. In April 2021, the Company and its subsidiaries (the “**Group**”) adopted a Sustainability-Linked Financing Framework. The Sustainability-Linked Financing Framework identifies the following Sustainability Performance Targets:
  - 3.1 a 6% reduction in energy consumption by our stores by 2023 compared to the Group’s baseline of 12,363 kWh°C/m<sup>3</sup> in 2020 (the “**Energy Sustainability Performance Target**”); and
  - 3.2 a 10% reduction in carbon emissions from our shipping networks and logistics chains by 2023 compared to the Group’s baseline of 123 gCO<sub>2</sub>e/ton-km emitted in 2019 (the “**CO<sub>2</sub> Sustainability Performance Target**”).
4. On July 7, 2021, the Issuers issued the above-mentioned Notes under the relevant Indentures. Under the terms of the Notes,
  - 4.1 from and including the interest period commencing on June 15, 2024, the interest rate payable on each of the Notes shall be increased by 12.5 basis points per annum, unless the relevant Issuer has notified the Trustee and each Paying Agent in writing, at least 15 days prior to June 15, 2024, that it has attained the Energy Sustainability Performance Target and received an Assurance Letter; and
  - 4.2 from and including the interest period commencing on June 15, 2024, the interest rate payable on each of the Notes shall be increased by 12.5 basis points per annum, unless the relevant Issuer has notified the Trustee and each Paying Agent in writing, at least 15 days prior to June 15, 2024, that it has attained the CO<sub>2</sub> Sustainability Performance Target and received an Assurance Letter.
5. Pursuant to the provision under the Notes, we hereby notify you on behalf of the Issuers
  - 5.1 that the Issuers have attained the Energy Sustainability Performance Target; and
  - 5.2 that the Issuers have received an Assurance Letter from PricewaterhouseCoopers, Société cooperative, as External Verifier, regarding the attainment of the Energy Sustainability Performance Target, which Assurance Letter is attached hereto as Exhibit A; and
  - 5.3 that the Issuers have not attained the CO<sub>2</sub> Sustainability Performance Target.
6. This notice constitutes the Energy Target Satisfaction Notice pursuant to paragraph (1) of each of the Notes and you are entitled to rely on this Energy Target Satisfaction Notice.
7. In light of the above, we understand that from and including the interest period commencing on June 15, 2024, the interest rate payable on the Fixed Rate SSNs and the Senior Notes and the margin on the Floating Rate SSNs shall be increased by 12.5 basis points per annum.

Very truly yours,

**The Company**

**PICARD GROUPE**

(for itself and on behalf of the other Issuers)

By: 

\_\_\_\_\_  
Name: Guillaume Degauque

Title: Authorized signatory



**Independent Auditor's Assurance Report on selected information of Picard Bondco (the "Company")**

**The Board of Directors**

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In accordance with our agreed terms of engagement dated 29 April 2024, we have completed our limited assurance engagement to report on the preparation of the selected information for the Sustainability Linked Bonds (ISIN: XS2361342889, XS2361343697 and XS2361344315) of the Company prepared by the Board of Directors of the Company (Selected Information), as included in Appendix 1, and contained in the document titled "Sustainability-linked financing", as included in Appendix 2. The applicable criteria on the basis of which the Board of Directors has prepared the Selected Information are described in the Section "Basis of Preparation", as included in Appendix 1 (Basis of Preparation).

*Responsibility of the Company's Board of Directors for the Selected Information*

The Board of Directors of the Company is responsible for the preparation of the Selected Information on the basis of the applicable criteria described in the Basis of Preparation.

*Our independence and quality management*

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA) and as adopted for Luxembourg by the *Commission de Surveillance du Secteur Financier* (CSSF), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies International Standard on Quality Management 1, as adopted for Luxembourg by the CSSF, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

*Inherent limitations*

The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measures and measurement techniques and can affect comparability between entities.



### *Responsibilities of the Réviseur d'entreprises agréé*

Our responsibility is to express a limited assurance conclusion on the Selected Information based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) 'Assurance Engagements other than Audits or Reviews of Historical Financial Information', as issued by the International Auditing and Assurance Standards Board (IAASB) and as adopted for Luxembourg by the Institut des Réviseurs d'Entreprises (IRE) and in accordance with the Luxembourg legislation and with the professional standards issued by the IRE.

This standard requires that we plan to perform our work to obtain limited assurance as to whether the Selected Information were prepared by the Board of Directors of the Company, in all material respects, in accordance with the Basis of Preparation.

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

The selection of such procedures depends on our professional judgment, including the assessment of the risks of management's assertion being materially misstated. The scope of our work comprised, among others, of the following procedures:

- assessing the design and functioning of the systems and processes used for data-gathering, collection, consolidation and validation, including the methods used for calculating and estimating the information and data presented in the Selected Information;
- conducting interviews with responsible officers; and
- inspecting internal and external documentation.

We have evaluated the Selected Information against the Basis of Preparation. The accuracy and completeness of the Selected Information are subject to limitations given their nature and the methods for determining, calculating, or estimating such information.

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

### *Limited assurance conclusion*

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Selected Information for the year ended 31 December 2023 has not been prepared, in all material respects, in accordance with the Basis of Preparation.



*Restriction of use and distribution of the report*

This report, including the opinion, has been prepared for and only for the Board of Directors of the Company in accordance with the terms of our engagement letter and is not suitable for any other purpose. We do not accept any responsibility to any other party to whom it may be distributed.

PricewaterhouseCoopers, Société coopérative  
Represented by

Luxembourg, 29 May 2024

Guillaume Kuhn  
Réviseur d'Entreprises Agréé

Giuseppe Corsini



## APPENDIX 1 – Selected Information and Basis of Preparation

### Selected Information

#### ***KPI 1 - Energy Key Performance Indicator***

##### Energy Key Performance Indicator and Sustainability Performance Target

	<u>2020 (baseline)</u>	<u>2023 (actual)</u>
Energy Consumption (kWh °C / m <sup>3</sup> of cold)	12,363	11,032
% reduction	—	-11%

#### ***KPI 2 - CO<sub>2</sub> Key Performance Indicator***

##### CO<sub>2</sub> Key Performance Indicator and Sustainability Performance Target

	<u>2019 (baseline)</u>	<u>2023 (actual)</u>
Greenhouse gas emitted (gCO <sub>2</sub> e / ton- km)	123	129
% increase / (reduction)	—	5%



## **Basis of Preparation**

### **KPI 1 - Energy Key Performance Indicator**

#### *Methodology*

Energy consumption is calculated per m<sup>3</sup> of cold equipment (freezers & cold storage volume at constant outside temperature, measured as kWh °C / m<sup>3</sup> of cold). Our developed “energy” tool has enabled us to estimate the theoretical energy consumption of a selling point by taking into account all criteria judged as having a significant impact on consumption. It gives a detailed thermal summary per store. Theoretical energy consumption is derived from a formula incorporating various factors applicable to the energy consumption of our individual stores, including degree days, sunshine hours, the indoor store temperature, and the opening hours, in relation to constants from a 2012 reference year. The algorithm that determines the theoretical (or reference) store consumptions also provides the evolution of the key energy performance indicator for each selling point.

The energy performance indicator (IPE = “*Indice de performance énergétique*”) is defined as the difference between the real energy consumed in store (C<sub>R</sub>) and the theoretical one computed by the algorithm (C<sub>T</sub>).

C<sub>R</sub> being the invoiced consumption and C<sub>T</sub> being the theoretical consumption:

$$IPE = (C_R - C_T) / C_T$$

Each store has its own performance indicator (IPE). The tracking and analysis indicators are:

- Degree days (comparison of the mean outdoor temperatures recorded relative to a determined threshold);
- Number of sunshine hours;
- Stores’ equipment rate (in m<sup>3</sup> of cold per m<sup>2</sup> of selling surface area);
- Frozen showcases’ rate = showcases’ volume / total cold volume;
- Type of air conditioning (central or split);
- Number of freezers & showcases;
- Average age of equipment; and
- Frequency of visits (number of sales receipts in the IT system):
  - Commercial sales unit (*UVC – Unité de Vente Commercial*); and
  - Traffic (number of checkouts).

When calculating the IPE of any directly-operated store it is necessary to obtain data points for each of the tracking and analysis indicators (set out above). With respect to new directly-operated stores, it is also necessary to obtain the identification number of the electricity meters attached to such stores.

Our methodology for the calculation of IPE excludes store energy consumption data which falls outside the statistical thresholds. When there are only freezers in a store the low-end and upper-end statistical thresholds

considered are 250.5kWh/m<sup>3</sup> and 806kWh/m<sup>3</sup>, for the other stores, including upright freezers, the thresholds are 417kWh/m<sup>3</sup> and 1,140kWh/m<sup>3</sup>.





## ***KPI 2 - CO2 Key Performance Indicator***

### *Methodology*

The methodology used for the calculation of carbon emissions from our shipping networks and logistics chains, measured in gCO<sub>2</sub> equivalent / ton-km, relies on four parameters:

- Truck average consumption – theoretical CO<sub>2</sub> emission;
- Number of pallets;
- Average weight of pallets; and
- Average distance between sites (industrial, platforms, stores).



## APPENDIX 2

### SUSTAINABILITY-LINKED FINANCING

In April 2021, we adopted a Sustainability-Linked Financing Framework, which is aligned with the Sustainability-linked Bond Principles released and administered by the ICMA in June 2020 and can be found on our website at [www.picard.fr](http://www.picard.fr).

For purposes of the €310 million 5.375% Sustainability-Linked Senior Notes due 2027 issued by Picard Bondco under an indenture dated as of July 7, 2021 (the "Senior Notes"), €750 million 3.875% Sustainability-Linked Fixed Rate Senior Secured Notes due 2026 issued by Picard Groupe S.A.S. under an indenture dated as of July 7, 2021 (the "Fixed Rate Senior Secured Notes") and €650 million Sustainability-Linked Floating Rate Senior Secured Notes due 2026 issued by Lion/Polaris Lux 4 S.A. under an indenture dated as of July 7, 2021 (the "Floating Rate Senior Secured Notes" and, together with the Senior Notes and the Fixed Rate Senior Secured Notes, the "Notes"), we identified the following sustainability performance targets: (1) a 6% reduction in energy consumption by our stores by 2023 (the "2023 Energy Sustainability Performance Target") compared to the baseline of 12.363 kWh °C / m<sup>3</sup> of cold in energy consumed in 2020 (the "Energy Consumption Baseline") and (2) a 10% reduction in carbon emissions from our shipping networks and logistics chains by 2023 (the "2023 CO<sub>2</sub> Sustainability Performance Target" and, together with the 2023 Energy Sustainability Performance Target, the "2023 Sustainability Performance Targets") compared to the baseline of 123 gCO<sub>2</sub>e / ton-km emitted in 2019 (the "CO<sub>2</sub> Emissions Baseline"). In addition, we identified the following sustainability performance targets independent of the Notes: (1) a 10% reduction in energy consumption by our stores by 2025 compared to the Energy Consumption Baseline and (2) a 15% reduction in carbon emissions from our shipping networks and logistics chains by 2025 compared to the CO<sub>2</sub> Emissions Baseline (collectively, the "2025 Sustainability Performance Targets" and, together with the 2023 Sustainability Performance Targets, the "Sustainability Performance Targets"). The Energy Consumption Baseline and the CO<sub>2</sub> Emissions Baseline were calculated in good faith by us and have not been independently verified or audited by any third party.

Under the terms of the Notes, if one of the 2023 Sustainability Performance Targets is not met, then, from and including the interest period commencing on June 15, 2024, the interest rate payable on the Fixed Rate Senior Secured Notes and the Senior Notes and the margin on the Floating Rate Senior Secured Notes shall be increased by 12.5 basis points per annum, and if neither of the 2023 Sustainability Performance Targets is met, then the interest payable on the Fixed Rate Senior Secured Notes and the Senior Notes and the margin on the Floating Rate Senior Secured Notes shall be increased by 25.0 basis points per annum.

We have met the 2023 Energy Sustainability Performance Target.

However, we have not met the 2023 CO<sub>2</sub> Sustainability Performance Target. Therefore, from and including the interest period commencing on June 15, 2024, the interest rate payable on the Fixed Rate Senior Secured Notes and the Senior Notes and the margin on the Floating Rate Senior Secured Notes shall be increased by 12.5 basis points per annum.

Under the Sustainability-Linked Financing Framework we report on our performance with respect to the Sustainability Performance Targets for the preceding calendar year as of December 31, 2023. For an external verification of this performance, see "*Independent Auditor's Assurance Report on selected information of Picard Bondco*".



**Energy Key Performance Indicator and Sustainability Performance Target**

	<u>2020 (baseline)</u>	<u>2023 (actual)</u>	<u>2023 (target)</u>	<u>2025 (target)</u>
Energy Consumption (kWh °C / m <sup>3</sup> of cold)	12,363	11,032	11,621	11,126
% reduction	—	-11%	-6%	-10%

*Methodology*

Energy consumption is calculated per m<sup>3</sup> of cold equipment (freezers & cold storage volume at constant outside temperature, measured as kWh °C / m<sup>3</sup> of cold). Our developed “energy” tool has enabled us to estimate the theoretical energy consumption of a selling point by taking into account all criteria judged as having a significant impact on consumption. It gives a detailed thermal summary per store. Theoretical energy consumption is derived from a formula incorporating various factors applicable to the energy consumption of our individual stores, including degree days, sunshine hours, the indoor store temperature, and the opening hours, in relation to constants from a 2012 reference year. The algorithm that determines the theoretical (or reference) store consumptions also provides the evolution of the key energy performance indicator for each selling point.

The energy performance indicator (IPE = “*Indice de performance énergétique*”) is defined as the difference between the real energy consumed in store (C<sub>R</sub>) and the theoretical one computed by the algorithm (C<sub>T</sub>).

C<sub>R</sub> being the invoiced consumption and C<sub>T</sub> being the theoretical consumption:

$$IPE = (C_R - C_T) / C_T$$

Each store has its own performance indicator (IPE). The tracking and analysis indicators are:

- Degree days (comparison of the mean outdoor temperatures recorded relative to a determined threshold);
- Number of sunshine hours;
- Stores’ equipment rate (in m<sup>3</sup> of cold per m<sup>2</sup> of selling surface area);
- Frozen showcases’ rate = showcases’ volume / total cold volume;
- Type of air conditioning (central or split);
- Number of freezers & showcases;
- Average age of equipment; and
- Frequency of visits (number of sales receipts in the IT system):
  - Commercial sales unit (*UVC – Unité de Vente Commercial*); and
  - Traffic (number of checkouts).

When calculating the IPE of any directly-operated store it is necessary to obtain data points for each of the tracking and analysis indicators (set out above). With respect to new directly-operated stores, it is also necessary to obtain the identification number of the electricity meters attached to such stores.

Our methodology for the calculation of IPE excludes store energy consumption data which falls outside the statistical thresholds. When there are only freezers in a store the low-end and upper-end statistical thresholds



considered are 250kWh/m<sup>3</sup> and 806kWh/m<sup>3</sup>, for the other stores, including upright freezers, the thresholds are 417kWh/m<sup>3</sup> and 1,140kWh/m<sup>3</sup>.

**CO<sub>2</sub> Key Performance Indicator and Sustainability Performance Target**

	<u>2019 (baseline)</u>	<u>2023 (actual)</u>	<u>2023 (target)</u>	<u>2025 (target)</u>
Greenhouse gas emitted (gCO <sub>2</sub> e / ton-km)	123	129	111	105
% increase / (reduction)	—	5%	(10%)	(15%)

*Methodology*

The methodology used for the calculation of carbon emissions from our shipping networks and logistics chains, measured in gCO<sub>2</sub> equivalent / ton-km, relies on four parameters:

- Truck average consumption – theoretical CO<sub>2</sub> emission;
- Number of pallets;
- Average weight of pallets; and
- Average distance between sites (industrial, platforms, stores).