

# GREEN BOND FRAMEWORK



**MAY 2021**  
ALIMENTATION COUCHE-TARD INC.





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## 1. Overview

*Couche-Tard is a leading global convenience store operator working with approximately 135,000 people at more than 14,200 convenient locations in 26 countries and territories. Serving over 9 million customers daily, we strive to be a responsible retailer by meeting changing tastes and needs as we move toward a cleaner and safer future.*



### MERCHANDISE AND SERVICE OPERATIONS

We offer traditional convenience store items, including fresh food and foodservice, coffee, cold beverages and car wash services. Customers can depend on our experience as a responsible seller of age-restricted products such as lottery tickets, cigarettes and alcoholic beverages.



### ROAD TRANSPORTATION FUEL OPERATIONS

We sell road transportation fuel at most of our stores under our corporate brand or the brand of our partners. We have been increasing our offering of renewable fuels and electric charging stations as we move toward a cleaner future.



### OTHER NON-RETAIL BUSINESS

We sell bulk fuel to a wide range of industrial, commercial and independent business owners.

## 2. Couche-Tard's Commitment to Sustainability

*Sustainability is now a lens to our business, pushing forward our commitment to actionable results.*

*In FY2019, we defined five sustainability focus areas, where we can achieve the biggest impacts. Last fiscal year, we identified four sustainability priorities, which have become increasingly important for our stakeholders and business: fuel, energy, packaging and waste and workplace safety.*



**For each of these four priorities, we have assigned an Executive Sponsor and set specific targets to achieve by 2025 and ambitions to aim towards by 2030:**



#### Fuel

We believe we can contribute to a cleaner future through supporting our customers in the transition towards cleaner fuels. With the aim to be 10% greater than global legislation related to renewable fuel by 2030, we are committed to reducing the greenhouse gas (GHG) footprint of our total fuel offer by 12% by 2025 from FY20.



#### Packaging and Waste

As global provider of convenience items, we believe we can play a significant role in waste reduction. By 2030, our aspiration is for 100% of our packaging to be recyclable or reusable and aim to increase sustainable packaging in our foodservice and private brand consumable products by 25% by 2025 from FY20.



#### Energy

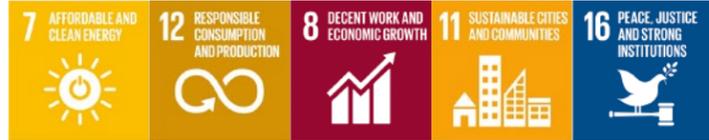
We have already made considerable reductions to our energy consumption globally, but we know that we can do more. Anchored in our ambition for 30% of our sites to be carbon neutral by 2030, our 2025 target is to reduce electricity consumption by an average of 20% per site from FY20.



#### Workplace Safety

Keeping our people safe is critical to their well-being and our operations. Our aspiration by 2030 is to see zero harm to our people, customers and suppliers. For this reason, our goal is to decrease robberies and recordable work-related injuries by 50% by 2025 from FY20.

# OUR SUSTAINABILITY FOCUS AREAS



*Our sustainability priorities, targets and ambitions are anchored by five focus areas that contribute to the United Nations Sustainable Development Goals. We started to carve out our sustainability commitments in our first global report in 2019. Last year, in our second report, we set our sights even higher with ambitious goals in four areas where we believe we can really make a difference - fuel, energy, packaging and waste and workplace safety.*



As a global provider of convenience, we put our customers first. We are committed to making our customers' lives a little easier every day. Our customers are increasingly looking for more sustainable options including local, fresh as well as responsibly sourced foods. Across our business, we've been expanding our offering of healthy and sustainable choices, while continuing to pay close attention to food quality and safety. As a fuel provider, we also have a key role to play in building a cleaner future. Customers also expect us to provide cleaner energy options and lead the way toward alternative energy sources.

### KEY INITIATIVES

-  Fresh Food and Beverages
-  Sustainable Fuel and Energy Alternatives
-  Quality Car Wash Services



We recognize the global imperative to act on climate change and resource scarcity. With more than 14,200 convenient locations worldwide, we have an opportunity to make a powerful contribution toward a cleaner future. Our focus is to minimize our store footprint by finding innovative ways to do more with less. Through our energy efficiency upgrades and monthly store level reviews, we have significantly reduced water and energy consumption in our stores. Furthermore, circular reduce-reuse-recycle concepts across our business have improved waste related to food, packaging, cups, straws and textiles.

### KEY INITIATIVES

-  Energy and Carbon Footprint
-  Packaging and Waste



Our worldwide community of people are at the heart of our business. It is their commitment, safety, motivation and talent that have made us a successful convenience store operator. Workplace safety is one of our key priorities. In FY20, we worked to develop a global Health, Safety and Environment strategy and equip ourselves with better tools to reduce workplace safety incidents. Across our organization, we've also strengthened many of our training programs so that employees are better able to recognize and prevent safety risks. We continue to support and inspire our people by offering training to help employees at all levels develop their skills and grow their careers with us. We strive to be an inclusive and attractive employer, providing our people with a work environment where they feel safe, respected and able to develop their full potential. We seek to engage our employees by listening to their concerns, creating a healthy and stimulating environment and recognizing their contributions to our business.

### KEY INITIATIVES

-  Workplace Safety
-  Talent Development
-  Diversity and Inclusion
-  Employee Engagement



We are committed to being a good neighbor by contributing to safe, healthy and vibrant communities. In addition to supporting local community causes, we also contribute through strategic investments and partnerships to support youth and prevent crime. We are not just a convenience store but a part of the neighborhoods where we work and live. Our decentralized business model allows us to focus on what matters most to each local community. In FY19 and FY20, we supported a variety of projects and initiatives, particularly in the areas of youth, health and education.

**KEY INITIATIVES**

-  Supporting Our Youth and Children
-  Investing in Health, Education and Safety



Anchored by our core values, we strive to conduct our business to the highest standards of ethical conduct and integrity, engaging our partners and transparently reporting as part of our commitment to be open about our business activities. Through our ongoing engagement with customers, employees and investors, we strive to understand their concerns and find innovative ways to grow together. We also work with our suppliers to not only ensure their adherence to our company's values and standards but also to find mutually beneficial solutions to environmental and social issues. Our governance structure, policies and procedures help ensure that we are accountable to stakeholders and that our values are applied consistently across the organization. We are committed to preparing for and responding to emergencies rapidly and effectively to minimize the impact felt by our people, customers, communities, environment and operations.

**KEY INITIATIVES**

-  Governance Structure
-  Stakeholder Engagement
-  Responsible Procurement
-  Emergency Response

### 3. Rationale for Issuance

*Through the issuance of our Green Bonds, we aim to finance a low-carbon and sustainable future through expenditures that align with our desire to contribute to a cleaner and safer world. We hope the issuance of our Green Bonds will inspire other similar companies to do the same.*



## 4. Alignment with the Green Bond Principles, 2018

*The Green Bond Principles, 2018 (“GBP”), as administered by the International Capital Market Association, are voluntary process guidelines for best practices when issuing Green Bonds. The GBP recommend transparency, disclosure and promote integrity in the Green Bond Market. The Couche-Tard Green Bond Framework (this “Framework”) is aligned with the four core components of the GBP<sup>1</sup>.*

### 4.1 USE OF PROCEEDS

We intend to allocate an amount equal to the net proceeds from the sale of any Green Bond issuances to finance or refinance, in whole or in part, one or more new or existing Eligible Projects. “Eligible Projects” include expenditures made by us or any of our subsidiaries beginning with the issuance date of any Green Bonds, or in the 24 months prior to any such issuance. We will allocate an amount equal to the net proceeds as soon as practicable and, where feasible, aim to allocate a majority of the proceeds within the first 18 to 24 months after the issuance date of any Green Bonds.

<sup>1</sup> <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/Green-Bonds-Principles-June-2018-270520.pdf>

“Eligibility Criteria” are outlined below:

GBP Category	Eligible Projects and Examples	SDG Alignment
<b>Clean Transportation</b>	Expenditures that are designed to/expected to reduce greenhouse gas emissions from transportation such as electric vehicle charging stations.	 
<b>Energy Efficiency</b>	Expenditures related to design, construction, operation and maintenance of energy-efficient facilities and infrastructure, including efficient HVAC, roofs, energy management systems, LED lighting and upgrading refrigeration equipment that aim to achieve a 30% improvement in energy efficiency.	 
<b>Renewable Energy</b>	Expenditures related to renewable energy projects including on-site or off-site solar, wind and small-scale hydropower generation with a capacity of fewer than 20 megawatts. Expenditures related to sourcing renewable fuels that is strictly limited to biofuels in compliance with EU legislation REDII plus rapeseed (canola). All biofuels are documented sustainable biofuels. <sup>2</sup>	 
<b>Pollution Prevention and Control</b>	Expenditures related to reduction of air emissions, greenhouse gas control and soil remediation, waste prevention, including operational improvements, food waste recycling and minimization efforts, waste recycling, including associated recycling infrastructure construction and operation and optimizing packaging for sustainability. Expenditures may include plastic and packaging reduction, increase in recyclability or compostability of plastics and improving collection and recycling. Expenditures may include changing car wash chemicals to natural or climate-friendly substances in an effort to minimize the amount of required chemicals.	 
<b>Sustainable Water and Wastewater Management</b>	Expenditures related to water efficiency projects, such as efficiency in water used at our car washes, installation of new efficient water-related equipment, water recovery and recycling, wastewater management and water treatment in an effort to improve water quality by reducing pollution, eliminate dumping, minimize the release of hazardous chemicals and materials and increase recycling and safe water reuse.	
<b>Green Buildings</b>	Expenditures related to real estate projects that have received or are expected to receive third-party sustainable certifications or verification, such as BREEAM Excellent+, Energy Star 85+, LEED Gold or Platinum, or equivalent certification. Expenditures may include: design, development, construction, materials, equipment and certification costs.	

<sup>2</sup> Regarding PFAD/soy certification, all biofuels purchased under the framework (including those which use PFAD as feedstock) are certified by an accredited body. For the avoidance of doubt, all biofuels purchased from external suppliers are compliant with REDII and any other relevant national legislation. PFAD as feedstock to HVO might be up to 5% of Circle K Europe’s total HVO sales in 2021.

Given Couche-Tard is not a producer of biofuels, rather sources biofuels, we will comply with all feedstock in compliance with REDII.

**Exclusion: crude palm and soy will not be used as feedstock. PFAD/soy may be used as feedstock in pre-blended biodiesel.**

[https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.L\\_.2018.328.01.0082.01.ENG&toc=OJ.L:2018:328:TOC](https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.L_.2018.328.01.0082.01.ENG&toc=OJ.L:2018:328:TOC)



## 4.2 PROCESS FOR PROJECT EVALUATION AND SELECTION

A Green Bond Committee consisting of representatives from heads of relevant business units, Sustainability, and Treasury shall be responsible for the assessment and selection of Eligible Projects, on an annual basis, to ensure alignment with this Framework. In addition, all projects allocated funding from proceeds of the issuance of our Green Bonds will follow an internal process that includes final review and approval by our CFO. The Green Bond Committee will also be responsible for identifying and managing potential ESG risks associated with Eligible Projects.

## 4.3 MANAGEMENT OF PROCEEDS

Our Finance and Accounting departments will track an amount equal to the net proceeds from the sale of any Green Bonds allocated to an Eligible Project. Pending allocation, an amount equal to the net proceeds from the sale of any Green Bonds may be temporarily invested in cash, cash equivalents and/or held in accordance with our internal liquidity policy.

In the case of divestment or if a project no longer meets the eligibility criteria listed above, we intend to reallocate the funds to other Eligible Projects. Any payment of principal and interest on any Green Bonds will be made from our general account and will not be linked to the performance of any Eligible Projects.

## 4.4 REPORTING

### 4.4.1 ALLOCATION REPORTING

Annually, until all the proceeds of a given Green Bond have been fully allocated, and on a timely basis in case of material developments, we will publish a Green Bond Report, on our website [here](#), which will include (i) the amount of net proceeds allocated to each Eligible Project; (ii) project portfolio reporting on expected impact metrics, where feasible; (iii) a selection of brief project descriptions; and (iv) the outstanding amount of net proceeds to be allocated to Eligible Projects at the end of the reporting period.

We intend to align the reporting with the portfolio approach described in International Capital Market Association's "The Green Bond Principles—Harmonized Framework for Impact Recording" and "Working Towards a Harmonized Framework for Impact Reporting Social Bonds." The Report will provide, on a portfolio basis, indicators such as (i) total amount of proceeds allocated to Eligible Projects, (ii) balance of unallocated proceeds and (iii) the amount or percentage of new financing and refinancing. The Report may provide (i) description of the Eligible Projects, (ii) breakdown of Eligible Projects by International Capital Market Association's Green Bond Principles 2018 and Social Bond Principles 2020 categories and (iii) metrics regarding projects' positive environmental and social impacts.

### 4.4.2 IMPACT REPORTING

Examples of expected impact metrics may include, where feasible:

Project Category	KPI
Clean Transportation	<ul style="list-style-type: none"> <li>Installed EV charging stations (Total Number)</li> </ul>
Energy Efficiency	<ul style="list-style-type: none"> <li>Energy savings (MWh)</li> <li>Emissions (including metric tons of CO<sub>2</sub>e) reduced</li> <li>Office energy consumption/square foot</li> <li>Office energy consumption/employee</li> </ul>
Renewable Energy	<ul style="list-style-type: none"> <li>Renewable energy capacity sourced and developed (MW)</li> <li>Renewable energy procured and produced from the capacity above (MWh)</li> <li>Emissions (including metric tons of CO<sub>2</sub>e) reduced</li> <li>Annual renewable energy procured and produced as a % of annual global electricity consumption</li> <li>Annual renewable liquid fuel share volume %</li> <li>Total GHG emissions reduced through EV, renewable fuels and Carbon off setting as a % compared to if all road transportation fuels had been derived from fossil sources only</li> </ul>
Pollution Prevention and Control	<ul style="list-style-type: none"> <li>Size of area remediated</li> <li>Tons of waste recycled / properly disposed of via our operations</li> <li>% of post-consumer primary packages collected as a result of waste management initiatives</li> <li>Food waste</li> </ul>
Sustainable Water and Wastewater Management	<ul style="list-style-type: none"> <li>% improvement in water use efficiency in our operations</li> <li>Water replenished (m<sup>3</sup>)</li> <li>Reduced amount of chemicals</li> </ul>
Green Buildings	<ul style="list-style-type: none"> <li>Green building certifications</li> <li>Total number of buildings certified</li> <li>Total square feet certified</li> <li>Percentage of overall company square feet certified</li> </ul>

## 5. External Review

### 5.1 SECOND PARTY OPINION

Couche-Tard has obtained and will make publicly available a Second Party Opinion (“SPO”) from a consultant with recognized environmental and social expertise on the environmental benefits of this Framework as well as the alignment to the GBP. The SPO will be available on the SPO provider’s website.

### 5.2 ASSURANCE

We expect that our Green Bond Report will be accompanied by (i) assertions by Couche-Tard’s management as to the amount of the net proceeds from the sale of any Green Bonds that have been allocated to Eligible Projects; (ii) a report from an independent third party who will examine and verify Couche-Tard’s management of the net proceeds from the sale of any Green Bonds and provide assurance as to the compatibility in all material respects of any selected Eligible Project(s), to which a portion or all of the net proceeds from the sale of any Green Bonds have been allocated, with the eligibility criteria set forth in this Framework.

## Disclaimer

The information and opinions contained in this Couche-Tard Green Bond Framework (the “Framework”) are provided as of the date of this Framework and are subject to change without notice. None of Couche-Tard, its subsidiaries or any of its affiliates assume any responsibility or obligation to update or revise any such statements, regardless of whether those statements are affected by the results of new information, future events or otherwise. This Framework represents current Couche-Tard policy and intent and is not intended to, nor can it be relied on, to create legal relations, rights or obligations. This Framework may contain or incorporate by reference public information not separately reviewed, approved or endorsed by Couche-Tard and accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by Couche-Tard as to the fairness, accuracy, reasonableness or completeness of such information. This Framework may contain statements about future events and expectations that are “forward-looking statements” within the meaning of applicable securities laws. Forward-looking statements are generally identified through the inclusion of words such as “aim,” “anticipate,” “believe,” “drive,” “estimate,” “expect,” “goal,” “intend,” “may,” “plan,” “project,” “strategy,” “target” and “will” or similar statements or variations of such terms and other similar expressions. Any statement of fact that is not a historical statement in this Framework may be deemed a forward-looking statement. Forward-looking statements inherently involve risks and uncertainties that could cause actual results to differ materially from those predicted in such statements. None of the future projections, expectations, estimates or prospects in this document should be taken as forecasts or promises nor should they be taken as implying any indication, assurance or guarantee that the assumptions on which such future projections, expectations, estimates or prospects have been prepared are correct or exhaustive or, in the case of assumptions, fully stated in the Framework. Actual results and capital and other financial conditions may differ materially from those included in these statements due to a variety of factors, including without limitation the factors and uncertainties summarized under “Forward-Looking Statements” and “Risk Factors” in our most recent Annual Report and Quarterly Reports, available at [www.sedar.com](http://www.sedar.com). Any such forward looking statements in these materials speak only as of the date of these materials and Couche-Tard does not undertake to update any forward-looking statements to reflect the impact of circumstances or events that arise after the date the forward looking statements were made. This Framework is provided for information purposes only and does not constitute a recommendation regarding the purchase, sale, subscription or other acquisition or disposal of any debt or other securities of Couche-Tard or any member of Couche-Tard (“securities”). This Framework is not and is not intended to be, and does not form part of or contain an offer to sell or an invitation to buy, or a solicitation of any offer or invitation to buy, any securities issued by Couche-Tard or any affiliate of Couche-Tard. If any such offer or invitation is made, it will be done so pursuant to separate and distinct documentation in the form of a prospectus supplement, an accompanying prospectus or other equivalent document and a related pricing term sheet (the “Offering Documents”) and any decision to purchase or subscribe for any securities pursuant to such offer or invitation should be made solely on the basis of such Offering Documents and not these materials. In particular, investors should pay special attention to any sections of the Offering Documents describing any risk factors. The merits or suitability of any securities or any transaction described in these materials to a particular person’s situation should be independently determined by such person. Any such determination should involve, *inter alia*, an assessment of the legal, tax, accounting, regulatory, financial, credit or other related aspects of the securities or such transaction and prospective investors are required to make their own independent investment decisions.

