



# Sustainability-Linked Finance Framework

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# About Loomis

Loomis has an illustrious heritage and a long history of offering comprehensive solutions for cash handling, primarily to banks and retailers. As such, the Company provides a key function in society by ensuring that cash, foreign currency and other valuables are in the right place at the right time. Loomis is one of the world's leading cash handling companies and has a strong international presence with approximately 400 branch offices spread across more than 20 countries.

The service offering encompasses cash in transit (CIT), cash management services (CMS), and an increasing number of comprehensive solutions, such as Safepoint and services for ATMs, where CIT and CMS are integrated. Loomis Pay, the end-to-end payment platform provides retailers with a unique management of all payment types – from cash to digital. Loomis also offers international valuables logistics including international cross-border transportation, management and storage of foreign currencies, precious metals and other valuables.

## Loomis' services as a % of total revenue in 2020

- Cash in Transit\* (CIT), 61%
- Cash Management Services\* (CMS), 30%
- International valuables logistics (Valuables in Storage, VIS, Valuables in Transit VIT), 6%
- Other, 3%

\* Includes revenue from SafePoint, which in Loomis's accounts is split between CIT and CMS.



# Loomis strategy

Current trends in the payments market include a continuous increase in outsourcing of cash processing and cash storage, digitalization and new comprehensive solutions based on automated payment flows. Based on these developments, Loomis has identified new opportunities for its strategic growth.

Since 2018 the strategy for Loomis has been to accelerate the core business, launch adjacent services, and move up the value chain combining traditional and digital business models. Examples of this are Loomis SafePoint as well as Loomis' offering of foreign exchange, and service management of ATMs with cash forecasting and monitoring. The acquisition of Automatia in 2020 has given Loomis access to a unique, scalable, and cost-effective full-service structure where central banks, banks, retailers and end-consumers are linked in an integrated digital platform for real-time payments.

In 2020 the digital business model, Loomis Pay, was added to the offering. This complete, end-to-end payment platform provides retailers with smooth and hassle-free management of all payment types – from cash and card to digital alternatives. This cloud-based platform consists of a mobile or stationary payment device and a portal that provides the merchant with sales data and other information.

The offering stands out as one of its kind in the world-wide market as merchants are able to manage the entire business, utilizing multiple payment types on one efficient, easy-to-use system. This launch would not have been possible without Loomis' core business of CMS, CIT and SafePoint to manage ongoing cash flows, the unique position at the center of the payment flow, and its frequent dialogue with customers.

## Loomis mission:

We believe everyone has the right to means of payments on their own terms. Our job is to enable one-stop-payment solutions to support broad financial inclusion in society.

## Loomis' offer within payment solutions



Cash in a transit (CIT)



Cash Management Systems (CMS)



SafePoint



ATMs

LOOMIS—PAY®

Loomis Pay



Physical foreign exchange (FX)

# Sustainability at Loomis

Loomis fully recognizes the importance of sustainability in developing and strengthening its mission. The company's approach aims to integrate sustainability into the business model in order to create value not only for shareholders, but for all stakeholders.

Loomis' vision is to actively balance the interests of the company's long-term profitability with environmental protection, responsible corporate governance, and social justice.

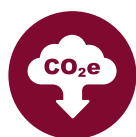
To realize the vision and mission, and to clarify operational priorities, Loomis undertook a process in 2017 to identify priority topics that are essential in demonstrating its commitment. The outcome of this materiality process resulted in a Sustainability Platform, which is a Group standard for all of Loomis' markets. The platform, launched in 2018, consists of six ESG focus areas; each deemed material to Loomis operations.

- Zero vision for injuries
- Reduce carbon emissions
- Reduce plastic volumes
- Be a fair and equal opportunity employer
- Zero tolerance for fraudulent behaviour
- Be a local player

The first three ESG focus areas have targets linked to the current strategy period, running between 2018 and 2021. These are:



**Zero injuries in traffic or from external violence**



**30 percent reduction in carbon emissions**



**30 percent reduction in plastic consumption**

To continually and proactively develop and improve Loomis' sustainability performance, each focus area is attributed with relevant operational priorities and objectives. The management of a focus areas supports the enhancement of performance and operational efficiency. The attributed KPIs are monitored and followed-up on a quarterly and/or yearly basis. The most recent external performance disclosures, compared against the 2017 baseline, are published in the 2020 Annual and Sustainability Report. Through transparent and regular reporting on performance, Loomis shows full commitment to upholding the highest standards. The six focus areas are mirrored in Loomis' sustainability policy which has Board level oversight.

Sustainability was further integrated into the Loomis overall business strategy through the Loomis model, the blueprint for how Loomis conduct its business globally and locally, in 2018. Loomis is committed to operating its business in a sustainable manner that fulfils compliance obligations, upholding the highest standards of governance and ethics, managing the risks according to double materiality, and proactively reducing negative impacts of operations on the environment and people.

The sustainability platform is owned by Loomis' President and CEO, with each Country President responsible for compliance and proactive administration of the policy within the branches of their respective country. Internal reviews are performed on a regular basis and a whistleblower system exists for reporting on suspected breaches.

Loomis is committed to always respect and operate in accordance with universal human rights as defined in the principles of the United Nations Universal Declaration of Human Rights. The Company is also committed to use the UN Guiding Principles on Business and Human Rights. Furthermore, Loomis undertakes to respect the International Labour Organization's Declaration on Fundamental Principles and Rights at Work.

More information and details on Loomis Corporate Governance, Internal Control and Risk Management, Compliance, its Code of Conduct and commitment to operate in accordance with universal human rights is available on [loomis.com](https://www.loomis.com) and in the latest [Annual Report](#).



# Loomis commitment to Climate Change Mitigation

The transport sector stands for about 25 percent of Europe's greenhouse gas emissions and is the main cause of air pollution in cities<sup>1</sup>. As a large share of Loomis total greenhouse gas emissions, primarily within Scope 1, are derived from its transportation of cash in society, reducing carbon emissions is a key aspect of the company's environmental responsibility.

## Decarbonization strategy

Loomis' decarbonization strategy partially builds on the decoupling of growth from increased environmental impact, and partly on increasing carbon efficiency and reducing fossil fuel dependency.

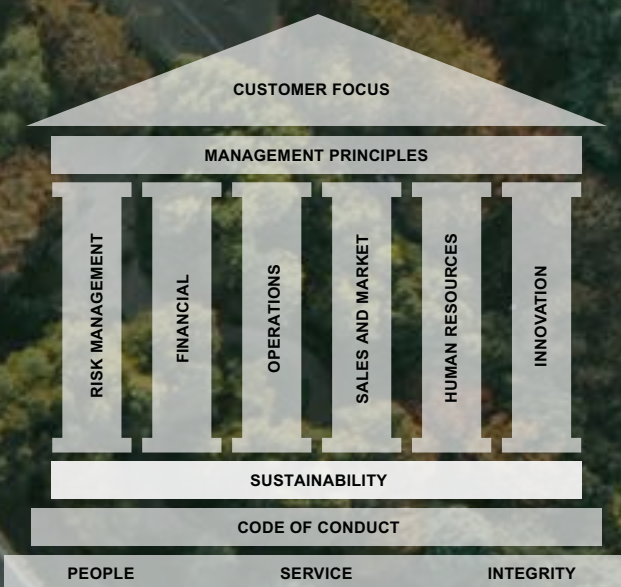
### 1. Decoupling growth

Loomis' strategy to grow and advance up the value chain is a good example of decoupling. New services and products such as Loomis Pay are growing the business without an associated increase in emissions.

### 2. Carbon efficiency and reduction of fossil fuel and energy dependency

To mitigate current environmental impact and reduce fossil fuel dependency, a process of conversion is under way to increase carbon efficiency, some of which are outlined below:

- **Fleet diversification and electrification:** The aim is to pursue a long-term transition to greener transport alternatives in order to mitigate climate change. The concept of "greener" covers lighter-weight vehicles that are less fuel consumption intensive as well as hybrids and fully electric vehicles. Of Loomis' entire fleet, around 70 percent are heavily armored and subject to rigorous safety and security standards and regulations, especially minding the safety of the people operating the vehicles. The situation is not without challenges as security must never be compromised and regulatory compliance respected.



<sup>1</sup> [https://ec.europa.eu/clima/policies/transport\\_en](https://ec.europa.eu/clima/policies/transport_en)

This makes an immediate transition to smaller vehicles somewhat difficult. Loomis has improved the share of light-duty vehicles to the extent possible and today 24 percent of Loomis vehicles in the US fleet are light-vehicles. Loomis will continue this shift over time.

The main challenge in conversion to electrification is the scarce availability of electric, but also hybrid, vehicles that are able to meet the complex requirements on safety, weight, range, conduct, load, price and capacity. Moreover, any off the shelf vehicle must be stripped down to the chassis and rebuilt with the needed armor, security and loading requirements.

Conversion to electric or hybrid vehicles have not, and still are not, without extraordinary challenges. Several pilots have been carried out and so far none of the European pilots have been successful in meeting the high requirements. However, in the US success has been long in the making. After several years of an exclusive dedicated collaboration on a customized in-house development, Loomis US has managed to secure a fully operational electric vehicle (GW 8-11 tons), together with the US company XOS. This vehicle is still a boutique solution, but Loomis US has a standing order for 20 new vehicles during 2021 and has declared an interest in securing a material number of additional vehicles as soon as production capacity is able to support this demand.

- **Fuel efficiency:** Constantly improving driving behavior and thus fuel efficiency will reduce Loomis' climate impact, even if marginal. In 2016 Loomis started implementing the investment in its first vehicle software that monitors fuel consumption and vehicle usage. The roll-out of SafePoints also helps to improve route efficiency as fewer pickups are needed. One recurring operational challenge is the regulatory framework in several markets stipulating that, for safety reasons, vehicles must idle during cash deliveries. Loomis estimates that its vehicles spend up to 50 percent of usage time idling, representing around 10 percent of total fuel consumption. Improving fuel efficiency is important to Loomis both from an environmental and a cost perspective.
- **Renewable fuel:** In 2018 it was assumed by Loomis that renewable/synthetic diesel (HVO) would be widely available throughout, at least, the European market. As it is considered the fastest solution to quickly reduce carbon emissions (up to 80 percent) without the need to invest in new vehicles, the slow conversion has been a disappointment. Despite challenges in logistic and market availability, Loomis is very proud to have secured a unique contract for HVO via Neste for its fleets in both California and Sweden. In Spain, Loomis is collaborating with its largest fuel provider, Repsol, to secure future availability for HVO.





- **Energy:** Consolidation of data centres is one important aspect of increasing energy efficiency. All new data centres are operated with renewable energy. The transition to safe, green energy in Loomis own buildings is increasing, as is consultation with land-lords on this matter. Loomis is also evaluating the business case of installing solar panels on its own buildings in certain markets. A first pilot is currently conducted in Barcelona.
- **Plastics:** Security bags for cash are made from plastic as this currently is the only material to effectively

meet all of the comprehensive industry standards and safety criteria. Loomis' objective is to increase resource efficiency while also reducing raw material consumption in the production line.

#### Monitoring climate data to reduce Loomis' impact

Since 2017 Loomis monitors progress and results for its decarbonization strategy according to a select set of KPIs. This is done quarterly, and the results are transparently published in the Annual and Sustainability Report once per year. **Primary KPIs are: Scope 1 and 2 tCO<sub>2</sub>e.**

#### Historical performance

Emmissions (tCO <sub>2</sub> e)	2017	2018	2019	2020
Scope 1	156 000	154 000	151 000	135 000 <sup>2</sup>
% Change from base year	-	-1%	-3%	-13%
Scope 2	26 000	28 000	26 000	25 000 <sup>3</sup>
% Change from base year	-	+8%	0%	-4%
<b>Scope 1 + 2 combined</b>	<b>182 000</b>	<b>182 000</b>	<b>177 000</b>	<b>160 000</b>
% Change from base year	-	0%	-3%	-12%

#### Restated baseline for 2019

Loomis considers tying its climate targets to science and the 1.5-degree target set out by the Paris Agreement. To prepare for this, Loomis has had a third party screen its emissions in Scopes 1, 2 and 3. The screening was carried out in 2021 using 2019 data, as 2020 data were skewed due to the pandemic. Loomis has now established an updated and restated 2019 baseline of 210 800 tCO<sub>2</sub>e. The changes were mainly due to different methodology used for calculation.

<sup>2</sup> Due to the pandemic and reduced transports as an effect, carbon emissions dropped sharply in 2020.

<sup>3</sup> Carbon emissions from energy consumption is slightly decreasing. It is mainly the consolidation of data centers contributing to this effect.



# Sustainability-Linked Finance Framework

Loomis aims to integrate sustainability into the business model to create value not only for shareholders but also for customers, employees, partners and society. One core component of this is to integrate Loomis' sustainability strategy as part of the financing solution to reflect the company's overall commitment to contribute to sustainable values in society. This Framework has been developed to connect Loomis' Climate Change Mitigation target to the terms of the company's debt solutions.

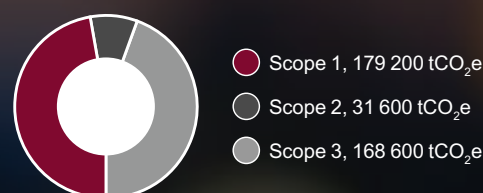
This Framework has been established to support the issuance of Sustainability-Linked Finance Instruments, including Sustainability-Linked Bonds and Loans. This Framework has been developed in alignment with the International Capital Market Association (ICMA) Sustainability-Linked Bond Principles 2020, and the Loan Market Association (LMA)/Asia Pacific Loan Market Association (APLMA)/Loan Syndications and Trading Association (LSTA) Sustainability-Linked Loan Principles 2021.

Instruments issued under this Framework should in their transaction specific documentation refer to this Framework.

## Selection of Key Performance Indicator (KPI)

To guarantee a safe and efficient flow of cash and valuables in society, Loomis uses special cash in transit vehicles, CIT. These vehicles have unique security features and requirements, often specified in local market regulations, that cannot be replaced by regular light weight transportation vehicles. Today's stock of vehicles fulfilling the requirements largely consists of vehicles with internal combustion engines that run on fossil fuels. Consequently, Loomis' climate footprint is mainly within Scope 1, with emissions deriving from the vehicle fleet circulating cash in society. Together with Scope 2, the share of emissions from own operations amounts to at least 56 percent of total emissions along the company's full value chain, as estimated in the screening process in 2021. Loomis recognises the large potential impact that the company can have if reducing its climate footprint by seeking alternatives with lower carbon emission vehicles. Results from the Loomis stakeholder dialogue further support this as a material topic for Loomis to focus on.

## Overview of Loomis carbon emissions 2019



As carbon emissions from Loomis' operations are a material and core part of Loomis' sustainability strategy, as well as climate impact, Scope 1 and 2 emissions have been selected as the KPI for the purpose of this Framework.

### KPI:

Reduction of absolute tCO<sub>2</sub>e from Loomis' own operations (Scope 1 and 2)

## Calibration of Sustainability Performance Target (SPT)

Loomis has committed to reducing emissions with 20% by 2025 compared to 2019 as the baseline year. This has been the basis for the SPT selected for the KPI included in this Framework.

### SPT:

Reduction of tCO<sub>2</sub>e from Loomis' own operations (Scope 1 and 2) by 20 percent by the end of 2025 compared to the baseline year of 2019

Emmissions (tCO <sub>2</sub> e)	2019	SPT 2025
Scope 1 + 2 combined	210 800	-20%

### Historical performance and peer comparison of SPT level

The SPT included in this Framework requires Loomis to decrease its carbon emissions from Scope 1 and 2 by more than 3 percent annually. This is an improvement over historical performance, as can be seen in previous sections<sup>4</sup>.

In terms of industry standards and comparable regulatory requirements on its fleet, not one of Loomis' direct peers have any forward-looking climate targets and/or emission reduction targets beyond 2020. Although the forward-looking targets of other companies within logistics and transportation may appear comparable to Loomis', the lack of equivalent safety requirements on vehicles means that it may not be possible to make an appropriate base comparison. As Loomis has diligently worked with forward-looking targets since 2017 the company is considered being at the forefront with regards to climate targets.



### Decarbonize

- Investments - and collaborations with others - in Clean Tech development for Loomis industry. Create momentum in green transition.
- Increase fuel efficiency & transport optimization.
- Fleet diversification: Transition to both smaller vehicles as well as EVs & hybrids.
- Neutralize fleet emissions with carbon, credits "Loomis operates a carbon neutral CIT fleet".
- Continued roll-out of Safe Point to balance out need for frequent stops.
- Scaling up of Loomis Pay solutions.



### Switch To Green Energy

- Secure renewable energy contracts. If/when difficult back up with REC's<sup>5</sup>.
- Increase usage of renewable fuel.
- IT policy – Green and Energy efficient.
- Company Car & Fleet Policy to reflect & actively prioritize EVs over diesel/gas.



### Collaboration

- Collaborate with customers and suppliers to enable and support CO<sub>2</sub>-reductions.
- Incentivize growth of Managed Services Contracts with Customers.

### Risks to achieving the SPTs

The ever-present risk of robbery remains a challenge and makes an immediate transition to smaller vehicles more difficult. In order for an electric or hybrid vehicle to be approved for use in Loomis' operations it must meet a complex combination of criteria regarding price, range, safety, weight and load capacity. This makes a swift transition to electrification difficult as the tech solutions for the specific needs are not currently available off the shelf or offered by the manufacturers.

As the solutions to Loomis's decarbonization strategy currently are not readily available, it is evident that Loomis is reaching beyond what may be expected from industry peers when setting the goal of a 20 percent reduction within Scope 1 and 2 by 2025.

<sup>4</sup> See page 8

<sup>5</sup> Renewable Energy Credits



## Financial Characteristics

Characteristics outlined in this Framework apply to all Sustainability-Linked Finance Instruments issued under it. The proceeds from Sustainability-Linked Finance Instruments will be used for general corporate purposes.

Depending on Loomis' KPI performance versus the applicable SPT as per the applicable Target Observation Date, 31st of December 2025, the financial characteristics of the Sustainability-Linked Finance Instrument will change. This may include, but is not limited to, coupon or margin adjustments, or adjustments to the redemption price. Regardless of financial characteristic selected, the scale of the impact aims at being meaningful and commensurate. The financial characteristic selected for each financial instrument will be specified in the transaction specific documentation.

In addition, should Loomis fail to provide the relevant reporting and verification, in line with this Framework, the financial characteristics of the Sustainability-Linked Finance Instrument will change as outlined in the transaction specific documentation.

The KPIs and SPTs set out in this Framework will remain applicable throughout the tenor of any security issued under the Framework, regardless of any changes to Loomis' sustainability strategy. This includes any changes relating to the company's general sustainability targets and ambitions or changes in applicable benchmarks or industry standards. However, any changes to Loomis' organisational structure, the calculation methodology for a KPI or significant changes in data due to better data accessibility may result in a change in baseline. Any new or updated Financing Framework, in relation with any subsequent securities issuance, shall not have any implications on the securities issued under this Framework.

## Reporting

To ensure investors and other stakeholders have updated and adequate information about Loomis' sustainability strategy and the progress of the KPI in relation to the respective SPTs, Loomis will report the progress of the SPT as part of its Sustainability Report publicly available on Loomis webpage, on an annual basis for as long as there are Sustainability-Linked Finance Instruments outstanding.

The Sustainability Report will contain the relevant information for assessing whether the applicable SPT has been met for the applicable Target Observation Date. The Sustainability Report will include the following reporting points (required).

- The performance of the KPI versus the SPT, as per the relevant reporting period and, when applicable, as per the Target Observation Date including the calculation methodology and baselines when relevant,
- Information on any relevant updates to Loomis' sustainability strategy, and,
- A list of Sustainability-Linked Finance Instruments outstanding.

Where feasible and possible the Sustainability Report will also include:

- Qualitative and/or quantitative explanations of the contribution of the main factors, including M&A and/or other restructuring activities, behind the evolution of the performance of the SPT on an annual basis,
- Illustration of the positive sustainability impacts of the performance improvement
- Updates on new or proposed regulations from regulatory bodies relevant to the KPI and the SPT

In the case Loomis would have financial instruments other than bonds outstanding, the company may choose to provide the reporting in relation to finance instruments other than bonds, directly and non-publicly, to the lenders or counterparties.

Failure to provide the Sustainability Report, including the above mentioned required reporting metrics, by the dates defined in the transaction specific documentation will result in an automatic adjustment in the financial characteristics, also as outlined in the transaction specific documentation.



## External Review

To ensure alignment with the ICMA Sustainability-Linked Bond Principles and the LMA/APLMA/LSTA Sustainability-Linked Loan Principles as well as best market practice, Loomis will obtain the external reviews listed below. This Framework and the below reports will be published on the company's website.

### Verification

Loomis will ensure an external and independent verification of its actual KPI performance relative to the SPT on an annual basis and in relation to the Target Observation Date. The verification will be conducted by a reviewer with relevant expertise with limited assurance by the reviewer. The verification will be made public together with the Sustainability Report as outlined in the transaction specific documentation.

Failure to provide the annual verification by the dates defined in the transaction specific documentation will result in an automatic adjustment in the financial characteristics, also as outlined in the security specific documentation.

### Second party opinion

Loomis has obtained a Second Party Opinion from Sustainalytics. Amongst other things, it confirms the alignment of this Framework with Sustainability-Linked Bond Principles published in 2020 by ICMA and the Sustainability-Linked Loan Principles published in 2021 by the LMA, APLMA and LSTA. The Second Party Opinion concludes that Loomis KPI is very strong and that the SPT is to be considered ambitious.

