

Second-Party Opinion CCC Group Sustainable Finance Framework



Evaluation Summary

Sustainalytics is of the opinion that the CCC Group Sustainable Finance Framework aligns with the Sustainability-Linked Bond Principles 2023 and Sustainability-Linked Loan Principles 2023. This assessment is based on the following:

- Selection of Key Performance Indicators** The CCC Group Sustainable Finance Framework defines four KPIs: i) Absolute scope 1 and 2 GHG emissions (MgCO_{2e}); ii) Absolute scope 3 GHG emissions (MgCO_{2e}); iii) Amount of natural leather used in production; and iv) Share of footwear and clothing collected relative to merchandise sold. Sustainalytics considers KPI 1 to be strong, KPI 2 to be very strong, KPI 3 and KPI 4 and to be adequate based on materiality, relevance, scope of applicability and ability to lend themselves to external science benchmarks.
- Calibration of Sustainability Performance Targets** Sustainalytics considers the SPTs to be aligned with CCC's sustainability strategy. Sustainalytics further considers SPT 1 to be highly ambitious and SPTs 2, 3 and 4 to be ambitious based on past performance, peer performance and alignment with external science benchmarks.
- Bond Characteristics** CCC has linked the financial characteristics of its sustainability-linked debt instruments to achievement of the SPTs. The financial characteristics could include a coupon step-up, a step-up or step-down loan margin adjustment, or a premium payment.
- Reporting** CCC commits to report on its performance on the KPIs and SPTs on an annual basis on its website. CCC commits to disclose relevant information to keep track of the KPIs and SPTs and maintain their ambition and relevance. The reporting commitments are aligned with the Sustainability-Linked Bond Principles 2023 and Sustainability-Linked Loan Principles 2023.
- Verification** CCC Group commits to have external limited assurance conducted against each SPT for each KPI at least once a year, which is aligned with the Sustainability-Linked Bond Principles and Sustainability-Linked Loan Principles 2023.

Evaluation Date	February 13, 2024
Issuer Location	Polkowice, Poland

The SPTs contribute to the following SDGs:



Overview of KPIs and SPTs

KPI	Baseline	Strength of KPI	SPT	Ambitiousness of SPT
KPI 1: Absolute scope 1 and 2 GHG emissions (MgCO ₂ e)	2022	Strong	SPT 1: Reduce absolute scope 1 and 2 GHG emissions by 56% by 2030 from a 2022 baseline	Highly ambitious
KPI 2: Absolute scope 3 GHG emissions (MgCO ₂ e)	2021	Very Strong	SPT 2: Reduce absolute scope 3 GHG emissions by 40% by 2030 from a 2021 baseline	Ambitious
KPI 3: Percentage of natural leather used in production	2021	Adequate	SPT 3: Reduce the amount of leather used in production of private label and licensed products by 40% by 2030 from a 2021 baseline	Ambitious
KPI 4: Share of footwear and clothing collected relative to merchandise sold	2021	Adequate	SPT 4: Increase the share of footwear and clothing collected relative to merchandise sold to 8% by 2030 from a 2021 baseline	Ambitious

Scope of Work and Limitations

CCC has engaged Sustainalytics to review the CCC Group Sustainable Finance Framework dated January 2024 (the “Framework”) and provide an opinion on its alignment with the Sustainability-Linked Bond Principles 2023 (SLBP)¹ and the Sustainability-Linked Loan Principles 2023 (SLLP).²

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent³ opinion on the alignment of the Framework with the SLBP and SLLP.

As part of this engagement, Sustainalytics exchanged information with various members of CCC’s management team to understand the sustainability impact of their business processes and SPTs, as well as the reporting and verification processes of aspects of the Framework. CCC’s representatives have confirmed that:

- (1) They understand it is the sole responsibility of the issuer to ensure that the information provided is complete, accurate and up to date;
- (2) They have provided Sustainalytics with all relevant information; and
- (3) 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 the Framework. Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and CCC. 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 SPTs of KPIs but does not measure KPI performance.⁴ The measurement and reporting of the KPIs is the responsibility of the issuer. 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 CCC has made available to Sustainalytics for the purpose of this Second-Party Opinion.

The Second-Party Opinion is valid for issuances aligned with the Framework until one of the following occurs:

- (1) A material change to the external benchmarks⁵ against which targets were set;
- (2) A material corporate action (such as a material M&A or change in business activity) that has a bearing on the achievement of the SPTs or the materiality of the KPIs.

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¹ The Sustainability-Linked Bond Principles are administered by the International Capital Market Association and are available at: <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/sustainability-linked-bond-principles-slbp/>

² The Sustainability-Linked Loan Principles are administered by the International Capital Market Association and the Loan Market Association and are available at: <https://www.lsta.org/content/sustainability-linked-loan-principles-sllp/>

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.

⁴ Sustainalytics has provided an opinion based on the understanding that the financial characteristics of instruments issued under the Framework will be tied to the achievement of SPTs corresponding to each of the KPIs included in the Framework.

⁵ Benchmarks refer to science-based benchmarks.

Introduction

CCC Group (“CCC” or the “Group”) is a footwear retail group of companies in Central Europe controlled by CCC S.A., which is headquartered in Polkowice, Poland. The CCC Group comprises a total of approximately 950 offline chain stores located in shopping centres and malls, as well as a number of online sales platforms in Poland and 28 countries in Europe and the Middle East.

CCC has developed the CCC Group Sustainable Finance Framework dated January 2024 (the “Framework”) under which CCC intends to issue sustainability-linked bonds and obtain sustainability-linked loans (collectively, the “sustainability-linked instruments”), whose coupon or margin rate will be tied to the achievement of sustainability performance targets for four KPIs related to scope 1, 2 and 3 GHG emissions; products with sustainable materials; and clothing and footwear collection.

CCC has engaged Sustainalytics to review the Framework and provide a Second-Party Opinion on the Framework’s alignment with the Sustainability-Linked Bond Principles 2023 (SLBP) and the Sustainability-linked Loan Principles 2023 (SLLP). The Framework will be published in a separate document.⁶

CCC has defined the following KPIs and SPTs:

Table 1: KPI Definitions

KPI	Definition
KPI 1: Absolute scope 1 and 2 GHG emissions (MgCO ₂ e)	<p>KPI 1 measures absolute scope 1 and 2 GHG emissions in megagrams of carbon dioxide equivalent (MgCO₂e) from fuel and energy consumption in the Group’s buildings and facilities, vehicles, purchased heat and a portion of purchased electricity used in offices and warehouses. For calculating scope 1 and 2 GHG emissions, CCC follows the GHG Protocol.⁷ Scope 2 GHG emissions are calculated using a market-based methodology.</p> <p>The KPI covers 4% of the Group’s total GHG emissions.</p>
KPI 2: Absolute scope 3 GHG emissions (MgCO ₂ e)	<p>KPI 2 measures absolute scope 3 emissions in MgCO₂e. For calculating scope 3 GHG emissions, CCC follows the GHG Protocol.</p> <p>The scope 3 GHG emissions covered by the KPI are attributed to: i) purchased goods and services; ii) capital goods; iii) fuel- and energy-related activities not included in scope 1 or scope 2; iv) upstream transportation and distribution; v) waste generated in operations; vi) business travel; vii) employee commuting; viii) downstream transportation and distribution; ix) end-of-life treatment of sold products; and x) franchises.</p> <p>KPI 2 covers 96% of the Group’s scope 3 GHG emissions from private-label products.</p>
KPI 3: Percentage of natural leather used in the production of private label and licensed products	<p>KPI 3 measures the percentage of natural leather used in the production of CCC’s commercial goods which include private labels and licensed products.</p> <p>The KPI is calculated using the total sum of orders received for commercial goods⁸ in a given financial year, expressed in square meters. The data on total orders, and hence materials consumed, is obtained directly from suppliers and then verified by CCC’s procurement department.</p>
KPI 4: Share of footwear and clothing collected relative to merchandise sold	<p>The KPI measures the share of pre-owned footwear, clothes and bags collected relative to the number of new footwear, clothes and bags sold, based on quantity. The recollected merchandise will be sent for reuse (in cooperation with charity organizations) or recycling (in cooperation with external partners or through internally developed solutions).</p> <p>The KPI is calculated using the amount of each item collected in each product category – footwear, clothes and bags – from all CCC stores. For footwear, the unit of measurement will be the pair of shoes collected.</p>

⁶ The CCC Group Sustainable Finance Framework is available on CCC’s website at: <https://corporate.ccc.eu/sustainable-finance>

⁷ Greenhouse Gas Protocol, “A Corporate Accounting and Reporting Standard”, at: <https://ghgprotocol.org/sites/default/files/standards/ghg-protocol-revised.pdf>

⁸ Commercial goods means all leather products sold by CCC, namely footwear, apparel, handbags and accessories. This includes both private labels and licensed goods.

Table 2: SPTs and Past Performance

KPI	2020	2021	2022	SPT 2030
KPI 1: Absolute scope 1 and 2 GHG emissions (MgCO ₂ e)	47,453.90	56,966.10	43,548.90 (baseline)	SPT 1: Reduce absolute scope 1 and 2 GHG emissions by 56% by 2030 from a 2022 baseline
KPI 2: Absolute scope 3 GHG emissions (MgCO ₂ e)	N/A	1,205,421.90 (baseline)	1,024,781.92	SPT 2: Reduce absolute scope 3 GHG emissions by 40% by 2030 from a 2021 baseline
KPI 3: Percentage of natural leather used in the production of private label and licensed products	N/A	0% (baseline)	23%	SPT 3: Reduce the amount of leather used in production of private label and licensed products by 40% by 2030 from a 2021 baseline
KPI 4: Share of footwear and clothing collected relative to merchandise sold	N/A	0% (baseline)	0.1%	SPT 4: Increase the share of footwear and clothing collected relative to merchandise sold to 8% by 2030 from a 2021 baseline

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Alignment of the CCC Group Sustainable Finance Framework with the Sustainability-Linked Bond Principles and the Sustainability-Linked Loan Principles

Sustainalytics is of the opinion that the CCC Group Sustainable Finance Framework aligns with the five core components of the SLBP and SLLP.



Selection of Key Performance Indicators

Relevance and Materiality of KPIs

In its assessment of materiality and relevance, Sustainalytics considers: i) whether an indicator speaks to a material impact of the issuer's business on environmental or social issues; and ii) to what extent the KPI is applicable.

KPI 1: Absolute scope 1 and 2 GHG emissions

Sustainalytics' ESG Risk Rating does not identify emissions related to own operations as a Material ESG Issue (MEI) for the Textiles and Apparel Industry.⁹ Furthermore, the Sustainability Accounting Standards Board (SASB) does not identify GHG Emissions as a material topic for the Apparel, Accessories and Footwear Industry.¹⁰ Therefore, Sustainalytics is of the opinion that there is limited evidence of scope 1 and 2 emissions being highly material and relevant for the industry.

⁹ This assessment has been derived from Sustainalytics' ESG Risk Rating framework.

¹⁰ SASB, "Materiality Finder: Apparel, Accessories & Footwear Industry", at: <https://sasb.org/standards/materiality-finder/find/?industry%5B0%5D=CG-AA>

Regarding applicability, scope 1 and 2 emissions account for approximately 4% of CCC's total emissions. Sustainalytics has taken a combined approach towards assessing the applicability of KPI 1 and concluded that KPI 1 and KPI 2 have a high degree of applicability, representing 100% of CCC's measured total emissions.

KPI 2: Absolute scope 3 GHG emissions

Sustainalytics considers KPI 2 to be material and relevant given that it addresses GHG emissions reductions from the footwear and apparel industry, where the industry is responsible for a considerable share of global GHG emissions due to raw material processing, production and product manufacturing. The SASB has identified Supply Chain Management as a material issue for the Apparel, Accessories and Footwear Industry, highlighting the importance of addressing environmental externalities. This includes GHG emissions generated by suppliers, as well as issues related to water consumption and pollution.¹¹ Furthermore, the Group has identified supply chain monitoring and assessment, climate change, raw and other materials, and GHG emissions as MEIs through its materiality assessment conducted in accordance with the GRI Standards.

Regarding applicability, KPI 2 has a high scope of applicability given that it addresses 96% of CCC's total measured GHG emissions. Sustainalytics also notes that KPI 2 is an integral component of CCC's overall decarbonization strategy when looked at in conjunction with KPI 1, covering the Group's total measured emissions. Sustainalytics further notes that KPI 2 measures emissions associated with the Group's private-label products, which reflect 75.4% of CCC's total collection.

KPI 3: Percentage of natural leather used in the production of private label and licensed products

Sustainalytics considers the reduced consumption of leather as a raw material in the production of CCC's commercial goods (footwear, clothing and accessories) to be material and relevant in addressing a key sustainability issue in the footwear and apparel industry. There are several adverse environmental impacts associated with the production of leather that is used as a key input in the footwear and apparel production. These environmental impacts include deforestation for producing feedstock for the cattle that is farmed for leather products; methane emissions from livestock; and air and water pollution from the release of harmful waste generated in the leather tanning process.¹² Footwear and apparel industries combined account for an estimated 3% to 10% of the global GHG emissions, with 70% of the industry's emissions coming from upstream activities such as raw materials production and processing.¹³ The SASB has identified Product Quality and Safety and Supply Chain Management as material issues for the Apparel, Accessories and Footwear Industry, based on the industry's environmental externalities, including air and water pollution, and water consumption.¹⁴

Sustainalytics considers KPI 3 as highly applicable in scope given that leather accounts for 25% of all raw materials used in the production of CCC's commercial goods and accounts for approximately 84% of the Group's total scope 3 emissions from the purchased goods category.

KPI 4: Share of footwear and clothing collected relative to merchandise sold

Sustainalytics considers KPI 4 to be material and relevant given that it tackles waste reduction and promotion of a circular economy in the footwear industry. The European footwear industry produces in excess of 1 billion pairs of footwear each year, of which 70% has leather upper material generating 100,000 tonnes of leather waste, most of which is disposed of by landfill or incineration.¹⁵ Sustainalytics' Textiles and Apparel Industry Report identifies Environmental and Social Impact of Products and Services as an MEI. Furthermore, CCC's materiality assessment identifies waste as a highly material ESG issue for the Group.

In terms of applicability, KPI 4 covers pre-owned footwear and clothing collected from both private-label and third-party brands relative to products sold in each market. On this basis, Sustainalytics considers KPI 4 to be material with a high scope of applicability.

KPI Characteristics

¹¹ SASB, "Materiality Finder: Apparel, Accessories & Footwear Industry – CCC SA", at: [https://sasb.org/standards/materiality-finder/find/?company\[0\]=PLCCC0000016](https://sasb.org/standards/materiality-finder/find/?company[0]=PLCCC0000016)

¹² World Economic Forum, "The Future of Leather: How pineapple leaves, cacti and mycelium are revolutionizing the industry", (2022), at: <https://www.weforum.org/agenda/2022/07/future-leather-pineapple-leaves-cacti-mycelium/>

¹³ McKinsey & Company, "Fashion on Climate: How the Fashion Industry Can Urgently Act to Reduce its Greenhouse Gas Emissions", (2020), at: <https://www.mckinsey.com/~media/mckinsey/industries/retail/our%20insights/fashion%20on%20climate/fashion-on-climate-full-report.pdf>

¹⁴ Ibid.

¹⁵ European Commission, "Recycling of waste leather from footwear and other industries", at: <https://webgate.ec.europa.eu/life/publicWebsite/project/LIFE97-ENV-UK-000489/recycling-of-waste-leather-from-footwear-and-other-industries>

In its assessment of a KPI's characteristics, Sustainalytics considers: i) whether it uses a clear and consistent methodology; ii) whether it follows an externally recognized definition; iii) whether the KPI is a direct measure of the issuer's performance on the material environmental or social issue; and iv) if applicable, whether the methodology can be benchmarked against an external contextual benchmark.¹⁶

KPI 1: Absolute scope 1 and 2 GHG emissions

Sustainalytics considers CCC's definition and methodology to calculate KPI 1 to be clear and consistently applied since 2020. CCC calculates its scope 1 and 2 GHG emissions based on the GHG Protocol Standard,¹⁷ which companies and other organizations widely use in calculating their GHG emissions. Scope 2 GHG emissions are calculated using a market-based methodology. KPI 1 supports benchmarking against external GHG emissions reduction trajectories, such as the Science Based Targets initiative's (SBTi) absolute contraction approach.¹⁸ Additionally, Sustainalytics considers KPI 1 to be a direct measure of the Group's performance on the environmental issue of GHG emissions.

KPI 2: Absolute scope 3 GHG emissions

Sustainalytics considers CCC's definition and methodology to calculate KPI 2 to be clear and consistent. KPI 2 follows the GHG Protocol Standard, measuring 10 reporting categories defined by the GHG Protocol for scope 3 emissions.¹⁹ Furthermore, Sustainalytics notes that CCC uses the average data methodology to calculate scope 3 emissions from raw and processed materials.²⁰ As the KPI measures absolute emissions in MgCO₂e, Sustainalytics is of the opinion that the KPI supports benchmarking against external science-based decarbonization pathways, such as the SBTi absolute contraction approach. Additionally, Sustainalytics considers KPI 2 to be a direct measure of the Group's performance on the material environmental issue of emissions.

KPI 3: Percentage of natural leather used in the production of private label and licensed products

Sustainalytics considers CCC's definition and methodology to calculate progress on KPI 3 to be clear and consistent based on the ease of calculation.

Sustainalytics notes that KPI 3 does not follow an externally recognized methodology and does not lend itself to external benchmarking. Furthermore, Sustainalytics considers the KPI as an indirect measure of the Group's performance on a material issue, as it measures the consumption of raw materials that affect material upstream environmental issues, including scope 3 GHG emissions.

KPI 4: Share of footwear and clothing collected relative to merchandise sold

Sustainalytics considers CCC's definition and methodology to calculate KPI 4 to be clear and consistent based on the ease of calculation and interpretation. Sustainalytics notes that the KPI does not follow an externally recognized methodology because of the absence of a contextual benchmark.

Sustainalytics considers the KPI to be indirectly linked to the sustainability performance of CCC. The collection of pre-owned footwear and clothing is indirectly tied to CCC's sustainability performance related to circularity, waste management and end-of-life recycling.

Overall Assessment

Sustainalytics considers KPI 1 to be strong given that it: i) is a direct measure of CCC's GHG emissions on a material environmental issue, while there is limited evidence to assess it as a highly material ESG issue; ii) has a high scope of applicability when measured jointly with KPI 2; iii) follows a clear and consistent methodology; and iv) lends itself to external contextual benchmarking.

¹⁶ External contextual benchmarks provide guidance on alignment with ecological system boundaries. This criterion is not applied to social KPIs or impact areas for which such contextual benchmarks are not available.

¹⁷ Greenhouse Gas Protocol, "Corporate Standard", at: <https://ghgprotocol.org/corporate-standard>

¹⁸ Science Based Targets initiative, "SBTi Corporate Manual", (2023), at: <https://sciencebasedtargets.org/resources/files/SBTi-Corporate-Manual.pdf>

¹⁹ CCC's scope 3 emissions include Category 1: Purchased goods and services, Category 2: Capital goods, Category 3: Fuel- and energy-related activities not included in scope 1 and 2, Category 4: Upstream transportation and distribution, Category 5: Waste generated in operations, Category 6: Business travel, Category 7: Employees commuting, Category 9: Downstream transportation and distribution, Category 12: End-of-life treatment of sold products, and Category 14: Franchises.

GHG Protocol, "Technical Guidance for Calculating Scope 3 Emissions (version 1.0)", (2013), at: https://ghgprotocol.org/sites/default/files/2023-03/Scope3_Calculation_Guidance_0%5B1%5D.pdf

²⁰ SBTi, "Foundations of Science-based Target Setting", (2019), at: <https://sciencebasedtargets.org/resources/files/foundations-of-SBTi-setting.pdf>

Sustainalytics considers KPI 2 to be very strong given that it: i) is a direct measure of CCC's GHG emissions; ii) has a high scope of applicability when measured jointly with KPI 1; iii) follows a clear and consistent methodology; and iv) lends itself to external contextual benchmarking.

Sustainalytics considers both KPI 3 and KPI 4 to be adequate given that they: i) are an indirect measure of the Group's performance on a relevant and material environmental issue; ii) have a high scope of applicability; and iii) follow a clear and consistent methodology; but iv) are not externally defined nor support comparison against external benchmarks.

KPI	Strength of KPI			
KPI 1: Absolute scope 1 and 2 GHG emissions	Not Aligned	Adequate	Strong	Very strong
KPI 2: Absolute scope 3 GHG emissions	Not Aligned	Adequate	Strong	Very strong
KPI 3: Percentage of natural leather used in the production of private label and licensed products	Not Aligned	Adequate	Strong	Very strong
KPI 4: Share of footwear and clothing collected relative to merchandise sold	Not Aligned	Adequate	Strong	Very strong



Calibration of Sustainability Performance Targets

Alignment with CCC's Sustainability Strategy

CCC has set the following SPTs for its KPIs:

- SPT 1: Reduce absolute scope 1 and 2 GHG emissions by 56% by 2030 from a 2022 baseline
- SPT 2: Reduce absolute scope 3 GHG emissions by 40% by 2030 from a 2021 baseline
- SPT 3: Reduce the amount of leather used in production of private label and licensed products by 40% by 2030 from a 2021 baseline
- SPT 4: Increase the share of footwear and clothing collected relative to merchandise sold to 8% by 2030 from a 2021 baseline

Sustainalytics considers the SPTs to be aligned with CCC's sustainability strategy. Please refer to Section 2 for an analysis of the credibility of CCC's sustainability strategy.

- **SPT 1:** CCC's environmental commitment, developed as a part of the Group's overall sustainable development strategy, sets priorities to decarbonize its own operations. CCC has established a goal of reducing scope 1 and 2 emissions by 40% compared to the baseline year by 2025 in efforts to support the SPT. The SPT further supports CCC's initiative in optimizing electricity consumption and, thus, improving its energy efficiency as a means to advance its progress on its decarbonization priorities.
- **SPT 2:** CCC's environmental commitment, developed as a part of the Group's overall sustainable development strategy, sets priorities to decarbonize its value chain, which represents 96% of the Group's total emissions, and manage its environmental footprint across all scopes. As a part of measuring its GHG emissions, CCC has established an interim target of reducing scope 3 emissions by 10% compared to the 2021 baseline by 2025 to support the SPT. Overall, the SPT is an indication of CCC's approach and commitment to the environmental sustainability aspect of its strategy.
- **SPT 3:** To reduce the environmental externalities that arise from the use of leather as a raw material, CCC is undertaking research and training to equip its team to design products using alternative, low-impact or sustainable materials such as plant-based leather or leather made from bio-based materials. CCC is also involved in the UN-led initiative Fashion Industry Charter for Climate Action, where industry players work collaboratively to find solutions for reducing the industry's environmental footprint.
- **SPT 4:** CCC launched the "Give your shoes a second life" pilot project in 2021 to address the lack of collection programmes available in the footwear industry. The collection programme is one of the key

strategic objectives of CCC's GO.25 Sustainable Development Strategy, and the Group aims to include all global CCC stores in the programme and continuously increase the share of pre-owned footwear collected for reuse and recycling.

Strategy to Achieve the SPTs

SPT 1: Reduce absolute scope 1 and 2 GHG emissions by 56% by 2030 from a 2022 baseline

CCC intends to achieve SPT 1 through the following strategies:

- Increase energy efficiency across CCC's retail stores through the installation of energy-efficient equipment, smart building management systems and remote electricity metering.
- Co-operate with retail space lessors to modernize buildings and increase renewable energy use.
- Increase the proportion of energy sourced from renewables by acquiring energy from small hydro and wind power plants and through CCC's own photovoltaic farm.
- Transition the Group's fleet to hybrid vehicles.

SPT 2: Reduce absolute scope 3 GHG emissions by 40% by 2030 from a 2021 baseline

CCC intends to achieve SPT 2 through the following strategies:

- The Group will adjust its procurement strategy to reduce the use of high-emission materials and prioritize sustainable materials, including organic and recycled materials. Furthermore, the Group will implement new licensed brands into sales and prioritize brands and products with low-emission materials.
- Support initiatives in its supply chain aimed at raising awareness of sustainable footwear. This involves establishing dedicated guidelines outlining the principles of sustainable design and low-emission footwear. CCC also provides training on the advantages of sustainable business transformation, encourage participation in international initiatives supporting the fashion industry, conduct environmental audits for circular production and advocate for the purchase of FSC-certified packaging. Additionally, CCC will collaborate with its suppliers to promote the use of low-carbon solutions and renewable energy.

SPT 3: Reduce the amount of leather used in production of private label and licensed products by 40% by 2030 from a 2021 baseline

To achieve SPT 3, CCC is focused on the following initiatives:

- Working with suppliers that produce leather alternatives that can be used in the Group's production of goods and introducing new brands of footwear and accessories that are produced from sustainable alternatives to leather.
- Optimizing the Group's inventory management and procurement strategy to reduce the amount of leather procured for production.

SPT 4: Increase the share of footwear and clothing collected relative to merchandise sold to 8% by 2030 from a 2021 baseline

CCC intends to achieve SPT 4 through the following strategies:

- CCC plans to expand its sustainability initiative to all foreign markets and remaining business lines. This includes implementing broader marketing efforts to educate customers on managing unwanted footwear.
- The Group will collaborate with universities and startups to innovate recycling solutions and repurpose materials.
- CCC aims to widen the consumer base for reused footwear, extend the group of potential recipients, introduce a dedicated incentive programme for customers returning shoes and broaden the scope of collection to include handbags.

Ambitiousness, Baseline and Benchmarks

To determine the ambitiousness of the SPTs, Sustainalytics considers: i) whether the SPTs go beyond a business-as-usual trajectory; ii) how the SPTs compare to targets set by peers; and iii) how the SPTs compare with science.²¹

²¹ We refer here to contextual benchmarks that indicate the alignment of targets with ecosystem boundaries.

CCC has set the following baselines for the SPTs: i) 2022 for SPT 1, which is the latest reporting year; ii) 2021 for SPT 2, which represents the first reporting year for the emissions; and iii) 2021 for SPT 3, which is the first year CCC has launched initiatives for footwear and clothing collection.

Furthermore, CCC commits to setting annual targets for loans and disclosing them in the relevant loan documentation.

SPT 1: Sustainalytics was able to use the following benchmarks to assess ambitiousness: past performance, peer performance and alignment with science-based trajectories.

The SPT implies an annual average reduction of approximately 7% between 2022 and 2030. Sustainalytics considers this to be above the historical performance, which implied an annual reduction rate of 4.1% between 2020 and 2022.

Sustainalytics benchmarked CCC against six peers in the industry and notes that CCC's SPT 1 is above its industry peers' targets. Notably, most of the assessed peers lack established quantitative targets for scope 1 and 2 emissions. Additionally, one peer has a target validated by the SBTi in alignment with the 1.5°C scenario.

According to the SBTi's absolute contraction approach, a linear annual reduction rate of at least 5.25% is required for an emissions reduction target with a baseline year of 2022 to be aligned with the 1.5°C decarbonization pathway. Therefore, Sustainalytics notes that the annual average rate of reduction of 7% is above the minimum linear annual reduction rate under the SBTi's 1.5°C scenario.

SPT 2: Sustainalytics was able to use the following benchmarks to assess ambitiousness: past performance, peer performance and alignment with science-based trajectories.

The SPT implies an average annual reduction rate of 4.4% in scope 3 emissions between 2021 and 2030. Sustainalytics considers the SPT to be below the Group's historical performance, but notes that CCC began reporting scope 3 emissions in 2021. Therefore, comprehensive data on historical performance is unavailable.

Regarding peer performance, Sustainalytics benchmarked CCC against six peers in the industry and notes that CCC's SPT is above its industry peers' targets. Many of the peers have not established quantitative targets related to scope 3 emissions, while one peer has established a target that is not entirely comparable, and one has a target validated by the SBTi in alignment with the 1.5°C scenario.

According to the SBTi's absolute contraction approach, a linear annual reduction rate of at least 4.67% is required for an emissions reduction target with a baseline year of 2021 to be aligned with the 1.5°C decarbonization pathway. Sustainalytics notes that CCC's average annual rate of reduction of 4.4% by 2030 is slightly below the 4.67% annual reduction rate required to be aligned with the SBTi's 1.5°C scenario.

SPT 3: Sustainalytics was able to use the following benchmarks to assess ambitiousness: past performance and peer performance.

Sustainalytics was unable to gauge CCC's historical performance related to SPT 3 given that the Group: i) started mapping out raw materials and their quantities used in production in 2021; and ii) saw lower-than-average procurement of raw materials in the following two years in 2022 and 2023, owing to accumulated inventories from the weak demand for the Group's goods during the Covid-19 pandemic.

Sustainalytics assessed eight peer companies to compare with CCC's performance. Three of the peers have established medium-term targets for reducing scope 3 GHG emissions and speak to the use of sustainable, low-impact leather alternatives as one of the levers for achieving emissions reduction. However, these peers have not established quantitative, time-bound targets for reducing the amount of natural leather used in their production processes. Based on this, Sustainalytics considers CCC's SPT 3 to represent performance that is above the performance of its peers.

SPT 4: Sustainalytics was able to use the following benchmarks to assess ambitiousness: past performance and peer performance.

Sustainalytics notes that, as CCC only introduced its footwear and clothing collection programme in 2021, it was not able to rely on historical performance. Nevertheless, CCC's target represents a continuous improvement in increasing the collection rate of pre-owned footwear and clothing.

In comparison with eight industry peers, CCC is aligned with four peers in having programmes that support footwear recollection. However, Sustainalytics notes these programmes may differ in objectives (supporting donations, non-profit organizations or recycling) and may not have quantifiable targets. Sustainalytics further

notes that CCC’s SPT 4 related to the recollection of merchandise for reuse or recycling involves several initiatives, including developing in-house expertise and partnering with academia, entrepreneurs and external suppliers or manufacturers to find solutions for recycling, and charity organizations to support the reuse of pre-owned and recollected merchandise. Given the ambitiousness of this SPT, Sustainalytics considers CCC’s performance to be above peers.

Overall Assessment

Sustainalytics considers the SPTs to align with CCC’s sustainability strategy and SPT 1 to be highly ambitious given that it: i) is above past performance on emissions reduction; ii) is above the targets set by its peers; and iii) aligns with the 1.5°C scenario.

Sustainalytics considers SPT 2 to be ambitious given that it: i) is below past performance on emissions reduction; ii) is above the targets set by its peers; and ii) is slightly below the required rate to align with the 1.5°C scenario.

Sustainalytics considers SPT 3 to be ambitious given that the Group compares favourably versus peers.

Sustainalytics considers SPT 4 to be ambitious given that it represents a continual improvement versus past performance and is more ambitious than similar initiatives and programmes set by peers.

SPT	Ambitiousness of SPT			
SPT 1: Reduce absolute scope 1 and 2 GHG emissions by 56% by 2030 from a 2022 baseline	Not Aligned	Moderately Ambitious	Ambitious	Highly Ambitious
SPT 2: Reduce absolute scope 3 GHG emissions by 40% by 2030 from a 2021 baseline	Not Aligned	Moderately Ambitious	Ambitious	Highly Ambitious
SPT 3: Reduce the amount of leather used in production of private label and licensed products by 40% by 2030 from a 2021 baseline	Not Aligned	Moderately Ambitious	Ambitious	Highly Ambitious
SPT 4: Increase the share of footwear and clothing collected relative to merchandise sold to 8% by 2030 from a 2021 baseline	Not Aligned	Ambitious	Ambitious	Highly Ambitious



Bond Characteristics

CCC intends to issue sustainability-linked instruments under the Framework. The financial characteristics of the sustainability-linked instruments will be linked to the achievement of or failure to achieve one or more SPTs as defined in the relevant instrument documentation. The financial characteristics of each financial instrument issued under the Framework will be specified in its corresponding documentation. The financial characteristics may include coupon modifications, changes to the bond repayment amount or margin adjustments in the case of loans. Sustainalytics recognizes that CCC can issue multiple sustainability-linked bonds and loans under the Framework. For each issuance, Sustainalytics encourages CCC to select a set of KPIs that collectively reflects relevant and material sustainability issues for the Group.



Reporting

CCC commits to report on an annual basis on its progress on the KPIs and SPTs, which will be made publicly available on CCC’s website. CCC commits to disclose relevant information on the KPIs and SPTs, including: i) performance against the selected KPIs, including any recalculations and updates of the selected KPIs; ii) base levels corroborated by a statement from an independent external reviewer providing assurance services; and

iii) additional pertinent information for lenders and bondholders regarding KPI results. This is aligned with the SLBP and SLLP.



Verification

CCC has communicated to Sustainalytics that it commits to have an external verifier provide limited assurance annually, consisting of: i) an assessment of the KPI results in relation to the SPT; and ii) external verification of the performance level against each SPT for each KPI for any date or period relevant for assessing the SPT performance leading to a potential adjustment of the economic characteristics. The Group has communicated that all indicators will be included in its annual Sustainability Report, which will be published on its website.

Section 2: Assessment of CCC's Sustainability Strategy

Credibility of CCC's Sustainability Strategy

CCC's strategic decisions, efforts and objectives are guided by the materiality assessment conducted by the Group in 2021.²² CCC's sustainability strategy has three key pillars: i) environment; ii) society; and iii) employees. The implementation of CCC's sustainability strategy is overseen by its Supervisory and Management boards, as well as management personnel. The Supervisory Board is responsible for approving ESG activities, while the Management Board ensures the integration of business goals into the Group's strategy, monitors performance and manages objectives and targets. Management personnel, including the Director of the Sustainability Department, are responsible for implementing ESG activities, co-ordinating the strategy across the Group, reporting results and progress to the boards and actively participating in strategic development.²³

To enhance sustainability across CCC's products, the Group aims to establish more sustainable collection programmes and circular solutions. CCC has set the following targets under this pillar: i) ensure that 100% of product categories have sustainable collection by 2025; ii) introduce a transformable product line by 2025, with more than 50% of sales revenue generated from sustainable products by 2030; and iii) expand its collection programme for used shoes to 100% of its stores by 2025, with the goal of processing collected shoes into raw materials by 2030. The Group's initiatives to achieve these targets include manufacturing durable products from safe, recycled materials and sustainable sources, building supply chain systems to promote the repair, reuse and recycling of materials, and promoting a circular model with customers to increase the repair, reuse and recycling of products at the end of life.²⁴ As of 2022, CCC became a signatory to the Zero Discharge of Hazardous Chemicals, aiming to phase out harmful chemicals in the manufacturing of materials in the industry and enhance transparency in the supply chain. As part of its weCare initiative, CCC reported special product labelling to the Leather Working Group (LWG) certification, Sustainable Production of PU, Recycled Product, and Global Recycled Standard, with 57.9% of the leather used being certified by LWG in 2022. Moreover, in 2022, 89% of product categories in the Group's AW22 collection offered products made from more sustainable raw materials compared to a 2020 baseline.

Regarding the environmental pillar, CCC has established the following targets: i) reduce scope 1 and 2 GHG emissions by 40% and 80% in 2025 and 2030, respectively, against the baseline year; ii) reduce scope 3 GHG emissions by 10% and 40% by 2025 and 2030, respectively, against the baseline year; iii) reduce company-wide waste by 30% against the baseline year in 2025 and increase the recycling rate of waste generated in the supply chain by 40% by 2030; and iv) set waste reduction targets with tier 1 suppliers.^{25,26} As of 2022, the Group had reduced its scope 1 and 2 CO₂ emissions by 35.9% and its total non-hazardous waste by 15.2% compared to the 2019 baselines. CCC has also established the Green CCChallenge to monitor energy consumption, maximize energy efficiency and guide investments. The Group also surveys suppliers to collect ESG data and uses the findings to develop supply chain waste reduction targets. Additionally, CCC has continued its Give Your Shoes a Second Life project, with collections running in approximately 450 stores in Poland and partly on the Czech, Slovak and Romanian markets as of 2023.²⁷

Based on the above, Sustainalytics considers CCC to have a strong sustainability strategy and considers that instruments issued under the Framework will further support CCC's sustainability strategy and goals.

²² CCC Group, "CCC Group Sustainable Finance Framework", (2023)

²³ CCC Group, "Sustainability Report of the CCC Group", (2022), at: <https://corporate.ccc.eu/en/download/pobierz/sustainability-report-of-the-ccc-group-for-the-fiscal-year-2022>

²⁴ CCC Group, "CCC Group Sustainable Finance Framework", (2023)

²⁵ Ibid.

²⁶ Ibid.

²⁷ Ibid.

CCC's Environmental and Social Risk Management

Sustainalytics recognizes that the CCC's defined targets are impactful, but achieving the SPTs bears environmental and social risks related to: i) emissions, effluents and waste generated during operation; ii) occupational health and safety; iii) community relations from sourcing and the supply chain; and iv) worker rights.

Sustainalytics comments below on CCC's ability to identify, mitigate and manage such potential risks. The Company has confirmed to Sustainalytics that the policies are applicable to all of its operations.

- To manage risks related to emissions, effluents and waste, CCC has implemented an Environmental Policy that establishes a framework within which the Group will manage natural capital. The policy is applicable to all of the Group's companies and suppliers and defines responsibility of organizational units and steps for improvement. It further outlines commitments, including the scope of application and examples of activities that need to be implemented to manage and mitigate negative environmental impacts. Activities implemented include preventing waste generation and urban and industrial wastewater discharges and reducing emissions of pollutants into the air, water or soil during operations. It further mandates due diligence during all stages of the manufacturing process, including design and procurement.
- CCC has implemented an Occupational Health and Safety Policy for all employees to manage risks related to occupational health and safety (OHS). The policy outlines the Group's commitments on implementing preventative measures for workplace accidents and work-related ill health, identifying and assessing threats and hazards, continuously improving OHS and fire protection and complying with applicable legal requirements. The policy also defines senior management's responsibilities, including raising awareness of the OHS system to all employees.²⁸ Furthermore, the Group has established a formal system informed by the Polish Labour Code, OHS rules and regulations of the countries where CCC operates and ISO 45002.
- Regarding risks related to community relations from sourcing and the supply chain, CCC's Code of Ethics provides comprehensive details on the responsibility of all those that take part in CCC's business operations, including suppliers and trading partners. The code requires suppliers to refrain from child labour and apply the highest standards of environmental compliance throughout their operations.²⁹ Under the Supplier Code of Conduct, CCC mandates all suppliers to practise ethical business conduct in accordance with legal standards and international guidelines, such as the Universal Declaration of Human Rights. The Supplier Code of Conduct also provides guidelines on measures to protect the natural environment, including complying with applicable regulations, reducing GHG emissions, managing water and wastewater, promoting a circular economy and managing chemicals in compliance with the law.³⁰ Suppliers are also required to adhere to the Group's Chemical Substances Management Policy, which mandates a risk assessment for their materials and products in accordance with applicable legal and regulatory requirements. Suppliers must also conduct necessary tests for harmful substances in materials using an accredited research laboratory and conduct tests for contamination. The policy outlines specific procedures on how suppliers should share the results with CCC.³¹
- To manage risks related to worker rights, CCC has implemented the Anti-Corruption Policy; CCC S.A. Equal Treatment, Non-Discrimination and Anti-Harassment Rules; Whistleblowing Procedure; and Compliance Policy, in addition to its Code of Ethics, ensuring compliance with human rights and ethical standards at the operational level. The Supplier Code of Conduct and Chemicals Management Policy also outline CCC's due diligence process on ethics and respect for human rights of suppliers.³² Topics covered in these policies include workplace bullying, discrimination, labour rights and fair working conditions, hours and remuneration.³³ The Group's Ethics Officer, along with the Compliance Officer, is responsible for monitoring compliance with the Code of Ethics, handling violation reports and training sessions on topics related to human rights.³⁴

²⁸ CCC Group, "Occupational Health and Safety Policy of CCC Capital Group", (2021), at: <https://corporate.ccc.eu/en/download/pobierz/occupational-health-and-safety-policy-of-ccc-capital-group>

²⁹ CCC Group, "The CCC Group Code of Ethics", at: <https://corporate.ccc.eu/en/download/pobierz/code-of-ethics-ccc>

³⁰ CCC Group, "CCC Group Supplier Code of Conduct", at: <https://corporate.ccc.eu/en/download/pobierz/kodeks-postepowania-dla-dostawcow-pdf>

³¹ CCC Group, "Polityka Zarządzania Substancjami Chemicznymi", (2023), at: <https://corporate.ccc.eu/en/download/pobierz/polityka-zarzadzania-substancjami-chemicznymi-pdf>

³² CCC Group, "Sustainability Report of the CCC Group", (2022), at: <https://corporate.ccc.eu/en/download/pobierz/sustainability-report-of-the-ccc-group-for-the-fiscal-year-2022>

³³ CCC Group, "Non-financial reports", at: <https://corporate.ccc.eu/en/reports-and-policies#>

³⁴ CCC Group, "Sustainability Report of the CCC Group", (2022), at: <https://corporate.ccc.eu/en/download/pobierz/sustainability-report-of-the-ccc-group-for-the-fiscal-year-2022>

Sustainalytics has found no evidence of major environmental or social controversies related to CCC.³⁵ Overall, Sustainalytics considers that CCC has demonstrated efforts in implementing policies and systems to mitigate environmental and social risks commonly associated with the activities to be carried out in the Framework.

Section 3: Impact of the SPTs

Importance of sustainability in the fashion industry

The fashion industry is the third-largest manufacturing sector globally, accounting for approximately 10% of global annual carbon emissions.^{36,37} More than 70% of the sector's GHG emissions are from upstream activities, including the fabric production stage, which is heavily reliant on synthetic fabrics derived from fossil fuels and energy-intensive manufacturing and processing activities.³⁸ Furthermore, less than 1% of materials used to produce clothing and footwear are recycled into the value chain.³⁹ The fashion industry is responsible for 92 million tonnes of solid waste reaching landfills annually, with this figure projected to grow by nearly 45% between 2020 and 2030.^{40,41} Other significant environmental impacts across the industry are associated with raw material extraction, the extensive use of chemical substances, water consumption and generation of wastewater and microplastic.⁴²

To reach the 1.5°C pathway identified in the Paris Agreement, the global apparel and footwear industry would need to intensify its abatement actions and scale up existing decarbonization efforts to reduce annual emissions to 1.1 billion tonnes by 2030.⁴³ This accelerated abatement requires fashion industry stakeholders to reduce emissions from upstream production and processing through retail operations across the entire value chain.⁴⁴ In the context of increased awareness of the negative environmental and social impacts of the fashion industry and changing consumer behaviour, initiatives that aim to address sustainability issues across the fashion industry include the UN Alliance for Sustainable Fashion⁴⁵ and the Fashion Industry Charter for Climate Action⁴⁶ launched by UN Climate Change. These initiatives advocate for co-ordinated action, such as designers and manufactures working to increase the durability of products, use materials closer to their raw state or innovative fabrics, replace synthetic fabrics and source materials from certified suppliers. The Fashion Industry Charter for Climate Action aims to achieve net zero emissions in the fashion industry by 2050, focusing on the entire life cycle of the garment instead of limiting its focus to materials only.⁴⁷

Based on the above context, Sustainalytics is of the opinion that CCC's SPTs to reduce scope 1, 2 and 3 GHG emissions, as well as collecting footwear and clothing to reduce waste, will positively contribute to reducing CCC's environmental footprint and support related initiatives.

Contribution to SDGs

The Sustainable Development Goals were adopted by the United Nations General Assembly in September 2015 and form part of an agenda for achieving sustainable development by 2030. The sustainability-linked instruments issued under the Framework are expected to help advance the following SDGs and targets:

³⁵ The Company has communicated to Sustainalytics that financing will be limited to Poland, Czechia, Slovakia, Hungary, Romania, Croatia, Bulgaria, Slovenia, Serbia, Latvia, Lithuania, Estonia and Austria.

³⁶ The World Bank, "How Much Do Our Wardrobes Cost to the Environment?", (2019), at: <https://www.worldbank.org/en/news/feature/2019/09/23/costo-moda-medio-ambiente>

³⁷ Srivastava, A. (2021), "What does the IPCC report mean for the fashion industry?", Fashion Revolution, at: <https://www.fashionrevolution.org/what-does-the-ipcc-report-mean-for-the-fashion-industry/>

³⁸ Ibid.

³⁹ Ellen MacArthur Foundation, "A new textiles economy: Redesigning fashion's future", (2017), at: https://www.ellenmacarthurfoundation.org/assets/downloads/publications/A-New-Textiles-Economy_Full-Report_Updated_1-12-17.pdf

⁴⁰ Dory, K. (2018), "Why fast fashion needs to slow down", UN Environment Programme, at: <https://www.unenvironment.org/news-and-stories/blogpost/why-fast-fashionneeds-slow-down>

⁴¹ Beall, A. (2020), "Why clothes are so hard to recycle", BBC, at: <https://www.bbc.com/future/article/20200710-why-clothes-are-so-hard-to-recycle>

⁴² Jacometti, V. (2019), "Circular Economy and Waste in the Fashion Industry", Laws, at: <https://www.mdpi.com/2075-471X/8/4/27>

⁴³ Berg, A. et al. (2020), "Fashion on Climate", McKinsey & Company, at: <https://www.mckinsey.com/industries/retail/our-insights/fashion-on-climate>

⁴⁴ Granskog, A. et al. (2020), "The fashion industry can reduce emissions across the entire value chain", McKinsey Sustainability, at: <https://www.mckinsey.com/capabilities/sustainability/our-insights/sustainability-blog/the-fashion-industry-can-reduce-emissions-across-the-entire-value-chain>

⁴⁵ UN Alliance for Sustainable Fashion, "What is the UN Alliance for Sustainable Fashion?", at: <https://unfashionalliance.org/>

⁴⁶ UN Climate Change, "Fashion Industry Charter for Climate Action", at: https://unfccc.int/climate-action/sectoral-engagement-for-climate-action/fashion-charter?gclid=Cj0KCQiA35urBhDCARIsAOU7Qwk2JnFxbSjirkzeIFYjpXPUYqjEH4ygZszpoKqICLdN1S-Z36uO1PMaAhF8EALw_wcB

⁴⁷ Ibid.

KPI	SDG	SDG Target
KPIs 1 and 2: Absolute scope 1, 2 and 3 GHG emissions	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
KPI 3: Percentage of natural leather used in the production of private label and licensed products	12. Responsible Consumption and Production	12.2 By 2030, achieve the sustainable management and efficient use of natural resources
KPI 4: Share of footwear and clothing collected relative to merchandise sold		12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling, and reuse

Conclusion

CCC has developed the CCC Group Sustainable Finance Framework, under which it may issue sustainability-linked instruments. The Company intends to tie to the coupon or bond repayment amounts or margin adjustments to the achievement or non-achievement of the following SPTs:

SPT 1: Reduce absolute scope 1 and 2 GHG emissions by 56% by 2030 from a 2022 baseline;

SPT 2: Reduce absolute scope 3 GHG emissions by 40% by 2030 from a 2021 baseline;

SPT 3: Reduce the amount of leather used in production of private label and licensed products by 40% by 2030 from a 2021 baseline; and

SPT 4: Increase the share of footwear and clothing collected relative to merchandise sold to 8% by 2030 from a 2021 baseline.

Sustainalytics considers KPI 1 to be strong given that it: i) is a direct measure of CCC's GHG emissions on a material environmental issue, while there is limited evidence to assess it as a highly material ESG issue; ii) has a high scope of applicability when measured jointly with KPI 2; iii) follows a clear and consistent methodology; and iv) facilitates a direct comparison with external benchmarks.

Sustainalytics considers KPI 2 to be very strong given that it: i) represents a direct measure of CCC's GHG emissions; ii) has a high scope of applicability when measured jointly with KPI 1; iii) follows a clear and consistent methodology; and iv) supports benchmarking against external emissions reduction trajectories.

Sustainalytics considers KPI 3 and KPI 4 to be adequate given that they: i) indirectly measure the Group's performance on a relevant and material environmental issues; ii) have a high scope of applicability; and iii) follow a clear and consistent methodology; but iv) are not externally defined nor support comparison against external benchmarks.

Furthermore, Sustainalytics considers all SPTs to align with CCC's sustainability strategy and SPT 1 to be highly ambitious given that it: i) is above past performance on emissions reduction; ii) is above the targets set by its peers; and iii) aligns with the 1.5°C scenario.

Sustainalytics considers SPT 2 to be ambitious given that it: i) is below past performance on emissions reduction; ii) is above the targets set by its peers; and iii) is slightly below the required rate to align with the 1.5°C scenario.

Sustainalytics considers SPT 3 to be ambitious given that CCC's targets are above those set by its peers.

Sustainalytics considers SPT 4 to be ambitious given that it represents a continual improvement versus past performance and is more ambitious than similar initiatives and programmes set by peers.

Additionally, Sustainalytics considers the reporting and verification commitments to be aligned with market expectations.

Based on the above, Sustainalytics considers the CCC Group Sustainable Finance Framework to be in alignment with the five core components of the Sustainability-Linked Bond Principles 2023 and Sustainability-Linked Loan Principles 2023 and the prospective achievement of the SPTs to be impactful.

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