



Green Bond Framework

October 2022

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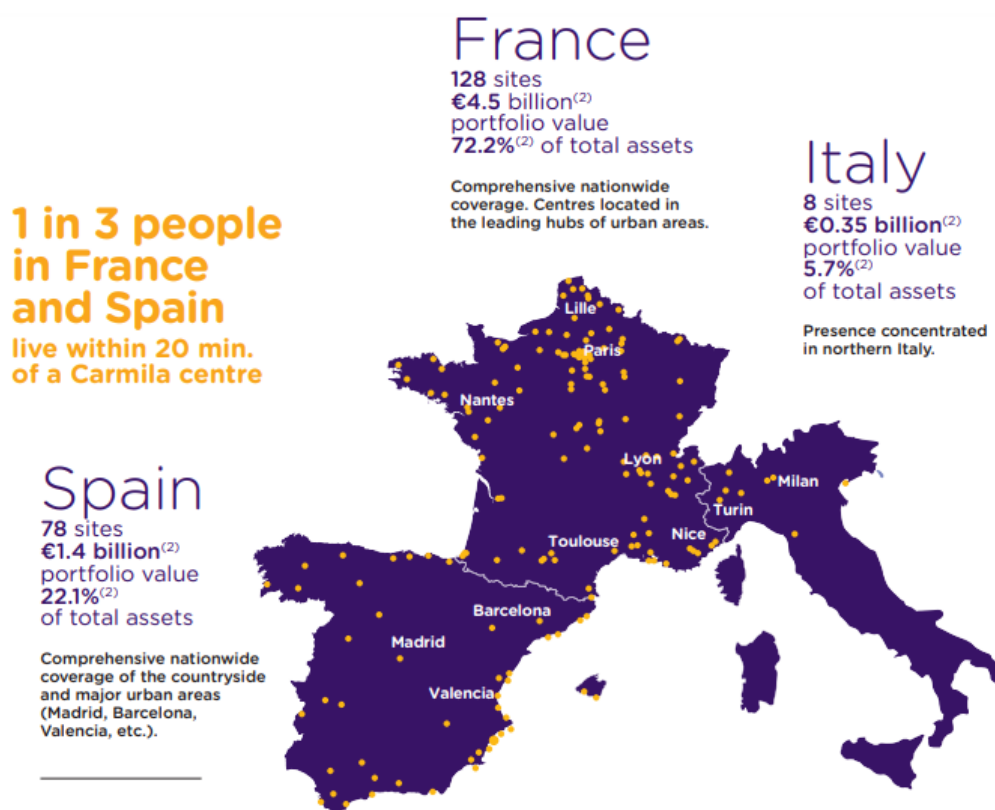
I. Introduction

1.1 Description of Carmila

Overview

Carmila operates and manages a network of 208 shopping centres adjoining Carrefour hypermarkets in France, Spain and Italy and is the third-largest listed owner of commercial property in continental Europe¹. As of 30 June 2022, Carmila's portfolio was valued at €6.2 billion. Its centres are primarily located in medium-sized cities, where they are embedded in local communities and enhance and simplify everyday life for tenants and customers.

Carmila centres provide access to a responsible offering of everyday, useful products and services, while enabling retailers to respond to structural changes in retail by offering a differentiating, omnichannel customer experience.

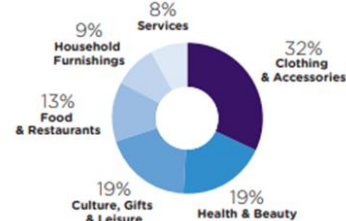


Carmila has worked hard to adapt the mix of retailers in its centres. This transformation has been driven by structural trends and local needs.

Carmila will continue to adapt the mix of its centres, with a further reduction in clothing and a shift towards more services, leisure, and innovative concepts.

Healthcare tenants in particular are now an established part of Carmila centres and we continued to rent new space to healthcare providers.

A DIVERSIFIED MERCHANDISE MIX



Breakdown of business by rental value at 31 December 2021

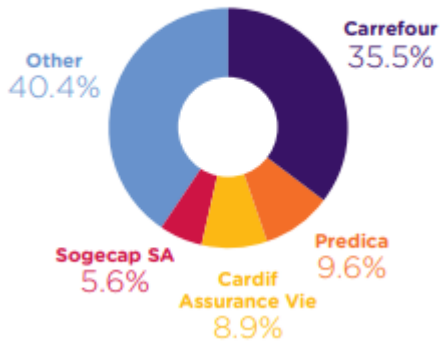
A strategic partnership with Carrefour

Carmila was founded by Carrefour and several large institutional investors in 2014 in order to transform and enhance the value of shopping centres adjoining Carrefour hypermarkets. The company was listed on Euronext-Paris in 2017.

¹ Company data

² Appraisal values, including transfer taxes (all figures as of year end 2021)

CARMILA: OWNERSHIP STRUCTURE AT 31/12/2021



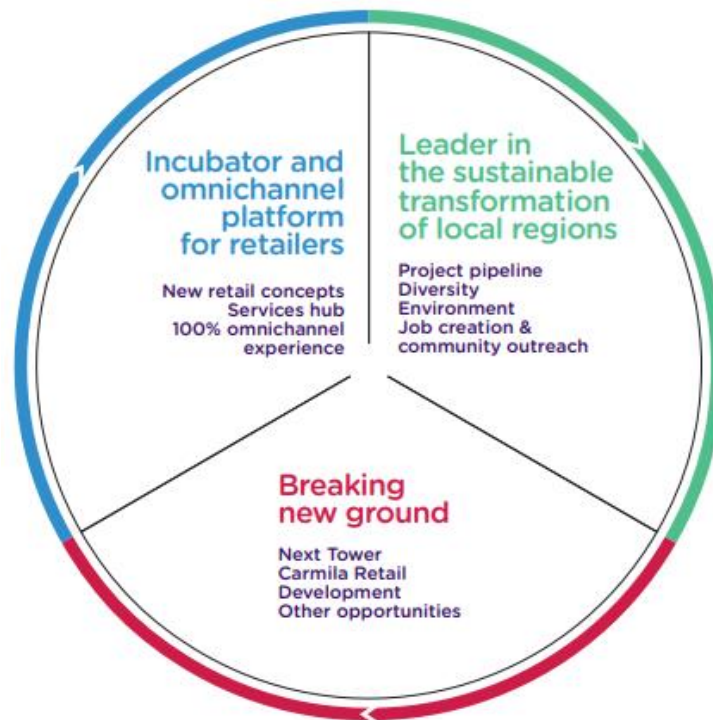
The strategic partnership with the Carrefour group is a major competitive advantage for Carmila. It enables Carmila to develop its strategy based on a privileged relationship with one of the world's leading food retailers, with a multi-format network of 13,000 stores in more than 30 countries. This partnership generates significant synergies with the Carrefour property ecosystem, notably facilitating the management of centres and the delivery of development projects.

2022-26 Strategic and Financial Plan: Building Sustainable Growth

In 2021, Carmila launched its new strategic and financial plan for 2022-2026. The plan describes Carmila's new ambition to build sustainable growth and invest in new business lines. It is Carmila's response to structural changes in retail, which have gathered pace with the Covid crisis. The plan is based on three pillars:

retail, which have gathered pace with the Covid crisis. The plan is based on three pillars:

- A new role for Carmila as an incubator and omnichannel platform
- Leadership in sustainability, notably through a new generation of development projects based on mixed-use and a commitment to reach "net zero" Scope 1 and Scope 2 emissions by 2030
- Investment in new business lines: digital infrastructure and new retail concepts



Incubator and omnichannel platform for retailers

Carmila is accelerating the adaptation of its core business through a new approach to working with retailers. To meet changing customer expectations, Carmila centres are acting as incubators for new brands, concepts and temporary retail, with an offering based on modestly priced rents (€257 per sq.m. at end-2021). Carmila is also stepping up the development of its service platform with a particular focus on omnichannel, by combining them in the Carmila Services Hub, which was launched in 2021.

Through partnerships with an ecosystem of start-ups, Carmila is also enhancing its service offering to retailers at every stage of the customer experience. These initiatives will support the omnichannel development of centres and retailers.

Leader in the sustainable transformation of local regions

As part of its new strategy, Carmila's development pipeline has been completely redesigned with a new focus on mixed-use projects and environmental excellence. The five major extension projects, representing €550 million of investments consist mostly of brownfield retail developments that also include housing, public parks, office space and renewable energy infrastructure.

In partnership with Carrefour, Carmila has also identified a number of sites suitable for large-scale mixed use transformation projects that will completely change shopping centres' presence in the city. These currently 100% retail sites will become new neighborhoods, with homes, offices, local services and green spaces.

Breaking new ground

Carmila is also working on a number of innovative development projects, the two most developed of which being Next Tower and Carmila Retail Development:

- Through its subsidiary Next Tower, Carmila is working in partnership with Carrefour and major telecom operators to improve access to digital infrastructure in medium sized cities in France and Spain. Next Tower aims to develop a total of 470 sites for mobile towers and data centres by 2026. By, improving 4G and rolling out 5G, the Next Tower project is helping to reduce the digital divide and is completely aligned with Carmila's objective of contributing to the sustainable transformation of local regions;
 - Carmila Retail Development (CRD) makes early-stage venture capital investments to test new concepts and scale them up rapidly once they have demonstrated that they can be successful in shopping centres. By 2026, CRD is targeting a portfolio of 20 brands, representing more than 700 stores in both Carmila and third-party centres.
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1.2 Sustainability: an integral part of Carmila group's strategy

CSR Governance

Board of Directors' CSR Committee

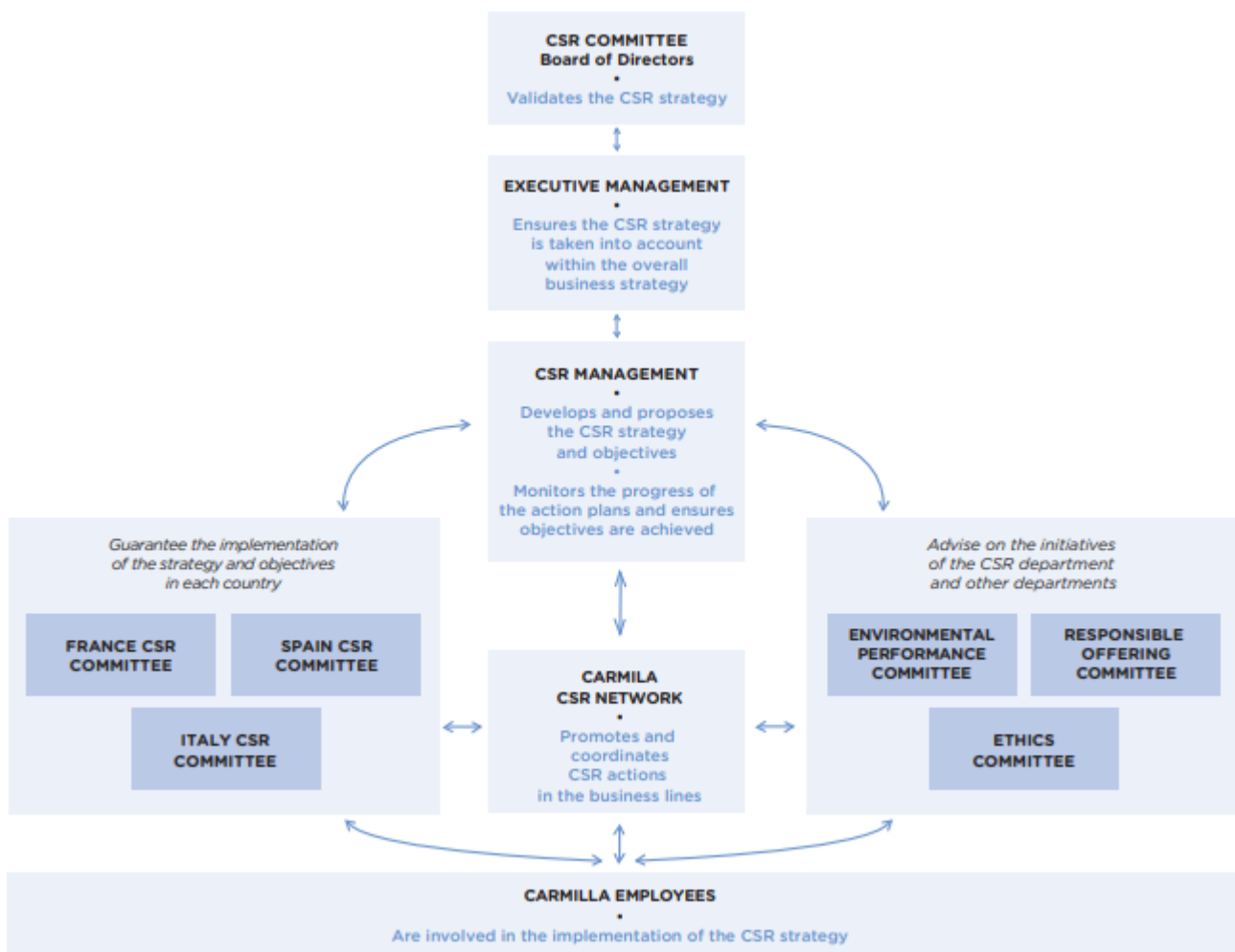
In 2020, Carmila's Board of Directors set up a CSR Committee to place environmental, social and societal issues at the heart of its initiatives. It is responsible for discussing, defining and assessing Carmila's general policies in the area of corporate social responsibility.

In particular, the CSR Committee is responsible for:

- examining Carmila's CSR commitments and positions, their alignment with stakeholder expectations, their roll-out, and ensuring that CSR matters are properly taken into account;
- assessing risks, identifying new opportunities, and analysing the impact of the CSR policy on financial performance;
- reviewing the Group's annual statement of non-financial performance;
- reviewing the summary of the ratings awarded to the Company by ratings agencies and non-financial analysts;
- identifying and discussing emerging CSR trends and verifying that the Company is well prepared for the challenges specific to its business and objectives.

CSR department

The CSR department, consisting of a director, a manager and a project manager, proposes the strategy and objectives for validation by Executive Management and the Board of Directors' CSR Committee. The CSR department is then responsible for the proper implementation of the strategy. It reports to Executive Management and leads all the CSR committees and networks.



Ethics and respect for human rights

Carmila signed the United Nations Global Compact in 2019, taking up its Sustainable Development Goals to ensure that its CSR strategy addresses global challenges as closely as possible. Respect for human rights, labour standards, the environment and the fight against corruption are the prime objectives of Carmila's CSR approach.

Carmila has an Ethics Committee, a Code of Professional Conduct and a whistleblowing system for all three countries, as well as an anti-corruption and anti-money laundering system based on the Carrefour group's charter.

Responsible value chain

Carmila's purchases mainly involve services. Purchases for site development and renovation projects are made through delegated project management arrangements. New development and renovation projects are managed by Carrefour Property, a 100% owned subsidiary of Carrefour. Carrefour Property follows the rigorous procedures of the Carrefour Group regarding the choice of suppliers, including a detailed assessment of compliance with applicable regulations as well as a screening process carried out by the purchasing department, with the help of the Nicoka Platform developed by Grant Thornton. In addition to the procedures and requirements imposed by Carrefour, Carmila applies additional constraints to contractors on new development projects:

- Local contractors must be selected wherever possible
- Contractors must agree to the Carmila Responsible Purchasing Charter. This document commits all suppliers, and specifically construction contractors to a more responsible approach in terms of environmental impact such as energy, carbon, waste, construction materials, biodiversity and product quality management.



Operational management purchases are made through the real-estate operation teams at Carrefour Property Gestion, with suppliers subjected to similar requirements as for construction projects. For all Carmila purchases, for both its investments and operations, Carmila requires its suppliers to comply with an Ethics Charter and the Responsible Purchasing Charter.

Here we Act: Carmila's responsible initiatives programme



Carmila's CSR strategy is organised around the three pillars of the "Here we act" programme, launched in 2019.



Here we act for the Planet

In particular, Carmila is committed to optimising its resource consumption, certifying the environmental quality of its assets and protecting biodiversity.

Low Carbon Strategy

In terms of construction and site operation combined, buildings account for around 20% of global greenhouse gas emissions with a direct impact on climate change. This sets a major challenge for Carmila, which has committed to a low carbon strategy in line with the Paris Agreement. In 2021, following the latest IPCC (Intergovernmental Panel on Climate Change) report and as part of its new strategic plan for sustainable growth and development, Carmila strengthened its greenhouse gas reduction ambitions.



In the context of COP26 and following the definition of net zero emissions by the SBTi, Carmila decided to reinforce its ambitions with new commitments:

- achieving net-zero emissions by 2030 on Scopes 1 & 2 emissions;
- achieving net-zero emissions by 2040 across its entire carbon footprint;
- limiting itself to offsetting no more than 10% of its emissions.

Carmila is targeting "net zero" Scopes 1 and 2 carbon emissions by 2030, by which time it will have cut emissions by 90% versus 2019 through reducing energy consumption and transitioning to renewable energy for its centres. The remaining 10% of emissions will be offset, in keeping with the recommendations of the Science Based Targets initiative (SBTi), through the financing of the environmental transition of local farms in partnership with TerraTerre. Carmila will also continue to reduce its Scope 3 emissions, with the aim of becoming fully carbon neutral by 2040³.

Energy Efficiency and Frugality

In 2020, following a first wave of audits, Carmila made a commitment to go beyond the requirements of the French Tertiary Decree by setting itself the objective of reducing energy consumption in the common areas by 40% between 2019 and 2030, whereas the decree allows it to refer back to 2014, the year Carmila was created.

Achieving the reduction targets requires the implementation of a comprehensive energy strategy:

- a detailed view of the condition of the shopping centre network, including better understanding and management of consumption data;
- identification of ways to regulate and reduce consumption, asset-by-asset;
- a multi-year investment plan for implementing solutions.



³ A breakdown of Carmila's Greenhouse Gas Emissions and carbon footprint is presented on pages 126 and 127 of the 2021 Universal Registration Document.

In the operational phase of the sites, the energy management policy entails different levels of intervention:

- technical improvements: phase-in of high-energy-efficiency building management systems (BMS) and discussions on building improvements, with an emphasis on ventilation, natural lighting and LED-type low-energy lighting;
- optimised monitoring and management: phase-in of remote kW reading for the main electricity meter and sub-meters, for an accurate analysis of consumption in different uses (lighting, heating and air-conditioning). These analytical readings are accessible via a dedicated web portal, enabling teams to react promptly to changes in consumption, taking corrective measures on any excess consumption observed;
- alert mechanisms: automated alerts on runaway energy consumption.

On new constructions, all extension projects coming into service since 2016 feature high energy performance, with systematic integration of building management systems (BMS) and insulation at least 20% higher than RT2012 requirements⁴.

Eco-Mobility

With the aim of reducing Scope 3 greenhouse gas emissions, Carmila encourages the development of eco-mobility (bicycles, electric cars, car-sharing and public transport).

Measures are taken to encourage the use of green transport and to raise awareness on this issue among visitors and employees, including:

- effective communication about getting to shopping centres;
- where possible, additional stops agreed with bus companies;
- car-sharing areas;
- charging stations for electric vehicles;
- charging stations for electric bicycles;
- bicycle lanes and shelters.



Biodiversity

Protecting biodiversity is a key focus of Carmila's CSR strategy. Carmila strives to systematically take steps to strengthen biodiversity at its sites, both on an everyday basis and in new project developments:

- installation of insect hotels;
- installation of beehives;
- educational vegetable garden;
- flowering meadow;
- bird shelters;
- eco-pasture;
- green wall;
- responsible landscaping maintenance;
- BiodiverCity certification of development projects.



Carmila is committed to ensuring that all shopping centres have implemented at least one initiative to foster biodiversity by 2023.

Waste and the Circular Economy

⁴ Data on the energy intensity of Carmila centres is presented on page 129 of the 2021 Universal Registration Document.

Carmila, through Carrefour Property Gestion, manages most of the waste from tenant retailers as well as waste from visitors and customers. Carmila has undertaken to recover in the form of materials or energy 100% of the waste from the shopping centre common and private areas under management.

In 2019, Carmila brought in an efficient waste management and accounting system, enabling it to accurately calculate the waste recovery rate. Achieving the target involves defining a comprehensive local waste management policy:

- flow management procedures by site;
- division of roles and responsibilities between tenant and landlord.



In addition, Carmila is working alongside Carrefour to raise awareness among retailers and visitors and to support local initiatives in favour of the circular economy, including reducing food waste at source, providing a second-hand offering, recycling textile waste and medical masks, etc.⁵

Water

The drive to empower teams to manage resources includes taking into account the environmental impacts of water use. In 2020, following the environmental audit, Carmila adapted its monitoring of water consumption by setting a target of less than 1-litre per visitor per year for all water uses by 2025.



The management of water consumption at shopping centres entails improving sub-metering to identify sources of excess consumption⁶.

Environmental Certification

To safeguard the value of its assets by taking sustainable development issues into account during the construction and operation of its sites, Carmila has embarked upon an ambitious environmental certification policy.



In 2020, Carmila committed to certifying 100% of its assets by 2025 to at least one of the two following BREEAM standards:

- BREEAM New Construction certification for all extension projects of more than 2,000 sq.m.;
- BREEAM In-Use certification for sites in operation. This objective illustrates Carmila's commitment to minimising its environmental impact at each stage in the building's lifecycle.

The internationally recognised BREEAM standards set out efficient and environmentally sound design and management principles. The assessment covers some 70 criteria across ten categories, including sustainable project management practices, biodiversity, energy efficiency, choice of materials, waste and water management, comfort, transport and the various forms of pollution.

In 2021, Carmila's BREEAM In-Use certification rate stood at 93.4% of the portfolio in terms of value, with 57% of sites rated Very Good.

Climate Resilience Plan

⁵ figures on waste recovery are presented on page 132 of the 2021 Universal Registration Document.

⁶ figures on water consumption are presented on page 133 of the 2021 Universal Registration Document

Adapting to climate change is now a central concern for real estate companies which will have to face a sometimes-significant change in their assets' operating conditions. Carmila's strategy on resilience to climate change covers site construction and operation.

In 2020, Carmila conducted an analysis with Carbon 4 of the resilience of its assets through to 2050. The global warming scenario considered was the worst-case RCP 8.5, established by the Intergovernmental Panel on Climate Change (IPCC). This involved a cross-cutting analysis through to 2050 of potential natural hazards exacerbated by climate change against the potential vulnerability of Carmila sites. The resulting site risk ratings were then examined to determine specific actions for safeguarding assets in each particular instance.



On new project developments and major renovations, long-term resilience is factored in at the design phase:

- the bioclimatic architecture of our shopping centres aims to reduce energy consumption thanks to access to natural light, materials with high thermal inertia, optimised façade orientation, and roofs with greenery or high solar reflectivity to reduce heating and air conditioning needs;
- renewable energy sources (such as solar water heaters, and geothermal energy) are incorporated whenever possible;
- each project is designed to blend as unobtrusively as possible into the natural or urban environment and to minimise its impact on the environment.



Here we act for the local regions

Carmila supports the local economy and is committed to building strong relationships with retailers in its centres and their customers. Carmila also invests in solidarity initiatives and in the development of new, more sustainable modes of consumption.

Social impact is a key aspect of Carmila's "Here we act" programme. Changes in consumer patterns and customer demand for greater transparency, traceability and a more environmentally-friendly approach require retailers and businesses to lead by example. In the context of these changing consumer patterns, Carmila continued to develop its Responsible Offering in 2021 around a priority focus: second hand.

The shopping centre is designed as a living space that promotes the local economy, social ties and interaction with the local region. Some retail formats, such as speciality leasing stands, provide an opportunity for participants in the local economy to connect with new customers and visitors.

Broadly speaking, Carmila is prioritising relations with its tenants and visitors as a means of establishing a lasting local presence. These objectives are identified as key risks in the non-financial risk mapping.

As a result, the Here we act for local regions component of the CSR strategy is built around two commitments:

- a B2B commitment, specifically, supporting our retailers in developing their business;
- a B2C commitment through our visitor and customer initiatives.

Employment

Carmila has already prioritised employment, not only by supporting the local economy but also by helping retailers with the hiring process. To step up its job support programmes, Carmila expanded the toolbox of solutions available to shopping centre management teams in 2021:

- job vacancies page on the centre's website;
- HucLink interactive terminals;
- job forums;



- a partnership with Student Pop, a student employment agency start up the “Shop Ton Job” vacancy bulletin board;
- the publication of job offers on the shopping centre's social networks
- apprenticeship discovery days;
- partnerships with recruitment agencies.

Responsible Offering

The Responsible Offering, which is an integral part of Carmila’s purpose statement, is aligned with emerging customer expectations as well as with the distinctive offerings of certain retailers. Our customers have expressed their desire to move towards more responsible, more environmentally friendly and more local consumption. Consumers are more aware and better informed about these issues, and the social and solidarity economy is developing fast.



In 2021, during regular meetings of multi-disciplinary teams, Carmila worked on developing the priority focus of its responsible offering: second hand. These Responsible Offering Committee meetings were an opportunity to actively monitor this rapidly developing sector, to put together appropriate action plans and to test new tools to achieve the target set at the end of 2020. For example, a call for projects process was designed to offer vacant premises free of charge to retailers working for more responsible offerings.

Dialogue with Retailers

Maintaining close ties with retailers is a key priority for Carmila. Once again, this past year, shopping centre management, leasing and marketing teams focused on helping them boost their appeal and visibility.



Our retailers’ perception of the utility of our support services is a critical factor that guides our actions. Carmila is therefore committed to measuring and monitoring retailer satisfaction.

Initiated in 2019, Carmila's annual retailer survey was extended in 2021 to 189 shopping centres in France, Spain and Italy, representing 97% of the portfolio's value. The survey was broadened to include questions relating to thermal comfort and air quality, in connection with the BREEAM In-Use certification of Carmila's shopping centres. The year was also an opportunity for Carmila to put together its first consolidated Group-wide retail NPS, in order to align itself with new industry standards.

Dialogue with Customers

As part of its approach to continuously improve the customer experience, Carmila takes visitor feedback into account in planning its renovations.

Dialogue with customers is essential to meeting their expectations more effectively, pro-actively responding to their needs and identifying ways to improve. This active listening is done through various survey tools.



Carmila has implemented the following customer satisfaction practices:

Customer satisfaction survey	Measuring customer satisfaction across the entire shopping experience	Twice a year – launched in 2015	France since 2015 Spain and Italy since 2019
Ongoing dialogue with customers	Gathering spontaneous and requested feedback from our customers via Google and from detailed questionnaires on various channels (emails, marketing Kiosks, website, etc.) Responding to customer reviews	Continuous	France
Mystery shoppers	Audit of the entire customer experience by a trained professional assessor, covering the general condition, cleanliness, signage and staff	Quarterly depending on the shopping centre	France 131 shopping centres

CSR Events

For Carmila, social responsibility is also put into practice through initiatives that benefit people and the environment. Health and safety are major concerns for all shopping centre users. CSR events are divided into four main areas: community outreach, sport and health, culture and ecology. Carmila aims to have all shopping centre management teams organise at least one CSR event each year.

CSR events are generally a way to raise awareness among employees, retailers and shoppers. Each shopping centre management team is responsible for launching and implementing events aimed at all audiences, thus forging partnerships with local non-profits to enable them to publicise their activities. Events can be chosen from a catalogue of CSR actions by proposing new initiatives, which are ultimately validated by the CSR department.



Community Outreach

Carmila has chosen to take part in community outreach actions in two ways:

- by entering into a new partnership;
- by hosting charities in its shopping centres.

Spaces are made available to charities either free of charge or on preferential financial terms. The objective is to enable them to carry out fundraising initiatives to support their actions and enhance recognition.



In a context marked by the widening regional divide, 60% of French young people now grow up outside the major urban centres, with deep inequalities of opportunity due to lack of information and opportunities in rural areas and small towns. Embedded in the heart of the regions, Carmila has chosen to work alongside Chemins d'avenirs, a non-profit organisation that unleashes the potential of young people by supporting them throughout their academic, professional and civic careers. This collaboration is based on three major commitments:

- helping the non-profit to expand to new regions;
- enhancing the professional opportunities of young beneficiaries by offering them contacts for internships and work-study opportunities in the shopping centres or with partner retailers;
- mobilising Carmila employees to support young people.

In 2022, Carmila wants each shopping centre management team to continue to support a community outreach cause, preferably related to children or young people. Carmila will also continue its national partnership with Chemins d'avenirs, initiated in 2021.



Here we act for **employees**

Carmila encourages dialogue with employees and supports their professional development. Carmila also promotes diversity and is committed to raising awareness among employees of CSR issues. Carmila's CSR strategy is also based on the United Nations Sustainable Development Goals (SDGs) pertaining to Carmila's business.

Foster Diversity

Respecting diversity and rejecting all forms of discrimination and harassment are two of the principles in Carmila's Code of Ethics, which all employees receive when they join. These commitments are inspired by the International Labour Organization conventions on equal remuneration (No. 100) and discrimination (No. 111).

Carmila has put in place a gender equality index at group level. The criteria used to calculate the index are:

- gender pay gap;
- gender pay gap in terms of individual pay rises;
- pay rises for women returning from maternity leave;
- representation of women among the top 10 highest paid employees.

Carmila wishes to promote the employment of young people and pledges to maintain more than 10% of employees on work-study programmes out of its total staff.



Talent Engagement and Retention

Employee engagement is a key factor in Carmila's success and growth. This engagement begins when the employee joins the company and is built and strengthened throughout their career path. Carmila's Human Resources policy is a valuable tool used to promote active listening and well-being as a response to the many challenges and needs employees face, particularly young talent.

To retain talent and allay the risk of becoming less competitive on the job market, Carmila encourages and supports career development and internal transfers.

Onboarding is an important step in helping new employees smoothly integrate themselves into Carmila's teams and providing guidance as soon as they arrive. All employees are invited to take part in an induction programme to enable them to absorb the culture, values and organisational structure of the company. Monitoring employees' career paths within the company is a priority and is supported by a comprehensive system. Carmila also supports its employees throughout their career in developing and acquiring new skills and expertise, through a large-scale training programme that aims to respond to employees' individual needs.



Employee Relations

Driven by the fundamental belief that actively listening to employees enhances their commitment, Carmila encourages transparent, direct communication between staff members and different levels of management. Carmila builds strong, regular social dialogue by developing the number of contact points and discussion channels.

The Human Resources department ensures that a good social climate is maintained with trade unions and has intensified its exchanges with elected representatives.

The annual employee satisfaction survey was conducted in September 2021, covering all employees of Carmila France, Spain and Italy. The participation rate for the three host countries was 89% (up 9% compared to 2020), for an overall NPS of +17. The survey found that 89% of employees expressed satisfaction with their job, and the same proportion were satisfied with the company. In addition, 89% of employees are confident about Carmila's future.

With Mydea Carmila, the company runs regular participation innovation campaigns to propose and select new ideas. Carmila has also set up a partnership with the non-profit Chemins d'avenir, which aims to uncover the talents of France's local regions through mentoring. Rural areas and small or medium-sized towns represent 60% of the French population. Through this scheme, Carmila wishes to act in favour of diversity and inclusion by helping secondary school pupils and university students to choose their future career paths.

Raising Awareness of Sustainable Development Issues



Corporate social responsibility is a shared concern for senior executives, managers and employees. To ensure that everyone understands the importance of the issues at stake, Carmila has chosen to empower its employees in two areas:

- compensation policy – Variable compensation is calculated on the basis of the achievement of certain CSR objectives, including the proportion of BREEAM-certified shopping centres. In 2022, Carmila wants to strengthen this link by adding a new CSR indicator for calculating the variable portion of employees' compensation. In addition to the percentage of BREEAM-certified shopping centres, a greenhouse gas reduction indicator for Scopes 1 & 2 will be added for the collective portion of variable compensation.
- communicating information and knowledge on sustainable development issues – The CSR department organises awareness-raising activities on CSR issues at least once a quarter: webinars, training, strategy presentations, cross-functional working groups, internal events, challenges, news, etc.



Overall CSR performance

Results of the assessments and alignment with key non-financial standards

Carmila undertakes every year to highlight the non-financial performance of its portfolio and its strategy by participating in the ESG assessments made by non-financial rating agencies. For several years now, regular improvement in the Group's ratings by the GRESB (Global Real Estate Sustainability Benchmark) and CDP (Carbon Disclosure Project) in particular suggest the quality of Carmila's action plans and achievements.

Agencies	Carmila		
	2019	2020	2021
GRESB - Standing Investment	71/100	80/100	84/100
GRESB - Development	-	88/100	94/100
CDP	-	A-	A-
EPRA code	Silver	Gold	Gold
Sustainalytics	-	-	13 - 112/1004
MSCI	-	BBB	BB
GAIA	77/100	80/100	81/100
ISS	D+	-	C
Vigeo	53/100	54/100	54/100

Sector-specific initiatives and charters supported by Carmila

Carmila is active in various national and international sectoral organisations, particularly in the field of sustainable development:

- Sustainable Real Estate Observatory (Observatoire de l'Immobilier Durable, OID) – The OID aims to promote sustainable development and innovation in real estate. Carmila has joined various discussion groups on a variety of issues such as energy performance and carbon, sustainable finance, biodiversity and resilience.
- The Global Compact – The Global Compact is a United Nations pact to which Carmila has been a signatory since 2019. It promotes 10 universal principles in relation to respect for human rights, labour standards, the environment and the fight against corruption. The Group publishes an annual Communication on Progress to assess the actions implemented and their success.
- The Global Reporting Initiative – GRI is an independent international organisation that sets reporting standards to help companies and governments better communicate their impacts on CSR issues. Carmila is one of the participating companies.
- The gender equality in real estate charter (La Charte d'engagement en faveur de la parité et de l'égalité professionnelle Femmes Hommes dans les entreprises et les organisations du secteur immobilier), which Carmila signed up to in November 2021.

Sustainable finance initiatives

In order to finance its CSR strategy and environmental and social investments, Carmila uses innovative sustainable finance products. Carmila has two sustainability-linked loans outstanding. The first is a sustainability linked revolving credit facility for an amount €540 million, signed in October 2021. The second is a sustainability-linked term loan of €550 million, signed in July 2022. Both facilities include two sustainability criteria relating to Carmila's emissions reduction and environmental certification objectives.

II. Green Bond Framework

2.1 Rationale for issuing green bonds

Carmila is committed to supporting the growth of the sustainable finance market, which it sees as a critical tool to meet the commitments of the Paris Agreement on global climate action. With the implementation of this Green Bond Framework, Carmila aims to support its energy efficiency and carbon emissions reduction ambitions. Environmentally impactful and transparent debt instruments are part of an ambition to align financing strategy with CSR commitments, as part of the “Here we act” programme outlined in the first section of the Framework.

Carmila’s objective when issuing green bonds under this Green Bond Framework is to finance major reductions in greenhouse gas emissions and to support the transition of Carmila’s asset portfolio towards energy efficient and low-carbon real estate, in line with the objectives set out in the Paris Agreement⁷.

This Green Bond Framework has been created to facilitate transparency, disclosure, and the integrity of Carmila’s green bond issuance. Carmila has designed this document with the intention to reflect current best market practice. It has been designed in accordance with the Green Bond Principles, 2021 version (GBP)⁸ as published by the International Capital Market Association (ICMA), which are voluntary process guidelines developed in multi-stakeholder processes involving issuers, investors, financial institutions, and NGOs, with a view to promoting the development of and integrity of green financing instruments.

In accordance with the Green Bond Principles, and for each green bond issuance, Carmila asserts that it will follow the 4 key pillars outlined in this Green Bond Framework:

- Use of Proceeds
- Project Evaluation and Selection
- Management of Proceeds
- Reporting

The Green Bond Framework also follows the key recommendations for heightened transparency of the Green Bond Principles regarding (i) Green Bond Frameworks and (ii) External Review as further outlined under section III (External Review) below.

The Framework and the four components outlined above will apply to any of the green bonds issued by Carmila in accordance with the Green Bond Framework until their redemption. The green bonds issued under the Framework may consist of future bonds including public issuance and private placements in any format and currency.

Moreover, as Carmila closely follows the various future evolutions of sustainable finance, new regulatory developments will be reflected in future versions of the Green Bond Framework on a best-efforts basis. This notably includes, where possible, the requirements of the EU Taxonomy Regulation (Regulation (EU) 2020/852)⁹, the EU Taxonomy Climate Delegated Act¹⁰, and the report with recommendations on technical screening criteria for the four remaining environmental objectives of the EU taxonomy¹¹.

The Framework also outlines the expected contribution to the Sustainable Development Goals (SDGs) published in 2015 by the United Nations (UN) as part of the 2030 Agenda for Sustainable Development in line with Carmila’s ambition to further channel investments to projects that contribute to the achievement of the UN SDGs.

The Green Bond Framework may be further updated or expanded from time to time to reflect future updates to the Green Bond Principles, best market practices, the evolving regulatory landscape and changes in Carmila’s business. These potential changes will either keep or improve the current levels of transparency and reporting described in the Green Bond Framework and will be subject to an update of the Second Party Opinion as outlined under section 3.1 (Second Party Opinion) below.

⁷ https://ec.europa.eu/info/news/focus-energy-efficiency-buildings-2020-lut-17_en

⁸ <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/green-bond-principles-gbp/>

⁹ <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:32020R0852&from=EN>

¹⁰ <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:32021R2139&from=EN>

¹¹ https://ec.europa.eu/info/sites/default/files/business_economy_euro/banking_and_finance/documents/220330-sustainable-finance-platform-finance-report-remaining-environmental-objectives-taxonomy_en.pdf

2.2 Use of proceeds

An amount equal to the net proceeds of any green bond issuance under this Green Bond Framework will be used to finance and/or refinance, in whole or in part, Eligible Green Assets meeting all the following criteria:

- Eligible Green Assets are existing and/or future shopping centre and retail park properties owned by Carmila and located in France, Italy, or Spain;
- Eligible Green Assets must be located at a distance to public transport networks not exceeding 500 metres;
- Eligible Green Assets located in France must have already existing or planned set up¹² of a Green Lease (“Bail Vert”) with its tenants (for properties falling under the Environmental Appendix regulation, i.e., commercial properties >2,000 sqm.¹³);
- Eligible Green Assets should meet at least one of the Eligibility Criteria as described in Table 1 below.

Eligible Green Assets qualify for refinancing as long as they are in use and follow all the criteria outlined above without any look-back period.

The Eligibility Criteria included in Table 1 have been determined based on the following sources of information:

- The definitions and technical screening criteria proposed by the European Union (EU) classification of environmentally sustainable economic activities in the EU Taxonomy Delegated Acts on Climate Change Mitigation and Adaptation (EU Taxonomy) on a voluntary basis, where relevant and practically feasible, to align with best market standards, notably focusing on the following economic activities:
 - 7.1 Construction of new buildings;
 - 7.2 Renovation of existing buildings;
 - 7.7 Acquisition and ownership of buildings.
- Eligible Green Project Categories as set out in the Green Bond Principles; 2021 version (GBP) as published by the International Capital Market Association (ICMA);
- Existing market practices based on similar Frameworks already published;
- Internal expertise of all the parties involved in the construction of the Green Bond Framework.



In accordance with the “High-Level Mapping to the Sustainable Development Goals” published by the International Capital Market Association (ICMA) in June 2022¹⁴, Carmila also presents under Table 1 the expected positive contribution of Eligible Green Assets to be included in green bond issuance following this Green Bond Framework to the targeted Sustainable Development Goals.

¹² For assets in operation at the time of acquisition, the existing lease does not systematically include “Green Lease” commitments, but their integration is planned for the next renegotiation date.

¹³ French Law No.2010-788 of July 12, 2010 establishing a national commitment to the environment.

¹⁴ https://www.icmagroup.org/assets/documents/Sustainable-finance/2022-updates/Mapping-SDGs-to-GSS-Bonds_June-2022-280622.pdf

Table 1 – Eligibility criteria

Eligible Project Category (GBP)	Eligibility Criteria	EU Environmental Objective(s)	UN SDGs expected contribution
<p>Green Buildings</p>	<p>Acquisition of existing commercial buildings or construction of new commercial buildings¹⁵, located in France, Italy, or Spain, which meet at least one of the following eligibility criteria:</p> <ul style="list-style-type: none"> - <u>Buildings built before 31 December 2020:</u> <ul style="list-style-type: none"> i. With an Energy Performance Certificate (EPC) level at least equal to “A”; or ii. Belonging to the top 15% most energy-efficient buildings of the national building stock¹⁶. - <u>Buildings built after 31 December 2020:</u> <ul style="list-style-type: none"> i. With Primary Energy Demand (PED)¹⁷ at least 10% lower than the relevant national threshold set for nearly zero-energy building (NZEB)¹⁸ requirements; and ii. For buildings larger than 5,000 m², the building resulting from the construction undergoes testing for airtightness, thermal integrity and global warming potential. - <u>Buildings that have achieved, or target to achieve environmental certification (New-Build or In-Use) including:</u> <ul style="list-style-type: none"> o BREEAM certification level « Very Good » or better; o HQE certification level « Excellent » or better; o LEED certification level « Platinum ». <p>Renovation of existing commercial buildings, located in France, Italy, or Spain, which meet at least one of the following eligibility criteria:</p> <ul style="list-style-type: none"> i. Building renovation compliant with the applicable requirements for major renovations of Energy performance of Buildings Directive (EPBD)¹⁹; or ii. Building renovation leading to a reduction of primary energy demand (PED) of at least 30%^{19, 20}; or iii. Building renovation leading to obtention of environmental certification (Refurbishment or In-Use) including: <ul style="list-style-type: none"> o BREEAM certification level « Excellent » or better; o HQE certification level « Excellent » or better; o LEED certification level « Platinum ». 	<p>Substantial contribution to Climate Change Mitigation</p>	 

¹⁵ Where the building is a large non-residential building, it is efficiently operated through energy performance monitoring and assessment demonstrated, for example, through the presence of an Energy Performance Contract or a building automation and control system.

¹⁶ Expressed as operational Primary Energy Demand (PED) and demonstrated by adequate evidence, which at least compares the performance of the relevant asset to the performance of the national or regional stock built before 31 December 2020 and at least distinguishes between residential and non-residential buildings.

¹⁷ The calculated amount of energy needed to meet the energy demand associated with the typical uses of a building expressed by a numeric indicator of total primary energy use in kWh/m² per year and based on the relevant national calculation methodology and as displayed on the Energy Performance Certificate (EPC).

¹⁸ https://energy.ec.europa.eu/topics/energy-efficiency/energy-efficient-buildings/nearly-zero-energy-buildings_en.

¹⁹ For building renovation compliant with the applicable requirements for major renovations of Energy performance of Buildings Directive (EPBD) or leading to a reduction of primary energy demand (PED) of at least 30% only the investments in retrofits will be considered as Eligible Green Assets.

²⁰ The 30% reduction in primary energy demand occurred in comparison to the baseline performance before the refurbishment.

2.3 Process for Evaluation and Selection of Projects

Eligible Green Assets are expected to comply with European regulations, including any applicable regulatory environmental and social requirements. Furthermore, as for any investments made by Carmila, Eligible Green Assets must comply with strict criteria. The evaluation and selection process is clearly defined and aligned with Carmila's CSR strategy²¹ and ESG assessment practices, which ensure adequate identification of material risks tied to environmental management, working and safety, sustainable supply chain, corruption prevention and anti-bribery (see Section 1.2).

In addition, Carmila has also implemented an Environmental Performance Committee, which assesses the environmental quality of certain investments on the basis of two priority impact criteria: energy and carbon. The ancillary environmental impacts of projects are also qualified so as to avoid any risk of impinging on other environmental criteria (i.e., the "do no significant harm" principle):

- Waste generation and management;
- Water use;
- Biodiversity (qualitative criterion);
- Green value and certification (qualitative criterion)

The process for the evaluation and selection of the Eligible Green Assets is based on internal expertise and includes the assessment of whether the Eligible Green Assets:

- substantially contribute to the environmental objective of Climate change mitigation and do not cause significant harm to other environmental objectives;
- are aligned with Carmila investment and sustainability policies;
- Meet the eligibility criteria as described in the Use of Proceeds section of the Green Bond Framework.

The process for evaluation and selection of Eligible Green Assets is set up as follows:

- On a regular basis (at least once a year), Carmila's portfolio management and CSR departments, in collaboration with Carrefour Property Group's property management team, will oversee collection of data to identify Eligible Green Assets in the real estate portfolio that qualify as per the eligibility criteria set out in the Use of Proceeds section of the Green Bond Framework.
- Carmila's CSR and finance teams will check the consistency of the data and approve the selection of Eligible Green Assets;
- Based on the selected Eligible Green Assets provided by Carmila's CSR and finance teams, the dedicated Green Bond Committee will approve the list of Eligible Green Assets;
- The Green Bond Committee will review and approve allocations of the net proceeds of green bond issuance to the Eligible Green Assets portfolio.

On a regular basis, and at least once a year, a dedicated Green Bond Committee will monitor the project selection and evaluation process and allocation of proceeds. The Green Bond committee is in charge of the governance of the Green Bond Framework and is chaired by the Chief Financial Officer (CFO). It is comprised of the following permanent representatives from Carmila:

- Chief Financial Officer (CFO);
- Chief Sustainability Officer (CSO);
- A representative of the Carmila finance department;
- The Head of Investor relations;
- A representative of the portfolio management department;
- A representative of Carrefour Property Group's property management department
- A representative of the CSR department.

²¹ https://www.carmila.com/wp-content/uploads/2022/05/CARMILA_URD_2021_V2.pdf section 4

Representatives from other departments may be invited depending on the topics covered.

The Green Bond committee will be responsible for the following:

- Review and approve the selection of Eligible Green Assets based on the Eligible Project Category and Eligibility Criteria outlined under section Use of Proceeds and the Green Bond Framework and more generally oversee the implementation and allocation process;
- Monitor the alignment of Eligible Green Assets with the eligibility criteria and process for asset selection and evaluation, as well as the appraisal value of Eligible Green Assets. Specifically, the Green Bond committee can address changes in the list of Eligible Green Assets and put forward potential alternative Eligible Green Assets;
- Review and approve the annual green bond report;
- Mandate and monitor external reviews of the Green Bond Framework and annual green bond report;
- Manage any future updates of the Green Bond Framework, including the changes to the sustainable finance regulation, such as the EU Taxonomy Regulation and the EU Green Bond Standard (EUGBS), on a best-efforts basis, with a view to potentially updating the Green Bond Framework to the extent necessary. Such updates would only apply to green bonds issued after the publication of the updated framework and a new Second Party Opinion.

The Green Bond Committee will keep track of its discussions to ensure transparent decisions.

2.4 Management of Proceeds

An amount equal to the net proceeds of green bond issuance will be credited to Carmila's Treasury liquidity portfolio and earmarked for allocation to new Eligible Green Assets or the refinancing of existing Eligible Green Assets in line with the Use of Proceeds and Process for Evaluation and Selection of Projects sections of the Green Bond Framework, in a portfolio approach.

Carmila will track the proceeds in the internal accounting systems and will monitor the earmarking. Carmila aims to earmark the proceeds of green bond issuances to Eligible Green Assets rapidly and ideally, and on a best effort basis, within 24 months of issuance.

The earmarking of net proceeds of green bond issuance will be monitored by Carmila's Green Bond Committee, who will approve annually the allocation of proceeds to Eligible Green Assets.

Carmila intends to maintain an aggregate amount of Eligible Green Assets at least equal to the outstanding net proceeds of any green bond issuance. If for any reason any Eligible Green Asset is no longer eligible, the Green Bond Committee will substitute such asset with other Eligible Green Asset(s) for an amount at least equivalent, as soon as practical once an appropriate substitution option has been identified and, in any case, within 24 months after the asset is no longer eligible.

Pending allocation or reallocation, as the case may be, to Eligible Green Assets, unallocated proceeds will temporarily be invested in accordance with Carmila's investment guidelines in cash, deposits and money market instruments or any other liquid short-term marketable instruments. Carmila could consider allocating the balance of unallocated proceeds in money market funds managed following a responsible investment approach on a best effort basis.

Eligible Green Assets will be included in the Eligible Portfolio at their appraisal value²².

Furthermore, when Eligible Green Assets included are subject to joint investment or joint ventures or are partially financed by subsidized loans (such as EIB) or dedicated financings (mortgage, lease financing, etc.), Carmila will only consider the pro-rated share (%) of its own investment for allocation of proceeds.

An external auditor appointed by Carmila will verify, on an annual basis, the proceeds allocated to Eligible Green Assets and the remaining balance of unallocated proceeds.

²² Appraisal value of Buildings will be monitored via dedicated appraisal report.

2.5 Reporting

Within one year from any green bond issuance and annually thereafter, Carmila will report on the earmarking of the proceeds to Eligible Green Assets and associated environmental impact metrics at least until an amount equal to the proceeds of the outstanding green bond issuances has been fully earmarked to Eligible Green Assets, and in case of material changes thereafter.

This reporting will be published on Carmila's website at: <https://www.carmila.com/finance/green-bond/>.

The information will be aggregated at Eligible Project Category level however when feasible Carmila will include in-depth case studies of specific Eligible Green Assets.

a) Reporting on the allocation of the proceeds (allocation report)

Carmila commits to report on the allocation of the proceeds. The report will include indicators such as:

- An overview of outstanding green bond issuance under the Green Bond Framework;
- The size of the Eligible Green Assets portfolio, including a breakdown by Eligible Green Asset type (existing/new building) and geographical areas (country level);
- The share of financing vs refinancing;
- The balance of unallocated proceeds, if any.

b) Reporting on the climate and environmental benefits (impact report)

Carmila will provide reporting on relevant impact metrics for Eligible Green Assets where available.

The impact report will include qualitative and, where feasible, quantitative information on the environmental outcomes of Eligible Green Assets, on an aggregated basis, including output and impact indicators as detailed in the indicative indicators table provided below. Carmila will publish its calculation methodologies and assumptions used for these indicators.

Carmila intends to align its reporting with the model proposed by the Handbook - Harmonized Framework for Impact Reporting as published by the International Capital Markets Association (ICMA)²³, June 2021 version.

Eligible Project Category (GBP)	Indicative list of output and impact indicators
Green Buildings	<ul style="list-style-type: none">• Number of properties and surface (in sqm, GIA and GBA);• Split by building type and nature (acquisition, extension, construction, refurbishment...);• Total energy consumption (kWh_{ef}) and energy intensity (kWh_{ef}/sqm/year);• Total greenhouse gas emissions (tCO_{2e}/year) and greenhouse gas emissions intensity (kgCO_{2e}/sqm/year);• Estimated annual greenhouse gas emissions reduction (tCO_{2e});• Environmental Certifications schemes and/or energy-efficiency labels achieved / targeted and levels.

²³ <https://www.icmagroup.org/assets/documents/Sustainable-finance/2021-updates/Handbook-Harmonised-Framework-for-Impact-Reporting-June-2021-100621.pdf>

III. External Review

3.1 Second Party Opinion

Sustainalytics was commissioned as Second Party Opinion Provider to evaluate Carmila's Green Bond Framework, its transparency and governance as well as its alignment with the Green Bond Principles (2021), as published by ICMA. The results of the evaluation will be presented in a Second Party Opinion.

The Second Party Opinion will be available on Carmila's website at: <https://www.carmila.com/finance/green-bond/>.

Any material changes to Carmila's Green Bond Framework will be subject to review by the Second Party Opinion Provider and the updated Second Party Opinion will be published at the above website.

3.2 Post-issuance Verification

Carmila's annual reporting will also be subject to verification by an external verifier, at least until an amount equal to the proceeds of the outstanding green bond issuances has been fully earmarked to Eligible Green Assets, and in case of material changes to the allocation thereafter. The auditor will verify:

- Compliance of the Eligible Green Assets with the eligibility criteria defined in the Use of Proceeds section of the Green Bond Framework;
- Allocated proceeds to Eligible Green Assets; and
- Management of proceeds including remaining balance of unallocated proceeds.

The external verifier's assurance reports will be included in the annual reporting as disclosed on Carmila's website in the following section: <https://www.carmila.com/finance/green-bond/>.

Disclaimer

The information in this document (the "Green Bond Framework") has been included in good faith but is for general informational purposes only. All reasonable care has been taken to ensure that the information contained herein is not untrue or misleading.

This Green Bond Framework may contain information, opinions and certain forward-looking statements that reflect Carmila's management's current views with respect to future events and financial and operational performance of Carmila. These forward-looking statements are based on Carmila'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 Carmila to control or estimate precisely. None of the future projections, expectations, estimates, prospects or forward-looking statements in this Green Bond Framework should be taken as profit forecasts or estimates under the Commission delegated Regulation 2019/980, 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 this Green Bond Framework.

Investors are cautioned not to place undue reliance on the forward-looking statements (as well as information and opinions) contained herein, which are made only as at the date of this Green Bond Framework and are subject to change without notice. Carmila does not assume any responsibility or obligation to update or revise any such forward-looking statements and/or information, regardless of whether those statements are affected by the results of new information, future events or otherwise.

This Green Bond Framework is not intended to be and should not be construed as providing legal or financial advice and does not constitute or form part of, and should not be construed as, an offer or invitation to sell securities of Carmila, or the solicitation of an offer to subscribe for or purchase securities of Carmila, and nothing contained herein shall form the basis of or be relied on in connection with any contract or commitment whatsoever. The Green Bond Framework may also be subject to review and change and may be amended, updated, supplemented, replaced and/or withdrawn from time to time. Any decision to purchase any securities of Carmila should be made solely on the basis of the information to be contained in the prospectus or the legal documentation prepared in connection with the offering of such securities. Prospective investors are required to make their own independent investigations and appraisals of the business and financial condition of Carmila and the nature of the securities before taking any investment decision with respect to securities of Carmila. If a prospectus is prepared in connection with the offering of securities of Carmila, it will contain detailed information on the business, financial results and prospects of Carmila as well as on related risk factors; it may contain information different from, or updates to, the information contained herein.

This Green Bond Framework does not constitute a prospectus or other offering document, nor shall it be deemed to be incorporated by reference in any prospectus or other offering document, and it is not intended for distribution to, or use by, any person or entity in any jurisdiction or country where such distribution or use would be contrary to law or regulation. Persons into whose possession such documents may come must inform themselves about, and observe, any applicable restrictions on distribution.

Under no circumstances will Carmila or its affiliates, representatives, directors, officers and employees have any liability whatsoever (in negligence or otherwise) for any loss or damage howsoever arising from any use of this Green Bond Framework or its contents or otherwise arising in connection with this Green Bond Framework.

Sustainalytics has issued an independent opinion, dated 10 October 2022, on this Green Bond Framework (the "Second Party Opinion"). The Second Party Opinion provides an opinion on certain environmental and related considerations and is not intended to address any credit, market or other aspects of an investment in any securities or financial instruments, including without limitation market price, marketability, investor preference or suitability of any security. The Second Party Opinion is a statement of opinion, not a statement of fact. The Second Party Opinion is not, nor should be deemed to be, a recommendation by Carmila or any other person to buy, sell or hold any such securities or financial instruments. The Second Party Opinion is only current as of the date that opinion was initially issued. The criteria and/or considerations that formed the basis of the Second Party Opinion may change at any time and the Second Party Opinion may be amended, updated, supplemented, replaced and/or withdrawn.