

# Second-Party Opinion

## Loomis Sustainability-Linked Finance Framework



### Evaluation Summary

Sustainalytics is of the opinion that the Loomis Sustainability-Linked Finance Framework aligns with the Sustainability-Linked Bond Principles 2020 and Sustainability-Linked Loan Principles 2021. This assessment is based on the following:

- Selection of Key Performance Indicator (KPI)** Loomis' Sustainability-Linked Finance Framework includes one KPI: Absolute scope 1 and 2 GHG emissions (tCO<sub>2</sub>e) (see Table 1). Sustainalytics considers the KPI chosen to be very strong as it is a direct measure of Loomis' performance on a material environmental issue. Additionally, the selected KPI is based on a clear and consistent methodology and has the ability to be benchmarked.
- Calibration of Sustainability Performance Target (SPT)** Loomis has established the following SPT for its KPI: Reduction of tCO<sub>2</sub>e from Loomis' own operations (scope 1 and 2) by 20% by the end of 2025 compared to the baseline year of 2019. Sustainalytics considers the SPT to be aligned with Loomis' sustainability strategy. Additionally, Sustainalytics considers the SPT to be ambitious as it is above Loomis' historical emissions performance and peer targets and is aligned with a 2°C climate scenario.
- Bond Characteristics** Loomis will link the financial characteristics of its sustainability-linked instruments (which may include bonds and loans) to the achievement of the SPT. The change in financial characteristics may include an adjustment in the coupon, margin or the redemption price from the first coupon date after the target observation date.
- Reporting** Loomis commits to report on an annual basis on its progress on the KPI in its Sustainability Report, which will be available on its website. The reporting commitments are aligned with market expectations.
- Verification** Loomis commits to obtain limited assurance on its KPI progress at the communicated SPT deadline, which is aligned with market expectations.

<b>Evaluation Date</b>	October 29, 2021
<b>Issuer Location</b>	Stockholm, Sweden

The SPT contributes to the following SDGs:



### Overview of KPI and SPT

KPI	Baseline	SPT	Strength of the KPI	Ambitiousness of SPT
Absolute scope 1 and 2 GHG emissions (tCO <sub>2</sub> e)	2019	Reduction of tCO <sub>2</sub> e from Loomis' own operations (scope 1 and 2) by 20% by the end of 2025 compared to the baseline year of 2019	Very Strong	Ambitious

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## Scope of Work and Limitations

Loomis has engaged Sustainalytics to review the Sustainability-Linked Finance Framework, dated October 2021 (the “Framework”) and provide an opinion on the alignment of the notes with the Sustainability-Linked Bond Principles 2020 (SLBP)<sup>1</sup> and the Sustainability-Linked Loan Principles 2021 (SLLP)<sup>2</sup>.

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent<sup>3</sup> opinion on the alignment of the reviewed Framework with the Sustainability-Linked Bond Principles 2020, as administered by ICMA, and the Sustainability-Linked Loan Principles 2021, as administered by APLMA, LMA and LSTA. As part of this engagement, Sustainalytics exchanged information with various members of Loomis’ management team to understand the sustainability impact of its business processes and SPT, as well as the reporting and verification aspects of the Sustainability-Linked Finance Framework. Loomis’ representatives have confirmed that:

- (1) They understand it is the sole responsibility of Loomis 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 Loomis. 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 SPT of KPI but does not measure progress on the KPIs.<sup>4</sup> The measurement and reporting of KPIs is the responsibility of Loomis. 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 Loomis has made available to Sustainalytics for the purpose of this Second-Party Opinion. The Second-Party Opinion is valid for instruments following the Framework for up to 24 months or until one of the following occurs:

- (1) A material change to the external benchmarks<sup>5</sup> against which targets were set;
- (2) A material corporate action (such as material M&A or change in business activity) which has a bearing on the achievement of the SLBs or the materiality of the KPI.

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<sup>1</sup> The Sustainability-Linked Bond Principles (SLBP) were launched by ICMA in June 2020. They are administered by the ICMA and are available at: <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/June-2020/Sustainability-Linked-Bond-PrinciplesJune-2020-100620.pdf>.

<sup>2</sup> The Sustainability-Linked Loan Principles were launched by LSTA in May 2021. They are administered by the LSTA and are available at: <https://www.lsta.org/content/sustainability-linked-loan-principles-sllp/#>.

<sup>3</sup> 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.

<sup>4</sup> 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.

<sup>5</sup> Benchmarks refers to science-based benchmarks

## Introduction

Loomis AB ("Loomis" or the "Company") is a cash handling company that provides cash in transit (CIT), cash management services (CMS), and integrated CIT and CMS solutions. Additionally, Loomis provides international valuables logistics, including international cross-border transportation, management and storage of foreign currencies, precious metals and other valuables. The Company employed more than 23,000 people and operated over 400 branch offices across 23 countries at the end of 2020.

Loomis intends to issue sustainability-linked instruments (SLIs) whose financial characteristics are tied to the achievement of one sustainability performance target for one KPI related to the absolute reduction of scope 1 and 2 emissions from Loomis' operations.

Loomis has engaged Sustainalytics to review the Sustainability-Linked Finance Framework and provide an opinion on the alignment of the Framework with the Sustainability-Linked Bond Principles and Sustainability-Linked Loan Principles.

The KPI and SPT used by Loomis are defined in Tables 1 and 2 below.

**Table 1: KPI Definition**

KPI	Definition
Absolute scope 1 and 2 GHG emissions (tCO <sub>2</sub> e)	The KPI measures the absolute scope 1 and 2 GHG emissions in tCO <sub>2</sub> e. Loomis follows the GHG Protocol in calculating its scope 1 and 2 emissions. <sup>6</sup>

**Table 2: SPT and Past Performance**

KPI	2017	2018	2019 (baseline) <sup>7</sup>	2020	SPT 2025
Absolute scope 1 and 2 GHG emissions (tCO <sub>2</sub> e)	182,000	182,000	210,800	160,000	Reduction of tCO <sub>2</sub> e from Loomis' own operations (scope 1 and 2) by 20% compared to the baseline year of 2019

<sup>6</sup> The Greenhouse Gas Protocol, "A Corporate Accounting and Reporting Standard revised edition", (2015) at: <https://ghgprotocol.org/sites/default/files/standards/ghg-protocol-revised.pdf>

<sup>7</sup> Loomis has provided restated scope 1 and 2 emission values for 2019 due to a change in methodology used. The screening was carried out on emissions data for 2019 instead 2020 due to the impact of the COVID-19 pandemic on the Company's business in 2020.

## Sustainalytics' Opinion

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

Sustainalytics is of the opinion that the Sustainability-Linked Finance Framework aligns with the five core components of the Sustainability-Linked Bond Principles 2020 and Sustainability-Linked Loan Principles 2021.



#### Selection of Key Performance Indicator (KPI)

##### Relevance and Materiality of KPI

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

Sustainalytics considers the KPI, Absolute scope 1 and 2 GHG emissions (tCO<sub>2</sub>e), to be material and relevant. Sustainalytics' ESG Risk Ratings identify "Carbon – Own Operations" as a material ESG issue for the Company.<sup>8,9</sup> Additionally, Loomis conducted a materiality assessment in 2017, which identified reduction in carbon emissions as a material environmental issue for the Company and one of the focal points of Loomis' sustainability strategy.

In terms of applicability, Sustainalytics notes that scope 1 and 2 emissions represent 56% of Loomis' total carbon footprint (scope 1, 2 and 3). On this basis, Sustainalytics considers the KPI to have a high scope of applicability.

##### KPI Characteristics

In its assessment of the KPI characteristics, Sustainalytics considers: i) whether a clear and consistent methodology is used, ii) whether the issuer follows an externally recognized definition, iii) whether the KPIs are a direct measure of the performance of the issuer on the material environmental or social issue, and iv) if applicable, whether the methodology can be benchmarked to an external contextual benchmark.<sup>10</sup>

Sustainalytics considers Loomis' definition and methodology to calculate KPI progress to be clear. While Sustainalytics notes that Loomis adopted a new calculation methodology for absolute emissions from 2019 onward, and as a result the KPI calculation methodology is not consistent with historical disclosure, that this does not have a material impact on Sustainalytics' analysis of the KPI and the corresponding SPT under the Framework. Loomis calculates its carbon emissions in accordance with the GHG Protocol, a comprehensive standard to measure corporate GHG emissions and therefore facilitates benchmarking against external carbon trajectories.

As the KPI measures the tonnes of CO<sub>2</sub> equivalent from Loomis' operations, Sustainalytics considers it to be a direct measure of Loomis' performance regarding a material environmental issue.

##### Overall Assessment

Sustainalytics overall considers the KPI, Absolute scope 1 and 2 GHG emissions (tCO<sub>2</sub>e), to be very strong given that: (i) it speaks to a material environmental issue for the Company, (ii) it directly measures Loomis-related performance, (iii) it follows a clear and consistent methodology – the GHG Protocol, and (iv) it can be benchmarked against external science-based contextual benchmarks.

<sup>8</sup> "Carbon - Own Operations" refers primarily to a company's management of risks related to its own operational energy use and GHG emissions (scope 1 and 2).

<sup>9</sup> Sustainalytics, "Company ESG Risk Ratings – Loomis AB", at: <https://www.sustainalytics.com/esg-rating/loomis-ab/1033715678>

<sup>10</sup> External contextual benchmarks provide guidance on the alignment with ecological system boundaries. This criterion is not applied to social KPIs or impact areas for which such contextual benchmarks are not available.

Absolute scope 1 and 2 GHG emissions (tCO <sub>2</sub> e)	Not Aligned	Adequate	Strong	Very strong
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### Calibration of Sustainability Performance Target (SPT)

#### Alignment with Loomis’ Sustainability Strategy

Loomis has set the following SPT for its KPI:

- Reduction of tCO<sub>2</sub>e from Loomis’ own operations (scope 1 and 2) by 20% by the end of 2025 compared to the baseline year of 2019.

Sustainalytics considers the SPT to be aligned with Loomis’ sustainability strategy (please refer to Section 2 for an analysis of the credibility of Loomis’s sustainability strategy).

#### Strategy to Achieve the SPT

Loomis intends to achieve the SPT through the following strategy:

- **Fleet diversification and electrification:** Considering the stringent safety and security regulations with respect to the type of vehicles required to conduct Loomis’ operations, most vehicles (70%) in the Company’s fleet are heavily armoured with internal combustion engines. Loomis will continue to invest in the acquisition of more fuel-efficient vehicles (lighter-weight), electric vehicles or hybrid vehicles. In 2020, 24% of Loomis’ vehicle fleet in the US represented light-duty vehicles,<sup>11</sup> relative to 15% in 2019. Loomis is also committed to purchasing electric vehicles and developed an electric vehicle in collaboration with Xos<sup>12</sup>, an electric truck manufacturer in the US. The Company will receive 20 such vehicles in 2021. Loomis aims to secure additional vehicles once the production capacity can meet the demand. Loomis will also change its Company Car and Fleet Policy to encourage employees to use electric vehicles.
- **Higher fuel efficiency and transport optimization:** The Company will also focus on reducing fuel consumption by enhancing operational efficiencies. These include optimizing travel routes and investments in software that measure and monitor fuel consumption and vehicle usage. Additionally, Loomis expects that offerings such as SafePoint<sup>13</sup>, its cash deposit and management service, will further help reduce the Company’s total fuel consumption.
- **Increased adoption of renewable fuel:** Loomis intends to adopt the use of hydrotreated vegetable oil (HVO), a form of renewable diesel derived from several varieties of vegetable oils and animal fats. To increase the use of HVO in its vehicle fleet, Loomis has entered into a contract with Neste to procure HVO for its fleets in California and Sweden. In 2020, California and Sweden accounted for 4.5% and 2% of the Company’s total fuel consumption. Neste estimates that its My Renewable Diesel delivers up to 90% reduction in CO<sub>2</sub> emissions relative to traditional fossil diesel.<sup>14</sup> Loomis is also collaborating with its largest fuel provider, Repsol, to secure the future supply of HVO for its vehicle fleet in Spain, which accounts for nearly 5% of its total fuel consumption.
- **Use of renewable energy:** The energy consumed by Loomis’ data centres in Europe is derived solely from renewable sources. With regards to its data centres in the US, Loomis is committed to increasing its procurement of renewable electricity to reduce its scope 2 emissions. The Company aims to meet this goal by securing contracts and purchasing renewable energy certificates where contractual agreements are not feasible. Loomis is also evaluating installing on-site solar panels on its buildings to satisfy its

<sup>11</sup> Loomis’ light-duty vehicles in the US consist of class 3 vehicles which weigh 4.7 US tons and have a payload capacity of 1,250 kg. Such vehicles are equipped with various safety features including crash avoidance, lane detection, blind spot intervention, stability control in case of flat tire, etc.

<sup>12</sup> Xos, “Overview”, at: <https://xostrucks.com/>

<sup>13</sup> Loomis, “SafePoint”, at: <https://safepoint.loomis.com/en>

<sup>14</sup> Neste, “Neste My Renewable Diesel”, at: <https://www.neste.nl/neste-my-renewable-diesel/hvo>

energy demand and has piloted a PV project in Barcelona in June 2021. The PV project currently satisfies around 26% of the total electricity consumed by the Barcelona branch, which represents 20% of Loomis’ electricity consumption in Spain.

- In addition to the above, Loomis aims to collaborate with its customers and suppliers to encourage and support them in reducing their carbon footprint. The Company also intends to scale up the use of its digital payment platform, Loomis Pay, in new markets to promote growth in the use of digital payments platforms.

**Ambitiousness, Baseline and Benchmarks**

To determine the ambitiousness of the SPT, Sustainalytics considers whether: i) the SPT goes beyond business-as-usual trajectory, ii) how the SPT compares to targets set by peers, iii) and how the SPT compares with science.<sup>15</sup>

Loomis set 2019 as the baseline for the SPT, which is the most recent robust data due to the ongoing disruptive effects of the COVID-19 pandemic on the Company’s operations.

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

Loomis’ scope 1 and 2 emissions decreased by an average annual rate of approximately 1.6% between 2017 and 2019. To achieve the SPT, the Company will need to reduce its scope 1 and 2 carbon emissions by an implied average annual rate of approximately 3.3% per year between 2019 and 2025. Sustainalytics notes that this SPT necessitates a significant improvement in comparison to Loomis’ historical performance on scope 1 and 2 emissions.

Sustainalytics was able to assess the alignment of the SPT with decarbonization targets for five sub-industry peers. Sustainalytics notes that within this group, no other peer has set targets for scope 1 and 2 emissions reduction. As such, Sustainalytics considers Loomis’ SPT to be above peer performance.

The SPT set by Loomis is consistent with the reductions to keep global temperature increase well below 2°C as per the SBTi’s science-based target setting manual.<sup>16</sup>

**Overall Assessment**

Sustainalytics considers the SPT to align with Loomis’ sustainability strategy and considers the SPT to be ambitious given that it is: (i) above Loomis’ historical emissions performance, (ii) above peer performance, and (iii) aligned with the 2°C climate scenario.

Reduction of tCO <sub>2</sub> e from Loomis’ own operations (scope 1 and 2) by 20% by the end of 2025 compared to the baseline year of 2019 (absolute scope 1 and 2 GHG emissions (tCO <sub>2</sub> e))	Not Aligned	Moderately Ambitious	Ambitious	Highly Ambitious
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**Bond and Loan Characteristics**

Loomis has disclosed that it will link the financial characteristics of the sustainability-linked instruments issued under the Framework to the achievement of the SPT. The financial characteristics may include coupon or margin adjustments or an adjustment in the redemption price, as applicable, if Loomis fails to achieve the stated SPT. Specific details on the financial characteristics selected for each financial instrument will be specified in their respective transaction documentation.

<sup>15</sup> We refer here to contextual benchmarks that indicate the alignment of targets with ecosystem boundaries.

<sup>16</sup> SBTi, “Science-Based Target Setting Manual”, (2020), at: <https://sciencebasedtargets.org/resources/legacy/2017/04/SBTi-manual.pdf>



### Reporting

Loomis commits to report on an annual basis on its performance on the KPI and expects to include the relevant figures in an annual Sustainability Report, which will be made publicly available on Loomis' website. The reporting provisions are aligned with the SLBP and SLLP. Loomis further commits to disclose relevant information that enables investors to monitor the level of ambition of the SPT.



### Verification

Loomis commits to have an external verifier provide limited assurance on the published KPI figures on the SPT observation date, which is aligned with the SLBP and SLLP on verification. The verification will be made publicly available on Loomis' website.

## Section 2: Assessment of Loomis' Sustainability Strategy

### Credibility of Loomis Sustainability Strategy

According to Sustainalytics' ESG Risk Ratings, Loomis has average management of material ESG issues and ranks in the top 7% of its direct sub-industry based on Loomis' overall performance in ESG issues.<sup>17</sup> Loomis has been reporting on its sustainability performance since 2016 through its Annual and Sustainability reports, prepared in accordance with the Global Reporting Initiative (GRI) standards, indicating a commitment to non-financial reporting.<sup>18</sup> Loomis has integrated its sustainability strategy in its corporate governance structures, and the Company's country managers are responsible for ensuring compliance with its Sustainability Policy under oversight from Loomis' president and the CEO.<sup>19</sup>

In 2017, Loomis conducted a materiality assessment and launched a Sustainability Platform to focus on the material ESG issues identified through the analysis, including climate change and emissions reduction, improvement in energy efficiency, and resource use. To reduce its environmental footprint, Loomis has focused its efforts on reducing the emissions generated from its cash in transit (CIT) vehicles, which accounted for 60% of the Company's total emissions in 2020. In addition, in 2020, Loomis achieved an 8% reduction in emissions per kilometre of vehicle driven relative to 2017. Loomis also began a programme to diversify its existing carbon-intensive fleet by including lighter-weight and less fuel-intensive vehicles, and improving route efficiency. In 2020, Loomis added two electric vehicles to its US fleet and aims to add 20 additional electric vehicles by 2021.<sup>20</sup>

In terms of enhancing energy efficiency, the Company has focused its efforts on consolidating its data centres. Loomis has already completed the consolidation of its data centres in the US and is now carrying out similar initiatives in Europe. The Company has migrated 65% of its European servers to its two main data centres, which resulted in annual energy savings of 16% in 2020 relative to 2019. Loomis estimates that the consolidation process in Europe will result in a 70% reduction in energy use. Additionally, all the new data centres developed by Loomis are operated with renewable energy, which currently accounts for 23% of the total energy consumed by its US data centres and 100% of the energy consumed by its European data centres.<sup>21</sup>

Sustainalytics considers Loomis to have a strong sustainability strategy and considers that the SLIs will further support Loomis' sustainability strategy.

### Loomis' Environmental and Social Risk Management

Overall, Sustainalytics notes that Loomis' overall management of material ESG issues is above average. Sustainalytics also recognizes that the targets defined by Loomis are impactful but acknowledges that achieving the SPT bears environmental and social risks primarily related to occupational health and safety, human capital and product governance. Sustainalytics comments below on Loomis' ability to mitigate such potential risks.

<sup>17</sup> Sustainalytics, "Company ESG Risk Ratings – Loomis AB", at: <https://www.sustainalytics.com/esg-rating/loomis-ab/1033715678>

<sup>18</sup> Global Reporting Initiative (GRI) standards, at: <https://www.globalreporting.org/>

<sup>19</sup> Loomis, "Annual and Sustainability Report 2020", at: [https://www.loomis.com/sites/default/files/documents/202104012527-1\\_0.pdf](https://www.loomis.com/sites/default/files/documents/202104012527-1_0.pdf)

<sup>20</sup> Loomis, "Annual and Sustainability Report 2020", at: [https://www.loomis.com/sites/default/files/documents/202104012527-1\\_0.pdf](https://www.loomis.com/sites/default/files/documents/202104012527-1_0.pdf)

<sup>21</sup> Loomis, "Annual and Sustainability Report 2020", at: [https://www.loomis.com/sites/default/files/documents/202104012527-1\\_0.pdf](https://www.loomis.com/sites/default/files/documents/202104012527-1_0.pdf)

- Loomis' Code of Conduct and Anti-Bribery policy outline the basic principles for all of its employees regarding health and safety, working conditions, human rights and business ethics. All of Loomis' employees must complete the annual compliance training to ensure awareness of their responsibilities. To abide by the International Labour Organization (ILO) Declaration for Fundamental Principles and Rights at Work, Loomis held a European Works Council meeting in 2020 between the Loomis union representative and its management team.<sup>22</sup>
- Loomis manages the risk of loss of life associated with its business activities by focusing on operational risk management, conducting health and safety training, and ensuring that its employees are compliant with the Company's Code of Conduct.<sup>23</sup> Employees are also subject to theoretical and practical health and safety training regularly. Additionally, the Company is aligned with the ISO 45001 OHSAS standards.<sup>24</sup> Injuries from traffic accident and violence reduced by approximately 34% to 120 in 2020, relative to 190 injuries in 2019.<sup>25</sup>
- Loomis has several guidelines and training requirements in places to ensure adequate skill development for its employees. The Company has a digital education platform that offers trainings related to compliance, anti-money laundering and preventing the funding of terrorism, which are mandatory for all employees. In addition to annual participation in these trainings, Loomis also conducts special department-specific trainings for its employees to ensure that they are fully equipped.
- Loomis' Operational Risk Management policy focuses on implementing strict safety routines to minimize risk during operations. The Company also carries out a range of safety and professional development trainings to ensure that its employees are able to address any unforeseen situations. Additionally, all of Loomis' CIT vehicles are equipped with safety features and the Company complies with safety standards, such as ISO 45001, and any applicable health and safety laws and regulations.

In addition to the above, Sustainalytics notes that it has not found evidence of major environmental or social controversies related to Loomis. Overall, Sustainalytics considers that Loomis has adequate management programmes and policies to mitigate risks that could affect the achievement of the SPT.

### Section 3: Impact of the SPT Chosen

Sustainalytics notes that nearly 85% of Loomis' scope 1 and 2 emissions are generated from its vehicle fleet. Sustainalytics has, therefore, focused on the expected impact of Loomis' investments within the green transportation sector. The transportation industry accounts for 24% of global CO<sub>2</sub> emissions, with road vehicles such as cars, trucks and buses making up nearly 75% of transportation-related GHG emissions.<sup>26</sup> The transportation sector is significantly reliant on fossil fuels, which account for more than 90% of the sector's total energy use in 2019.<sup>27</sup> Between 2000 and 2018, transportation-related GHG emissions grew by 40% due to increased passenger and freight volumes and limited uptake of alternative fuels.<sup>28</sup> According to the International Transport Forum, freight and passenger transportation volumes will double by 2050 compared to 2015.<sup>29</sup> In the absence of mitigation measures, transportation-related GHG emissions are expected to increase by 60% from the 2015 baseline level by 2050.<sup>30</sup> Studies show that the use of electric vehicles and fuel efficiency improvements can help decarbonize the transportation sector.<sup>31,32</sup> However, achieving the goal of the Paris Agreement to limit global warming to 1.5°C will require more ambitious policies to reduce transportation-related GHG emissions by 70% by 2050 compared to 2015.<sup>33</sup> Given the importance of reducing road transport

<sup>22</sup> Loomis, "Annual and Sustainability Report 2020", at: [https://www.loomis.com/sites/default/files/documents/202104012527-1\\_0.pdf](https://www.loomis.com/sites/default/files/documents/202104012527-1_0.pdf)

<sup>23</sup> Loomis, "The Code of Conduct" 2017, at:

[https://www.loomis.com/sites/default/files/documents/Loomis%20Group%20Code%20of%20Conduct%2020170726\\_0.pdf](https://www.loomis.com/sites/default/files/documents/Loomis%20Group%20Code%20of%20Conduct%2020170726_0.pdf)

<sup>24</sup> Occupational Health and Safety Assessment Series (OHSAS) 45001 standards, at: <https://www.iso.org/iso-45001-occupational-health-and-safety.html>

<sup>25</sup> Loomis, "Annual and Sustainability Report 2020", at: [https://www.loomis.com/sites/default/files/documents/202104012527-1\\_0.pdf](https://www.loomis.com/sites/default/files/documents/202104012527-1_0.pdf)

<sup>26</sup> IEA, "Tracking Transport 2020", at: <https://www.iea.org/reports/tracking-transport-2020>

<sup>27</sup> IEA, "World Energy Outlook 2021", at: <https://iea.blob.core.windows.net/assets/88dec0c7-3a11-4d3b-99dc-8323ebfb388b/WorldEnergyOutlook2021.pdf>

<sup>28</sup> IEA, "Transport", at: <https://www.iea.org/topics/transport>

<sup>29</sup> International Transport Forum, "Transport Outlook 2021", at: <https://www.itf-oecd.org/sites/default/files/transport-outlook-executive-summary-2021-english.pdf>

<sup>30</sup> Planete Energies, "The Global Transportation Sector: CO<sub>2</sub> Emissions on the Rise", at: <https://www.planete-energies.com/en/medias/close/global-transportation-sector-co2-emissions-rise>

<sup>31</sup> Resources for the future, "Progress and Potential for Electric Vehicles to Reduce Carbon Emissions", at: <https://www.rff.org/publications/reports/potential-role-and-impact-evs-us-decarbonization-strategies/>

<sup>32</sup> European Commission, "Transport in the European Union- Current Trends and Issues", at: <https://ec.europa.eu/transport/sites/default/files/2019-transport-in-the-eu-current-trends-and-issues.pdf>

<sup>33</sup> International Transport Forum, "Transport Outlook 2021", at: <https://www.itf-oecd.org/sites/default/files/transport-outlook-executive-summary-2021-english.pdf>

emissions, the EU member states and the US have put comprehensive policies in place.<sup>34</sup> These policies are primarily directed at the supply side, particularly at fleet manufacturers and fuel suppliers.<sup>35</sup>

In the US, transportation-related GHG emissions accounted for approximately 29% of the country’s total GHG emissions in 2019, making it the largest source of GHG emissions.<sup>36</sup> The transportation sector in the US is significantly reliant on fossil fuels, accounting for 90% of the total transportation sector energy consumption in 2020. In comparison to Europe and China, electric vehicles represent a small portion of the US market, accounting for only 2% of the total sales volume in 2020.<sup>37</sup> Loomis’ vehicle fleet in the US comprises approximately 3,000 vehicles and represents over 50% of its global fleet. Additionally, the Company’s fleet in the US accounts for 64% of its total fuel consumption and 65% of its fleet emissions.<sup>38</sup>

In the EU, GHG emissions declined by 22.5% between 1990 and 2018. However, transportation-related GHG emissions grew by more than 23% during the same period.<sup>39</sup> The transportation sector was responsible for 27% of the EU’s total GHG emissions in 2017.<sup>40</sup> To reduce GHG emissions from the sector, the European Commission introduced emission performance standards for light- and heavy-duty vehicles in 2019.<sup>41</sup> In addition, the EU has set a target to reduce GHG emissions from the transport sector by 30% by 2030, below the 2005 baseline level.<sup>42</sup> The EU is also making efforts to increase the share of renewable energy sources in the energy use of the transport sector. In 2018, renewable energy sources accounted for 8% of the sector’s total energy use, following a steady increase from under 2% in 2005.<sup>43</sup> As of 2021, the European Parliament seeks to amend the Renewable Energy Directive to set a target to increase the share of renewable energy sources in the energy use of the transport sector by 14% by 2030.<sup>44</sup>

Sustainalytics notes that Loomis’ investments in enhancing fuel efficiency, adopting alternative fuels and fleet electrification have the potential to significantly reduce the Company’s carbon footprint and contribute towards the decarbonization of the transportation sector.

**Alignment with/contribution to SDGs**

The Sustainable Development Goals (SDGs) were adopted in September 2015 and form part of an agenda for achieving sustainable development by the year 2030. Loomis’ Sustainability-Linked Finance Framework advances the following SDG goals and targets:

KPI	SDG	SDG Target
Absolute scope 1 and 2 GHG emissions (tCO <sub>2</sub> e)	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
	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

<sup>34</sup> Enzmann, J. et al. (2020), “Reducing Road Transport Emissions in Europe: Investigating A Demand Side Driven Approach”, MDPI, at: <https://www.mdpi.com/2071-1050/12/18/7594>

<sup>35</sup> Ibid.

<sup>36</sup> EPA, “Sources of Greenhouse Gas Emissions”, at: <https://www.epa.gov/ghgemissions/sources-greenhouse-gas-emissions>

<sup>37</sup> Pew Research Center, “Today’s electric vehicle market: Slow growth in U.S., faster in China, Europe”, at: <https://www.pewresearch.org/fact-tank/2021/06/07/todays-electric-vehicle-market-slow-growth-in-u-s-faster-in-china-europe/>

<sup>38</sup> Loomis AB has communicated to Sustainalytics regarding the fuel consumption and emission profile of its US fleet operations.

<sup>39</sup> Enzmann, J. et al. (2020), “Reducing Road Transport Emissions in Europe: Investigating A Demand Side Driven Approach”, MDPI, at: <https://www.mdpi.com/2071-1050/12/18/7594>

<sup>40</sup> European Environmental Agency, “Greenhouse gas emissions from transport in Europe”, at: <https://www.eea.europa.eu/data-and-maps/indicators/transport-emissions-of-greenhouse-gases/transport-emissions-of-greenhouse-gases-12>

<sup>41</sup> European Commission, “Road transport: Reducing CO<sub>2</sub> emissions from vehicles”, at: [https://ec.europa.eu/clima/eu-action/transport-emissions/road-transport-reducing-co2-emissions-vehicles\\_en](https://ec.europa.eu/clima/eu-action/transport-emissions/road-transport-reducing-co2-emissions-vehicles_en)

<sup>42</sup> ICCT, “2020–2030 CO<sub>2</sub> standards for new cars and light-commercial vehicles in the European Union”, at: [https://theicct.org/sites/default/files/publications/ICCT\\_EU-CO2-stds\\_2020-30\\_brief\\_nov2016.pdf](https://theicct.org/sites/default/files/publications/ICCT_EU-CO2-stds_2020-30_brief_nov2016.pdf)

<sup>43</sup> European Environmental Agency, “Use of renewable energy for transport in Europe”, at: <https://www.eea.europa.eu/data-and-maps/indicators/use-of-cleaner-and-alternative-fuels-2/assessment>

<sup>44</sup> European Commission, “Directive of the European Parliament and of the Council”, at: [https://ec.europa.eu/info/sites/default/files/amendment-renewable-energy-directive-2030-climate-target-with-annexes\\_en.pdf](https://ec.europa.eu/info/sites/default/files/amendment-renewable-energy-directive-2030-climate-target-with-annexes_en.pdf)

## Conclusion

Loomis intends to issue Sustainability-Linked Instruments whose financial characteristics will be tied to the achievement of the following SPT:

- (1) Absolute scope 1 and 2 GHG emissions (tCO<sub>2</sub>e): Reduction of tCO<sub>2</sub>e from Loomis' own operations (scope 1 and 2) by 20% by the end of 2025 compared to the baseline year of 2019.

Sustainalytics considers the KPI chosen – Absolute scope 1 and 2 GHG emissions (tCO<sub>2</sub>e) – to be very strong because: i) it is a direct measure of a material environmental issue for Loomis; ii) it is applicable to 56% of the Company's total (scope 1, 2 and 3) emissions; iii) it uses a clear and consistent methodology; and iv) it is benchmarkable against external trajectories. The SPT is considered ambitious as it is above Loomis' historical emissions performance and decarbonization targets for peers, and it is aligned with the 2°C climate scenario. Furthermore, Sustainalytics considers reporting and verification commitments to be aligned with market expectations.

Based on the above, Sustainalytics considers Loomis' Sustainability-Linked Finance Framework to be in alignment with the five core components of the Sustainability-Linked Bond Principles 2020 and Sustainability-Linked Loan Principles 2021, and the prospective achievement of the SPT to be impactful.

## Appendix 1: Sustainability-Linked Bonds - External Review Form

### Section 1. Basic Information

Issuer name: Loomis AB

Sustainability-Linked Bond ISIN:

Independent External Review provider’s name for second party opinion pre-issuance (sections 2 & 3): Sustainalytics

Completion date of second party opinion pre-issuance: October 29, 2021

Independent External Review provider’s name for post-issuance verification (section 4):

Completion date of post issuance verification:

At the launch of the bond, the structure is:

- a step-up structure  a variable redemption structure

### Section 2. Pre-Issuance Review

#### 2-1 SCOPE OF REVIEW

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

The review:

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> assessed all the following elements (complete review)    | <input type="checkbox"/> only some of them (partial review):                 |
| <input checked="" type="checkbox"/> Selection of Key Performance Indicators (KPIs)           | <input checked="" type="checkbox"/> Bond characteristics (acknowledgment of) |
| <input checked="" type="checkbox"/> Calibration of Sustainability Performance Targets (SPTs) | <input checked="" type="checkbox"/> Reporting                                |
| <input checked="" type="checkbox"/> Verification   |  |
- and confirmed their alignment with the SLBP and SLLP.

#### 2-2 ROLE(S) OF INDEPENDENT EXTERNAL REVIEW PROVIDER

- |  |   |
|--|---|
| <input checked="" type="checkbox"/> Second Party Opinion | <input type="checkbox"/> Certification  |
| <input type="checkbox"/> Verification                    | <input type="checkbox"/> Scoring/Rating |

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

#### 2-3 EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW (if applicable)

Loomis intends to issue SLIs where the financial characteristics of the instruments is tied to the achievement of the following SPT:  
Reduction of tCO<sub>2</sub>e from Loomis’ own operations (scope 1 and 2) by 20% by the end of 2025 compared to the baseline year of 2019.  
Sustainalytics overall considers the KPI chosen- absolute scope 1 and 2 GHG emissions (tCO<sub>2</sub>e), to be very strong given based on a clear and consistent methodology on a material environmental issue, as well as could be benchmarked against external science-based contextual benchmarks and the SPT to be ambitious based on a favorable comparison against targets set by

peers while aligned with historical performance and the 2°Cs climate scenario. Furthermore, Sustainalytics considers reporting and verification commitments to be aligned with market expectations.

Sustainalytics is of the opinion that the Sustainability-Linked Finance Framework aligns with the five core components of the Sustainability-Linked Bond Principles 2020 (SLBP) and Sustainability-Linked Loan Principles 2021 (SLLP) and the prospective of achievement of the SPT to be impactful.

**Section 3. Detailed pre-issuance review**

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

**3-1 SELECTION OF KEY PERFORMANCE INDICATORS (KPIs)**

**Overall comment on the section (if applicable):** Sustainalytics overall considers the KPI, absolute scope 1 and 2 GHG emissions (tCO<sub>2</sub>e), to be very strong given that (i) it speaks to a material environmental issue for the Company, (ii) it directly measures Loomis-related performance, (iii) It follows a clear and consistent methodology - the GHG Protocol, and (iv) it can be benchmarked against external science-based contextual benchmarks.

**List of selected KPIs:**

- Absolute scope 1 and 2 GHG emissions (tCO<sub>2</sub>e)

**Definition, Scope, and parameters**

- |  |   |
|--|---|
| <input checked="" type="checkbox"/> Clear definition of each selected KPIs | <input checked="" type="checkbox"/> Clear calculation methodology |
| <input type="checkbox"/> Other (please specify):                           |   |

**Relevance, robustness, and reliability of the selected KPIs**

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Credentials that the selected KPIs are relevant, core and material to the issuer’s sustainability and business strategy. | <input checked="" type="checkbox"/> Evidence that the KPIs are externally verifiable |
| <input checked="" type="checkbox"/> Credentials that the KPIs are measurable or quantifiable on a consistent methodological basis                            | <input checked="" type="checkbox"/> Evidence that the KPIs can be benchmarked        |
| <input type="checkbox"/> Other (please specify):   |  |

**3-2 CALIBRATION OF SUSTAINABILITY PERFORMANCE TARGETS (SPTs)**

**Overall comment on the section (if applicable):** Loomis has established the following SPT for its KPI: Reduction of tCO<sub>2</sub>e from Loomis’ own operations (scope 1 and 2) by 20% by the end of 2025 compared to the baseline year of 2019. Sustainalytics considers the SPT to be aligned with Loomis’ sustainability strategy. Additionally, Sustainalytics considers the SPT to be ambitious as it is above Loomis’ historical emissions performance and peer targets. The SPT is also aligned with the 2°C climate scenario.

**Rationale and level of ambition**

- |   |   |
|---|---|
| <input checked="" type="checkbox"/> Evidence that the SPTs represent a material improvement | <input checked="" type="checkbox"/> Credentials on the relevance and reliability of selected benchmarks and baselines |
|---|---|

- |  |   |
|--|---|
| <input checked="" type="checkbox"/> Evidence that SPTs are consistent with the issuer’s sustainability and business strategy | <input checked="" type="checkbox"/> Credentials that the SPTs are determined on a predefined timeline |
|  | <input type="checkbox"/> Other (please specify):  |

**Benchmarking approach**

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Issuer own performance   | <input checked="" type="checkbox"/> Issuer’s peers |
| <input checked="" type="checkbox"/> reference to the science | <input type="checkbox"/> Other (please specify):   |

**Additional disclosure**

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> potential recalculations or adjustments description                       | <input checked="" type="checkbox"/> issuer’s strategy to achieve description |
| <input checked="" type="checkbox"/> identification of key factors that may affect the achievement of the SPTs | <input type="checkbox"/> Other (please specify):                             |

**3-3 BOND CHARACTERISTICS**

**Overall comment on the section (if applicable):** Loomis will link the financial characteristics of its sustainability-linked instruments (which may include bonds and/or loans) to the achievement of the SPT. The change in financial characteristics may include an adjustment in the coupon/margin or the redemption price from the first coupon date after the target observation date.

**Financial impact:**

- variation of the coupon
- adjustments to the redemption price
- Other (please specify):

**Structural characteristic:**

- ...
- ...
- Other (please specify):

**3-4 REPORTING**

**Overall comment on the section (if applicable):** Loomis commits to report on an annual basis on its performance on the KPI in its Sustainability Report, which will be available on its website. The reporting commitments are aligned with market expectations.

**Information reported:**

- |  |   |
|--|---|
| <input checked="" type="checkbox"/> performance of the selected KPIs | <input checked="" type="checkbox"/> verification assurance report |
| <input checked="" type="checkbox"/> level of ambition of the SPTs    | <input type="checkbox"/> Other (please specify):                  |

**Frequency:**

- Annual  Semi-annual
- Other (please specify):

**Means of Disclosure**

- Information published in financial report  Information published in sustainability report
- Information published in ad hoc documents  Other (please specify):
- Reporting reviewed *(if yes, please specify which parts of the reporting are subject to external review):*

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

**Level of Assurance on Reporting**

- limited assurance  reasonable assurance
- Other *(please specify):*

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

**Section 4. Post-issuance verification**

**Overall comment on the section** *(if applicable):*

**Information reported:**

- limited assurance  reasonable assurance
- Other (please specify):

**Frequency:**

- Annual  Semi-annual
- Other (please specify):

**Material change:**

- Perimeter  KPI methodology
- SPTs calibration

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