

Second-Party Opinion

Carmila Green Bond Framework



Evaluation Summary

Sustainalytics is of the opinion that the Carmila Green Bond Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2021. This assessment is based on the following:



USE OF PROCEEDS The eligible category for the use of proceeds – Green Buildings – is aligned with those recognized by the Green Bond Principles. Sustainalytics considers that investments in the eligible category are expected to lead to positive environmental impact by reducing the carbon footprint and improving the energy performance of commercial buildings in France, Spain and Italy, and advance the UN Sustainable Development Goals, specifically SDG 9.



PROJECT EVALUATION / SELECTION Carmila has established a Green Bond Committee that oversees a multistep project evaluation and selection process. Projects are evaluated and selected by various internal departments and submitted to the Green Bond Committee for final approval. Carmila has risk management processes in place to mitigate environmental and social risks associated with investments in eligible assets. Sustainalytics considers the project selection and risk management processes to be in line with market practice.



MANAGEMENT OF PROCEEDS Carmila's Green Bond Committee will be responsible for the management of proceeds on a portfolio basis and will track the allocation of proceeds using internal systems. Carmila intends to allocate net proceeds within 24 months of green bond issuances. Pending allocation, unallocated net proceeds will be temporarily invested in cash, deposits, money market instruments or other short-term marketable instruments in accordance with Carmila's investment guidelines. Sustainalytics considers this to be in line with market practice.



REPORTING Carmila intends to report on the allocation of proceeds on its website on an annual basis until full allocation. Allocation reporting will include an overview of outstanding green bond issuances under the Framework, the amount of net proceeds allocated to eligible projects, the share of financing versus refinancing and the balance of unallocated proceeds. Carmila is also committed to reporting on relevant impact metrics, including total GHG emissions (measured in tCO₂e/year), GHG emissions intensity (measured in kgCO₂e/m² a year) and estimated annual GHG emissions reduction (measured in tCO₂e). Sustainalytics views Carmila's allocation and impact reporting as aligned with market practice.

Evaluation Date October 10, 2022

Issuer Location Paris, France

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For inquiries, contact the Sustainable Finance Solutions project team:

Mahesh Krishnamoorthy (Mumbai)
Project Manager
mahesh.krishnamoorthy@morningstar.com

Audrey van Herwaarden (Amsterdam)
Project Support

Vedang Kulkarni (Mumbai)
Project Support

Ananth Eragam (Amsterdam)
Project Support

Siina Matihaldi (Amsterdam)
Project Support

Diego Gomez (London)
Client Relations
susfinance.emea@sustainalytics.com
(+44) 20 3880 0193

Introduction

Carmila (the “Company” or the “Issuer”) is a commercial property management company that owns, operates and manages a network of shopping centres and retail parks adjoining Carrefour hypermarkets. Founded in 2014, the Company has 214 shopping centres, more than 6,300 retail partners and employed 280 personnel as of 2021. Headquartered in Paris, France, Carmila services customers in France, Spain and Italy.

Carmila has developed the Carmila Green Bond Framework (the “Framework”), under which it intends to issue green bonds and use the proceeds to finance or refinance, in whole or in part, existing and future assets that are expected to lead to positive environmental impact by reducing the carbon footprint and improving the energy performance of commercial buildings in France, Spain and Italy. The Framework defines eligibility criteria in the following green area:

1. Green Buildings

Carmila engaged Sustainalytics to review the Carmila Green Bond Framework, dated October 2022, and provide a Second-Party Opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2021 (GBP).¹ The Framework will be published in a separate document.²

Scope of work and limitations of Sustainalytics’ Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent³ opinion on the alignment of the reviewed Framework with current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework’s alignment with the Green Bond Principles 2021, as administered by ICMA;
- The credibility and anticipated positive impacts of the use of proceeds; and
- The alignment of the issuer’s sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.11, which is informed by market practice and Sustainalytics’ expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of Carmila’s management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. Carmila representatives have confirmed (1) they understand it is the sole responsibility of Carmila to ensure that the information provided is complete, accurate or up to date; (2) that they have provided Sustainalytics with all relevant information and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics’ opinion of the Framework and should be read in conjunction with that Framework.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and Carmila.

Sustainalytics’ Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics’ Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner. Upon twenty-four (24) months following the evaluation date set stated herein, Carmila is encouraged to update the Framework, if necessary, and seek an update to the Second-Party Opinion to ensure ongoing alignment of the Framework with market standards and expectations.

¹ The Green Bond Principles are administered by the International Capital Market Association and are available at: <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>.

² The Carmila Green Bond Framework is available on Carmila’s website at: <https://www.carmila.com/finance/green-bond/>.

³ When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realized allocation of the bond proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that Carmila has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Carmila Green Bond Framework

Sustainalytics is of the opinion that the Carmila Green Bond Framework is credible and impactful and aligns with the four core components of the GBP. Sustainalytics highlights the following elements of the Carmila Green Bond Framework:

- Use of Proceeds:
 - The eligible category – Green Buildings – is aligned with those recognized by the GBP. Sustainalytics notes that investments in the eligible category are expected to contribute to a reduction in carbon emissions by supporting the decarbonization of commercial buildings in France, Spain and Italy.
 - The Company has communicated to Sustainalytics that it will limit refinancing to capital expenditures and has not established a look-back period for refinancing under the Framework. This is aligned with market practice.
 - Under the Green Buildings category, Carmila may finance or refinance commercial buildings located in France, Italy or Spain that meet one of the following eligibility criteria:
 - Acquisition of buildings built before 31 December 2020 which have received an energy performance certificate rating of A or belong to the top 15% most energy-efficient buildings of the national building stock based on primary energy demand (PED).
 - Acquisition of buildings built after 31 December 2020 or construction of new buildings with a PED at least 10% lower than the relevant national thresholds for nearly zero-energy buildings.⁴ Additionally, buildings larger than 5,000m² are subject to testing for air tightness, thermal integrity and global warming potential.
 - Acquisition or construction of buildings that have received or are expected to receive one of the following levels of certification: BREEAM (Very Good and above),⁵ HQE (Excellent and above)⁶ or LEED Platinum.⁷ Sustainalytics views these certification schemes to be credible and impactful and the selected levels for HQE and LEED as aligned with market practice. However, Sustainalytics considers BREEAM Excellent to be aligned with market practice and encourages Carmila to select BREEAM-certified shopping centres that meet the requirements for BREEAM Excellent in the Energy category, which Sustainalytics regards as the most important one.
 - Renovations of buildings compliant with the applicable requirements for major renovations as defined by the Energy Performance of Buildings Directive (EPBD)⁸ or which result in a reduction of at least 30% in PED compared to the building's baseline performance before renovation. Sustainalytics notes that the performance standard reflected in the EU Taxonomy⁹ – meeting the relevant cost-optimal minimum energy

⁴ European Commission, "Nearly zero-energy buildings", (2020), at: https://ec.europa.eu/energy/topics/energy-efficiency/energy-efficient-buildings/nearly-zero-energy-buildings_en

⁵ BREEAM: <https://bregroup.com/products/breeam/how-breeam-works/#:~:text=The%20BREEAM%20ratings%20range%20from,assessment%20and%20its%20BREEAM%20rating>

⁶ HQE: <https://www.behqe.com/schemes-and-documents>

⁷ LEED: <https://www.usgbc.org/leed>

⁸ European Commission, "Energy performance of buildings directive", at: https://energy.ec.europa.eu/topics/energy-efficiency/energy-efficient-buildings/energy-performance-buildings-directive_en

⁹ European Commission, "EU taxonomy for sustainable activities", (2020), at: https://finance.ec.europa.eu/sustainable-finance/tools-and-standards/eu-taxonomy-sustainable-activities_en

performance requirements under the EPDB¹⁰ – may vary by EU Member State. Sustainalytics, therefore, encourages Carmila to report on the actual PED performance level or energy savings achieved compared to the referenced buildings as defined according to the existing building stock in the region. Further, the expenses will be limited to financing or refinancing renovation costs. Renovation of buildings are expected to result in the achievement of one of the following levels of certification: BREEAM (Excellent and above), HQE (Excellent and above) or LEED Platinum.

- Sustainalytics views the expenditures under this category to be in line with market practices.
- Project Evaluation and Selection:
 - Carmila’s Green Bond Committee (the “Committee”) oversees a multistep project evaluation and selection process. The Company’s portfolio management and CSR departments, along with Carrefour Property Group’s property management team, will oversee the collection of data to identify assets that are in line with the eligibility criteria outlined in the Framework. Carmila’s CSR and finance teams check the consistency of data and approve the selection of eligible green assets. The Committee reviews the list of eligible green assets and provides final approval.
 - The Committee is chaired by Carmila’s CFO and includes the Group’s Chief Sustainability Officer and the head of investor relations, as well as members of its finance, portfolio management, CSR and Carrefour Property Group’s property management departments.
 - The Company has internal codes and policies in place to mitigate environmental and social risks associated with investments in eligible assets. Sustainalytics considers these environmental and social risk management systems to be adequate and aligned with market expectations. For additional details, see Section 2.
 - Based on the established processes for project evaluation and selection and environmental risk management, Sustainalytics considers this process to be in line with market practice.
- Management of Proceeds:
 - The Committee will be responsible for the management of proceeds on a portfolio basis and will track the proceeds using an internal accounting system.
 - Carmila intends to allocate net proceeds to eligible assets within 24 months from the date of issuance of green bonds. Pending allocation, unallocated proceeds will be temporarily invested in cash, deposits, money market instruments or other short-term marketable instruments in accordance with the Company’s investment guidelines.
 - Based on clear definitions of how proceeds will be tracked, held and managed, Sustainalytics considers this process to be in line with market practice.
- Reporting:
 - Carmila intends to report on the allocation of proceeds on its website on an annual basis until full allocation.
 - Allocation reporting will include an overview of outstanding green bond issuances under the Framework, the amount of net proceeds allocated to eligible projects, the share of financing versus refinancing and the balance of unallocated proceeds.
 - In addition, the Issuer is committed to reporting on relevant impact metrics, which may include qualitative and, where feasible, quantitative environmental impact indicators, such as total GHG emissions (measured in tCO₂e/year), GHG emissions intensity (measured in kgCO₂e/m² a year) and estimated annual GHG emissions reduction (measured in tCO₂e). For the full list of environmental impact indicators, please refer to Appendix 1.
 - Based on the commitment to allocation and impact reporting, Sustainalytics considers this process to be in line with market practice.

Alignment with Green Bond Principles 2021

Sustainalytics has determined that the Carmila Green Bond Framework aligns with the four core components of the GBP. For detailed information, please refer to Appendix 1: Green Bond/Green Bond Programme External Review Form.

¹⁰ European Commission, “Energy performance of buildings directive”, at: https://energy.ec.europa.eu/topics/energy-efficiency/energy-efficient-buildings/energy-performance-buildings-directive_en

Section 2: Sustainability Strategy of Carmila

Contribution of the Framework to Carmila's sustainability strategy

Carmila has launched a strategic and financial plan for the 2022-26 period in line with its Building Sustainable Growth strategy, which focuses on protecting the environment and combatting climate change. To complement this strategy, the Company has initiated a programme called Here we Act, which identifies relevant areas for action, including the optimization of resource consumption, certification of the environmental quality of its assets and the protection of biodiversity.¹¹

As part of its strategy, Carmila has set an objective of achieving net zero scope 1 and 2 emissions by 2030 compared to a 2019 baseline. Presently, Carmila has achieved a 10% and 30% reduction in its scope 1 and 2 location and market-based emissions.¹² To achieve net zero emissions by 2030, the Company aims to reduce 90% of emissions through efficient energy usage and a transition to renewable energy in its shopping centres. The remaining emissions will be offset through the purchase of carbon credits allocated by the French government in alignment with the Science Based Target initiative. The proceeds from credits will be utilized to finance the transition towards sustainable farming practices in France.¹³ Furthermore, the Company has committed to reducing its scope 3 emissions, with the aim of becoming carbon neutral by 2040.¹⁴

Additionally, Carmila has set long-term environmental goals in line with the UN SDGs, including: (i) reducing energy consumption by 40% by 2030 compared to a 2019 baseline; (ii) certifying 100% of its shopping centres with BREEAM Very Good ratings by 2030; (iii) offering eco-mobility solutions in 100% of shopping centres by 2025; (iv) recovering 100% material and energy waste by 2025; (v) reducing water consumption to less than 1 Litre per visitor by 2025; (vi) conducting analyses of climate risks across all assets by 2022; and (vii) introducing adaptation plans and resilience solutions for 100% of assets exposed to climate change risks by 2025. The Company also participates in national and international sectorial organizations, such as the French Federation of Real Estate and Property Companies, the Sustainable Real Estate Observatory (Observatoire de l'Immobilier Durable), the Global Compact, the Global Reporting Initiative and the French shopping centres trade body to capitalize on good practice and follow sustainable developments in its business lines.¹⁵

Sustainalytics is of the opinion that the Carmila Green Bond Framework is aligned with the Company's overall sustainability strategy and initiatives, and will further the Company's action on its key environmental priorities.

Approach to managing environmental and social risks associated with the projects

Although Sustainalytics recognizes that the net proceeds from the Framework will be directed towards eligible projects that are expected to have positive environmental and social impacts, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks commonly associated with the eligible projects may include land use and biodiversity issues related to large-scale infrastructure development, and issues related to waste management, water consumption, occupational health and safety and community relations. Sustainalytics is of the opinion that Carmila is able to manage or mitigate potential risks through the implementation of the following:

- Carmila's Audit and CSR committee is responsible for analyzing and monitoring environmental risks and associated mitigation plans. The procedures related to environmental risk management and mitigation are reviewed annually to ensure effectiveness and compliance with laws and regulations.¹⁶
- Regarding land use and biodiversity risks, the Company has prepared a Biodiversity Charter in 2021, which details best management practices to be implemented at its shopping centres. Carmila has introduced measures such as ecological management, water management, communication and follow-up in regard to this charter and requires its service providers to comply with the provisions within a definite time period.¹⁷ Additionally, the Company has introduced various biodiversity initiatives, such as the installation of insect hotels, beehives, educational vegetable garden, flowering

¹¹ Carmila, "Universal Registration Document", (2021), at: https://www.carmila.com/wp-content/uploads/2022/05/CARMILA_URD_2021_V2.pdf

¹² The location-based method reflects the average emissions intensity of grids on which energy consumption occurs. The market-based method reflects emissions from electricity that companies have purposefully chosen

GHG Protocol, "GHG Protocol Scope 2 Guidance", (2015), at: https://ghgprotocol.org/sites/default/files/Scope2_ExecSum_Final.pdf

¹³ Carmila's Terra Terre document was shared with Sustainalytics confidentially.

¹⁴ Carmila, "Universal Registration Document", (2021), at: https://www.carmila.com/wp-content/uploads/2022/05/CARMILA_URD_2021_V2.pdf

¹⁵ Ibid.

¹⁶ Ibid.

¹⁷ Carmila's Biodiversity Charter was shared with Sustainalytics confidentially.

meadow, bird shelters, eco-pasture, green wall, responsible landscaping maintenance and BiodiverCity certification of development projects to strengthen biodiversity at its sites.¹⁸

- To mitigate risks associated with waste, the Company minimizes resource consumption by introducing an efficient waste management and accounting system to calculate the waste and energy recovery rate. Furthermore, the Company has carried out audits to understand challenges regarding waste management, developing solutions to reduce waste at source, and is in the process of drafting a waste management policy in 2022.¹⁹
- The Company is improving sub-metering to identify sources of excess consumption at its shopping centres to address water consumption. Further, Carmila has certified its buildings with BREEAM, which encourages good practices in the design and operation of water management systems, including water-saving taps, leak detectors, shut-down valves on sanitary equipment and drip watering systems.²⁰
- Carmila carries out annual safety audits on a sample of its portfolio. The Company's construction experts manage the design specifications for compliance with regulations and safety rules.²¹
- The Company's CSR department enforces responsible practices in terms of stakeholder due diligence, dialogue with customers and communication with the people affected by its activities to mitigate legal risks associated with development projects.²²
- Sustainalytics notes that financing under the Framework will take place primarily in France, Spain and Italy, which are categorized as Designated Countries under the Equator Principles, indicating the presence of robust environmental and social governance, legislation systems and institutional capacity to mitigate common environmental and social risks.²³

Based on these policies, initiatives and assessments, Sustainalytics is of the opinion that Carmila has implemented adequate measures and is well positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories.

Section 3: Impact of Use of Proceeds

The use of proceeds category is aligned with those recognized by the GBP. Sustainalytics has focused below on how the impact is specifically relevant in the regional context.

Impact of financing green buildings in the EU and France

The building sector in the EU accounts for 36% of the bloc's total CO₂ emissions and 40% of the energy consumption in 2020.²⁴ Decarbonizing this sector is fundamental for the EU commitment to reduce GHG emissions by 55% below 1990 levels by 2030 and to achieve climate neutrality by 2050 under the 2030 Climate Target Plan.²⁵ To achieve this goal and direct investments to boost energy performance in the building sector, the European Commission requires all EU countries to have nearly zero-energy building requirements for all new buildings as of 2021.²⁶ Each EU member state is also required to establish a long-term strategy that supports the achievement of a highly energy efficient and decarbonized building stock by 2050, with a roadmap of clear milestones for 2030 and 2040.²⁷ Given that 75% of the building stock in the EU is energy inefficient, the European Green Deal aims to at least double the annual renovation rate of buildings by 2030 compared to 2020 levels, promoting deep energy renovation in 35 million building units by 2030.²⁸

In France, the buildings sector accounts for 20% of the direct GHG emissions in the country, mostly from heating, cooling, lighting and household appliances.²⁹ Buildings are also responsible for 39% of the country's total final energy consumption.³⁰ To promote green transition activities, France has set a target to reduce 50% of the energy consumption in its most carbon-emitting sectors, including buildings, by 2050 compared to

¹⁸ Carmila, "Universal Registration Document", (2021), at: https://www.carmila.com/wp-content/uploads/2022/05/CARMILA_URD_2021_V2.pdf

¹⁹ Ibid.

²⁰ Ibid.

²¹ Ibid.

²² Ibid.

²³ Equator Principles, "Designated Countries", at: <https://equator-principles.com/about-the-equator-principles/designated-countries/>

²⁴ European Commission, "In Focus: Energy efficiency in buildings", (2020), at: https://ec.europa.eu/info/news/focus-energy-efficiency-buildings-2020-lut-17_en

²⁵ European Commission, "2030 Climate Target Plan", at: https://ec.europa.eu/clima/eu-action/european-green-deal/2030-climate-target-plan_en

²⁶ Buildings that meet one of the certification levels specified under the Framework meet the requirements for a nearly zero-emission building (NZEB).

²⁷ European Commission, "Directive (EU) 2018/844 of the European Parliament and of the Council", (2018), at: https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv%3AAOJ.L_.2018.156.01.0075.01.ENG

²⁸ European Commission, "A Renovation Wave for Europe – greening our buildings, creating jobs, improving lives", (2020), at:

https://eurlex.europa.eu/resource.html?uri=cellar:0638aa1d-0f02-11eb-bc07-01aa75ed71a1.0003.02/DOC_1&format=PDF

²⁹ IEA, "France 2021 Energy Policy Review" at: <https://iea.blob.core.windows.net/assets/7b3b4b9d-6db3-4dcf-a0a5-a9993d7dd1d6/France2021.pdf>

³⁰ Ibid.

2020.³¹ In line with the EU's commitments, the Government of France has committed to reducing the country's carbon emissions by 40% by 2030 compared to 1990 levels and aims to achieve climate neutrality by 2050.^{32,33} In line with its 2050 goal, the government has dedicated EUR 5.8 billion to finance energy-efficiency programmes for buildings to reach its climate targets by 2030.³⁴

Based on the above context, Sustainalytics expects Carmila's financing of green buildings to contribute to reducing GHG emissions from the built environment in France and more broadly in the EU, thereby supporting the transition to a decarbonized economy.

Alignment with/contribution to SDGs

The Sustainable Development Goals were adopted in September 2015 by the United Nations General Assembly and form part of an agenda for achieving sustainable development by 2030. The bonds issued under the Carmila Green Bond Framework are expected to help advance the following SDG and target:

Use of Proceeds Category	SDG	SDG target
Green Buildings	9. Industry, innovation and infrastructure	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities

Conclusion

Carmila has developed the Carmila Green Bond Framework, under which it intends to issue bonds and use the proceeds to finance or refinance, in whole or in part, existing or future green buildings that are expected to contribute to a reduction in carbon emissions by supporting the decarbonization of commercial buildings in France, Spain and Italy.

The Carmila Green Bond Framework outlines a process to track, allocate and manage proceeds and makes commitments for reporting on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that the Framework is aligned with the overall sustainability strategy of the Company and expects the use of proceeds to contribute to the advancement of the UN Sustainable Development Goal 9. Additionally, Sustainalytics is of the opinion that Carmila has adequate measures to identify, manage and mitigate environmental and social risks associated with its properties.

Based on the above, Sustainalytics is of the opinion that Carmila is well positioned to issue green bonds and that the Framework is robust, transparent and in alignment with the four core components of the Green Bond Principles 2021.

³¹ European Union, "France's recovery and resilience plan" at: https://ec.europa.eu/info/business-economy-euro/recovery-coronavirus/recovery-and-resilience-facility/frances-recovery-and-resilience-plan_en

³² European Union, "Integrated National Energy and Climate Plan for France", (2020), at: https://ec.europa.eu/energy/sites/default/files/documents/fr_final_necp_main_en.pdf

³³ European Union, "France's recovery and resilience plan" at: https://ec.europa.eu/info/business-economy-euro/recovery-coronavirus/recovery-and-resilience-facility/frances-recovery-and-resilience-plan_en

³⁴ Ibid

Appendix 1

Appendix 1: Green Bond / Green Bond Programme - External Review Form

Section 1. Basic Information

Issuer name:	Carmila
Green Bond ISIN or Issuer Green Bond Framework Name, if applicable:	Carmila Green Bond Framework
Review provider's name:	Sustainalytics
Completion date of this form:	October 10, 2022

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarize the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBP:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

ROLE(S) OF REVIEW PROVIDER

- | | |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (please specify): | |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW (if applicable)

Please refer to Evaluation Summary above.

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section (if applicable):

The eligible category for the use of proceeds – Green Buildings – is aligned with those recognized by the Green Bond Principles. Sustainalytics considers that investments in the eligible category are expected to lead to positive environmental impacts by reducing the carbon footprint and improving the energy performance of commercial buildings in France, Spain and Italy, and advance the UN Sustainable Development Goals, specifically SDG 9.

Use of proceeds categories as per GBP:

- | | |
|---|--|
| <input type="checkbox"/> Renewable energy | <input type="checkbox"/> Energy efficiency |
| <input type="checkbox"/> Pollution prevention and control | <input type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation | <input type="checkbox"/> Clean transportation |
| <input type="checkbox"/> Sustainable water and wastewater management | <input type="checkbox"/> Climate change adaptation |
| <input type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes | <input checked="" type="checkbox"/> Green buildings |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBP | <input type="checkbox"/> Other (please specify): |

If applicable please specify the environmental taxonomy, if other than GBP:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

Carmila has established a Green Bond Committee that oversees a multi-step project evaluation and selection process. Projects are evaluated and selected by various internal departments and submitted to the Green Bond Committee for final approval. Carmila has risk management processes in place to mitigate environmental and social risks associated with investments in eligible assets. Sustainalytics considers the project selection and risk management processes to be in line with market practice.

Evaluation and selection

- | | |
|--|---|
| <input checked="" type="checkbox"/> Credentials on the issuer’s environmental sustainability objectives | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Green Bond proceeds | <input checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |

- Summary criteria for project evaluation and selection publicly available Other (*please specify*):

Information on Responsibilities and Accountability

- Evaluation / Selection criteria subject to external advice or verification In-house assessment

- Other (*please specify*):

3. MANAGEMENT OF PROCEEDS

Overall comment on section (*if applicable*):

Carmila's Green Bond Committee will be responsible for the management of proceeds on a portfolio basis and will track the allocation of proceeds using internal systems. Carmila intends to allocate net proceeds within 24 months of green bond issuances. Pending allocation, unallocated net proceeds will be temporarily invested in cash, deposits, money market instruments or other short-term marketable instruments in accordance with Carmila's investment guidelines. Sustainalytics considers this to be in line with market practice.

Tracking of proceeds:

- Green Bond proceeds segregated or tracked by the issuer in an appropriate manner
- Disclosure of intended types of temporary investment instruments for unallocated proceeds
- Other (*please specify*):

Additional disclosure:

- Allocations to future investments only Allocations to both existing and future investments
- Allocation to individual disbursements Allocation to a portfolio of disbursements
- Disclosure of portfolio balance of unallocated proceeds Other (*please specify*):

4. REPORTING

Overall comment on section (*if applicable*):

Carmila intends to report on the allocation of proceeds on its website on an annual basis until full allocation. Allocation reporting will include an overview of outstanding green bond issuances under the Framework, the amount of net proceeds allocated to eligible projects, the share of financing versus refinancing and the balance of unallocated proceeds. Carmila is also committed to reporting on relevant impact metrics, including total GHG emissions (measured in tCO₂e/year), GHG emissions intensity (measured in kgCO₂e/m² a year) and estimated annual GHG emissions reduction (measured in tCO₂e). Sustainalytics views Carmila's allocation and impact reporting as aligned with market practice.

Use of proceeds reporting:

- | | |
|--|--|
| <input type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (please specify): |

Information reported:

- | | |
|---|--|
| <input checked="" type="checkbox"/> Allocated amounts | <input type="checkbox"/> Green Bond financed share of total investment |
| <input type="checkbox"/> Other (please specify): | |

Frequency:

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

Impact reporting:

- | | |
|--|---|
| <input type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input checked="" type="checkbox"/> Other (please specify): GHG emissions intensity (kgCO ₂ e/m ² /year), estimated annual GHG emissions reduction (tCO ₂ e), Environmental Certifications schemes and/or energy-efficiency labels achieved / targeted and levels. |

Information reported (expected or ex-post):

- | | |
|---|---|
| <input checked="" type="checkbox"/> GHG Emissions / Savings | <input type="checkbox"/> Energy Savings |
| <input type="checkbox"/> Decrease in water use | <input type="checkbox"/> Other ESG indicators (please specify): |

Frequency

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

Means of Disclosure

- | | |
|--|--|
| <input type="checkbox"/> Information published in financial report | <input type="checkbox"/> Information published in sustainability report |
| <input type="checkbox"/> Information published in ad hoc documents | <input checked="" type="checkbox"/> Other (please specify): Information published on website |
| <input checked="" type="checkbox"/> Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review): | |

- 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.

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

- | | |
|--|--|
| <input type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification / Audit | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Review provider(s):

Date of publication:

ABOUT ROLE(S) OF INDEPENDENT REVIEW PROVIDERS AS DEFINED BY THE GBP

- i. **Second-Party Opinion:** An institution with environmental expertise, that is independent from the issuer may issue a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Green Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second-Party Opinion. It normally entails an assessment of the alignment with the Green Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability, and an evaluation of the environmental features of the type of projects intended for the Use of Proceeds.
- ii. **Verification:** An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or environmental criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Green Bond proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.
- iii. **Certification:** An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against a recognised external green standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- iv. **Green Bond Scoring/Rating:** An issuer can have its Green Bond, associated Green Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental performance data, the process relative to the GBP, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.

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