

OFFERING CIRCULAR

H & M Hennes & Mauritz AB (publ)

(incorporated with limited liability in the Kingdom of Sweden)

H&M Finance B.V.

(incorporated with limited liability in the Netherlands)

EUR2,000,000,000

**Euro Medium Term Note Programme
unconditionally and irrevocably guaranteed
in the case of Notes issued by H&M Finance B.V. by**

H & M Hennes & Mauritz AB (publ)

(incorporated with limited liability in the Kingdom of Sweden)

Under this EUR2,000,000,000 Euro Medium Term Note Programme (the **Programme**), H & M Hennes & Mauritz AB (publ) (**H&M**, and in its capacity as guarantor of Notes issued by H&M Finance (as defined below), the **Guarantor**) and H&M Finance B.V. (**H&M Finance** and, together with H&M, the **Issuers**, and each an **Issuer**) may from time to time issue notes (the **Notes**) denominated in any currency agreed between the relevant Issuer and the relevant Dealer(s) (as defined below).

References in this Offering Circular to the relevant Issuer shall, in relation to any issue or proposed issue of Notes, be references to whichever of H&M or H&M Finance is specified as the Issuer of such Notes in the applicable final terms document (the **Final Terms**).

The payments of all amounts due in respect of the Notes issued by H&M Finance will be unconditionally and irrevocably guaranteed by the Guarantor. If the relevant Issuer of a Series of Notes is H&M, references herein to Guarantor and Guarantee, and related expressions, are not applicable and shall be disregarded in respect of such Series.

Notes may be issued in bearer or registered form (respectively **Bearer Notes** and **Registered Notes**). The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed EUR2,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement described herein), subject to increase as described herein.

The Notes may be issued on a continuing basis to one or more of the Dealers specified under “*Overview of the Programme*” and any additional Dealer appointed under the Programme from time to time by the relevant Issuer (each a **Dealer** and together the **Dealers**), which appointment may be for a specific issue or on an ongoing basis. References in this Offering Circular to the **relevant Dealer** shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe such Notes.

An investment in Notes issued under the Programme involves certain risks. For a discussion of these risks see “Risk Factors”.

This Offering Circular has been approved as a base prospectus by the Central Bank of Ireland, as competent authority under Regulation (EU) 2017/1129 (the **Prospectus Regulation**). The Central Bank of Ireland only approves this Offering Circular as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Approval by the Central Bank of Ireland should not be considered as an endorsement of either of the Issuers or the Guarantor (in the case of Notes issued by H&M Finance) or of the quality of the Notes that are the subject of this Offering Circular. Investors should make their own assessment as to the suitability of investing in the Notes.

Such approval relates only to Notes that are to be admitted to trading on the regulated market (the **Euronext Dublin Regulated Market**) of the Irish Stock Exchange plc trading as Euronext Dublin (**Euronext Dublin**) or on another regulated market for the purposes of Directive 2014/65/EU (as amended, **MIFID II**) and/or that are to be offered to the public in any member state of the European Economic Area (the **EEA**) (which, for these purposes, includes the United Kingdom (the **UK**)) in circumstances that require the publication of a prospectus.

Application has been made to Euronext Dublin for Notes issued under the Programme during the period of 12 months from the date of this Offering Circular to be admitted to its official list (the **Official List**) and trading on the Euronext Dublin Regulated Market. References in this Offering Circular to the Notes being **listed** (and all related references) shall mean that, unless otherwise specified in the applicable Final Terms, the Notes have been admitted to the Official List and trading on the Euronext Dublin Regulated Market.

This Offering Circular (as supplemented as at the relevant time, if applicable) is valid for 12 months from its date in relation to Notes which are to be admitted to trading on a regulated market in the EEA or in the UK. The obligation to supplement this Offering Circular in the event of a significant new factor, material mistake or material inaccuracy does not apply when this Offering Circular is no longer valid.

The requirement to publish a prospectus under the Prospectus Regulation only applies to Notes which are to be admitted to trading on a regulated market in the EEA and/or offered to the public in the EEA other than in circumstances where an exemption is available under Article 1(4) and/or 3(2) of the Prospectus Regulation (and for these purposes, references to the EEA include the UK).

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and certain other information which is applicable to each Tranche (as defined under “*Terms and Conditions of the Notes*”) of Notes will be set out in the applicable Final Terms which will be delivered to the Central Bank of Ireland and, where listed, Euronext Dublin.

Copies of Final Terms in relation to Notes to be listed on Euronext Dublin will also be published on the website of Euronext Dublin.

The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the relevant Issuer, the Guarantor (in the case of Notes issued by H&M Finance) and the relevant Dealer. The relevant Issuer may also issue unlisted Notes and/or Notes not admitted to trading on any market.

The Notes and the Guarantee have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the **Securities Act**) or any U.S. State securities laws and may not be offered or sold in the United States or to, or for the account or the benefit of, U.S. persons as defined in Regulation S under the Securities Act unless an exemption from the registration requirements of the Securities Act is available and in accordance with all applicable securities laws of any state of the United States and any other jurisdiction.

Notes issued under the Programme may be rated or unrated by any one or more rating agencies. Where a Tranche of Notes is rated, such rating will be disclosed in the Final Terms. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Amounts payable on Floating Rate Notes will be calculated by reference to one of LIBOR, EURIBOR, STIBOR or NIBOR, as specified in the relevant Final Terms. As at the date of this Offering Circular, the administrators of LIBOR and EURIBOR are included in ESMA’s register of administrators under Article 36 of the Regulation (EU) No. 2016/1011 (the **Benchmarks Regulation**). As at the date of this Offering Circular, the administrators of STIBOR and NIBOR are not included in ESMA’s register of administrators under the Benchmarks Regulation. As far as the Issuers are aware, the transitional provisions in Article 51 of the Benchmarks Regulation apply, such that Swedish Financial Benchmark Facility AB and Norske Finansielle Referanser AS are not currently required to obtain authorisation/registration (or, if located outside the European Union and United Kingdom, recognition, endorsement or equivalence).

Arranger

BNP PARIBAS

Dealers

**BNP PARIBAS
DANSKE BANK**

SEB

**COMMERZBANK
STANDARD CHARTERED
BANK**

The date of this Offering Circular is 17 July 2020.

IMPORTANT INFORMATION

This Offering Circular comprises a base prospectus in respect of all Notes issued under the Programme for the purposes of Article 8 of the Prospectus Regulation. When used in this Offering Circular, Prospectus Regulation means Regulation (EU) 2017/1129.

Each Issuer and the Guarantor accepts responsibility for the information contained in this Offering Circular, and the relevant Issuer and the Guarantor each accepts responsibility for the information contained in the Final Terms for each Tranche of Notes issued or guaranteed by it under the Programme. To the best of the knowledge of each Issuer and the Guarantor the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Offering Circular is to be read in conjunction with all documents which are deemed to be incorporated in it by reference (see “*Documents Incorporated by Reference*”). This Offering Circular shall be read and construed on the basis that those documents are incorporated and form part of this Offering Circular.

Other than in relation to the documents which are deemed to be incorporated by reference (see “*Documents Incorporated by Reference*”), the information on the websites to which this Offering Circular refers does not form part of this Offering Circular. Any website referred to in this document does not form part of the Offering Circular and has not been scrutinised or approved by the Central Bank of Ireland.

Neither the Arranger nor the Dealers have independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Arranger or the Dealers as to the accuracy or completeness of the information contained or incorporated in this Offering Circular or any other information provided by the Issuers or the Guarantor in connection with the Programme. Neither the Arranger nor any of the Dealers accept any liability in relation to the information contained or incorporated by reference in this Offering Circular or any other information provided by the Issuers or the Guarantor in connection with the Programme.

No person is or has been authorised by the Issuers, the Guarantor, the Arranger or any of the Dealers to give any information or to make any representation not contained in or not consistent with this Offering Circular or any other information supplied by the Issuers, the Guarantor, the Arranger or any of the Dealers in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuers, the Guarantor, the Arranger or any of the Dealers.

Neither this Offering Circular nor any other information supplied in connection with the Programme or any Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuers, the Guarantor, the Arranger or any of the Dealers that any recipient of this Offering Circular or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuers and/or the Guarantor. Neither this Offering Circular nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of any Issuer, the Guarantor, the Arranger or any of the Dealers to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Offering Circular nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained in it concerning the Issuers and/or the

Guarantor is correct at any time subsequent to its date or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Arranger and the Dealers expressly do not undertake to review the financial condition or affairs of the Issuers or the Guarantor during the life of the Programme or to advise any investor in Notes issued under the Programme of any information coming to their attention.

IMPORTANT – EEA AND UK RETAIL INVESTORS – If the Final Terms in respect of any Notes includes a legend entitled “Prohibition of Sales to EEA and UK Retail Investors”, the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA or in the UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (the **Insurance Distribution Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the **PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.

MiFID II product governance / target market – The Final Terms in respect of any Notes will include a legend entitled "MiFID II product governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a **distributor**) should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the Product Governance rules under EU Delegated Directive 2017/593 (the **MiFID Product Governance Rules**), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MIFID Product Governance Rules.

PRODUCT CLASSIFICATION PURSUANT TO SECTION 309B OF THE SECURITIES AND FUTURES ACT (CHAPTER 289 OF SINGAPORE) - The applicable Final Terms in respect of any Notes may include a legend entitled "Singapore Securities and Futures Act Product Classification" which will state the product classification of the Notes pursuant to Section 309B(1) of the Securities and Futures Act (Chapter 289 of Singapore) (as modified or amended from time to time, the SFA). The relevant Issuer will make a determination in relation to each issue about the classification of the Notes being offered for purposes of Section 309B(1)(a). Any such legend included on the applicable Final Terms will constitute notice to "relevant persons" for purposes of Section 309B(1)(c) of the SFA.

IMPORTANT INFORMATION RELATING TO THE USE OF THIS OFFERING CIRCULAR AND OFFERS OF NOTES GENERALLY

This Offering Circular does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Offering Circular and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuers, the Guarantor, the Arranger and the Dealers do not represent that this Offering Circular may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuers, the Guarantor, the Arranger or the Dealers which is intended to permit a public offering of any Notes or distribution of this Offering Circular in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this

Offering Circular nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Offering Circular or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Offering Circular and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Offering Circular and the offer or sale of Notes in the United States, the EEA (including, for these purposes, the UK, the Kingdom of Sweden and the Netherlands), Japan and Singapore, see “*Subscription and Sale*”.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Presentation of Financial Information

Unless otherwise indicated, the financial information in this Offering Circular relating to H&M has been derived from (i) the audited consolidated financial statements of H&M for the financial years ended 30 November 2018 and 30 November 2019 and (ii) the unaudited reviewed consolidated financial statements of H&M for the 6 months ended 31 May 2020 (together, the **Financial Statements**).

H&M's financial year ends on 30 November, and references in this Offering Circular to any specific year are to the 12-month period ended on 30 November of such year. The Financial Statements have been prepared in accordance with International Financial Reporting Standards (**IFRS**) issued by the International Accounting Standards Board.

H&M Finance was incorporated on 30 June 2020 and is yet to prepare financial information. As such, this Offering Circular does not contain separate financial information for H&M Finance.

Certain Defined Terms and Conventions

Capitalised terms which are used but not defined in any particular section of this Offering Circular will have the meaning attributed to them in “*Terms and Conditions of the Notes*” or any other section of this Offering Circular. In addition, the following terms as used in this Offering Circular have the meanings defined below:

In this Offering Circular, all references to:

- *U.S. dollars, U.S.\$* and \$ refer to United States dollars;
- *SEK* refer to Swedish krona;
- *NOK* refer to Norwegian kroner;
- *Sterling* and £ refer to pounds sterling; and
- *EUR, euro* and € refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

References to a **billion** are to a thousand million.

Certain figures and percentages included in this Offering Circular have been subject to rounding adjustments; accordingly, figures shown in the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

SUITABILITY OF INVESTMENT

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

- (i) has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;
- (ii) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understands thoroughly the terms of the Notes and is familiar with the behaviour of financial markets; and
- (v) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

STABILISATION

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in the applicable Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.

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OVERVIEW OF THE PROGRAMME

The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Offering Circular and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms. The relevant Issuer, the Guarantor (if applicable) and any relevant Dealer may agree that Notes shall be issued in a form other than that contemplated in the Terms and Conditions, in which event, and if appropriate, a new Offering Circular or a supplement to the Offering Circular, will be published.

This Overview constitutes a general description of the Programme for the purposes of Article 25(1) of Commission Delegated Regulation (EU) No 2019/980 (the **Delegated Regulation**).

Words and expressions defined in “*Form of the Notes*” and “*Terms and Conditions of the Notes*” shall have the same meanings in this Overview.

Issuers:	H & M Hennes & Mauritz AB (publ) H&M Finance B.V.
Issuer Legal Entity Identifier (LEI):	H & M Hennes & Mauritz AB (publ): 2990005RR7R39FRDM42 H&M Finance B.V.: 25490079TX62U2IW2D78
Guarantor:	H & M Hennes & Mauritz AB (publ) (in the case of issues of Notes by H&M Finance B.V.)
Risk Factors:	There are certain factors that may affect an Issuer's ability to fulfil its obligations under Notes issued under the Programme. There are also certain factors that may affect the Guarantor's ability to fulfil its obligations under the Guarantee. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme and risks relating to the structure of a particular Series of Notes issued under the Programme. All of these are set out under “ <i>Risk Factors</i> ”.
Description:	Euro Medium Term Note Programme
Arranger:	BNP Paribas
Dealers:	BNP Paribas Commerzbank Aktiengesellschaft Danske Bank A/S Skandinaviska Enskilda Banken AB (publ) Standard Chartered Bank and any other Dealers appointed in accordance with the Programme Agreement.
Certain Restrictions:	Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see “ <i>Subscription and Sale</i> ”) including the following restrictions applicable at the date of this Offering Circular.

Notes having a maturity of less than one year

Notes having a maturity of less than one year will, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000 (FSMA) unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent, see “*Subscription and Sale*”.

Principal Paying Agent:	BNP Paribas Securities Services, Luxembourg Branch
Registrar:	BNP Paribas Securities Services, Luxembourg Branch
Programme Size:	Up to EUR2,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement) outstanding at any time. The Issuers and the Guarantor may increase the amount of the Programme in accordance with the terms of the Programme Agreement.
Distribution:	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
Currencies:	Subject to any applicable legal or regulatory restrictions, notes may be denominated in euro, Sterling, Swedish krona, Norwegian kroner, U.S. dollars, yen and any other currency agreed between the relevant Issuer and the relevant Dealer.
Maturities:	The Notes will have such maturities as may be agreed between the relevant Issuer and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Issuer or the relevant Specified Currency.
Issue Price:	Notes may be issued on a fully-paid basis and at an issue price which is at par or at a discount to, or premium over, par.
Form of Notes	The Notes will be issued in either bearer or registered form as described in “ <i>Form of the Notes</i> ”. Registered Notes will not be exchangeable for Bearer Notes and <i>vice versa</i> .
Fixed Rate Notes:	Fixed interest will be payable on such date or dates as may be agreed between the relevant Issuer and the relevant Dealer and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the relevant Issuer and the relevant Dealer.
Floating Rate Notes:	Floating Rate Notes will bear interest at a rate determined: (a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended

and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or

- (b) on the basis of the reference rate set out in the applicable Final Terms.

Interest on Floating Rate Notes in respect of each Interest Period, as agreed prior to issue by the relevant Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the relevant Issuer and the relevant Dealer.

The margin (if any) relating to such floating rate will be agreed between the relevant Issuer and the relevant Dealer for each Series of Floating Rate Notes.

Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both.

Zero Coupon Notes:

Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.

Redemption:

The applicable Final Terms will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than for taxation reasons or following an Event of Default) or that such Notes will be redeemable at the option of the relevant Issuer and/or the Noteholders upon giving notice to the Noteholders or the relevant Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the relevant Issuer and the relevant Dealer.

Notes having a maturity of less than one year may be subject to restrictions on their denomination and distribution, see "*Certain Restrictions - Notes having a maturity of less than one year*" above.

Denomination of Notes:

The Notes will be issued in such denominations as may be agreed between the relevant Issuer and the relevant Dealer save that the minimum denomination of each Note will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency, see "*Certain Restrictions - Notes having a maturity of less than one year*" above, and save that the minimum denomination of each Note will be €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency).

Taxation:

All payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed by any Tax Jurisdiction as provided in Condition 8 (*Taxation*), unless such withholding or deduction is required by law. In the event that any such withholding or deduction is made, the relevant Issuer or, as the case may be, the Guarantor will, save in certain limited circumstances provided in Condition 8 (*Taxation*), be required to pay additional amounts to cover the amounts so

deducted or withheld.

- Negative Pledge: The terms of the Notes will contain a negative pledge provision as further described in Condition 4 (*Negative Pledge*).
- Cross Default: The terms of the Notes will contain a cross default provision as further described in Condition 10 (*Events of Default*).
- Status of the Notes: The Notes will constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 4 (*Negative Pledge*)) unsecured obligations of the relevant Issuer and will rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the relevant Issuer, from time to time outstanding.
- Guarantee: Notes issued by H&M Finance will be unconditionally and irrevocably guaranteed by the Guarantor. The obligations of the Guarantor under the Guarantee will be direct, unconditional, unsubordinated and (subject to the provisions of Condition 4 (*Negative Pledge*)) unsecured obligations of the Guarantor and will rank *pari passu* and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Guarantor from time to time outstanding.
- Rating: Series of Notes issued under the Programme may be rated or unrated. Where a Series of Notes is rated, such rating will be disclosed in the applicable Final Terms. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.
- Listing: Application has been made for Notes issued under the Programme to be listed on Euronext Dublin.
- Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets as agreed between the relevant Issuer, the Guarantor (in the case of Notes issued by H&M Finance) and the relevant Dealer in relation to the Series. Notes which are neither listed nor admitted to trading on any market may also be issued.
- The applicable Final Terms will state whether or not the relevant Notes are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets.
- Governing Law: The Notes and any non-contractual obligations arising out of or in connection with the Notes will be governed by, and shall be construed in accordance with, English law.
- Selling Restrictions: There are restrictions on the offer, sale and transfer of the Notes in the United States, the EEA (including, for these purposes, the United Kingdom, the Kingdom of Sweden and the Netherlands), Japan, Singapore and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of

Notes, see “*Subscription and Sale*”.

United States Selling Restrictions:

Regulation S, Category 2. TEFRA C or D/TEFRA not applicable, as specified in the applicable Final Terms.

RISK FACTORS

In purchasing Notes, investors assume the risk that the relevant Issuer and/or the Guarantor, as the case may be, may become insolvent or otherwise be unable to make all payments due in respect of the Notes or under the Guarantee (as applicable). There is a wide range of factors which individually or together could result in the relevant Issuer and/or the Guarantor becoming unable to make all payments due. It is not possible to identify all such factors or to determine which factors are most likely to occur, as the relevant Issuer and/or the Guarantor may not be aware of all relevant factors and certain factors which they currently deem not to be material may become material as a result of the occurrence of events outside the relevant Issuer's and/or the Guarantor's control. The Issuers and the Guarantor have identified in this Offering Circular a number of factors which could materially adversely affect their businesses and ability to make payments due.

In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.

Prospective investors should also read the detailed information set out elsewhere in this Offering Circular and reach their own views prior to making any investment decision.

FACTORS THAT MAY AFFECT THE RELEVANT ISSUER'S AND/OR THE GUARANTOR'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER NOTES ISSUED UNDER THE PROGRAMME

RISKS RELATING TO THE GROUP'S INDUSTRY

Risks relating to digitalisation

In recent years, the fashion retail industry has faced a major shift in customer preferences and practices, including the increasing shift to digital brand engagement, reliance on social media and online dissemination of advertising campaigns as well as the increasing preference amongst consumers to purchase fashion products online rather than in physical stores. The growing digitalisation has resulted in increased transparency in the fashion retail industry as customers can easily compare the price, look, quality and origin of products. In order to adequately respond to this shift, the Group must be able to effectively grow its online business and adapt its marketing and growth strategies. The Group must also monitor and manage its physical stores to ensure that these remain profitable. The Group is therefore integrating its physical stores more and more with its online store to make the shopping experience as convenient and easy for the customer as possible. Due to the restrictions resulting from the coronavirus (**COVID-19**) outbreak, retailers have temporarily closed many of their stores for the safety of customers and employees. Accordingly, the digital shift in the industry is accelerating since customers that had not been shopping online previously have now entered the online market for the first time. The Group is monitoring the shift very closely but if the Group is unable to respond to this shift quickly and effectively enough, it could have a material adverse effect on the Group's business as its future sales could decline, inventory levels could rise, leading to additional costs for storage and potential write-downs relating to the value of excess inventory, and there could be a negative impact on production costs since fixed costs would represent a larger portion of total production costs due to the decline in quantities produced, which could materially adversely affect the Group's results of operations.

The fashion retail industry is affected by global, regional and national economic conditions

The Group's operations and performance depend to a great extent on global economic conditions. Uncertainty about global economic conditions poses a risk to the Group's business as consumers and businesses may postpone spending. Discretionary spending is affected by many factors, including general business conditions, inflation, interest rates, consumer debt levels, unemployment rates, availability of consumer credit, conditions in the real estate and mortgage markets, currency exchange rates, events impacting countries' healthcare systems such as pandemics, and other matters that influence consumer confidence. All of these factors are outside the Group's control. Consumer purchases of discretionary items,

such as the Group's clothing and other fashion items, generally decline during periods when disposable income is adversely affected or when there is economic uncertainty. If this occurs, the Group's business, results of operations, financial condition and cash flows could be materially adversely affected.

In the event of financial turmoil affecting the banking system and financial markets, consolidation of the financial services industry or significant failure of financial services institutions, there could be tightening of the credit markets, decreased liquidity and extreme volatility in fixed income, credit, currency and equity markets. Any such a credit crisis could have material adverse effects on the Group's business, including restructurings, bankruptcies, liquidations and other unfavourable events for the Group's consumers, customers, vendors, suppliers, logistics providers, other service providers and the financial institutions that are counterparties to the Group's credit facilities and other derivative transactions. If third parties on which the Group relies for goods and services are unable to overcome financial difficulties resulting from a deterioration of global economic conditions or if the counterparties to the Group's credit facilities or the Group's derivative transactions do not perform their obligations as intended, the Group's business, results of operations, financial condition and cash flows could be materially adversely affected.

In addition, the ongoing COVID-19 outbreak emanating from China at the beginning of 2020 has resulted in increased travel restrictions, social distancing, extended shutdown of certain businesses and a general decrease in market activity since February 2020. The impact of COVID-19 on economic conditions is volatile and uncertain, and has already negatively affected the Group's sales, as further described in the Group's financial statements for the period ending 31 May 2020 (incorporated by reference herein). While the Group has taken a number of significant actions relating to investments, purchasing, staffing and rents in order to offset the negative effect on Group's sales caused by the COVID-19 situation, these measures will not be sufficient to compensate for the negative impact in the short term and, given the uncertainty around the future impact of COVID-19, the Group's financial situation may continue to be significantly adversely affected.

The measures that will be taken going forward by governments, regulators, communities and businesses (including the Group) to respond to the outbreak of COVID-19 could also lead to material or prolonged disruptions to the Group's business. If current levels of economic deterioration and volatility continue or worsen, the Group may experience an adverse impact, which may be material, on its business, results of operations and financial condition, and therefore the relevant Issuer's and/or the Guarantor's ability to fulfil its obligations under the Notes.

The fashion retail industry is highly competitive

The global fashion retail industry is highly competitive and due to the Group's broad geographical presence, it faces competition from a wider range of sources than either traditional or pure internet retailers, including local, national, and global department stores, specialty and discount store chains, independent retail stores, online businesses and integrated retailers (retailers that offer physical stores and online sales combined) that market similar lines of merchandise. The low to mid-price categories of the fashion market in which the Group competes are particularly vulnerable to changes in fashion trends and consumer preferences and meeting customers' needs in all respects is key to driving improved performance in an increasingly competitive market. The Group's historical success is attributable, in part, to its ability to respond to changes in fashion trends and the Group's future success will depend on its continued ability to develop and introduce new products and continued success in building the Group's brands. The Group needs to focus on ensuring product relevance, pricing and quality and sustainability standards meet customer expectations. If the Group is unable to continue to do so, its future sales could decline, inventory levels could rise, leading to additional costs for storage and potential write-downs relating to the value of excess inventory, and there could be a negative impact on production costs since fixed costs would represent a larger portion of total production costs due to the decline in quantities produced, which could materially adversely affect the Group's results of operations.

Moreover, the fashion retail industry is becoming increasingly multifaceted and fashion trends are not as predictable as they have been historically. Local fashion producers and products are gaining popularity amongst consumers which makes it more difficult for the Group to offer a global and unified range of products. This may require the Group to provide a local relevant customer offering to its customers leading to greater costs and a reduction of profitability in those local markets.

The impact of the COVID-19 outbreak is threatening the survival of many traditional retailers which were already under pressure from on-line retailers. Accordingly, the competitive landscape is changing even faster than before the COVID-19 crisis.

The Group's brands have wide recognition, and success has in large part been due to the Group's ability to maintain, enhance and protect its brand image and reputation and customers' connection to the Group's brands. Failure to maintain, enhance and protect the Group's brand image could have a material adverse effect on its results of operations.

RISKS RELATING TO THE GROUP'S BUSINESS OPERATIONS

The Group's business is subject to risks associated with global sourcing and manufacturing

Independent third parties manufacture all of the Group's products and, as a result, the Group is directly impacted by increases in the cost of such products. If the Group experiences significant increases in demand or needs to replace an existing vendor, there can be no assurance that additional manufacturing capacity will be available when required on terms that are acceptable to the Group or that any vendor would allocate sufficient capacity in order to meet the Group's requirements. In addition, for any new manufacturing source, the Group may encounter delays in production and added costs as a result of the time it takes to train new vendors in the Group's methods, products, quality control standards, and environmental, labour, health, and safety standards. Moreover, in the event of a significant disruption in the supply or an increase in the costs of the fabrics or raw materials used by suppliers in the manufacture of the Group's products, it might not be possible to locate alternative suppliers of materials of comparable quality at an acceptable price. Any delays, interruption, or increased costs in the manufacture of the Group's products could result in lower sales and net income. In addition, certain countries represent a larger portion of the Group's global sourcing and, accordingly, any delays in production and added costs in such countries could have a more significant impact on the Group's results of operations.

In addition, the emergence of COVID-19 has the potential to temporarily impact global economic growth through the disruption of supply chains. As at the date of this Offering Circular, the impact of the COVID-19 outbreak has had a material effect on the Group's business (see "*Description of H&M – Recent Developments*"). During the spring of 2020, the Group adjusted its purchases and purchase plans in order to adapt to fact that around 80 per cent. of the Group's stores were closed from mid-March until the end of April 2020 when stores gradually were able to open again. In the medium to long term, if the spread of COVID-19 is prolonged, or further diseases emerge that give rise to similar macroeconomic effects, the Group and/or the Group's suppliers may face disruption and/or increased costs as a result of supply shortages in raw materials.

Because independent vendors manufacture virtually all of the Group's products outside of its principal sales markets, third parties must transport products over large geographic distances. Delays in the shipment or delivery of the Group's products due to the availability of transportation, work stoppages, port strikes, infrastructure congestion, or other factors, and costs and delays associated with transitioning between vendors, could adversely impact the Group's financial performance. Manufacturing delays, transportation delays, or unexpected demand for the Group's products may require the Group to use faster, but more expensive, transportation methods such as aircraft, which could have a material adverse effect on the Group's gross margins. In addition, the cost of fuel is a significant component of transportation costs, so increases in the price of petroleum products can materially adversely affect the Group's gross margins.

Furthermore, there has been a recent and significant increase in activity and speculation regarding tariffs and duties between the U.S. and its trading partners. The U.S. represents the Group's second largest market by sales, with net sales of SEK 29,976 million in 2019. However, the Group manufactures a significant percentage of its products outside the U.S. for import into the U.S. Tariffs or duties implemented between the U.S. and its trading partners could have a material adverse effect on the Group's business, financial condition and results of operations. Any further tariffs or duties affecting other major markets of the Group, including China in particular, that directly impact the Group's products could reduce consumer demand and/or make the Group's products less profitable. In addition, a continued escalation in tariff or duty activity between the U.S. and its major trading partners, or imposition of other tariffs and duties internationally, could negatively impact global economic activity, which could in turn reduce demand for the Group's products.

The Group must maintain an efficient distribution network

In addition to successfully introducing new products, responding to changes in the market environment and maintaining superior sourcing capabilities, the Group's ability to remain competitive is highly dependent on its success in maintaining an efficient distribution network. The Group's sourcing of its products is concentrated primarily in Asia, where China and Bangladesh are the largest sourcing markets, and products generally need to be transported from these areas to the Group's global market (primarily Europe). Accordingly any disruption to trade or supply lines from those regions would have a significant impact on the Group's ability to source its products to affected markets. Furthermore, if the Group is unable to maintain an efficient distribution network or if there is a significant disruption to the Group's distribution centres or distribution network, its sales may decline due to the inability to deliver products to customers in a timely manner and the Group's profitability may decline due to an increase in its per unit distribution costs in the affected regions, which may have a material adverse impact on the Group's business, results of operations and financial condition.

This is particularly a challenge for the Group due to its omni-channel strategy, which results in logistical difficulties managing supply of inventory to both physical stores and internet sales distributions, as well as managing inventory levels and distribution between those two points of sale.

In order to achieve and manage the Group's growth effectively, the Group is required to increase and streamline its supply chain and implement distribution efficiencies where possible, while maintaining strict quality control. If the Group is unable to manage these matters effectively, its distribution process could be adversely affected and the Group could lose market share in affected regions, any of which could materially adversely affect the Group's business prospects.

The Group is dependent on its employees

The Group's ability to anticipate and effectively respond to changing fashion trends and changing customer preferences depends in part on its ability to attract and retain key personnel in its design, merchandising, sourcing, marketing, and other functions. In addition, several of the Group's strategic initiatives, including technology initiatives and supply chain initiatives, require that it hires and/or develops employees with appropriate experience. This is particularly important given the Group's increasing focus on a unique omni-channel approach which requires a great degree of technical and commercial expertise as well as creativity. Competition for talent is intense, and it may be difficult for the Group to attract and retain a sufficient number of qualified personnel in future periods. Furthermore, in order to be able to cover the full spectrum of international demand in its collections, the Group requires a diverse set of decision makers from different cultures and backgrounds. Given the Group is headquartered in Stockholm, there is a risk that the required level of diversity is not available at management level to identify local preferences and cultural sensitivities. If the Group is unable to retain, attract, and motivate talented employees with the appropriate skill sets or diversity, or if changes to the Group's organisational structure, operating results, or business model adversely affect morale or retention, the Group may not achieve its objectives and the results of operations could be adversely impacted. In addition, the loss of one or more of the Group's key management personnel or the inability to effectively identify a suitable successor to a key role could have a material adverse effect on the Group's business.

The Group must apply a high level of business ethics across all of its operations in order to maintain its reputation and brand image

As one of the world's leading global fashion companies and promoter of ethical and sustainable values in the industry, the Group attracts particularly intense scrutiny from the media and other interest groups, whether warranted or not, and is regularly in the public eye. Accordingly, it is important that the Group operates in accordance with the high aims set out in its policies and guidelines on business ethics and has good knowledge, insight and procedures with respect to the production of its products in order to avoid negative publicity due to actual or perceived infringements of ethical behaviour. For example, corruption is a risk in many of the markets in which the Group and its suppliers operate. Furthermore, with its sourcing based in developing markets, in particular China and Bangladesh, where there is less transparency in working practices, the Group may be more susceptible to being linked, correctly or not, to unethical business practices by its suppliers in those jurisdictions. If the Group fails to implement and maintain policies and guidelines which ensure that a high level of business ethics is applied across all of its operations globally,

there is a risk that the Group's reputation and brands could be damaged. As the Group enters new markets in which it has previously not operated, it is especially important that the Group considers the local business climates and is able to apply its strong values and high level of business ethics in all such new markets. However, there can be no assurance that the Group's policies and guidelines on business ethics are applied consistently or complied with in full or at all, and any such failure to apply or comply with such policies and guidelines could lead to significant reputational and/or financial damage to the Group, and materially adversely affect the business, results of operations or financial condition of the Group.

Risks relating to the environment and sustainability

Natural disasters, such as hurricanes, tornadoes, floods, earthquakes, and other adverse weather and climate conditions; unforeseen public health crises, such as pandemics and epidemics; political crises, such as terrorist attacks, war, labour unrest, and other political instability; or other catastrophic events, such as fires or other disasters occurring at the Group's physical stores, distribution centres or suppliers' manufacturing facilities could disrupt the Group's operations, including the operations of one or more of the Group's suppliers. These types of events could impact the Group's supply chain from or to the impacted region and could impact the Group's ability or the ability of other third parties to operate the Group's stores or websites. In particular, the Group warehousing capacity is based in a small number of large distribution centres supplying a large number of markets. Accordingly, a natural disaster affecting one or more of these distribution centres would have a significant impact on the Group's ability to deliver products to customers in a timely fashion or at all. Furthermore, the Group's dependence on Bangladesh for sourcing of its products means that natural disasters in that region could lead to the loss of approximately 30 per cent. of the Group's current sourcing capacity.

In addition, these types of events could negatively impact consumer spending in the impacted regions or, depending upon the severity, globally. Disasters occurring at the Group's suppliers' manufacturing facilities could impact the Group's reputation and the customers' perception of its brands. To the extent any of these events occur, the Group's operations and financial results could be adversely affected.

Increased environmental and social awareness amongst consumers could also lead to an overall decrease in the sale of fashion products in industrial countries, especially as anti-consumption trends are emerging. If the Group fails to meet the expectations of its customers and consider the impact of such changes in consumer preferences, it may have a detrimental effect on the Group's sales and profitability.

Sales of the Group's products are affected by deviations from normal weather conditions

The Group's products are purchased for sale based on normal weather patterns and deviations from normal weather conditions could affect the Group's sales. This is particularly true at the transition between two seasons, such as the transition from summer to autumn or from autumn to winter. If the autumn is warmer than usual, it may have a negative effect on sales of weather-related garments in particular, such as outerwear.

If the Group wrongly predicts the weather patterns for a coming season, it may purchase significant excess stock which may be sold at a later stage during the year than predicted or may not be sold at all, leading to unexpected warehousing costs, lower sales and even a back log of stock that it is no longer possible to sell. This may result in higher operating costs, lower margins and even write offs, materially affecting the profitability of the Group.

Risks related to the Group's leasehold property portfolio

The Group's ability to effectively obtain real estate, including new stores, distribution centres and corporate offices nationally and internationally, depends on the availability of real estate that meets the Group's criteria relating to price, square meterage, demographics, and other factors. Moreover, while the majority of the Group's stores are leased on flexible contracts with short notice periods and break clauses, there is a risk that the Group fails to manage its portfolio and becomes trapped in longer leases which will tie the Group into leases where a store is no longer profitable and should be closed down. Furthermore, if the Group fails to renew existing store leases and secure adequate new locations, it could have a material adverse effect on the Group's results of operations. Additionally, the economic environment may at times make it difficult for the Group to determine the fair market rent of real estate properties internationally. This could impact the Group's decisions to exercise lease options at previously negotiated rents and to renew expiring leases at

negotiated rents. If the Group is unable to retain real estate locations which are adequate to meet its targets or if the profitability of the Group's existing physical stores is not effectively managed, it could have a material adverse effect on the Group's results of operations.

Currency risks may have a significant effect on purchasing costs and the Group's overall results

The Group is exposed to foreign currency exchange risk with respect to sales, expenses, profits, assets and liabilities generated or incurred in foreign currencies. Nearly half of the Group's sales are made in euros, and the Group's most significant purchase currencies are the US dollar and the euro. Fluctuation in the US dollar's exchange rate against the euro is the single largest transaction exposure within the Group.

In addition to the effects of transaction exposure, profits are also affected by translation effects as a result of changes in exchange rates for the local currencies of the various foreign subsidiaries against the Swedish krona, compared to the same period the previous year. The underlying profit/loss in a market may be unchanged in the local currency, but when converted into SEK may increase if the Swedish krona has weakened or decrease if the Swedish krona has strengthened. Translation effects affect the Group's net assets on consolidation of the foreign subsidiaries' balance sheets (translation exposure in the balance sheet). Although the Group uses financial instruments to hedge certain foreign currency risks, these measures may not succeed in fully offsetting the negative impact of foreign currency rate movements and generally only delay the impact of adverse foreign currency rate movements on the Group's business and financial results.

Changing local conditions could affect the Group's profitability and future growth

The Group has operations worldwide and has begun to expand its operations in many countries, including certain developing countries in Asia, South America and Africa. Therefore, the Group is subject to various factors inherent in conducting business internationally, in particular due to its reliance on suppliers located in developing countries, including the following:

- export and import restrictions;
- currency exchange rate fluctuations and currency controls;
- cash repatriation restrictions;
- application of the laws relating to corruption;
- difficulty in enforcing intellectual property and contract rights;
- disruptions of capital and trading markets;
- potential hostilities and changes in diplomatic and trade relationships;
- legal or regulatory requirements;
- withholding and other taxes on remittances and other payments by subsidiaries;
- local antitrust and other market abuse provisions;
- investment restrictions or requirements; and
- local content laws requiring that certain products contain a specified minimum percentage of domestically produced components.

If the costs of doing business in jurisdictions where the Group operates rise significantly as a result of the occurrence of, or changes in any of, the above factors, it could have an adverse effect on the Group's financial position, business and results of operations.

The Group must be able to protect its proprietary rights

The Group relies on trade secret, trademark, patent and copyright laws to protect its rights to certain aspects of the Group's products and services, including product designs, product research and concepts and goodwill, all of which the Group believes are important to the success of its products and services and the

Group's competitive position. However, pending trademark or patent applications may not in all instances result in the issuance of a registered trademark or patent, and trademarks or patents granted may not be effective in thwarting competition or be held valid if subsequently challenged. In addition, the actions the Group takes to protect its proprietary rights may be inadequate to prevent imitation of the Group's products and services.

The Group's proprietary information could become known to competitors, and the Group may not be able to meaningfully protect its rights to proprietary information. Furthermore, other companies may independently develop substantially equivalent or better products or services that do not infringe on the Group's intellectual property rights or could assert rights in, and ownership of, its proprietary rights. Moreover, the laws of certain countries do not protect proprietary rights to the same extent as the laws of the United States or of the Member States of the European Union.

Consistent with the Group's strategy of vigorously defending the Group's intellectual property rights, the Group devotes substantial resources to the enforcement of patents issued and trademarks granted to it, to the protection of the Group's trade secrets or other intellectual property rights and to the determination of the scope or validity of the proprietary rights of others that might be asserted against it. However, if the level of potentially infringing activities by others were to increase substantially, the Group might have to significantly increase the resources it devotes to protecting its rights. From time to time, third parties may assert patent, copyright, trademark or similar rights against intellectual property that is important to the Group's business. The resolution or settlement of any litigation or other legal process to enforce such alleged third party rights, regardless of its merit or resolution, could be costly and divert the efforts and attention of the Group's management. The Group may not prevail in any such litigation or other legal process or it may compromise or settle such claims because of the complex technical issues and inherent uncertainties in intellectual property disputes and the significant expense in defending such claims. An adverse determination in any dispute involving the Group's proprietary rights could, among other things: (i) require the Group to co-exist in the market with competitors utilising the same or similar intellectual property; (ii) require it to grant licences to, or obtain licences from, third parties; (iii) prevent it from selling the Group's products; (iv) require it to discontinue the use of a particular patent, trademark, copyright or trade secret; or (v) subject it to substantial liability. Any of these possibilities could have a material adverse effect on the Group's business including by reducing the Group's future sales or causing it to incur significant costs to defend its rights.

Changes in the Group's tax rates or exposure to additional tax liabilities could affect the Group's future results

As the Group operates in multiple jurisdictions, it must take complex tax risks into consideration, such as the risk of double taxation and tax disputes. The Group contributes to local communities via various taxes and levies such as corporate tax, customs duties, income taxes and indirectly via VAT on the products sold to consumers. The Group is subject to national and international tax legislation and follows the OECD Transfer Pricing Guidelines, which means that profits are allocated and taxed where the value is created. The Group must work continually to ensure that its tax strategy is designed to limit any distortion arising from differences in tax legislation in different parts of the world. As the OECD guidelines on transfer pricing can be interpreted in various ways, tax authorities in different countries may consequently question the outcome of the Group's transfer pricing model. Accordingly there is a risk that the Group may become involved in tax disputes should the Group and the local tax authorities interpret the guidelines differently. The Group routinely assesses the likelihood of adverse outcomes resulting from these examinations, including the impact such adverse outcomes may have on the Group's reputation, to determine the adequacy of its provision for taxes. Currently, tax proceedings are in progress in some countries relating to internal pricing. The Group has made an assessment of the likely outcome of such proceedings and as of 31 May 2020, the provisions for such potential tax expenses are not deemed to be material by the Group. However, there can be no assurance that the outcomes of the potential future examinations will not materially adversely affect the Group's business, results of operations, financial condition and prospects. Such adverse outcomes may also have an impact on the Group's reputation which may affect its business and results of operation.

The Persson Family controls 74.9 per cent. of H&M's voting power

Erling Persson founded H&M in 1947. His son Stefan Persson took over as CEO in 1982 and as chairman of the board in 1998, and Karl Johan Persson became CEO in 2009 and chairman in 2020. As at 30 April 2020, the Stefan Persson family and related companies (the **Persson Family**) had voting rights over 74.9 per cent.

of the issued share capital of the Group. As a result, the Persson Family has the ability to exert significant influence over the Group's corporate affairs and to control the outcome of virtually all matters submitted to a vote of H&M's shareholders, including the election of H&M's directors, the amendment of H&M's Articles of Association or By-laws, and the approval of mergers, consolidations and other significant corporate transactions.

The interests of the Persson Family may not always be aligned with those of the holders of the Notes. For example, the Persson Family may have an interest in pursuing acquisitions, divestitures, financings or other transactions, that, in their judgment, could enhance their equity investment, even though these transactions might involve risks to the holders of the Notes if the transactions resulted in the Group being more highly leveraged or if they significantly changed the nature of its business operations or strategy. In addition, if the Group encounters financial difficulties, or if it is unable to pay its debts as they mature, the interests of its equity holders might conflict with those of the holders of the Notes. In that situation, for example, the holders of the Notes might want the Group to raise additional equity to reduce its leverage and pay its debts, while its equity holders might not want to increase their investment in the Group or have their ownership diluted and instead choose to take other actions, such as selling the Group's assets. Furthermore, the Persson Family has no continuing obligation to provide the Group with debt or equity financing. So long as the Persson Family continues to directly and indirectly own a significant amount of the Group's equity, it may continue to be able to strongly influence or effectively control its business decisions.

The Group relies on information technology in its operations and is exposed to information and security risk

The Group relies on information technology systems both managed internally and outsourced to third parties across its operations, including for management of the Group's supply chain, point-of-sale processing in the Group's stores and various other processes and transactions. The Group's ability to effectively manage its business and coordinate the production, distribution and sale of its products depends on, among other things, the reliability and capacity of these systems. The failure of these systems to operate effectively, network disruptions, problems with transitioning to upgraded or replacement systems, or a breach in data security of these systems could cause delays in product supply and sales, reduced efficiency of the Group's operations, unintentional disclosure of customer or other confidential information of the Group leading to additional costs and possible fines or penalties, or damage to the Group's reputation, and potentially significant capital investments and other costs could be required to remedy the problem, which could have a material adverse effect on the Group's results of operations.

Additionally, the rules and regulations regarding processing of personal data are becoming increasingly rigid. In a large number of European jurisdictions, the Group is affected by changes to the regulatory environment resulting from the new General Data Protection Regulation 2016/679 (**GDPR**), which entered into force on 25 May 2018, as the Group processes different types of personal data, such as information regarding contact persons at customers and suppliers as well as information regarding employees. Non-compliance with applicable data protection legislation could, for example, result in sanctions from the relevant authorities and damages having to be paid to affected persons. The level of fines for breach of data protection rules includes fines of up to the higher of four per cent. of a group's annual turnover and EUR 20,000,000, whichever is higher. The Group is currently being investigated by the German data protection authorities in relation to a breach of GDPR, which the Group notified to the authorities itself, while the Group believes that the breach is of a minor nature, there can be no assurance that the authorities will not rule punitively and in such case any fines could be significant, potentially amounting to the limits referred to above. See "*Description of H&M – Legal Proceedings*".

The retail industry, in particular, has been the target of many recent cyber-attacks and the Group may not have the resources to anticipate or prevent rapidly evolving types of cyber-attacks. Attacks may be targeted at the Group, its vendors or customers, or others who have entrusted the Group with information. In addition, even if the Group takes appropriate measures to safeguard its information security and privacy environment from security or regulatory breaches, the Group could still expose its customers and business to risk. Actual or anticipated attacks may disrupt or impair the Group's technology capabilities, and may cause the Group to incur increasing costs, including costs to deploy additional personnel and protection technologies, train employees, and engage third-party experts and consultants, as well as potentially incurring fines or censure

from local regulators. Any such disruption or increased costs may have a material adverse effect on the Group's business, financial position and results of operations.

Any significant outbreak of any airborne disease could damage the Group's business

The economies of the countries in which the Group operates may be negatively affected by an outbreak of any contagious disease with human-to-human airborne or contact propagation effects, such as COVID-19, that escalates in a regional epidemic or global pandemic. The occurrence of an epidemic or pandemic is beyond the Group's control and the Group can provide no assurance on the future spread of COVID-19 or other contagious diseases in areas in which the Group and its suppliers operate, or what the impact on the Group's business will be. The measures that may be taken by governments, regulators, communities and businesses (including the Group) to respond to the outbreak of COVID-19 have resulted and are likely to continue to result in material and prolonged disruptions to the Group's business. In particular, any such airborne diseases are likely to have greater impact on the Group given its continued reliance on sales from physical stores. Such outbreaks are likely to lead to closures of physical stores in affected jurisdictions and potentially temporary or long term changes in customer preferences away from physical stores to online shopping as a result of any such outbreaks. If current levels of economic deterioration and volatility continue or worsen, further waves of the COVID-19 outbreak materialise, or outbreaks of new airborne diseases occur in future, the Group may experience an adverse impact, which may be material, on its business, results of operations and financial condition.

H&M and H&M Finance are partially dependent on payments from Group companies to make payments under the Notes, or, as the case may be, under the Guarantee.

H&M is the holding company of the Group and H&M Finance is a newly established company within the Group that is intended to provide financing to other Group companies with no other operations. As a result, the assets of both H&M and H&M Finance consist principally of their shareholdings in and loans to other companies in the Group. H&M's and H&M Finance's cash flow and their ability to service debt depend not only on their own business operations, but also on cash flow from operating Group members and receipt of funds from Group companies by way of dividends, payments or otherwise. The Group further intends to provide H&M Finance with liquidity by way of intra-group arrangements or other transfers of value in order for H&M Finance to fulfil its obligations under the Notes issued by it. In circumstances where one or more of the risks referred to herein arises and adversely affects the business, results of operations or financial condition of any member of the Group, there may, in turn, be an adverse effect on the ability of that member of the Group to make dividend and/or interest payments to H&M or H&M Finance so as to enable H&M or H&M Finance, as applicable, to satisfy its payment obligations under the Notes, or, as the case may be, under the Guarantee.

FACTORS WHICH ARE MATERIAL FOR THE PURPOSE OF ASSESSING THE MARKET RISKS ASSOCIATED WITH NOTES ISSUED UNDER THE PROGRAMME

Risks related to the structure of a particular issue of Notes

A range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common such features:

Risks applicable to all Notes

If the relevant Issuer has the right to redeem any Notes at its option, this may limit the market value of the Notes concerned and an investor may not be able to reinvest the redemption proceeds in a manner which achieves a similar effective return.

An optional redemption feature is likely to limit the market value of Notes. During any period when the relevant Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period. The relevant Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption

proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

If the Notes include a feature to convert the interest basis from a fixed rate to a floating rate, or vice versa, this may affect the secondary market and the market value of the Notes concerned.

Fixed/Floating Rate Notes are Notes which bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Such a feature to convert the interest basis, and any conversion of the interest basis, may affect the secondary market in, and the market value of, such Notes as the change of interest basis may result in a lower interest return for Noteholders. Where the Notes convert from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. Where the Notes convert from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on those Notes and could affect the market value of an investment in the relevant Notes.

Notes which are issued at a substantial discount or premium may experience price volatility in response to changes in market interest rates.

The market values of securities issued at a substantial discount (such as Zero Coupon Notes) or premium to their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for more conventional interest-bearing securities. Generally, the longer the remaining term of such securities, the greater the price volatility as compared to more conventional interest-bearing securities with comparable maturities.

The regulation and reform of "benchmarks" may adversely affect the value of Notes linked to or referencing such "benchmarks"

Interest rates and indices which are deemed to be "benchmarks", (including LIBOR, EURIBOR, STIBOR and NIBOR) are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes referencing such a benchmark.

The Benchmarks Regulation applies, subject to certain transitional provisions, to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU (which, for these purposes, includes the United Kingdom). Among other things, it (i) requires benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevents certain uses by EU supervised entities of benchmarks of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed).

The Benchmarks Regulation could have a material impact on any Notes linked to or referencing a benchmark in particular, if the methodology or other terms of the benchmark are changed in order to comply with the requirements of the Benchmarks Regulation. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the relevant benchmark.

More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements.

Specifically, the sustainability of LIBOR has been questioned as a result of the absence of relevant active underlying markets and possible disincentives (including possibly as a result of benchmark reforms) for

market participants to continue contributing to such benchmarks. The United Kingdom Financial Conduct Authority has indicated through a series of announcements that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021.

Separately, the euro risk free-rate working group for the euro area has published a set of guiding principles and high level recommendations for fallback provisions in, amongst other things, new euro denominated cash products (including bonds) referencing EURIBOR. The guiding principles indicate, among other things, that continuing to reference EURIBOR in relevant contracts (without robust fallback provisions) may increase the risk to the euro area financial system.

It is not possible to predict with certainty whether, and to what extent, LIBOR, EURIBOR, NIBOR and STIBOR will continue to be supported going forwards. This may cause LIBOR, EURIBOR, NIBOR and STIBOR to perform differently than they have done in the past, and may have other consequences which cannot be predicted. Such factors may have (without limitation) the following effects on certain benchmarks: (i) discouraging market participants from continuing to administer or contribute to a benchmark; (ii) triggering changes in the rules or methodologies used in the benchmark and/or (iii) leading to the disappearance of the benchmark. Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes linked to, referencing, or otherwise dependent (in whole or in part) upon, a benchmark.

The Terms and Conditions of the Notes provide for certain fallback arrangements in the event that an Original Reference Rate and/or any page on which an Original Reference Rate may be published (or any other successor service) becomes unavailable or a Benchmark Event (as defined in the Terms and Conditions of the Notes) otherwise occurs. Such fallback arrangements include the possibility that the Rate of Interest (or any component part thereof) could be set by reference to a Successor Rate or an Alternative Rate (both as defined in the Terms and Conditions of the Notes), with or without the application of an adjustment spread and may include amendments to the Terms and Conditions of the Notes to ensure the proper operation of the successor or replacement benchmark, all as determined by an Independent Adviser (acting in good faith and in a commercially reasonable manner). An adjustment spread could be positive, negative or zero and would be applied with a view to reducing or eliminating, to the fullest extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to investors arising out of the replacement of an Original Reference Rate. However, it may not be possible to determine or apply an adjustment spread and even if an adjustment spread is applied, such adjustment spread may not be effective to reduce or eliminate economic prejudice to investors. If no adjustment spread can be determined, a Successor Rate or Alternative Rate may nonetheless be used to determine the Rate of Interest. The use of a Successor Rate or Alternative Rate (including with the application of an adjustment spread) will still result in any Notes linked to or referencing an Original Reference Rate performing differently (which may include payment of a lower Rate of Interest) than they would if the Original Reference Rate were to continue to apply in its current form.

If, following the occurrence of a Benchmark Event, no Successor Rate or Alternative Rate is determined, the ultimate fallback for the purposes of calculation of the Rate of Interest for a particular Interest Period may result in the Rate of Interest for the last preceding Interest Period being used. This may result in the effective application of a fixed rate for Floating Rate Notes based on the rate which was last observed on the Relevant Screen Page. Due to the uncertainty concerning the availability of Successor Rates and Alternative Rates, the involvement of an Independent Adviser and the potential for further regulatory developments there is a risk that the relevant fallback provisions may not operate as intended at the relevant time.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmarks Regulation or any of the international or national reforms and the possible application of the benchmark replacement provisions of Notes in making any investment decision with respect to any Notes referencing a benchmark.

If the Notes become subject to a withholding tax on interest in the Netherlands, the Notes may be redeemed prior to their stated maturity

The Netherlands is introducing a new withholding tax on (deemed) interest payments as of 1 January 2021. The new withholding tax will generally apply to (deemed) interest payments made by an entity tax resident in the Netherlands, such as H&M Finance, to an *affiliated entity* tax resident in a *listed jurisdiction* or to a permanent establishment of an affiliated entity that is located in a *listed jurisdiction*.

For these purposes, a jurisdiction is considered a listed jurisdiction (a **Listed Jurisdiction**), if it is listed in the yearly updated Dutch Regulation on low-taxing jurisdictions and non-cooperative jurisdictions for tax purposes (*Regeling laagbelastende staten en niet-coöperatieve rechtsgebieden voor belastingdoeleinden*) which includes (i) jurisdictions with a corporation tax on business profits with a general statutory rate of less than 9 per cent. and (ii) jurisdictions that are included in the EU list of non-cooperative jurisdictions.

For 2020, the following 21 jurisdictions are Listed Jurisdictions: American Samoa, Anguilla, Bahamas, Bahrain, Barbados, Bermuda, the British Virgin Islands, the Cayman Islands, Fiji, Guam, Guernsey, Isle of Man, Jersey, Oman, Samoa, Trinidad and Tobago, Turkmenistan, Turks and Caicos Islands, Vanuatu, the United Arab Emirates, and the U.S. Virgin Islands.

Generally, an entity is considered a related entity if (i) such entity has a **Qualifying Interest** (as defined below) in the relevant Dutch issuing entity, (ii) the relevant Dutch issuing entity has a Qualifying Interest in such entity, or (iii) a third party has a Qualifying Interest in both the relevant Dutch issuing entity and such entity.

The term Qualifying Interest means a directly or indirectly held interest – either individually or jointly as part of a collaborating group (*samenwerkende groep*) – that enables the holder of such interest to exercise a decisive influence on the decisions that can determine the activities of the entity in which the interest is held.

The new withholding tax may also apply in situations where artificial structures are put in place with the main purpose or one of the main purposes to avoid the Dutch withholding tax, e.g., where an interest payment to a Listed Jurisdiction is artificially routed via an intermediate entity in a non-Listed Jurisdiction. Furthermore, the new withholding tax may also apply on (deemed) payments of interest made to a hybrid entity or to an entity that is not resident in any jurisdiction.

In practice, H&M Finance may not always be able to assess whether a holder of Notes is related to it or located in a Listed Jurisdiction. The parliamentary history is unclear on an issuer's responsibility to determine the absence of affiliation in respect of notes issued in the market, like the Notes.

If the Notes become subject to the new withholding tax on interest, which becomes effective as of 1 January 2021, and H&M Finance would become obliged to pay additional amounts as provided for in Condition 8 (*Taxation*) as a result thereof, H&M Finance may redeem the Notes, in whole but not in part, at its option under Condition 7.2 (*Redemption for tax reasons*).

If the Notes are redeemed at the option of H&M Finance, an investor generally may not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Risks related to Notes generally

Set out below is a description of material risks relating to the Notes generally:

The conditions of the Notes contain provisions which may permit their modification without the consent of all investors.

The conditions of the Notes contain provisions for calling meetings of Noteholders to consider and vote upon matters affecting their interests generally, or to pass resolutions in writing or through the use of electronic

consents. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting or, as the case may be, did not sign the written resolution or give their consent electronically, and including those Noteholders who voted in a manner contrary to the majority.

The value of the Notes could be adversely affected by a change in English law or administrative practice.

The conditions of the Notes are based on English law in effect as at the date of this Offering Circular. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Offering Circular and any such change could materially adversely impact the value of any Notes affected by it.

Investors who hold less than the minimum Specified Denomination may be unable to sell their Notes and may be adversely affected if definitive Notes are subsequently required to be issued.

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system would not be able to sell the remainder of such holding without first purchasing a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination. Further, a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed or issued) and would need to purchase a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination.

If such Notes in definitive form are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

Risks related to the market generally

Set out below is a description of material market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

An active secondary market in respect of the Notes may never be established or may be illiquid and this would adversely affect the value at which an investor could sell his Notes.

Notes may have no established trading market when issued, and one may never develop. If a market for the Notes does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities.

If an investor holds Notes which are not denominated in the investor's home currency, he will be exposed to movements in exchange rates adversely affecting the value of his holding. In addition, the imposition of exchange controls in relation to any Notes could result in an investor not receiving payments on those Notes.

The relevant Issuer will pay principal and interest on the Notes and the Guarantor will make any payments under the Guarantee in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the **Investor's Currency**) other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's

Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the relevant Issuer or the Guarantor to make payments in respect of the Notes. As a result, investors may receive less interest or principal than expected, or no interest or principal.

The value of Fixed Rate Notes may be adversely affected by movements in market interest rates.

Investment in Fixed Rate Notes involves the risk that if market interest rates subsequently increase above the rate paid on the Fixed Rate Notes, this will adversely affect the value of the Fixed Rate Notes.

Credit ratings assigned to the relevant Issuer, the Guarantor or any Notes may not reflect all the risks associated with an investment in those Notes.

One or more independent credit rating agencies may assign credit ratings to the relevant Issuer, the Guarantor or the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time.

In general, European (including United Kingdom) regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU or the United Kingdom and registered under the CRA Regulation (and such registration has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). Such general restriction will also apply in the case of credit ratings issued by non-EU and non-UK credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered or UK-registered credit rating agency or the relevant non-EU and non-UK rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). If the status of the rating agency rating the Notes changes, European (including United Kingdom) regulated investors may no longer be able to use the rating for regulatory purposes and the Notes may have a different regulatory treatment. This may result in European (including United Kingdom) regulated investors selling the Notes which may impact the value of the Notes and any secondary market. The list of registered and certified rating agencies published by the European Securities and Markets Authority (**ESMA**) on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Offering Circular.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published or are published simultaneously with this Offering Circular shall be incorporated in, and form part of, this Offering Circular:

- (a) the auditors' report and audited consolidated and non-consolidated annual financial statements for the financial year ended 30 November 2019 of H&M as set out on pages 52 to 81 of the 2019 annual report which can be viewed online at:

https://hmgroup.com/content/dam/hmgroup/groupsite/documents/masterlanguage/Annual%20Report/HM_Annual%20Report%202019.pdf

- (b) the auditors' report and audited consolidated and non-consolidated annual financial statements for the financial year ended 30 November 2018 of H&M as set out on pages 46 to 77 of the 2018 annual report which can be viewed online at:

<https://hmgroup.com/content/dam/hmgroup/groupsite/documents/masterlanguage/Annual%20Report/Annual%20Report%202018.pdf>

- (c) the 2020 six month report of H&M, including the interim consolidated and non-consolidated financial statements for the six months ended 31 May 2020 of H&M, which can be viewed online at:

https://hmgroup.com/content/dam/hmgroup/groupsite/documents/en/cision/2020/06/2735858_en.pdf

Following the publication of this Offering Circular a supplement may be prepared by the Issuers and the Guarantor and approved by the Central Bank of Ireland in accordance with Article 23 of the Prospectus Regulation. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Offering Circular or in a document which is incorporated by reference in this Offering Circular. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Offering Circular.

Any documents themselves incorporated by reference in the documents incorporated by reference in this Offering Circular shall not form part of this Offering Circular.

The Issuers and the Guarantor will, in the event of any significant new factor, material mistake or material inaccuracy relating to information included in this Offering Circular which may affect the assessment of any Notes, prepare a supplement to this Offering Circular or publish a new Offering Circular for use in connection with any subsequent issue of Notes.

FORM OF THE NOTES

The Notes of each Series will be in either bearer form, with or without interest coupons attached, or registered form, without interest coupons attached. Bearer and Registered Notes will be issued outside the United States in reliance on Regulation S under the Securities Act (**Regulation S**).

Bearer Notes

Each Tranche of Bearer Notes will be in bearer form and will initially be issued in the form of a temporary global note (a **Temporary Bearer Global Note**) or, if so specified in the applicable Final Terms, a permanent global note (a **Permanent Bearer Global Note** and, together with a Temporary Bearer Global Note, each a **Bearer Global Note**) which, in either case, will:

- (a) if the Bearer Global Notes are intended to be issued in new global note (NGN) form, as stated in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to a common safekeeper (the **Common Safekeeper**) for Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking S.A. (**Clearstream, Luxembourg**); and
- (b) if the Bearer Global Notes are not intended to be issued in NGN Form, be delivered on or prior to the original issue date of the Tranche to a common depository (the **Common Depository**) for Euroclear and Clearstream, Luxembourg.

Where the Bearer Global Notes issued in respect of any Tranche are in NGN form, the applicable Final Terms will also indicate whether such Bearer Global Notes are intended to be held in a manner which would allow Eurosystem eligibility. Any indication that the Bearer Global Notes are to be so held does not necessarily mean that the Bearer Notes of the relevant Tranche will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any times during their life as such recognition depends upon satisfaction of the Eurosystem eligibility criteria. The Common Safekeeper for NGNs will either be Euroclear or Clearstream, Luxembourg or another entity approved by Euroclear and Clearstream, Luxembourg.

Whilst any Bearer Note is represented by a Temporary Bearer Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will be made (against presentation of the Temporary Bearer Global Note if the Temporary Bearer Global Note is not intended to be issued in NGN form) only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in the Temporary Bearer Global Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Principal Paying Agent.

On and after the date (the **Exchange Date**) which is 40 days after a Temporary Bearer Global Note is issued, interests in such Temporary Bearer Global Note will be exchangeable (free of charge) upon a request as described therein either for (i) interests in a Permanent Bearer Global Note of the same Series or (ii) definitive Bearer Notes of the same Series with, where applicable, interest coupons and talons attached (as indicated in the applicable Final Terms), in each case against certification of beneficial ownership as described above unless such certification has already been given, provided that purchasers in the United States and certain U.S. persons will not be able to receive definitive Bearer Notes. The holder of a Temporary Bearer Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Bearer Global Note for an interest in a Permanent Bearer Global Note or for definitive Bearer Notes is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Bearer Global Note will be made through Euroclear and/or Clearstream, Luxembourg (against presentation or surrender (as the case may

be) of the Permanent Bearer Global Note if the Permanent Bearer Global Note is not intended to be issued in NGN form) without any requirement for certification.

The applicable Final Terms will specify that a Permanent Bearer Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Bearer Notes with, where applicable, interest coupons and talons attached upon the occurrence of an Exchange Event. For these purposes, **Exchange Event** means that (i) an Event of Default (as defined in Condition 10 (*Events of Default*)) has occurred and is continuing, (ii) the relevant Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available or (iii) the relevant Issuer or the Guarantor (as applicable) has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Permanent Bearer Global Note in definitive form. The relevant Issuer, or as appropriate, the Guarantor, will promptly give notice to Noteholders in accordance with Condition 14 (*Notices*) if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Bearer Global Note) may give notice to the Principal Paying Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the relevant Issuer, or as appropriate, the Guarantor, may also give notice to the Principal Paying Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Principal Paying Agent.

The following legend will appear on all Bearer Notes (other than Temporary Bearer Global Notes) and interest coupons relating to such Notes where TEFRA D is specified in the applicable Final Terms:

“ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE.”

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Bearer Notes or interest coupons and will not be entitled to capital gains treatment in respect of any gain on any sale, disposition, redemption or payment of principal in respect of Bearer Notes or interest coupons.

Notes which are represented by a Bearer Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.

Registered Notes

The Registered Notes of each Tranche will initially be represented by a global note in registered form (a **Registered Global Note**).

Registered Global Notes will be deposited with a common depository or, if the Registered Global Notes are to be held under the new safe-keeping structure (the **NSS**), a common safekeeper, as the case may be for Euroclear and Clearstream, Luxembourg, and registered in the name of the nominee for the Common Depository of, Euroclear and Clearstream, Luxembourg or in the name of a nominee of the common safekeeper, as specified in the applicable Final Terms. Persons holding beneficial interests in Registered Global Notes will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of definitive Notes in fully registered form.

Where the Registered Global Notes issued in respect of any Tranche is intended to be held under the **NSS**, the applicable Final Terms will indicate whether or not such Registered Global Notes are intended to be held in a manner which would allow Eurosystem eligibility. Any indication that the Registered Global Notes are to be so held does not necessarily mean that the Notes of the relevant Tranche will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any time during their life as such recognition depends upon satisfaction of the Eurosystem

eligibility criteria. The common safekeeper for a Registered Global Note held under the NSS will either be Euroclear or Clearstream, Luxembourg or another entity approved by Euroclear and Clearstream, Luxembourg.

Payments of principal, interest and any other amount in respect of the Registered Global Notes will, in the absence of provision to the contrary, be made to the person shown on the Register (as defined in Condition 6.4) as the registered holder of the Registered Global Notes. None of the relevant Issuer, the Guarantor, any Paying Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments of principal, interest or any other amount in respect of the Registered Notes in definitive form will, in the absence of provision to the contrary, be made to the persons shown on the Register on the relevant Record Date (as defined in Condition 6.4) immediately preceding the due date for payment in the manner provided in that Condition.

Interests in a Registered Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Registered Notes without interest coupons or talons attached only upon the occurrence of an Exchange Event. For these purposes, **Exchange Event** means that (i) an Event of Default has occurred and is continuing, (ii) the relevant Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no successor clearing system is available or (iii) the relevant Issuer or the Guarantor (as applicable) has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Registered Global Note in definitive form. The relevant Issuer, or as appropriate, the Guarantor, will promptly give notice to Noteholders in accordance with Condition 14 (*Notices*) if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg or any person acting on their behalf (acting on the instructions of any holder of an interest in such Registered Global Note) may give notice to the Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the relevant Issuer, or as appropriate, the Guarantor, may also give notice to the Registrar requesting exchange. Any such exchange shall occur not later than 10 days after the date of receipt of the first relevant notice by the Registrar.

No beneficial owner of an interest in a Registered Global Note will be able to transfer such interest, except in accordance with the applicable procedures of Euroclear and Clearstream, Luxembourg, in each case to the extent applicable.

General

Pursuant to the Agency Agreement (as defined under “*Terms and Conditions of the Notes*”), the Principal Paying Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes at a point after the Issue Date of the further Tranche, the Notes of such further Tranche shall be assigned a common code and ISIN which are different from the common code and ISIN assigned to Notes of any other Tranche of the same Series until such time as the Tranches are consolidated and form a single Series, which shall not be prior to the expiry of the distribution compliance period (as defined in Regulation S under the Securities Act) applicable to the Notes of such Tranche.

Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms.

A Note may be accelerated by the holder thereof in certain circumstances described in Condition 10 (*Events of Default*). In such circumstances, where any Note is still represented by a Global Note and the Global Note (or any part thereof) has become due and repayable in accordance with the Terms and Conditions of such Notes and payment in full of the amount due has not been made in accordance with the provisions of the

Global Note then from 8.00 p.m. (London time) on such day holders of interests in such Global Note credited to their accounts with Euroclear and/or Clearstream, Luxembourg, as the case may be, will become entitled to proceed directly against the relevant Issuer on the basis of statements of account provided by Euroclear and/or Clearstream, Luxembourg on and subject to the terms of a deed of covenant (the **Deed of Covenant**) dated 17 July 2020 and executed by the Issuers.

The relevant Issuer and the Guarantor (as applicable) may agree with any Dealer that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes, in which event a new Offering Circular will be made available which will describe the effect of the agreement reached in relation to such Notes.

APPLICABLE FINAL TERMS

Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Programme.

[PROHIBITION OF SALES TO EEA AND UK RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (EEA) or in the United Kingdom (the UK) . For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the **Insurance Distribution Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the **PRIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.]

[MIFID II product governance / Professional investors and ECPs only target market – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in [Directive 2014/65/EU (as amended, **MiFID II**)]**[MiFID II]**; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. [*Consider any negative target market*]. Any person subsequently offering, selling or recommending the Notes (a **distributor**) should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

[Singapore Securities and Futures Act Product Classification – Solely for the purposes of its obligations pursuant to Sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act (Chapter 289 of Singapore) (as modified or amended from time to time, the **SFA**), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA) that the Notes are ["prescribed capital markets products"]/**[capital markets products other than "prescribed capital markets products"]** (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018).]

[Date]

[H & M Hennes & Mauritz AB (publ) / H&M Finance B.V.]

Legal entity identifier (LEI): [529900O5RR7R39FRDM42] / [25490079TX62U2IW2D78]

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
[Guaranteed by H & M Hennes & Mauritz AB (publ)]
under the EUR[2,000,000,000]
Euro Medium Term Note Programme**

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Offering Circular dated 17 July 2020 [and the supplement[s] to it dated [date] [and [date]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Regulation (the **Offering Circular**). This document constitutes the Final Terms of the Notes described herein for the purposes of the Prospectus Regulation and must be read in conjunction with the Offering Circular in order to obtain all the relevant information. The Offering Circular has been published on www.hm.com.

[Include whichever of the following apply or specify as “Not Applicable”. Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or subparagraphs (in which case the sub-paragraphs of the paragraphs which are not applicable can be deleted). Italics denote directions for completing the Final Terms.]

[If the Notes have a maturity of less than one year from the date of their issue, the minimum denomination may need to be £100,000 or its equivalent in any other currency.]

1. (a) Issuer: [H & M Hennes & Mauritz AB (publ) / H&M Finance B.V.]
- (b) Guarantor: H & M Hennes & Mauritz AB (publ)
(Delete in the case of Notes issued by H & M Hennes & Mauritz AB (publ))
2. (a) Series Number: []
- (b) Tranche Number: []
- (c) Date on which the Notes will be consolidated and form a single Series: The Notes will be consolidated and form a single Series with *[identify earlier Tranches]* on [the Issue Date/the date that is 40 days after the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 25 below, which is expected to occur on or about *[date]*][Not Applicable]
3. Specified Currency or Currencies: []
4. Aggregate Nominal Amount:
 - (a) Series: []
 - (b) Tranche: []
5. Issue Price: [] per cent. of the Aggregate Nominal Amount [plus accrued interest from *[insert date]* (if applicable)]
6. (a) Specified Denominations: []
(N.B. Notes must have a minimum denomination of €100,000 (or equivalent))
(Note – where Bearer multiple denominations above €100,000 or equivalent are being used the following sample wording should be followed:
“[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Notes in definitive form will be issued with a denomination above [€199,000].”)
- (b) Calculation Amount (in relation to calculation of interest for Notes in []

global form see Conditions):

(If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)

7. (a) Issue Date: []
- (b) Interest Commencement Date: [specify/Issue Date/Not Applicable]
(N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.)
8. Maturity Date: *Specify date or for Floating Rate Notes – Interest Payment Date falling in or nearest to [specify month and year]]*
9. Interest Basis: [[] per cent. Fixed Rate]
[[[] month
[LIBOR/EURIBOR/STIBOR/NIBOR]] +/- []
per cent. Floating Rate]
[Zero coupon]
(see paragraph [14]/[15]/[16]below)
10. Redemption Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [] per cent. of their nominal amount
11. Change of Interest Basis: *[Specify the date when any fixed to floating rate change occurs or cross refer to paragraphs 14 and 15 below and identify there][Not Applicable]*
12. Put/Call Options: [Investor Put]
[Change of Control Put]
[Issuer Call]
[Issuer Maturity Par Call]
[Clean-Up Call]
[(see paragraph [18]/[19]/[20]/[21]/[22] below)]
[Not Applicable]
13. (a) Status of the Notes: Senior
- (b) [Status of the Guarantee: Senior]
- (c) [Date [Board] approval for issuance of Notes [and Guarantee] obtained: [] [and [], respectively]]
(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes or related Guarantee)

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14. Fixed Rate Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)

- (a) Rate(s) of Interest: [] per cent. per annum payable in arrear on each Interest Payment Date
- (b) Interest Payment Date(s): [] in each year up to and including the Maturity Date
(Amend appropriately in the case of irregular coupons)
- (c) Fixed Coupon Amount(s) for Notes in definitive form (and in relation to Notes in global form see Conditions): [] per Calculation Amount
- (d) Broken Amount(s) for Notes in definitive form (and in relation to Notes in global form see Conditions): [[] per Calculation Amount, payable on the Interest Payment Date falling [in/on] []][Not Applicable]
- (e) Day Count Fraction: [30/360] [Actual/Actual (ICMA)]
- (f) Determination Date(s): [[] in each year][Not Applicable]
(Only relevant where Day Count Fraction is Actual/Actual (ICMA). In such a case, insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon)
15. Floating Rate Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Specified Period(s)/Specified Interest Payment Dates: [] [, subject to adjustment in accordance with the Business Day Convention set out in (b) below/, not subject to adjustment, as the Business Day Convention in (b) below is specified to be Not Applicable]
- (b) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention][Not Applicable]
- (c) Additional Business Centre(s): []
- (d) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination]
- (e) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent): [] (the **Calculation Agent**)
- (f) Screen Rate Determination:
- Reference Rate: [] month

[LIBOR/EURIBOR/STIBOR/NIBOR]

- Interest Determination []
Date(s):
(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR, the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR, the second Stockholm business day prior to the start of each Interest Period if STIBOR and the second Oslo business day prior to the start of each Interest Period if NIBOR)

- Relevant Screen Page: []
(In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)

- (g) ISDA Determination:
 - Floating Rate Option: []
 - Designated Maturity: []
 - Reset Date: []
(In the case of a LIBOR, EURIBOR, STIBOR or NIBOR based option, the first day of the Interest Period)

(N.B. The fall-back provisions applicable to ISDA Determination under the 2006 ISDA Definitions are reliant upon the provision by reference banks of offered quotations for LIBOR and/or EURIBOR which, depending on market circumstances, may not be available at the relevant time)

- (h) Linear Interpolation: [Not Applicable/Applicable - the Rate of interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)]

- (i) Margin(s): [+/-] [] per cent. per annum

- (j) Minimum Rate of Interest: [] per cent. per annum

- (k) Maximum Rate of Interest: [] per cent. per annum

- (l) Day Count Fraction: [Actual/Actual (ISDA)][Actual/Actual]
[Actual/365 (Fixed)]
[Actual/365 (Sterling)]
[Actual/360]
[30/360][360/360][Bond Basis]
[30E/360][Eurobond Basis]
[30E/360 (ISDA)]

16. Zero Coupon Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Accrual Yield: [] per cent. per annum
- (b) Reference Price: []
- (c) Day Count Fraction in relation to Early Redemption Amounts: [30/360]
 [Actual/360]
 [Actual/365]

PROVISIONS RELATING TO REDEMPTION

17. Notice periods for Condition 7.2: Minimum period: [30] days
 Maximum period: [60] days
18. Issuer Call: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Optional Redemption Date(s): []
- (b) Optional Redemption Amount: [[] per Calculation Amount][Make-whole Amount]
- (A) Reference Bond: []
- (B) Redemption Margin: []
- (C) Quotation Time: []
- (c) If redeemable in part:
- (i) Minimum Redemption Amount: []
- (ii) Maximum Redemption Amount: []
- (d) Notice periods: Minimum period: [15] days
 Maximum period: [30] days
(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent.)
19. Issuer Maturity Par Call: [Applicable/Not Applicable]
(If not applicable delete the remaining subparagraphs of this paragraph)

- (a) Maturity Par Call Period: From (and including) [] to (but excluding) the Maturity Date.
- (b) Notice periods: Minimum period: [] days
Maximum period: [] days
20. Investor Put: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Optional Redemption Date(s): []
- (b) Optional Redemption Amount: [] per Calculation Amount
- (c) Notice periods: Minimum period: [15] days
Maximum period: [30] days
(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 15 clearing system business days' notice for a put) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent.)
21. Change of Control Put: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Change of Control Redemption Amount: [] per Calculation Amount
- (b) Notice periods: Minimum period: [] days
Maximum period: [] days
(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 15 clearing system business days' notice for a put) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent.)
22. Clean-Up Call: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Clean-Up Call Amount: [] per Calculation Amount
- (b) Notice periods: Minimum period: [] days
Maximum period: [] days
(N.B. When setting notice periods, the relevant

Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the relevant Issuer and the Principal Paying Agent.)

23. Final Redemption Amount: [] per Calculation Amount
24. Early Redemption Amount payable on redemption for taxation reasons or on event of default: [] per Calculation Amount
(N.B. If the Final Redemption Amount is 100 per cent. of the nominal value (i.e. par), the Early Redemption Amount is likely to be par (but consider). If, however, the Final Redemption Amount is other than 100 per cent. of the nominal value, consideration should be given as to what the Early Redemption Amount should be.)

GENERAL PROVISIONS APPLICABLE TO THE NOTES

25. Form of Notes:
- (a) Form: [Bearer Notes: [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes upon an Exchange Event]
- [Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date]
- [Permanent Global Note exchangeable for Definitive Notes upon an Exchange Event]
- (N.B. The option for an issue of Notes to be represented on issue by a Temporary Global Note exchangeable for Definitive Notes should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 6 includes language substantially to the following effect: “[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000].” .)]*
- [Registered Notes:
- [Registered Global Note registered in the name of a nominee for a common depositary for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg and exchangeable for definitive Registered Notes upon an Exchange Event]
- (b) [New Global Note/New Safekeeping Structure: [Yes][No]]

26. Additional Financial Centre(s): [Not Applicable/give details]
 (Note that this paragraph relates to the date of payment and not the end dates of Interest Periods for the purposes of calculating the amount of interest, to which sub-paragraphs 15(c) relates)
27. Talons for future Coupons to be attached to Definitive Notes: [Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No]

THIRD PARTY INFORMATION

[[Relevant third party information] has been extracted from [specify source]. [Each of the] [The] Issuer [and the Guarantor] confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [specify source], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of [H & M Hennes & Mauritz AB (publ) / H&M Finance B.V.]:

[Signed on behalf of [H & M Hennes & Mauritz AB (publ)]:

By:

By:

Duly authorised

Duly authorised]

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

(i) Listing and Admission to trading [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the Regulated Market of Euronext Dublin and listing on the official list of Euronext Dublin with effect from [].]

[Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the Regulated Market of Euronext Dublin and listing on the official list of Euronext Dublin with effect from [].]

(Where documenting a fungible issue need to indicate that original Notes are already admitted to trading.)

(ii) Estimate of total expenses related to admission to trading: []

2. RATINGS

Ratings:

[The Notes to be issued [[have been]/[are expected to be]] rated]/[The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally][The Notes to be issued will be unrated]:

[insert details]] by [insert the legal name of the relevant credit rating agency entity(ies) and associated defined terms].

Each of *[defined terms]* is established in the [European Union/United Kingdom] and is registered under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**)

[Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]

(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for the fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or

commercial banking transactions with, and may perform other services for, the Issuer [and the Guarantor] and [its/their] affiliates in the ordinary course of business - *Amend as appropriate if there are other interests*

[(When adding any other description, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Offering Circular under Article 23 of the Prospectus Regulation.)]

4. REASONS FOR THE OFFER AND ESTIMATED NET PROCEEDS

(i) Reasons for the offer: [See [“Use of Proceeds”] in the Offering Circular/*Give details*]

(See [“Use of Proceeds”] wording in Offering Circular – if reasons for offer different from what is disclosed in the Offering Circular, give details)

(ii) Estimated net proceeds: []

5. YIELD (*Fixed Rate Notes only*)

Indication of yield: []

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

6. OPERATIONAL INFORMATION

(i) ISIN: []

(ii) Common Code: []

(iii) CFI: [[See/[*include code*], as updated, as set out on] the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]

(iv) FISN [[See/[*include code*], as updated, as set out on] the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]

(v) Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): [Not Applicable/*give name(s) and number(s)*]

(vi) Delivery: Delivery [against/free of] payment

(vii) Names and addresses of additional Paying Agent(s) (if any): []

(viii) Intended to be held in a manner which would allow Eurosystem eligibility: [Yes. Note that the designation “yes” simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper[, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper] [*include this text for Registered Notes which are to be held under the NSS*] and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]/

[No. Whilst the designation is specified as “no” at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper[, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper][*include this text for Registered Notes*]. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

7. DISTRIBUTION

- (i) Method of distribution: [Syndicated/Non-syndicated]
- (ii) If syndicated, names of Managers: [Not Applicable/*give names*]
- (iii) Stabilisation Manager(s) (if any): [Not Applicable/*give name*]
- (iv) If non-syndicated, name of relevant Dealer: [Not Applicable/*give name*]
- (v) U.S. Selling Restrictions: [Reg. S Compliance Category 2; TEFRA D/TEFRA C/TEFRA not applicable]
- (vi) Prohibition of Sales to EEA and UK Retail Investors: [Applicable/Not Applicable]

(If the Notes clearly do not constitute “packaged” products or the Notes do constitute “packaged” products and a key information document will be prepared, “Not Applicable” should be specified. If the Notes may constitute “packaged” products and no key information document will be prepared,

“Applicable” should be specified.)

TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions of the Notes which will be incorporated by reference into each Global Note (as defined below) and each definitive Note, in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the relevant Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and definitive Note. Reference should be made to “Applicable Final Terms” for a description of the content of Final Terms which will specify which of such terms are to apply in relation to the relevant Notes.

This Note is one of a Series (as defined below) of Notes issued by H & M Hennes & Mauritz AB (publ) (**H&M**) or H&M Finance B.V. (**H&M Finance** and, together with H&M, the **Issuers** and each an **Issuer**) pursuant to the Agency Agreement (as defined below).

References herein to the **relevant Issuer** shall be references to whichever of H&M or H&M Finance is specified as Issuer in the applicable Final Terms (as defined below). If the relevant Issuer of a Series of Notes is H&M, references herein to **Guarantor** and **Guarantee**, and related expressions, are not applicable and shall be disregarded in respect of such Series.

References herein to the **Notes** shall be references to the Notes of this Series and shall mean:

- (a) in relation to any Notes represented by a global Note (a **Global Note**), units of each Specified Denomination in the Specified Currency;
- (b) any Global Note;
- (c) any definitive Notes in bearer form (**Bearer Notes**) issued in exchange for a Global Note in bearer form; and
- (d) any definitive Notes in registered form (**Registered Notes**) (whether or not issued in exchange for a Global Note in registered form).

The Notes and the Coupons (as defined below) have the benefit of an Agency Agreement (such Agency Agreement as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) dated 17 July 2020 and made between the Issuers, H&M in its capacity as guarantor of Notes issued by H&M Finance only (the **Guarantor**), BNP Paribas Securities Services, Luxembourg Branch as principal paying agent and agent bank (the **Principal Paying Agent**, which expression shall include any successor principal paying agent) and the other paying agents named therein (together with the Principal Paying Agent, the **Paying Agents**, which expression shall include any additional or successor paying agents), BNP Paribas Securities Services, Luxembourg Branch as registrar (the **Registrar**, which expression shall include any successor registrar) and a transfer agent and the other transfer agents named therein (together with the Registrar, the **Transfer Agents**, which expression shall include any additional or successor transfer agents). The Principal Paying Agent, the Calculation Agent (if any is specified in the applicable Final Terms), the Registrar, the Paying Agents and other Transfer Agents are together referred to as the **Agents**.

The final terms for this Note (or the relevant provisions thereof) are set out in **Part A** of the Final Terms attached to or endorsed on this Note which supplement these Terms and Conditions (the **Conditions**). References to the **applicable Final Terms** are, unless otherwise stated, to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Note. The expression **Prospectus Regulation** means Regulation (EU) 2017/1129. For the purposes of the Conditions and unless stated otherwise, references to the European Economic Area include the United Kingdom.

Interest bearing definitive Bearer Notes have interest coupons (**Coupons**) and, in the case of Bearer Notes which, when issued in definitive form, have more than 27 interest payments remaining, talons for further

Coupons (**Talons**) attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Registered Notes and Global Notes do not have Coupons or Talons attached on issue.

The payment of all amounts in respect of Notes issued by H&M Finance have been unconditionally and irrevocably guaranteed by the Guarantor pursuant to a deed of guarantee (as modified and/or supplemented and/or restated from time to time, the **Guarantee**) dated 17 July 2020 and made by the Guarantor. The original of the Guarantee is held by the Principal Paying Agent on behalf of the Noteholders and the Couponholders at its specified office.

Any reference to **Noteholders** or **holders** in relation to any Notes shall mean (in the case of Bearer Notes) the holders of the Notes and (in the case of Registered Notes) the persons in whose name the Notes are registered and shall, in relation to any Notes represented by a Global Note, be construed as provided below. Any reference herein to **Couponholders** shall mean the holders of the Coupons and shall, unless the context otherwise requires, include the holders of the Talons.

As used herein, **Tranche** means Notes which are identical in all respects (including as to listing and admission to trading) and **Series** means a Tranche of Notes together with any further Tranche or Tranches of Notes which (a) are expressed to be consolidated and form a single series and (b) have the same terms and conditions or terms and conditions which are the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue.

The Noteholders and the Couponholders are entitled to the benefit of the Deed of Covenant (such Deed of Covenant as modified and/or supplemented and/or restated from time to time, the **Deed of Covenant**) dated 17 July 2020 and made by the Issuers. The original of the Deed of Covenant is held by the common depositary for Euroclear (as defined below) and Clearstream, Luxembourg (as defined below).

Copies of the Agency Agreement, the Guarantee and the Deed of Covenant are available for inspection during normal business hours at the specified office of each of the Paying Agents. If the Notes are to be admitted to trading on the regulated market of Euronext Dublin the applicable Final Terms will be published on the website of Euronext Dublin. The Noteholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all of the provisions of the Agency Agreement, the Guarantee, the Deed of Covenant and the applicable Final Terms, to the extent such provisions are applicable to them. The statements in the Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement.

Words and expressions defined in the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in the Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Agency Agreement and the applicable Final Terms, the applicable Final Terms will prevail.

In the Conditions, **euro** means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

1. **FORM, DENOMINATION AND TITLE**

The Notes are in bearer form or in registered form as specified in the applicable Final Terms and, in the case of definitive Notes, serially numbered, in the currency (the **Specified Currency**) and the denominations (the **Specified Denomination(s)**) specified in the applicable Final Terms. Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination and Bearer Notes may not be exchanged for Registered Notes and *vice versa*.

This Note may be a Fixed Rate Note, a Floating Rate Note or a Zero Coupon Note, or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

Definitive Bearer Notes are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in the Conditions are not applicable.

Subject as set out below, title to the Bearer Notes and Coupons will pass by delivery and title to the Registered Notes will pass upon registration of transfers in accordance with the provisions of the Agency Agreement. The relevant Issuer, the Guarantor and any Agent will (except as otherwise required by law) deem and treat the bearer of any Bearer Note or Coupon and the registered holder of any Registered Note as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear Bank SA/NV (**Euroclear**) and/or Clearstream Banking S.A. (**Clearstream, Luxembourg**), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the relevant Issuer, the Guarantor and the Agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Bearer Global Note or the registered holder of the relevant Registered Global Note shall be treated by the relevant Issuer, the Guarantor and any Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions **Noteholder** and **holder of Notes** and related expressions shall be construed accordingly.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg, as the case may be. References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in Part B of the applicable Final Terms.

2. TRANSFERS OF REGISTERED NOTES

2.1 Transfers of interests in Registered Global Notes

Transfers of beneficial interests in Registered Global Notes will be effected by Euroclear or Clearstream, Luxembourg, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of transferors and transferees of such interests. A beneficial interest in a Registered Global Note will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Notes in definitive form or for a beneficial interest in another Registered Global Note of the same series only in the authorised denominations set out in the applicable Final Terms and only in accordance with the rules and operating procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be, and in accordance with the terms and conditions specified in the Agency Agreement.

2.2 Transfers of Registered Notes in definitive form

Subject as provided in paragraph 2.3 below, upon the terms and subject to the conditions set forth in the Agency Agreement, a Registered Note in definitive form may be transferred in whole or in part (in the authorised denominations set out in the applicable Final Terms). In order to effect any such transfer (a) the holder or holders must (i) surrender the Registered Note for registration of the transfer of the Registered Note (or the relevant part of the Registered Note) at the specified office of any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing and (ii) complete and deposit such

other certifications as may be required by the relevant Transfer Agent and (b) the relevant Transfer Agent must, after due and careful enquiry, be satisfied with the documents of title and the identity of the person making the request. Any such transfer will be subject to such reasonable regulations as the relevant Issuer and the Registrar may from time to time prescribe (the initial such regulations being set out in Schedule 6 to the Agency Agreement). Subject as provided above, the relevant Transfer Agent will, within three business days (being for this purpose a day on which banks are open for business in the city where the specified office of the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail, to such address as the transferee may request, a new Registered Note in definitive form of a like aggregate nominal amount to the Registered Note (or the relevant part of the Registered Note) transferred. In the case of the transfer of part only of a Registered Note in definitive form, a new Registered Note in definitive form in respect of the balance of the Registered Note not transferred will be so authenticated and delivered or (at the risk of the transferor) sent to the transferor.

2.3 Registration of transfer upon partial redemption

In the event of a partial redemption of Notes under Condition 7 (*Redemption and Purchase*), the relevant Issuer shall not be required to register the transfer of any Registered Note, or part of a Registered Note, called for partial redemption.

2.4 Costs of registration

Noteholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by regular uninsured mail and except that the relevant Issuer may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration.

3. STATUS OF THE NOTES AND THE GUARANTEE

3.1 Status of the Notes

The Notes and any relative Coupons are direct, unconditional, unsubordinated and (subject to the provisions of Condition 4 (*Negative Pledge*)) unsecured obligations of the relevant Issuer and rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the relevant Issuer, from time to time outstanding.

3.2 Status of the Guarantee

The payment of principal and interest in respect of the Notes issued by H&M Finance has been unconditionally and irrevocably guaranteed by the Guarantor pursuant to the Guarantee. The obligations of the Guarantor under the Guarantee are direct, unconditional, unsubordinated and (subject to the provisions of Condition 4 (*Negative Pledge*)) unsecured obligations of the Guarantor and (save for certain obligations required to be preferred by law) rank equally with all other unsecured obligations (other than subordinated obligations, if any) of the Guarantor, from time to time outstanding.

4. NEGATIVE PLEDGE

So long as any Note remains outstanding, neither the relevant Issuer nor the Guarantor will, and the relevant Issuer and the Guarantor shall procure that none of H&M's Principal Subsidiaries (as defined in Condition 10.2) will, create or permit to subsist any Security Interest upon the whole or any part of its present or future business, undertaking, assets or revenues (including any uncalled

capital) to secure any Relevant Indebtedness or guarantee of Relevant Indebtedness without (a) at the same time or prior thereto securing the Notes or the Guarantee (as applicable) equally and rateably therewith or (b) providing such other security for the Notes or the Guarantee as may be approved by an Extraordinary Resolution of Noteholders.

For the purposes of this Condition 4, the following expressions shall have the following meanings:

guarantee means, in relation to any Indebtedness (as defined in Condition 10.2) of any Person, any obligation of another Person to pay such Indebtedness including (without limitation):

- (a) any obligation to purchase such Indebtedness;
- (b) any obligation to lend money, to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such Indebtedness;
- (c) any indemnity against the consequences of a default in the payment of such Indebtedness; and
- (d) any other agreement to be responsible for such Indebtedness;

Relevant Indebtedness means any Indebtedness which is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, certificate or other instrument which is, or is capable of being listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market); and

Security Interest means any mortgage, charge, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction.

5. INTEREST

5.1 Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

If the Notes are in definitive form, except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

As used in the Conditions, **Fixed Interest Period** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

Except in the case of Notes in definitive form where an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Final Terms, interest shall be calculated in respect of any period by applying the Rate of Interest to:

- (a) in the case of Fixed Rate Notes which are (i) represented by a Global Note or (ii) Registered Notes in definitive form, the aggregate outstanding nominal amount of (A) the Fixed Rate Notes represented by such Global Note or (B) such Registered Notes; or
- (b) in the case of Fixed Rate Notes which are Bearer Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction.

The resultant figure (including after application of any Fixed Coupon Amount or Broken Amount, as applicable, to the aggregate outstanding nominal amount of Fixed Rates Notes which are Registered Notes in definitive form or the Calculation Amount in the case of Fixed Rate Notes which are Bearer Notes in definitive form) shall be rounded to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

Where the Specified Denomination of a Fixed Rate Note which is a Bearer Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

Day Count Fraction means, in respect of the calculation of an amount of interest, in accordance with this Condition 5.1:

- (i) if “Actual/Actual (ICMA)” is specified in the applicable Final Terms:
 - (A) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the **Accrual Period**) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or
 - (B) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
 - (1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
 - (2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
- (ii) if “30/360” is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

In these Conditions:

Determination Period means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

sub-unit means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, one cent.

5.2 Interest on Floating Rate Notes

(a) Interest Payment Dates

Each Floating Rate Note bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

- (i) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or
- (ii) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Interest Payment Date, an **Interest Payment Date**) which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period. In these Conditions, **Interest Period** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date or the relevant payment date if the Notes become payable on a date other than an Interest Payment Date.

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (A) in any case where Specified Periods are specified in accordance with Condition 5.2(a)(ii) above, the Floating Rate Convention, such Interest Payment Date (a) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (ii) below shall apply *mutatis mutandis* or (b) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (i) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (ii) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or
- (B) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (C) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (D) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In these Conditions, **Business Day** means:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and each Additional Business Centre (other than TARGET2 System) specified in the applicable Final Terms;

- (b) if TARGET2 System is specified as an Additional Business Centre in the applicable Final Terms, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the **TARGET2 System**) is open; and
- (c) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

(b) Rate of Interest

The Rate of Interest payable from time to time in respect of Floating Rate Notes will be determined in the manner specified in the applicable Final Terms.

(i) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this subparagraph (i), **ISDA Rate** for an Interest Period means a rate equal to the Floating Rate that would be determined by the Principal Paying Agent or the Calculation Agent, as applicable, under an interest rate swap transaction if the Principal Paying Agent or the Calculation Agent, as applicable, were acting as Calculation Agent (as defined in the ISDA Definitions (as defined below)) for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the **ISDA Definitions**) and under which:

- (A) the Floating Rate Option is as specified in the applicable Final Terms;
- (B) the Designated Maturity is a period specified in the applicable Final Terms; and
- (C) the relevant Reset Date is the day specified in the applicable Final Terms.

For the purposes of this subparagraph (i), **Floating Rate**, **Floating Rate Option**, **Designated Maturity** and **Reset Date** have the meanings given to those terms in the ISDA Definitions.

Unless otherwise stated in the applicable Final Terms the Minimum Rate of Interest shall be deemed to be zero.

(ii) Screen Rate Determination for Floating Rate Notes

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

- (A) the offered quotation; or
- (B) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate (being either LIBOR, EURIBOR, STIBOR or NIBOR, as specified in the applicable Final Terms) which appears

or appear, as the case may be, on the Relevant Screen Page (or such replacement page on that service which displays the information) as at 11.00 a.m. London time, in the case of LIBOR, 11.00 a.m. Brussels time, in the case of EURIBOR, 11.00 a.m. Stockholm time, in the case of STIBOR or 12.00 noon Oslo time, in the case of NIBOR, on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Principal Paying Agent or the Calculation Agent, as applicable. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Principal Paying Agent or the Calculation Agent, as applicable, for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of (A) above, no such offered quotation appears or, in the case of (B) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

Unless otherwise stated in the applicable Final Terms the Minimum Rate of Interest shall be deemed to be zero.

(c) Minimum Rate of Interest and/or Maximum Rate of Interest

If the applicable Final Terms specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(d) Determination of Rate of Interest and calculation of Interest Amounts

The Principal Paying Agent or the Calculation Agent, as applicable, will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

The Principal Paying Agent or the Calculation Agent, as applicable, will calculate the amount of interest (the **Interest Amount**) payable on the Floating Rate Notes for the relevant Interest Period by applying the Rate of Interest to:

- (i) in the case of Floating Rate Notes which are (i) represented by a Global Note or (ii) Registered Notes in definitive form, the aggregate outstanding nominal amount of (A) the Notes represented by such Global Note or (B) such Registered Notes; or
- (ii) in the case of Floating Rate Notes which are Bearer Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note which is a Bearer Note in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and

the amount by which the Calculation Amount is multiplied to reach the Specified Denomination without any further rounding.

Day Count Fraction means, in respect of the calculation of an amount of interest in accordance with this Condition 5.2:

- (i) if “Actual/Actual (ISDA)” or “Actual/Actual” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (I) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (II) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (ii) if “Actual/365 (Fixed)” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (iii) if “Actual/365 (Sterling)” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (iv) if “Actual/360” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (v) if “30/360”, “360/360” or “Bond Basis” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

Y₁ is the year, expressed as a number, in which the first day of the Interest Period falls;

Y₂ is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

M₁ is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

M₂ is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

D₁ is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D₁ will be 30; and

D₂ is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ will be 30;

- (vi) if “30E/360” or “Eurobond Basis” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

Y_1 is the year, expressed as a number, in which the first day of the Interest Period falls;

Y_2 is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

M_1 is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

M_2 is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

D_1 is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D_1 will be 30; and

D_2 is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D_2 will be 30; and

- (vii) if “30E/360 (ISDA)” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

Y_1 is the year, expressed as a number, in which the first day of the Interest Period falls;

Y_2 is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

M_1 is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

M_2 is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

D_1 is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D_1 will be 30; and

D_2 is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D_2 will be 30.

(e) Linear Interpolation

Where Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Principal Paying Agent or the Calculation Agent, as applicable, by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified as applicable in the applicable Final Terms) or the relevant Floating Rate Option (where ISDA Determination is specified as applicable in the applicable Final Terms), one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period provided however that if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Principal Paying Agent or the

Calculation Agent, as applicable, shall determine such rate at such time and by reference to such sources as it determines appropriate.

Designated Maturity means, in relation to Screen Rate Determination, the period of time designated in the Reference Rate.

(f) Benchmark Discontinuation

Notwithstanding the provisions above in this Condition 5.2, if the relevant Issuer, in consultation with the party responsible for determining the Rate of Interest (being the Principal Paying Agent, the Calculation Agent or such other party specified in the applicable Final Terms, as applicable), determines that a Benchmark Event occurs in relation to an Original Reference Rate at any time when the Conditions provide for any Rate of Interest (or any component part thereof) to be determined by reference to such Original Reference Rate, then the following provisions shall apply.

(i) Independent Adviser

The relevant Issuer shall use reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine (acting in good faith and in a commercially reasonable manner) a Successor Rate, failing which an Alternative Rate and, in either case, an Adjustment Spread (if any) and any Benchmark Amendments (each as defined and as further described below) no later than 5 Business Days prior to the Interest Determination Date relating to the next succeeding Interest Period (the **IA Determination Cut-off Date**) for purposes of determining the Rate of Interest applicable to the Notes for such next succeeding Interest Period and for all future Interest Periods (subject to the subsequent operation of this Condition 5.2(f) during any other future Interest Period(s)).

(ii) Successor Rate or Alternative Rate

If the Independent Adviser (acting in good faith and in a commercially reasonable manner) determines that:

(A) there is a Successor Rate, then such Successor Rate shall (subject to adjustment as provided in Condition 5.2(f)(iii)) subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the subsequent further operation of this Condition 5.2(f)); or

(B) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate shall (subject to adjustment as provided in Condition 5.2(f)(iii)) subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the subsequent further operation of this Condition 5.2(f)).

(iii) Adjustment Spread

If a Successor Rate or Alternative Rate is determined in accordance with Condition 5.2(f)(ii), the Independent Adviser (acting in good faith and in a commercially reasonable manner) shall determine an Adjustment Spread (which may be expressed as a specified quantum, or a formula or methodology for determining the applicable Adjustment Spread (and, for the avoidance of doubt, an Adjustment Spread may be positive, negative or zero)), which Adjustment Spread shall be applied to the Successor Rate or the Alternative Rate (as the case may be) for each subsequent determination of a relevant Rate of Interest (or a relevant component part thereof) by reference to such Successor Rate or Alternative Rate (as applicable), subject to the subsequent further operation and adjustment as provided in this Condition 5.2(f).

(iv) Benchmark Amendments

If any Successor Rate, Alternative Rate or Adjustment Spread is determined in accordance with this Condition 5.2(f) and the Independent Adviser (acting in good faith and in a commercially reasonable manner) determines (i) that amendments to these Conditions (including, without limitation, amendments to the definitions of Additional Business Centre, Business Day, Business Day Convention, Day Count Fraction, Interest Determination Date or Relevant Screen Page) are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread (such amendments, the "**Benchmark Amendments**") and (ii) the terms of the Benchmark Amendments (which shall not impose more onerous obligations on the party responsible for determining the Rate of Interest or expose it to any additional duties or liabilities without such party's consent), then the relevant Issuer shall, subject to giving notice thereof in accordance with Condition 5.2(f)(v), without any requirement for the consent or approval of Noteholders or Couponholders, vary these Conditions to give effect to such Benchmark Amendments with effect from the date specified in such notice.

At the request of the relevant Issuer, the Principal Paying Agent, the Paying Agents and the Calculation Agent shall (at the relevant Issuer's expense and direction), without any requirement for the consent or approval of the Noteholders or Couponholders, be obliged to concur with the relevant Issuer in effecting any Benchmark Amendments required to the Agency Agreement and these Conditions.

In connection with any such variation in accordance with this Condition 5.2(f)(iv), the relevant Issuer shall comply with the rules of any stock exchange or other relevant authority on or by which the Notes are for the time being listed or admitted to trading.

(v) Notices, etc.

The relevant Issuer shall promptly notify the party responsible for determining the Rate of Interest (being the Principal Paying Agent, the Calculation Agent or such other party specified in the applicable Final Terms, as applicable), the Principal Paying Agent, the Paying Agents and, in accordance with Condition 14 (*Notices*), the Noteholders of any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments determined under Condition 5.2(f)(iv). Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

(vi) Survival of Original Reference Rate

Without prejudice to the obligations of the relevant Issuer under this Condition 5.2(f), the Original Reference Rate and the fallback provisions provided for in Condition 5.2(b)(ii) will continue to apply unless and until the party responsible for determining the Rate of Interest (being the Principal Paying Agent, the Calculation Agent or such other party specified in the applicable Final Terms, as applicable) has been notified of the Successor Rate or the Alternative Rate (as the case may be), any Adjustment Spread (if applicable) and Benchmark Amendments (if applicable), in accordance with Condition 5.2(f)(v).

(vii) Fallbacks

If, following the occurrence of a Benchmark Event and in relation to the determination of the Rate of Interest on the immediately following Interest Determination Date, the relevant Issuer is unable to appoint an Independent Adviser or no Successor Rate or Alternative Rate (as applicable) is determined pursuant to this provision and notified to the party responsible for determining the Rate of Interest prior to the IA Determination Cut-off Date, the original benchmark or screen rate (as applicable) will continue to apply for the purposes of determining such Rate of Interest on such Interest Determination Date, with the effect that

the fallback provisions provided elsewhere in these Conditions will continue to apply to such determination.

Notwithstanding any other provision of this Condition 5.2(f), if in the Principal Paying Agent's opinion there is any uncertainty between two or more alternative courses of action in making any determination or calculation under this Condition 5.2(f), the Principal Paying Agent shall promptly notify the relevant Issuer and/or the Independent Advisor thereof and the relevant Issuer shall direct the Principal Paying Agent in writing as to which alternative course of action to adopt. If the Principal Paying Agent is not promptly provided with such direction, or is otherwise unable to make such calculation or determination for any reason, it shall notify the relevant Issuer and/or the Independent Advisor (as the case may be) thereof and the Principal Paying Agent shall be under no obligation to make such calculation or determination and shall not incur any liability for not doing so.

For the purposes of this Condition 5.2(f):

"Adjustment Spread" means either a spread (which may be positive, negative or zero), or the formula or methodology for calculating a spread, in either case, which the Independent Adviser (acting in good faith and in a commercially reasonable manner) determines is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) to reduce or eliminate, to the fullest extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Noteholders and Couponholders as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (a) in the case of a Successor Rate, is formally recommended, or formally provided as an option for parties to adopt, in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or
- (b) (if no such recommendation or option has been made (or made available), or in the case of an Alternative Rate) the Independent Adviser (acting in good faith determines and in a commercially reasonable manner) is recognised or acknowledged as being in customary usage in international debt capital markets transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); or
- (c) (if no such customary market usage is recognised or acknowledged) the Independent Adviser (acting in good faith and in a commercially reasonable manner) determines to be appropriate;

"Alternative Rate" means an alternative to the Reference Rate which the Independent Adviser (acting in good faith and in a commercially reasonable manner) determines in accordance with Condition 5.2(f)(ii) has replaced the Original Reference Rate in customary market usage in the international debt capital markets for the purposes of determining rates of interest (or the relevant component part thereof) for the same interest period and in the same Specified Currency as the Notes or, if the Independent Adviser determines there is no such rate, such other rate as the Independent Adviser (acting in good faith and in a commercially reasonable manner) determines is most comparable to the relevant Reference Rate;

"Benchmark Amendments" has the meaning given to it in Condition 5.2(f)(iv);

"Benchmark Event" means:

- (a) the Original Reference Rate ceasing to be published for a period of at least 5 Business Days or ceasing to exist;

- (b) the later of (i) the making of a public statement by the administrator of the Original Reference Rate that it will, on or before a specified date, cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate) and (ii) the date falling six months prior to the date specified in (b)(i) above;
- (c) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been permanently or indefinitely discontinued;
- (d) the later of (i) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate will, on or before a specified date, be permanently or indefinitely discontinued and (ii) the date falling six months prior to the date specified in (d)(i) above;
- (e) the later of (i) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that means the Original Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences, in each case on or before a specified date and (ii) the date falling six months prior to the specified date referred to in (e)(i) above;
- (f) it has or will prior to the next Interest Determination Date become unlawful for any Paying Agent, the Principal Paying Agent, the Calculation Agent, the relevant Issuer or other party to calculate any payments due to be made to any Noteholder or Couponholder using the Original Reference Rate (including, without limitation, under the Benchmarks Regulation (EU) 2016/1011, if applicable); or
- (g) the making of a public statement by the supervisor of the administrator of the Original Reference Rate announcing that such Original Reference Rate is no longer representative or may no longer be used;

"Independent Adviser" means an independent financial institution of international repute or other independent financial adviser experienced in the international capital markets, in each case appointed by the relevant Issuer at its own expense. For the avoidance of doubt, an Independent Adviser appointed pursuant to this Condition 5.2(f) shall act in good faith and in a commercially reasonable manner and (in the absence of bad faith or fraud) shall have no liability whatsoever to the relevant Issuer, the Guarantor, the Paying Agents, the Noteholders or the Couponholders for any determination made by it pursuant to this Condition 5.2(f);

"Original Reference Rate" means the originally-specified Reference Rate used to determine the Rate of Interest (or any component part thereof) on the Notes;

"Relevant Nominating Body" means, in respect of a Reference Rate:

- (a) the central bank, reserve bank, monetary authority or any similar institution for the currency to which the Reference Rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the Reference Rate; or
- (b) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank, reserve bank, monetary authority or any similar institution for the currency to which the Reference Rate relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the Reference Rate, (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof; and

"Successor Rate" means a successor to or replacement of the Original Reference Rate which is formally recommended, or formally provided as an option for parties to adopt, by any Relevant Nominating Body.

(g) Notification of Rate of Interest and Interest Amounts

The Principal Paying Agent or the Calculation Agent, as applicable, will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the relevant Issuer and any stock exchange on which the relevant Floating Rate Notes are for the time being listed and notice thereof to be published in accordance with Condition 14 (*Notices*) as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will promptly be notified to each stock exchange on which the relevant Floating Rate Notes are for the time being listed and to the Noteholders in accordance with Condition 14 (*Notices*). For the purposes of this paragraph, the expression **London Business Day** means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

(h) Certificates to be final

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5.2 by the Principal Paying Agent or the Calculation Agent, as applicable, shall (in the absence of wilful default, bad faith or manifest error) be binding on the relevant Issuer, the Guarantor, the Principal Paying Agent, the other Agents and all Noteholders and Couponholders and (in the absence of wilful default or bad faith) no liability to the relevant Issuer, the Guarantor, the Noteholders or the Couponholders shall attach to the Principal Paying Agent or the Calculation Agent, as applicable, in connection with the exercise or non exercise by it of its powers, duties and discretions pursuant to such provisions.

5.3 Accrual of interest

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

- (a) the date on which all amounts due in respect of such Note have been paid; and
- (b) five days after the date on which the full amount of the moneys payable in respect of such Note has been received by the Principal Paying Agent or the Registrar, as the case may be, and notice to that effect has been given to the Noteholders in accordance with Condition 14 (*Notices*).

6. PAYMENTS

6.1 Method of payment

Subject as provided below:

- (a) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified

Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively); and

- (b) payments will be made in euro by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee.

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the **Code**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 8 (*Taxation*)) any law implementing an intergovernmental approach thereto.

6.2 Presentation of definitive Bearer Notes and Coupons

Payments of principal in respect of definitive Bearer Notes will (subject as provided below) be made in the manner provided in Condition 6.1 above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Bearer Notes, and payments of interest in respect of definitive Bearer Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia and its possessions)).

Fixed Rate Notes in definitive bearer form (other than Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 8 (*Taxation*)) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 9 (*Prescription*)) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in definitive bearer form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note or Long Maturity Note in definitive bearer form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A **Long Maturity Note** is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

If the due date for redemption of any definitive Bearer Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Bearer Note.

6.3 Payments in respect of Bearer Global Notes

Payments of principal and interest (if any) in respect of Notes represented by any Global Note in bearer form will (subject as provided below) be made in the manner specified above in relation to definitive Bearer Notes or otherwise in the manner specified in the relevant Global Note, where applicable against presentation or surrender, as the case may be, of such Global Note at the specified office of any Paying Agent outside the United States. A record of each payment made, distinguishing between any payment of principal and any payment of interest, will be made either on such Global Note by the Paying Agent to which it was presented or in the records of Euroclear and Clearstream, Luxembourg, as applicable.

6.4 Payments in respect of Registered Notes

Payments of principal (other than instalments of principal prior to the final instalment) in respect of each Registered Note (whether or not in global form) will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Registered Note at the specified office of the Registrar or any of the Paying Agents. Such payments will be made by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Registered Note appearing in the register of holders of the Registered Notes maintained by the Registrar (the **Register**) (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the third business day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) before the relevant due date. For these purposes, **Designated Account** means the account (which, in the case of a payment in Japanese yen to a non resident of Japan, shall be a non resident account) maintained by a holder with a Designated Bank and identified as such in the Register and **Designated Bank** means (in the case of payment in a Specified Currency other than euro) a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively) and (in the case of a payment in euro) any bank which processes payments in euro.

Payments of interest and payments of instalments of principal (other than the final instalment) in respect of each Registered Note (whether or not in global form) will be made by transfer on the due date to the Designated Account of the holder (or the first named of joint holders) of the Registered Note appearing in the Register (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the fifteenth day (whether or not such fifteenth day is a business day) before the relevant due date (the **Record Date**). Payment of the interest due in respect of each Registered Note on redemption and the final instalment of principal will be made in the same manner as payment of the principal amount of such Registered Note.

No commissions or expenses shall be charged to the holders by the Registrar in respect of any payments of principal or interest in respect of Registered Notes.

None of the relevant Issuer, the Guarantor or the Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

6.5 General provisions applicable to payments

The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the relevant Issuer or, as the case may be, the Guarantor will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each

amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the relevant Issuer or, as the case may be, the Guarantor to, or to the order of, the holder of such Global Note.

Notwithstanding the foregoing provisions of this Condition, if any amount of principal and/or interest in respect of Bearer Notes is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Notes will be made at the specified office of a Paying Agent in the United States if:

- (a) the relevant Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Bearer Notes in the manner provided above when due;
- (b) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and
- (c) such payment is then permitted under United States law without involving, in the opinion of the relevant Issuer and the Guarantor, adverse tax consequences to the relevant Issuer or the Guarantor.

6.6 Payment Day

If the date for payment of any amount in respect of any Note or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, **Payment Day** means any day which (subject to Condition 9 (*Prescription*)) is:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits):
 - (i) in the case of Notes in definitive form only, in the relevant place of presentation; and
 - (ii) in each Additional Financial Centre (other than TARGET2 System) specified in the applicable Final Terms;
- (b) if TARGET2 System is specified as an Additional Financial Centre in the applicable Final Terms, a day on which the TARGET2 System is open; and
- (c) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

6.7 Interpretation of principal and interest

Any reference in the Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (a) any additional amounts which may be payable with respect to principal under Condition 8 (*Taxation*);
- (b) the Final Redemption Amount of the Notes;
- (c) the Early Redemption Amount of the Notes;
- (d) the Optional Redemption Amount(s) (if any) of the Notes;
- (e) the Change of Control Redemption Amount;
- (f) the Clean-Up Call Amount;
- (g) any premium and any other amounts (other than interest) which may be payable by the relevant Issuer under or in respect of the Notes.

Any reference in the Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 8 (*Taxation*).

7. REDEMPTION AND PURCHASE

7.1 Redemption at maturity

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the relevant Issuer at its Final Redemption Amount specified in the applicable Final Terms in the relevant Specified Currency on the Maturity Date specified in the applicable Final Terms.

7.2 Redemption for tax reasons

Subject to Condition 7.8, the Notes may be redeemed at the option of the relevant Issuer in whole, but not in part, at any time (if this Note is not a Floating Rate Note) or on any Interest Payment Date (if this Note is a Floating Rate Note), on giving not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms to the Principal Paying Agent and, in accordance with Condition 14 (*Notices*), the Noteholders (which notice shall be irrevocable), if:

- (a) on the occasion of the next payment due under the Notes, the relevant Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 (*Taxation*) or the Guarantor would for reasons outside its control be required to pay such additional amounts, in each case, as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction (as defined in Condition 8 (*Taxation*)), including for the avoidance of doubt the entering into force of the Dutch Withholding Tax Act 2021 (*Wet bronbelasting 2021*), or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes; and
- (b) such obligation cannot be avoided by the relevant Issuer or, as the case may be, the Guarantor taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the relevant Issuer or, as the case may be, the Guarantor would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition, the relevant Issuer shall deliver to the Principal Paying Agent to make available at its specified office to the Noteholders (i) a certificate signed by two Directors of the relevant Issuer or, as the case may be, two Directors of the Guarantor stating that the relevant Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the relevant Issuer so to redeem have occurred and (ii) an opinion of independent legal advisers of recognised standing to the effect that the relevant Issuer or, as the case may be, the Guarantor has or will become obliged to pay such additional amounts as a result of such change or amendment.

Notes redeemed pursuant to this Condition 7.2 will be redeemed at their Early Redemption Amount referred to in Condition 7.8 below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

7.3 Redemption at the option of the Issuer (Issuer Call)

If Issuer Call is specified as being applicable in the applicable Final Terms, the relevant Issuer may, having given not less than the minimum period nor more than the maximum period of notice specified in applicable Final Terms to the Noteholders in accordance with Condition 14 (*Notices*) (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Where the Optional Redemption Amount specified in the applicable Final Terms is Make-whole Amount, any such notice of redemption may, at the relevant Issuer's discretion, be subject to one or more conditions precedent, in which case such notice shall state that, in the relevant Issuer's discretion, the Optional Redemption Date may be delayed until such time as any or all such conditions shall be satisfied (or waived by the relevant Issuer in its sole discretion), or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied (or waived by the relevant Issuer in its sole discretion) by the Optional Redemption Date, or by the Optional Redemption Date so delayed. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount, in each case as may be specified in the applicable Final Terms. The Optional Redemption Amount will either be the specified percentage of the nominal amount of the Notes stated in the applicable Final Terms or, if Make-whole Amount is specified in the applicable Final Terms, will be the higher of (i) 100 per cent. of the nominal amount outstanding of the Notes to be redeemed and (ii) the sum of the present values of the nominal amount outstanding of the Notes to be redeemed and the Remaining Term Interest on such Notes (exclusive of interest accrued to the date of redemption) and such present values shall be calculated by discounting such amounts to the date of redemption on an annual basis (assuming a 360-day year consisting of twelve 30-day months or, in the case of an incomplete month, the number of days elapsed) at the Reference Bond Rate, plus the Redemption Margin, all as determined by the Determination Agent.

In this Condition:

DA Selected Bond means a government security or securities (which if the Specified Currency is euro, will be a German Bundesobligationen) selected by the Determination Agent as having an actual or interpolated maturity comparable with the remaining term of the Notes, that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities denominated in the Specified Currency and of a comparable maturity to the remaining term of the Notes;

Determination Agent means an investment bank or financial institution of international standing selected by the relevant Issuer;

Quotation Time shall be as set out in the applicable Final Terms;

Redemption Margin shall be as set out in the applicable Final Terms;

Reference Bond shall be as set out in the applicable Final Terms or the DA Selected Bond;

Reference Bond Price means, with respect to any date of redemption, (a) the arithmetic average of the Reference Government Bond Dealer Quotations for such date of redemption, after excluding the highest and lowest such Reference Government Bond Dealer Quotations, or (b) if the Determination Agent obtains fewer than four such Reference Government Bond Dealer Quotations, the arithmetic average of all such quotations;

Reference Bond Rate means, with respect to any date of redemption, the rate per annum equal to the annual or semi-annual yield (as the case may be) to maturity or interpolated yield to maturity (on the relevant day count basis) of the Reference Bond, assuming a price for the Reference Bond (expressed as a percentage of its nominal amount) equal to the Reference Bond Price for such date of redemption;

Reference Date will be set out in the relevant notice of redemption;

Reference Government Bond Dealer means each of four banks selected by the relevant Issuer, or their affiliates, which are (A) primary government securities dealers, and their respective successors, or (B) market makers in pricing corporate bond issues;

Reference Government Bond Dealer Quotations means, with respect to each Reference Government Bond Dealer and any date of redemption, the arithmetic average, as determined by the Determination Agent, of the bid and offered prices for the Reference Bond (expressed in each case as a percentage of its nominal amount) at the Quotation Time on the Reference Date quoted in writing to the Determination Agent by such Reference Government Bond Dealer; and

Remaining Term Interest means, with respect to any Note, the aggregate amount of scheduled payment(s) of interest on such Note for the remaining term of such Note (or, if Issuer Maturity Par Call is specified as being applicable in the applicable Final Terms, the remaining term up to (but excluding) the first day of the Maturity Par Call Period as specified in the applicable Final Terms) determined on the basis of the rate of interest applicable to such Note from and including the date on which such Note is to be redeemed by the relevant Issuer pursuant to this Condition 7.3.

In the case of a partial redemption of Notes, the Notes to be redeemed (**Redeemed Notes**) will (i) in the case of Redeemed Notes represented by definitive Notes, be selected individually by lot, not more than 30 days prior to the date fixed for redemption and (ii) in the case of Redeemed Notes represented by a Global Note, be selected in accordance with the rules of Euroclear and/or Clearstream, Luxembourg, (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 14 (*Notices*) not less than 15 days prior to the date fixed for redemption.

7.4 Redemption at the option of the Issuer (Issuer Maturity Par Call)

If Issuer Maturity Par Call is specified as being applicable in the applicable Final Terms, the relevant Issuer may, having given not less than the minimum period nor more than the maximum period of notice specified in applicable Final Terms to the Noteholders in accordance with Condition 14 (*Notices*) (which notice shall be irrevocable and specify the date fixed for redemption), redeem the

Notes then outstanding in whole, but not in part, at any time during the Maturity Par Call Period specified as being applicable in the applicable Final Terms, at the Final Redemption Amount specified in the applicable Final Terms, together (if appropriate) with interest accrued but unpaid to (but excluding) the date fixed for redemption.

7.5 Redemption at the option of the Noteholders (Investor Put)

If Investor Put is specified as being applicable in the applicable Final Terms, upon the holder of any Note giving to the relevant Issuer in accordance with Condition 14 (*Notices*) not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms, the relevant Issuer will, upon the expiry of such notice, redeem such Note on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

To exercise the right to require redemption of this Note the holder of this Note must, if this Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg, deliver, at the specified office of any Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) at any time during normal business hours of such Paying Agent or, as the case may be, the Registrar falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent or, as the case may be, the Registrar (a **Put Notice**) and in which the holder must specify a bank account to which payment is to be made under this Condition and, in the case of Registered Notes, the nominal amount thereof to be redeemed and, if less than the full nominal amount of the Registered Notes so surrendered is to be redeemed, an address to which a new Registered Note in respect of the balance of such Registered Notes is to be sent subject to and in accordance with the provisions of Condition 2.2. If this Note is in definitive bearer form, the Put Notice must be accompanied by this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Put Notice, be held to its order or under its control.

If this Note is represented by a Global Note or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption of this Note the holder of this Note must, within the notice period, give notice to the Principal Paying Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear, Clearstream, Luxembourg or any common depository or common safekeeper, as the case may be for them to the Principal Paying Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time.

Any Put Notice or other notice given in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg by a holder of any Note pursuant to this Condition 7.5 shall be irrevocable except where, prior to the due date of redemption, an Event of Default has occurred and is continuing, in which event such holder, at its option, may elect by notice to the relevant Issuer to withdraw the notice given pursuant to this Condition 7.5 and instead to declare such Note forthwith due and payable pursuant to Condition 10 (*Events of Default*).

7.6 Redemption at the option of the Noteholders upon a change of control (Change of Control Put)

If Change of Control Put is specified as being applicable in the applicable Final Terms, then this Condition 7.6 shall apply.

A **Change of Control Put Event** will be deemed to occur if:

- (a) any person or any persons acting in concert (other than the Existing Majority Owners) shall acquire a controlling interest in (A) more than 50 per cent., of the issued or allotted ordinary share capital of H&M or (B) shares in the issued or allotted ordinary share capital of H&M

carrying more than 50 per cent. of the voting rights normally exercisable at a general meeting of H&M (each such event being, a **Change of Control**); and

- (b) on the date (the **Relevant Announcement Date**) that is the earlier of (x) the date of the earliest Potential Change of Control Announcement (if any) and (y) the date of the first public announcement of the relevant Change of Control, the Notes carry:
- (i) an investment grade credit rating (*Baa3/BBB-/BBB- or equivalent or better*) from any Rating Agency (provided by such Rating Agency at the invitation or with the consent of H&M) and such rating from any Rating Agency is within the Change of Control Period either downgraded to a non-investment grade credit rating (*Ba1/BB+/BB+ or equivalent or worse*) or withdrawn and is not within the Change of Control Period subsequently (in the case of a downgrade) upgraded or (in the case of a withdrawal) reinstated to an investment grade credit rating by such Rating Agency; or
 - (ii) a non-investment grade credit rating (*Ba1/BB+/BB+ or equivalent or worse*) from any Rating Agency (provided by such Rating Agency at the invitation or with the consent of H&M) and such rating from any Rating Agency is within the Change of Control Period downgraded by one or more notches (*for illustration, Ba1/BB+/BB+ to Ba2/BB/BB being one notch*) or withdrawn and is not within the Change of Control Period subsequently (in the case of a downgrade) upgraded or (in the case of a withdrawal) reinstated to its earlier credit rating or better by such Rating Agency; or
 - (iii) no credit rating from any Rating Agency and a Negative Rating Event also occurs within the Change of Control Period,
- and
- (c) in making the relevant decision(s) referred to above, the relevant Rating Agency announces publicly or confirms in writing to H&M that such downgrading and/or withdrawal resulted, directly or indirectly, from the Change of Control or the Potential Change of Control Announcement (whether or not the Change of Control shall have occurred at the time such rating is downgraded and/or withdrawn). Upon receipt by H&M or the relevant Issuer of any such written confirmation, H&M or the relevant Issuer shall forthwith give notice of such written confirmation to the Noteholders in accordance with Condition 14 (*Notices*).

If the rating designations employed by Moody's, S&P or Fitch are changed from those which are described in paragraph (b) of the definition of "Change of Control Put Event" above, or if a rating is procured from a Substitute Rating Agency, the relevant Issuer shall determine the rating designations of Moody's, S&P or Fitch or such Substitute Rating Agency (as appropriate) as are most equivalent to the prior rating designations of Moody's, S&P or Fitch and this Condition 7.6 shall be construed accordingly.

If a Change of Control Put Event occurs, the holder of any Note will have the option to require the relevant Issuer to redeem or, at the relevant Issuer's option, purchase (or procure the purchase of) such Note on the Change of Control Put Date (as defined below) at the Change of Control Redemption Amount together (if appropriate) with interest accrued to (but excluding) the date of redemption or purchase.

Promptly upon the relevant Issuer becoming aware that a Change of Control Put Event has occurred and, in any event, within 5 days of the occurrence of the relevant Change of Control Put Event, the relevant Issuer shall give notice (a **Change of Control Put Event Notice**) to the Noteholders in accordance with Condition 14 (*Notices*) specifying the nature of the Change of Control Put Event

and the circumstances giving rise to it and the procedure for exercising the option set out in this Condition 7.6.

If this Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg, to exercise the option to require redemption or purchase of this Note under this Condition 7.6, the holder of this Note must deliver, at the specified office of any Paying Agent (in the case of Bearer Notes) or the Registrar or any Transfer Agent (in the case of Registered Notes) at any time during normal business hours of such Paying Agent or the Registrar or such Transfer Agent falling within the Change of Control Put Period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from the specified office of any Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) (a **Change of Control Put Option Notice**) and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition accompanied by this Note and, in the case of Registered Notes, the nominal amount thereof to be redeemed and, if less than the full nominal amount of the Registered Notes so surrendered is to be redeemed, an address to which a new Registered Note in respect of the balance of such Registered Notes is to be sent subject to and in accordance with Condition 2.2.

If this Note is represented by a Global Note or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption or, as the case may be, purchase of this Note under this Condition 7.6 the holder of this Note must, within the Change of Control Put Period, give notice to the Principal Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) of such exercise in accordance with the standard procedures of Euroclear and/or Clearstream, Luxembourg (which may include notice being given on that holder's instruction by Euroclear and/or Clearstream, Luxembourg or any common depositary or common safekeeper, as the case may be, for them to the Principal Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) by electronic means) in a form acceptable to Euroclear and/or Clearstream, Luxembourg from time to time.

Any Change of Control Put Option Notice or other notice given in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg given by a holder of any Note pursuant to this Condition 7.6 shall be irrevocable.

In these Conditions:

Change of Control Period means the period commencing on the Relevant Announcement Date and ending 120 days after the occurrence of the Change of Control or, where a Rating Agency has publicly announced that the Notes are under consideration for rating review or, as the case may be, rating (such public announcement being within the period ending 120 days after the Change of Control), the later of (i) such 120th day after the Change of Control and (ii) the date falling 60 days after such public announcement;

Change of Control Put Date is the seventh Business Day following the last day of the Change of Control Put Period;

Change of Control Put Period means the period from, and including, the date of a Change of Control Put Event Notice to, but excluding, the 45th day following the date of the Change of Control Put Event Notice or, if earlier, the eighth day immediately preceding the Maturity Date;

Existing Majority Owners means Mr. Stefan Persson and/or any person directly or indirectly controlled by Mr. Stefan Persson or any spouse, child, parent, brother or sister of Mr. Stefan Persson;

Fitch means Fitch Ratings Limited;

Moody's means Moody's Investors Service Ltd;

Negative Rating Event shall be deemed to have occurred, if at any time there is no rating assigned to the Notes by any Rating Agency (at the invitation or with the consent of the relevant Issuer), either (i) the relevant Issuer does not, prior to or not later than 21 days after the occurrence of the relevant Change of Control, seek, and thereafter throughout the Change of Control Period use all reasonable endeavours to obtain, a rating of the Notes or (ii) if the relevant Issuer does so seek and use all such reasonable endeavours, it is unable to obtain such rating of at least investment grade (*Baa3/BBB-/BBB- or equivalent or better*) by the end of the Change of Control Period and the relevant Rating Agency announces publicly or confirms in writing to the relevant Issuer that the failure to issue a rating of at least investment grade (*Baa3/BBB-/BBB- or equivalent or better*) was as a result, directly or indirectly, from the Change of Control or the Potential Change of Control Announcement (whether or not the Change of Control had occurred at such time);

a reference to a **person** includes any individual, company, corporation, unincorporated association or body (including a partnership, trust, fund, joint venture or consortium), government, state, agency, organisation or other entity whether or not having separate legal personality;

Potential Change of Control Announcement means any public announcement or statement by or on behalf of the relevant Issuer, H&M, any actual or potential bidder or any adviser acting on behalf of any actual or potential bidder relating to any potential Change of Control where within 120 days following the date of such announcement or statement, a Change of Control occurs;

Rating Agency means Moody's, S&P or Fitch or any of their respective successors or any other rating agency (each a **Substitute Rating Agency**) of equivalent international standing specified by the relevant Issuer from time to time; and

S&P and Standard & Poor's means S&P Global Ratings Europe Limited.

7.7 Clean-Up Call

If Clean-Up Call is specified as being applicable in the applicable Final Terms, in the event that 80 per cent. or more in principal amount of the Notes then outstanding have been redeemed pursuant to Conditions 7.5 and/or 7.6 or purchased and cancelled pursuant to Condition 7.9, the relevant Issuer may, having given not less than the minimum period nor more than the maximum period of notice specified in applicable Final Terms to the Principal Paying Agent and the Noteholders in accordance with Condition 14 (*Notices*), redeem or, at the relevant Issuer's option, purchase (or procure the purchase of) all but not some only of, the Notes then outstanding at the Clean-Up Call Amount specified in the applicable Final Terms together with interest accrued to but excluding the date of such redemption. The notice referred to in the preceding sentence shall be irrevocable and shall specify the date fixed for redemption.

7.8 Early Redemption Amounts

For the purpose of Condition 7.2 above and Condition 10 (*Events of Default*):

- (a) each Note (other than a Zero Coupon Note) will be redeemed at its Early Redemption Amount; and
- (b) each Zero Coupon Note will be redeemed at its Early Redemption Amount calculated in accordance with the following formula:

$$\text{Early Redemption Amount} = \text{RP} \times (1 + \text{AY})^y$$

where:

RP means the Reference Price;

AY means the Accrual Yield expressed as a decimal; and

y is the Day Count Fraction specified in the applicable Final Terms which will be either (i) 30/360 (in which case the numerator will be equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (ii) Actual/360 (in which case the numerator will be equal to the -actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (iii) Actual/365 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 365).

7.9 Purchases

The relevant Issuer, the Guarantor or any Subsidiary of the Guarantor may at any time purchase Notes (provided that, in the case of definitive Bearer Notes, all unmatured Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Such Notes may be held, reissued, resold or, at the option of the relevant Issuer or the Guarantor, surrendered to any Paying Agent and/or the Registrar for cancellation.

7.10 Cancellation

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and any Notes purchased and cancelled pursuant to Condition 7.9 above (together with all unmatured Coupons and Talons cancelled therewith) shall be forwarded to the Principal Paying Agent and cannot be reissued or resold.

7.11 Late payment on Zero Coupon Notes

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 7.1, 7.2, 7.3, 7.4, 7.5, 7.6 or 7.7 above or upon its becoming due and repayable as provided in Condition 10 (*Events of Default*) is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 7.8(b) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (a) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (b) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Principal Paying Agent or the Registrar and notice to that effect has been given to the Noteholders in accordance with Condition 14 (*Notices*).

8. TAXATION

All payments of principal and interest in respect of the Notes and Coupons by or on behalf of the relevant Issuer or the Guarantor will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction unless such withholding or deduction is required by law. In such event, the relevant Issuer or, as the case may be, the Guarantor will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have

been receivable in respect of the Notes or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note or Coupon:

- (a) presented for payment in the Kingdom of Sweden or, where the relevant Issuer is H&M Finance, the Netherlands; or
- (b) the holder of which is liable for such taxes or duties in respect of such Note or Coupon by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such Note or Coupon; or
- (c) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 6.6).

As used herein:

- (i) **Tax Jurisdiction** means the Kingdom of Sweden or the Netherlands or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which payments made by the relevant Issuer or the Guarantor, as the case may be, of principal and interest on the Notes become generally subject; and
- (ii) the **Relevant Date** means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Principal Paying Agent or the Registrar, as the case may be, on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 14 (*Notices*).

9. PRESCRIPTION

The Notes (whether in bearer or registered form) and Coupons will become void unless claims in respect of principal and/or interest are made within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 8 (*Taxation*)) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 6.2 or any Talon which would be void pursuant to Condition 6.2.

10. EVENTS OF DEFAULT

10.1 Events of Default

If any one or more of the following events (each an **Event of Default**) shall occur and be continuing:

- (a) if default is made in the payment in the Specified Currency of any principal or interest due in respect of the Notes or any of them and the default continues for a period of seven days in the case of principal and 14 days in the case of interest; or
- (b) if the relevant Issuer or the Guarantor fails to perform or observe any of its other obligations under these Conditions or the Guarantee and (except in any case where the failure is incapable of remedy when no such continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 30 days next following the service by a Noteholder on the relevant Issuer or the Guarantor (as the case may be) of written notice requiring the same to be remedied; or

- (c)
- (i) any Indebtedness of the relevant Issuer or the Guarantor or any of H&M's Principal Subsidiaries is not paid when due or (as the case may be) within any originally applicable grace period;
 - (ii) any Indebtedness of the relevant Issuer, the Guarantor or any of H&M's Principal Subsidiaries becomes due and payable prior to its stated maturity by reason of an event of default, howsoever described; or
 - (iii) the relevant Issuer, the Guarantor or any of H&M's Principal Subsidiaries fails to pay when due any amount payable by it under any guarantee (as defined in Condition 4) of any Indebtedness,

provided that the amount of Indebtedness referred to in sub-paragraph (i) and/or subparagraph (ii) above and/or the amount payable under any guarantee referred to in subparagraph (iii) above individually or in the aggregate exceeds EUR 50,000,000 (or its equivalent in any other currency or currencies);

- (d) if any order is made by any competent court or resolution passed for the winding up or dissolution of the relevant Issuer, the Guarantor or any of H&M's Principal Subsidiaries, save for the purposes of reorganisation on terms previously approved by an Extraordinary Resolution; or
- (e) if the relevant Issuer, the Guarantor or any of H&M's Principal Subsidiaries ceases or threatens to cease to carry on the whole or a substantial part of its business, save for the purposes of reorganisation on terms previously approved by an Extraordinary Resolution, or the relevant Issuer, the Guarantor or any of H&M's Principal Subsidiaries stops or threatens to stop payment of, or is unable to, or admits inability to, pay, its debts (or any class of its debts) as they fall due, or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or insolvent; or
- (f) if (i) proceedings are initiated against the relevant Issuer, the Guarantor or any of H&M's Principal Subsidiaries under any applicable liquidation, insolvency, composition, reorganisation or other similar laws, or an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the relevant Issuer, the Guarantor or any of H&M's Principal Subsidiaries or, as the case may be, in relation to the whole or a substantial part of the undertaking or assets of any of them, or an encumbrancer takes possession of the whole or a substantial part of the undertaking or assets of any of them, or (ii) a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the undertaking or assets of any of them (such undertaking or assets having an aggregate value of at least EUR 50,000,000 (or its equivalent in any other currency)) and (iii) in any case (other than the appointment of an administrator) is not discharged within 30 days; or
- (g) if the relevant Issuer, the Guarantor or any of H&M's Principal Subsidiaries initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including the obtaining of a moratorium) or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors); or

- (h) if, in the case of Notes issued by H&M Finance, the relevant Issuer ceases to be a subsidiary wholly owned and controlled, directly or indirectly, by H&M; or
- (i) if, in the case of Notes issued by H&M Finance, the Guarantee ceases to be, or is claimed by the relevant Issuer or the Guarantor not to be, in full force and effect; or
- (j) if any event occurs which, under the laws of the Kingdom of Sweden or the Netherlands or the law to which such Principal Subsidiary is subject, has or may have an analogous effect to any of the events referred to in paragraphs (d) to (i) above,

then any holder of a Note may, by written notice to the relevant Issuer at the specified office of the Principal Paying Agent, effective upon the date of receipt thereof by the Principal Paying Agent, declare any Note held by it to be forthwith due and payable whereupon the same shall become forthwith due and payable at its Early Redemption Amount, together with accrued interest (if any) to the date of repayment, without presentment, demand, protest or other notice of any kind.

10.2 Definitions

For the purposes of the Conditions:

Indebtedness means any indebtedness of any Person for money borrowed or raised including (without limitation) any indebtedness for or in respect of:

- (a) amounts raised by acceptance under any acceptance credit facility;
- (b) amounts raised under any note purchase facility;
- (c) the amount of any liability in respect of leases or hire purchase contracts which would, in accordance with applicable law and generally accepted accounting principles, be treated as finance or capital leases;
- (d) the amount of any liability in respect of any purchase price for assets or services the payment of which is deferred for a period in excess of 90 days; and
- (e) amounts raised under any other similar transaction (including, without limitation, any forward sale or purchase agreement) having the commercial effect of a borrowing;

Person includes any individual, firm, company, corporation, government, state or agency of a state or any association, trust, joint venture, consortium, partnership or other entity (whether or not having separate legal personality); and

Principal Subsidiary means at any time a Subsidiary of H&M:

- (a) whose net sales (consolidated in the case of a Subsidiary which itself has Subsidiaries) or whose total assets (on an unconsolidated basis) represent in each case (or, in the case of a Subsidiary acquired after the end of the financial period to which the then latest audited consolidated accounts of H&M and its Subsidiaries relate, are equal to) not less than 10 per cent. of the aggregate net sales or, as the case may be, total consolidated assets, of H&M and its Subsidiaries taken as a whole, all as calculated respectively by reference to the then latest audited accounts (consolidated or, as the case may be, unconsolidated) of such Subsidiary and the then latest audited consolidated accounts of H&M and its Subsidiaries, provided that in the case of a Subsidiary of H&M acquired after the end of the financial period to which the then latest audited consolidated accounts of H&M and its Subsidiaries relate, the reference to the then latest audited consolidated accounts of H&M and its Subsidiaries for the purposes of the calculation above shall, until consolidated accounts for the financial period in which the acquisition is made have been prepared and audited (if applicable) as aforesaid, be deemed to be a reference to such first-mentioned accounts as if such Subsidiary

had been shown in such accounts by reference to its then latest relevant audited accounts, adjusted as deemed appropriate by H&M;

- (b) to which is transferred (whether by one transaction or a series of transactions, related or not) the whole or substantially the whole of the assets of a Subsidiary of H&M which immediately prior to such transfer or transfers was a Principal Subsidiary, provided that the transferor Subsidiary shall upon such transfer forthwith cease to be a Principal Subsidiary and the transferee Subsidiary shall cease to be a Principal Subsidiary pursuant to this subparagraph (b) on the date on which the consolidated accounts of H&M and its Subsidiaries for the financial period current at the date of such transfer have been prepared and audited as aforesaid but so that such transferor Subsidiary or such transferee Subsidiary may be a Principal Subsidiary on or at any time after the date on which such consolidated accounts have been prepared and audited as aforesaid by virtue of the provisions of subparagraph (a) above or, prior to or after such date, by virtue of any other applicable provision of this definition,

all as more particularly defined in the Agency Agreement.

A report by two Directors of H&M that in their opinion a Subsidiary of H&M is or is not or was or was not at any particular time or throughout any specified period a Principal Subsidiary, shall, in the absence of manifest error, be conclusive and binding on all parties.

11. REPLACEMENT OF NOTES, COUPONS AND TALONS

Should any Note, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Principal Paying Agent (in the case of Bearer Notes or Coupons) or the Registrar (in the case of Registered Notes) upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the relevant Issuer may reasonably require. Mutilated or defaced Notes, Coupons or Talons must be surrendered before replacements will be issued.

12. AGENTS

The initial Agents are set out above. If any additional Paying Agents are appointed in connection with any Series, the names of such Paying Agents will be specified in Part B of the applicable Final Terms.

The relevant Issuer is entitled to vary or terminate the appointment of any Agent and/or appoint additional or other Agents and/or approve any change in the specified office through which any Agent acts, provided that:

- (a) there will at all times be a Principal Paying Agent and a Registrar;
- (b) so long as the Notes are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be a Paying Agent (in the case of Bearer Notes) and a Transfer Agent (in the case of Registered Notes) with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority; and
- (c) there will at all times be a Paying Agent in a jurisdiction within Europe, other than the Kingdom of Sweden or, where the relevant Issuer is H&M Finance, the Netherlands.

In addition, the relevant Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 6.5. Notice of any variation, termination, appointment or change in Paying Agents will be given to the Noteholders promptly by the relevant Issuer in accordance with Condition 14 (*Notices*).

In acting under the Agency Agreement, the Agents act solely as agents of the relevant Issuer and the Guarantor and do not assume any obligation to, or relationship of agency or trust with, any Noteholder or Couponholder. The Agency Agreement contains provisions permitting any entity into which any Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor agent.

13. EXCHANGE OF TALONS

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of any Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 9 (*Prescription*).

14. NOTICES

All notices regarding the Bearer Notes will be deemed to be validly given if published in a leading English language daily newspaper of general circulation in London. It is expected that any such publication in a newspaper will be made in the *Financial Times* in London. The relevant Issuer shall also ensure that notices are duly published in a manner which complies with the rules of any stock exchange or other relevant authority on which the Bearer Notes are for the time being listed or by which they have been admitted to trading including publication on the website of the relevant stock exchange or relevant authority if required by those rules. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers. Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes.

All notices regarding the Registered Notes will be deemed to be validly given if sent by first class mail or (if posted to an address overseas) by airmail to the holders (or the first named of joint holders) at their respective addresses recorded in the Register and will be deemed to have been given on the fourth day after mailing and, in addition, for so long as any Registered Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published on the website of the relevant stock exchange or relevant authority and/or in a daily newspaper of general circulation in the place or places required by those rules.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) or such websites or such mailing the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Notes and, in addition, for so long as any Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published on the website of the relevant stock exchange or relevant authority and/or in a daily newspaper of general circulation in the place or places required by those rules. Any such notice shall be deemed to have been given to the holders of the Notes (i) on the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg, where such notice is given to Euroclear and/or Clearstream, Luxembourg before 4.00 p.m. (Central European time); or (ii) on the day after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg where it is given to Euroclear and/or Clearstream, Luxembourg after 4.00 p.m. (Central European time).

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Principal Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes). Whilst any of

the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Principal Paying Agent or the Registrar through Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Principal Paying Agent, the Registrar and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

15. MEETINGS OF NOTEHOLDERS AND MODIFICATION

The Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Coupons, the Guarantee or any of the provisions of the Agency Agreement or the Guarantee. Such a meeting may be convened by the relevant Issuer or the Guarantor and shall be convened by the relevant Issuer if required in writing by Noteholders holding not less than five per cent. in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than 50 per cent. in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes or the Coupons or the Guarantee (including modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes, altering the currency of payment of the Notes or the Coupons or amending the Deed of Covenant in certain respects), the quorum shall be one or more persons holding or representing not less than two-thirds in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third in nominal amount of the Notes for the time being outstanding. The Agency Agreement provides that (i) a resolution passed at a meeting duly convened and held in accordance with the Agency Agreement by a majority consisting of not less than three-fourths of the votes cast on such resolution, (ii) a resolution in writing signed by or on behalf of the holders of not less than three-fourths in nominal amount of the Notes for the time being outstanding or (iii) consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Principal Paying Agent) by or on behalf of the holders of not less than three-fourths in nominal amount of the Notes for the time being outstanding, shall, in each case, be effective as an Extraordinary Resolution of the Noteholders. An Extraordinary Resolution passed by the Noteholders will be binding on all the Noteholders, whether or not they are present at any meeting, and whether or not they voted on the resolution, and on all Couponholders.

The Principal Paying Agent and the relevant Issuer may agree, without the consent of the Noteholders or Couponholders, to:

- (a) any modification (except such modifications in respect of which an increased quorum is required as mentioned above) of the Notes, the Coupons, the Guarantee, the Deed of Covenant or the Agency Agreement which is not prejudicial to the interests of the Noteholders; or
- (b) any modification as a result of the operation of Condition 5.2(f); or
- (c) any modification of the Notes, the Coupons, the Guarantee, the Deed of Covenant or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law.

Any such modification shall be binding on the Noteholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 14 (*Notices*) as soon as practicable thereafter.

16. FURTHER ISSUES

The relevant Issuer shall be at liberty from time to time without the consent of the Noteholders or the Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue and so that the same shall be consolidated and form a single Series with the outstanding Notes.

17. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person shall have any right to enforce any term or condition of this Note under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

18. GOVERNING LAW AND SUBMISSION TO JURISDICTION

18.1 Governing law

The Agency Agreement, the Guarantee, the Deed of Covenant, the Notes and the Coupons and any non-contractual obligations arising out of or in connection with the Agency Agreement, the Guarantee, the Deed of Covenant, the Notes and the Coupons are governed by, and construed in accordance with, English law.

18.2 Submission to jurisdiction

- (a) Subject to Condition 18.2(c) below, the English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Notes and/or the Coupons, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Notes and/or the Coupons (a **Dispute**) and accordingly each of the relevant Issuer and any Noteholders or Couponholders in relation to any Dispute submits to the exclusive jurisdiction of the English courts.
- (b) For the purposes of this Condition 18.2, the relevant Issuer waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.
- (c) To the extent allowed by law, the Noteholders and the Couponholders may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction; and (ii) concurrent proceedings in any number of jurisdictions.

18.3 Appointment of Process Agent

The Issuers and the Guarantor irrevocably appoint H & M Hennes & Mauritz UK Ltd at its registered office at 1st Floor, 25 Argyll Street, London, W1F 7TS, United Kingdom as their agent for service of process in any proceedings before the English courts in relation to any Dispute and agree that, in the event of H & M Hennes & Mauritz UK Ltd being unable or unwilling for any reason so to act, it will immediately appoint another person as its agent for service of process in England in respect of any Dispute. The Issuers and the Guarantor agree that failure by a process agent to notify it of any process will not invalidate service. Nothing herein shall affect the right to serve process in any other manner permitted by law.

18.4 Other documents and the Guarantor

The relevant Issuer and, where applicable, the Guarantor have in the Agency Agreement, the Guarantee and the Deed of Covenant submitted to the jurisdiction of the English courts and appointed an agent for service of process in terms substantially similar to those set out above.

USE OF PROCEEDS

The net proceeds from each issue of Notes will be applied by the relevant Issuer for its general corporate purposes, which include making a profit. If, in respect of an issue, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.

DESCRIPTION OF H&M FINANCE

H&M Finance is a designated activity company (limited by shares) (*besloten vennootschap*) incorporated under the laws of the Netherlands, having its statutory seat in Amsterdam and registered in the Dutch Chamber of Commerce register under the corporate registration number 78444586 and is subject to, *inter alia*, provisions on private limited companies (*besloten vennootschappen*) and general company law as included in the Dutch Civil Code (*Burgerlijk Wetboek*). Its registered office is Keizersgracht 271, 1016 ED Amsterdam, the Netherlands (telephone number: +31 20 55 67 777). H&M Finance was incorporated on 30 June 2020. H&M is the direct owner of 100 per cent. of H&M Finance's shares and the ultimate parent company of H&M Finance.

H&M Finance's principal trading activity is to be a financing provider to other companies within the Group. As at the date of this Offering Circular, H&M Finance has 0 employees. H&M Finance has not yet prepared any financial statements for any period since its incorporation.

1.1 Organisation and Operations

H&M Finance is an internal finance provider established purely for the purpose of issuing bonds under the Programme and onlending to entities within the Group.

1.2 The Board of Directors

H&M Finance's board of directors consists of one managing director.

As at the date of this Offering Circular, the managing director of H&M Finance is:

Name	Position	Principal activities
H & M Hennes & Mauritz AB	Managing director	Parent company of the Group. The Group is a global retail company.

The business address of the managing director of H&M Finance is Mäster Samuelsgatan 46 A, SE-106 38 Stockholm, Sweden.

There are no potential conflicts of interest between any duties of the managing director of H&M Finance to H&M Finance and its private interests and/or other duties.

1.3 Shareholders

H&M Finance is a direct wholly owned subsidiary of H&M. The issued share capital of H&M Finance is EUR 50,000.00, consisting of 50,000 ordinary shares. The rights of H&M as a shareholder in H&M Finance are contained in the articles of association of H&M Finance. H&M Finance is managed in accordance with those articles and with the provisions of Dutch law.

DESCRIPTION OF H&M

OVERVIEW

H&M is a public limited liability company incorporated under the laws of the Kingdom of Sweden and is regulated by the Swedish Companies Act (Sw. *aktiebolagslagen (2005:551)*), with corporate identity number 556042-7220. Its registered office is Mäster Samuelsgatan 46A, SE-106 38 Stockholm, Sweden (telephone number: +46 (0)8 796 55 00). H&M is the parent company of a number of subsidiaries which are incorporated in Sweden as well as outside of Sweden. References in this business description to the “Group” are to H&M and its subsidiaries, unless the context provides otherwise.

The Group is a global retail company, which offers fashion and design for women, men, teenagers, children and babies, sportswear, underwear, cosmetics, accessories and shoes as well as home decoration and furnishing. The Group operates under the following main brands: “H&M”, “COS”, “Monki”, “Weekday”, “& Other Stories”, “H&M HOME”, “ARKET” and “Afound”. These brands have been created to complement each other and each of them has their own unique identity. Some stores, mainly at ARKET, also include a café. Each brand has its own design and buying department. Afound departs from this model since it’s a marketplace for discounted products from other brands. As at the date of this Offering Circular, the Group, including franchise operations, reaches customers around the world through its network of more than 5,000 physical stores in 74 countries with online stores in 51 of those markets. This omni-channel strategy is aimed at providing the Group’s customers with the option to move freely between the various channels and to choose whether they want to shop and experience the offering in store, online or, for example, through social media. Most of the Group’s brands are available on external e-commerce platforms. Furthermore, the Group’s brands COS, Monki, Weekday, & Other Stories and ARKET have a global delivery and return service enabling shipping to customers in around 70 countries outside the coverage of its physical stores. In addition, the Group is the majority owner of “Sellpy”, an e-commerce platform for second-hand items. The Group has also launched a business-to-business initiative, “Treadler”, through which the Group will offer access to its global supply chain as a service to external companies.

For the financial year ended 30 November 2019, the Group generated net sales (excluding VAT) of SEK 232,755 million and an operating profit of SEK 17,346 million, with a corresponding operating margin of 7.5 per cent. The Group is one of the largest own-branded fashion retailers in the world by turnover and global presence and had more than 179,000 employees at year-end.

The impact of the COVID-19 outbreak has negatively affected sales and results of the Group since February 2020, initially in China but subsequently spreading to affect almost all of the markets in which it is present. The safety of employees and customers has been the Group’s highest priority since the outbreak. As a result of decisions by local authorities and/or local market conditions, around 80 per cent. of the Group’s stores were closed in mid-March 2020. From the end of April 2020 onwards the Group started to gradually re-open its stores in a number of markets. Re-openings in each market have been in line with local restrictions and rules on social distancing. The following table shows the evolution of the closing of stores globally since the beginning of 2020:

Week number	01	02	03	04	05	06	07	08	09	10	11	12	13	14	15	16	17	18	19	20	21	22
% stores closed	0%	0%	0%	1%	2%	7%	7%	4%	3%	1%	1%	25%	69%	76%	78%	79%	74%	67%	55%	40%	30%	26%

As at the date of this Offering Circular, no rating has been assigned to H&M.

HISTORY

Incorporation

The Group was incorporated in Västerås, Sweden on 4 October 1947 under the name Hennes, for the purpose of selling women's clothing. The Group's name was changed to Hennes & Mauritz following the acquisition of Mauritz Widforss in 1968, resulting in the expansion of its offering to men and children. In connection with its listing on the Swedish stock exchange in 1974, the Group's name was shortened to "H&M".

Expansion and Growth

Over the years, the Group has developed a business model that has resulted in increased growth, and the Group has adhered to a philosophy of centralised control from its headquarters in Sweden with a gradual expansion of its retail presence outside of Sweden.

In 1964, H&M opened its first retail store outside Sweden, in Oslo, Norway. International expansion outside of Scandinavia, however, did not occur until 1976 when the Group opened its first store in England. In the same year the Group established a Country Sales Organisation (CSO) in Switzerland and in 1978 they started operations in Germany. After establishing the German CSO, it took almost a decade before the Group opened its next CSO. Since then, rapid expansion worldwide has followed. The Group opened its first online store in 1998. In 2000, the Group opened its first non-European store in New York. The first H&M store in Asia, a full concept store, opened in Hong Kong in 2007. Mexico became H&M's first market in Latin America in 2012. H&M opened in Australia in 2014, followed by India and South Africa in 2015. In parallel, rapid digital expansion took place with the number of online markets growing from 13 to 43 markets between 2014 and 2017. In tandem with launches on external platforms in markets such as China and India in 2018 and 2019, online expansion continued, reaching 51 markets in 2019.

In light of the shift in fashion retail towards digital sales, the Group has made significant investments over several years in order to better adapt to changing consumer behaviour and increasing customer expectations. Investments, and initiatives related to this, include, among other things: completing the migration of all H&M online markets to a new online platform in 2019; implementing new logistics systems and new high-tech logistics centres; integrating digital and physical channels while optimising the Group's store portfolio; closing down Cheap Monday in 2019; increasing assortment relevance by the extended use of advanced analytics and Artificial Intelligence; and creating Business Tech, a new organisation within the Group aimed at increasing speed, flexibility and efficiency. Business Tech will, in 2020, gradually replace the previous separate functions of IT, Advanced Analytics & AI and Business Development.

In parallel, the Group has over the years made significant investments in sustainability in order to increase resilience, meet customers' growing demand for responsibly sourced products and contribute to a more sustainable fashion industry. With its vision of leading the change towards circular and climate-positive fashion as a fair and equal company, the Group is working extensively and transparently to improve working conditions in the supply chain and to ensure the sustainable use of resources. With the aim of achieving profitable growth while contributing to sustainable development, the Group is continually testing and developing new concepts and business models.

The Group expects the current crisis resulting from the COVID-19 outbreak, and its massive effect on society, to further accelerate digitalisation and highlight the importance of increased sustainability going forward. Due to its long-term investments, customer-centric approach and ongoing transformation work, the Group considers itself to be well positioned to adapt to both of these growing waves of change.

Brand and segment development

Since its inception, the Group has sought to consistently develop a distinctive brand image across an expanding number of products, price tiers, and markets. The Group's products, which include fashion for women, men, teenagers, children and babies, sportswear, underwear, cosmetics, accessories and shoes as well as home decoration and furnishing, are some of the world's most widely recognised brands. The Group seeks to combine consumer insight with its design, marketing, and imaging skills to offer broad fashion and lifestyle product collections.

In 2004, the Group started to collaborate with designer Karl Lagerfeld and since then, brands such as Versace, Roberto Cavalli, Alexander Wang and Stella McCartney have been invited to collaborate with the Group.

In 2007, the brand COS was born, with its first location in London, UK. Then, the brands Weekday, Monki, and Cheap Monday joined the Group through the acquisition of FaBric Scandinavien AB. Home decoration and furnishing was added to the Group's offering through the launch of H&M Home in 2009.

In 2010, H&M launched a full fashion collection made from sustainable materials. Garment collecting was introduced worldwide in 2013 and since the start, more than 100,000 tonnes of old textiles have been brought by customers into the stores of H&M and other brands of the Group, for reuse and recycling. Another brand was added to the Group in 2013: & Other Stories, with design studios in Paris, Stockholm and Los Angeles.

In 2014, the new H&M Sport range was launched offering fashionable sportswear in functional fabrics for the entire family. H&M Beauty, a full range of specially designed makeup, body care and hair styling products was launched in 2015.

The brand ARKET was created as a modern-day market offering a broad yet selective range of essentials for men, women and children, and a smaller assortment for the home. Launched in 2017, ARKET has its roots in the functional and timeless design of the Nordic tradition. The first store opened on Regent Street in London as well as online at arket.com in 18 European markets.

The brand Afound was launched in June 2018.

BRAND PORTFOLIO AND BRAND POSITIONING

The Group operates through a number of clearly defined brands, each with its own unique identity covering mainly fashion, accessories, sportswear, beauty, home decoration and furnishing. Every brand has a design and buying department, in which teams of people from differing backgrounds and with wide ranging experience and skills work together to create collections to suit customers' wishes. COS, Weekday, Monki, & Other Stories and ARKET, in addition to their market presence mentioned below, also deliver to around 70 markets through a global online sales service. However, the "H&M" brand continues to generate by far the largest proportion of net sales, representing approximately 90 per cent. of total sales (excluding tax) for the year ended 30 November 2019 and for the six months ended 31 May 2020.

The following list represents the Group's principal brands (store and market data in the below brand texts are as at 29 February 2020):

H&M, the brand, strives to offer the very best combination of fashion, quality, price and sustainability with collections for women, men, teenagers, children and babies. The "H&M" brand has 4,473 physical stores in 74 markets of which 51 have online stores, offering clothing in line with current fashion trends as well as basic essentials. The "H&M" product range also includes sportswear, underwear, cosmetics, accessories and shoes. H&M's upgraded customer loyalty programme has grown rapidly and currently has over 70 million members in around 20 markets.

H&M HOME is a design-driven interior brand, offering decorations and accessories for living rooms, kitchens, bedrooms, bathrooms and children's rooms. With a contemporary style and attention to detail, the

collections include bed linen, dinnerware, furniture and lamps. H&M HOME was launched in 2009 and is sold via shop-in-shops in 387 H&M stores, 11 standalone concept stores, as well as online in 51 markets.

COS is a fashion brand for women, men and children who want classic, modern and functional design. Since launching in 2007, *COS* has opened stores worldwide in targeted locations and online. *COS* is available online in 23 markets and in 290 stores in 44 markets.

WEEKDAY is a Swedish denim and fashion brand influenced by youth culture and street style. Founded in 2002, *Weekday* is available online in 19 markets and has 53 stores in 14 countries. *Weekday* provides a curated mix of women's and men's assortments as well as a small selection of external brands. *Weekday* has been part of the Group since 2008.

MONKI is a brand that aims to offer fashion at competitive prices. The brand is aimed at young women and mixes Scandinavian design with creative street style. *Monki* is available online in 20 markets and in 128 stores in 19 markets.

& OTHER STORIES offers a wide range of shoes, bags, accessories, beauty products and ready-to-wear clothes for women. Collections are created in design ateliers in Paris, Stockholm and Los Angeles. *& Other Stories* launched in 2013 and is available online in 22 markets and in 70 stores in 20 markets.

ARKET offers products for men, women, children and the home. Launched in 2017 as a modern-day market, *ARKET* aims to create widely accessible, well-made, durable products, designed to be long-lasting. Most of the brand's stores also include a café with a focus on healthy food. Based in Stockholm, *ARKET* is available online in 19 markets and in 53 stores in 7 markets.

AFOUND is a marketplace selling fashion and other products at a discount, offering a wide range of fashion and lifestyle brands for women, men and children, both external brands and the Group's own. *Afound* was launched in 2018 and is available mainly through its digital marketplace in 2 markets and has 8 stores.

In addition, H&M has made investments in a number of other brands with future potential, none of which are seen as material in the context of the Group as at the date of this Offering Circular (see “- *NEW INITIATIVES*” below).

SOURCING AND QUALITY

The manufacturing of the Group's products is outsourced to independent suppliers. The sourcing markets are mainly in Europe and Asia.

Suppliers

The Group purchases private label products from about 750 independent vendors, which are produced in around 1,500 factories in 30 countries worldwide. The ten largest suppliers accounted for about 15 per cent. of purchase value in 2019, and the two largest sourcing markets, China and Bangladesh, represent over 60 per cent. of the same. The Group buys approximately 80 per cent. of its products from Asia in US Dollars, and the rest from Europe and Turkey in Euro.

Over 2,800 people work within the sourcing organisation out of 16 production offices in all major production markets. Physical presence of Group staff in all markets and factories helps to predict and mitigate potential risks and threats to its global sourcing and manufacturing operations.

Quality Control

Of those 2,800 employees, over 650 work directly with quality, focusing on developing, producing and delivering the best possible products proactively throughout the whole product lifecycle. These include product technicians, quality controllers and quality assurance teams.

The ‘Global Product Compliance Department’ (the **GPCD**) within the Group based in Stockholm, ensures that its products follow the laws and product safety demands of the markets where the Group operates. The GPCD develops guidelines and routines, and educates the production and buying departments, and anyone

else who needs to inform themselves about the applicable demands and also investigates demands in new markets, and continuously seeks to stay on top of any developments in the Group's current markets. The GPCD maintains and adheres to policies and laws on how to ensure product safety for its customers by making a thorough risk assessment on each product. The risk assessment is performed at an early stage, and includes chemical, physical and safety aspects as well as assessing the risk of possible misuse of the product.

In 2019, the Group carried out 41,901 chemical tests and 113,308 physical tests on its products. In recent years the Group's suppliers have assumed greater responsibility for ensuring quality and are responsible for the majority of the more than half a million quality tests carried out every year. Quality tests are performed on all Group orders.

The Group requires its suppliers to have their own quality management systems, and to carry out their own inspections and perform tests in their own laboratories. The Group's employees regularly visit suppliers' premises to see how they work and give periodical training and suggestions on how they can improve.

Sustainability

The Group has a strong history in sustainability and aims to use its size and scale to lead the change towards circular and climate-positive fashion, while being a fair and equal company. This vision applies to every brand in the Group, all of which share the same passion for fashion and quality, as well as the ambition to serve customers in a sustainable way. The Group sees it as its role to use its size and scale to lead the change to a truly sustainable fashion future – both for its own business and, together with all relevant stakeholders, for the entire industry.

In 2017, the Group set a number of new sustainability goals including to use only recycled and sustainably produced materials by 2030 and to remove more greenhouse gas emissions from the atmosphere than the Group's value chain emits by 2040. In 2019, the Group performed a climate risk assessment according to the guidelines from the Task Force on Climate-related Financial Disclosures (TCFD). In this analysis two different climate scenarios were used to assist in devising the sustainability strategy for the Group, identifying the most significant climate related risks to the business and potential ways to mitigate those risks.

Production disruption could occur in certain countries due to extreme weather events, social unrest, diseases (such as virus outbreaks) and climate migration, possibly also leading to challenges in recruiting workers. Contingency plans have been developed for suppliers located in high-risk regions. This enables the Group to temporarily or permanently move production to back-up suppliers located in alternative sourcing markets in lower risk regions.

NEW INITIATIVES

CO:LAB is the Group's investment branch. CO:LAB invests in companies that the Group can learn from and that can add value to the Group's business, where the Group believes it can support such companies to thrive and achieve their vision. CO:LAB invests in three areas: Sustainable fashion – companies that develop the technologies the industry needs to become fully circular and sustainable, Innovative business models – companies that explore how consumers will shop for fashion items in the future and Enablers - companies that provide ideas within technology and solutions. As at the date of this Offering Circular, the investments made through CO:LAB are not considered to be material.

SALES AND DIGITAL INVESTMENTS

The Group's income is generated mainly by the sale of clothing, accessories, footwear, cosmetics and home decoration and furnishing to consumers. The principal channels that generate sales are through its physical stores and the Group's online websites for its different brands. The Group has a clear omni-channel strategy in which the digital and physical world are being integrated in order to offer customers a more seamless shopping experience.

The reason behind this is the increased digitalization in society which is creating new customer behaviour and changing customer expectations. This shift in the industry has accentuated in recent years with more and more shopping taking place online – and generally from a mobile. To meet this shift the Group has

been making digital investments for a number of years, developing among other things e-commerce, new platforms, a more efficient supply chain and advanced analytics. The ongoing COVID-19 crisis and resultant changes in behaviour, are expected to speed up digitalisation further in society. The Group finds itself well positioned for this development and has put increased emphasis on the supply chain and logistical flexibility to support changing requirements between its different sales channels.

Principal sale channels

Although online sales are growing rapidly and increased by 24 per cent. in the 12 months ended 30 November 2019, 40 per cent. for the six months ended 31 May 2020 and 48 per cent. for the three months ended 29 February 2020, physical stores still represented the larger portion of sales in 2019. For the year ended 30 November 2019 the share of online sales as a percentage of total sales was 16 per cent. and for the six months ended 31 May 2020 the share was 28 per cent. All of the Group's more than 5,000 stores are leased with leases consisting of flexible contracts with short maturities. The proportion of the Group's investments made on physical stores is decreasing because of changing customer behaviour, but the integration of physical stores and online sales continues. Examples of digital investments in a more seamless shopping experience include the changeover to a new online platform and increased integration throughout the supply chain with the purpose to serve physical and online stores in a fast, flexible and efficient way and to make the entire offering available to customers regardless of sales channel. Omni-channel features include for example purchases and online returns in stores, click-and-collect, mobile payments and use of mobiles in stores for increased services. Prior to 2017, the vast majority of the Group's investments were store related. In 2018, the majority of the investments were, for the first time, digital and related to online sales. In 2019 the share of digital related investments continued to increase. At the end of November 2019, the Group had an online presence in 51 markets.

Principal Markets

The following table shows the principal markets the Group has a presence in, in descending order by net sales (excluding VAT) in million SEK, and the number of stores in the relevant market, in each case as of 30 November 2019 and 2018:

COUNTRY	As of 30 November			
	2019	2019	2018	2018
	NET SALES (EXL. VAT)	NUMBER OF STORES	NET SALES (EXL. VAT)	NUMBER OF STORES
Germany	33,540	466	32,367	468
USA	29,976	593	24,798	578
UK	14,897	305	13,760	304
France	12,196	235	11,311	237
China	12,059	520	10,743	530
Sweden	8,993	177	8,404	175
Italy	8,401	181	7,630	179
Spain	7,930	167	7,373	172
Russia	6,852	147	5,737	139
Netherlands	6,813	138	6,465	144
Poland	6,336	190	5,285	186
Switzerland	5,676	99	5,145	100
Austria	5,302	87	4,901	88
Denmark	5,157	112	5,045	113
Norway	5,085	127	4,964	130
Canada	5,094	95	4,569	94
Japan	4,987	105	4,573	91
Belgium	4,214	98	3,815	96
Mexico	3,685	52	2,854	45

Turkey	2,797	66	2,852	68
Romania	2,642	57	2,299	56
Australia	2,539	49	2,283	44
Finland	2,530	68	2,412	67
South Korea	2,213	53	1,957	46
India	2,007	47	1,408	39

Retail Distribution

The following table shows the number of (i) new stores for 2019, (ii) total stores, (iii) markets with stores, and (iv) online markets represented by each of the Group's brands, in each case as of 30 November 2019:

BRAND	NEW STORES (NET) DURING THE YEAR	NUMBER OF STORES 30 NOV 2019	NUMBER OF MARKETS WITH STORES	NUMBER OF MARKETS ONLINE
H&M	59	4,492	74	51
COS	21	291	44	22*
WEEKDAY	16	54	14	19*
MONKI	3	130	19	19*
H&M HOME	3	11	51	42
& OTHER STORIES	1	71	20	22*
ARKET	4	20	7	19*
AFOUND	2	7	1	2

Note: COS, Weekday, Monki, & Other Stories and ARKET offer Global selling which enables customers in around 70 additional markets to shop online. The exact number of markets per brand that have this service varies.

INVENTORY

Retail business requires a significant amount of inventory, especially prior to peak holiday selling season. The Group maintains a large part of its inventory in distribution centres which are becoming more automated to be able to support the growing online sales more efficiently. Since 2018 a number of new highly automated distribution centres with significantly increased capacity and efficiency and faster lead times have been introduced.

The Group has worked over the last few years on optimising its purchasing processes and supply chain to minimise the risk of excess inventories, particularly in times of unforeseen reductions in purchasing levels, such as that resulting from the COVID-19 outbreak and its consequences. The Group adjusts its purchasing levels on a continuous basis to reflect expected demand. Any excess levels of inventory that cannot be sold during a particular season are either sold off in reduced margin sales at the end of a season or, to the extent commercially viable, stored for future sale.

INVESTMENTS IN EXISTING BUSINESS

The Group intends to continue growing its existing business organically rather than through significant acquisitions. While minor strategic acquisitions may be made in promising new start-up companies, the majority of growth is expected to come through improvements in the customer offering as well as investments in existing infrastructure, digital platforms and an optimised store network. New revenue streams, although still small scale, are being added, such as services related to circularity and business-to-business services.

In order to secure long-term growth and a strong position, the Group has made significant investments for several years, aimed at meeting the digital shift in fashion retail and driving improvements to respond to changing consumer behaviour and ever-increasing customer expectations. To this end, the Group is carrying out an extensive transformation focused on creating the best customer offering, developing a fast, efficient and flexible product flow, and ensuring stable and scalable tech infrastructure.

Furthermore, this transformation is targeting new growth through online growth for existing brands through new markets, wider assortments and key partnership such as Tmall, operated by Alibaba, and Myntra. The Group is also planning to continue to grow its store network with a focus on emerging markets, while at the same time optimising the store portfolio and integrating physical and digital channels to ensure a relevant presence in each market.

The Group has grown from 1,988 stores in 2009 to 5,076 stores in 2019. The Group has made significant investments to upgrade the customer experience in both old and new stores. Meanwhile, online shopping has been rolled out globally and is currently available in 51 markets. The digital shift is changing the role of the stores, which the Group believes now need to fulfil two roles: firstly to provide a show-room experience to customers beyond just offering an assortment of clothing, forming an integral part of the omni-channel offering and experience based on the Group's new digital tools listed below (see "*Investment in digital infrastructure*"), and secondly, with their physical proximity to customers, the Group's stores have the potential to become logistic hubs for improved last-mile online deliveries, and to provide new features tailored to the local customer, such as sustainable offerings including product return services and recycling services.

Currently, the Group intends to continue physical store openings in new and developing jurisdictions, increasing its footprint there, while the new role of physical stores means that in markets where the Group is well-established, the number of physical stores is reducing as the focus is on stores in key locations providing a retail experience rather than physical sales volumes, as digital channels' proportion of sales continues to grow.

Investment in digital infrastructure

The Group has devoted a significant amount of time and resources into its digital infrastructure and will continue to do so. The continued focus on investments in scalable technology aims to support the integration of online and physical store channels for a seamless customer experience and supply chain.

Significant investment over recent years in the technology infrastructure are enabling a faster development of customer facing features and technologies with the goal being to significantly improve the customer experience, including for example:

- Click and collect – ability to pick up products ordered online, in a physical store;
- Visual search – based on a photo taken of a product, the image recognition tool has the ability to recognise and recommend similar products in the Group's assortment;
- Scan and buy – ability to scan a product in the Group's physical stores in order to find out whether that product is available, in what sizes and in what colours, online, and buy it;
- Find in store – this solution lets customers use their mobile to find an item they have seen online in the size and store they want;
- In-Store Mode – allows customers to see on their mobiles which items are in the store they are currently in, as well as online;
- Return online products in store – products bought in the Group's online stores may be returned in a physical store;
- Recommended size – helps customers find the right size online based on past purchases; and
- H&M's upgraded customer loyalty programme.

The online offering needs to be constantly improved and broadened to ensure that it meets customer expectations and to maximise sales. Mobile phones are central for searching, discovering and shopping fashion, as well as for sharing inspiration. Starting from customers' needs, the Group offers new digital features, among others, 'Visual search' and personalised product feeds as well as fashion shopping via social media.

Central for retailers is the intelligent use of customer data and the ability to become more responsive to customer preferences based on data indicating certain customer purchase patterns and preferences. The Group has therefore made significant investments in advanced analytics and artificial intelligence around trend detection, price management, personalisation, allocation and quantification. These investments have contributed to the assortment offered to customers being increasingly well-targeted and perceived by customers as more relevant, as reflected in increased full-prices sales during 2019 and in the first quarter of 2020.

Due to the outbreak of COVID-19, in 2020 total capital expenditure is being reduced from the previous budget of SEK 8.5 billion to an estimated SEK 5 billion. In 2019, capital expenditure amounted to just over SEK 10 billion. The Group believes that the impact of the COVID-19 outbreak and its effect on consumer behaviour will increase the digitalisation of society as well as focus on sustainability, which will speed up the transformation already taking place in the retail sector. With its heavy investments, unique brands and company culture as well as its transformation initiative, the Group believes it is well positioned to further accelerate the transformation of the industry.

Circular approach

The Group's ambition is for its business to become fully circular across the entire value chain. This means moving to a more sustainable model that focuses on recycling and repurposing goods to minimise waste and maximise resources available. The circular strategy applies to commercial products as well as to noncommercial goods such as packaging, store interiors and buildings, all of which prioritise sustainability. A circular business model is fundamental to achieving the Group's goal of a climate positive value chain by 2040. Innovation drives circularity efforts, including developing new ways of making and using products, and how they are then reused and recycled. The Group is developing services and other ways to repair, reuse, repurpose and recycle goods wherever possible and encouraging customers to make more sustainable choices.

Marketing

The core purpose of marketing and communications is to increase the perceived value of the Group's products and collections by inspiring storytelling around its products, business and values, and creating an aspirational vision around its brands through its marketing, new concept stores and brand ambassadors. Marketing and communications also have the ability to drive direct revenue through digital channels, where it is very straightforward to allocate resources to a desired return on investment. The Group primarily looks at marketing as an invitation to its physical and digital stores, where it, through various campaigns and activities, aims to inspire and attract customers. Furthermore, advanced analytics are employed to customer reviews and data to provide greater focus and response to more personalised communication and offers.

Pricing

Pricing activities aim to balance the aspects of competitive pricing to meet the Group's strategic goals. Strategic pricing involves assessing the trade-offs between product margins and sales volume. Tactical pricing involves setting price adjustments to meet local or temporary market conditions, establishing prices for product improvements, or assisting distributors in meeting competitive challenges.

FINANCIAL POLICY

The Group targets a low financial risk profile with a conservative leverage ratio. The capital structure is defined as net debt in relation to EBITDA. Over time, this should not exceed 1.0 x EBITDA. The dividend policy states that the total dividend should exceed 50 per cent. of profit after tax, yet taking into consideration the capital structure target. Furthermore, management believes it is essential to maintain liquidity headroom comprised of a combination of cash and cash equivalents plus unutilised committed credit facilities. The Group's liquidity headroom covers its short-term liquidity needs and the ambition is for the headroom to remain in excess of at least SEK 30,000,000,000.

The Group has adopted a centralised funding strategy whereby funding is primarily raised centrally and distributed throughout the Group by subsidiary loans and equity. The Group's refinancing risk is spread over multiple years. The Group's long-term borrowings includes an average time to maturity of at least two years.

The maturity profile of the Group's interest-bearing liabilities as at 31 May 2020 is shown in the following graph (in SEK millions):

Year	Loans from credit institutions	Commercial paper	Unused credit facilities
2020	185	5,180	-
2021	14,751	-	7,163
2022	400	-	-
2023	2,107	-	2,000
2024	-	-	7,374
2025	-	-	2,000
2026	2,000	-	-
Total	19,443	5,180	18,537

COMPETITION

The global fashion retail market is highly competitive in nature, and competitors exist both in the online and in the bricks and mortar retail sphere. The global presence of the Group also means that it must stay ahead of competitors both globally and locally.

The industry can be characterised as large, mature, highly fragmented and highly competitive with rapidly changing consumer preferences. When consumer preferences change and develop, new competitive landscapes emerge. This development includes large and fast-growing online platforms, as well as smaller niche online operators with a global reach.

Digitalisation is changing the retail business and the Group is working towards a long-term approach and making the necessary investments in order to stay well positioned with a profitable model and a viable combination of physical and online stores (including services connected to the aforementioned sales channels).

The impact of the COVID-19 outbreak has reshaped the retail landscape. Restrictions on and lockdowns of societies resulting in store closures and significantly reduced demand have created an increasingly difficult environment for many retailers. Competitors offering online sales tend to perform better than traditional retailers with only physical stores. From the end of April 2020, certain countries have started to gradually ease restrictions on their populations. The Group's store reopenings in each market are in line with local restrictions and rules on social distancing. Management believes that the Group's omni-channel approach and financial strength will make it well placed to emerge from the current crisis compared to its competitors.

SEASONALITY

Retailers within the industry face demand that is almost entirely fueled by replacement needs and fashion. The Group's products are often necessities, but during periods of economic stagnation, consumers are less inclined to update their wardrobes. Therefore, the industry is strongly dependent on the cyclical movements within the economy.

The Group's business is affected by seasonal changes, with patterns including a sales peak during the holiday season at the end of the year. The first quarter of the financial year is normally the weakest and the last quarter the strongest.

The impact of the COVID-19 outbreak on traditional seasonality is likely to be significant. For the three months ended 31 May 2020, the Group made a loss of SEK 4,991 million as the measures implemented to mitigate the effects of COVID-19 on the business were not able to compensate for the substantial drop in sales.

EMPLOYEES

As at 30 November 2019, the Group employed approximately 179,000 persons, which includes a combination of part- and full-time employees. It also hires seasonal employees, primarily during the peak holiday selling season. Experienced and dedicated employees are essential to the Group's business, and therefore there are advancement opportunities as well as various incentives and benefits which ensure that the Group stays competitive by retaining skilled employees.

The following table shows the average number of employees located in the Group's key geographies for the years ended 30 November 2019 and 2018:

	<u>For the years ended 30 November</u>	
	2019	2018
Germany	13,505	13,766
USA	14,281	12,956
UK	8,724	8,128
France	4,954	5,324
China	10,086	9,574
Sweden	11,221	10,839
Italy	4,416	4,293
Spain	4,661	4,739
Russia	3,408	3,092
Netherlands	2,648	2,537
Poland	6,674	6,613
Switzerland	1,923	1,998
Austria	1,956	1,951
Denmark	1,919	1,864
Norway	1,839	1,815
Canada	2,327	1,890
Japan	2,513	2,435
Belgium	2,375	2,377
Mexico	1,435	1,241
Turkey	3,012	3,389
Romania	1,225	1,198
Australia	1,363	1,209
Finland	1,248	1,230
South Korea	1,003	1,202
India	1,972	1,781

REAL ESTATE

The Group has a portfolio of over 5,000 physical stores, which it aims to hold on flexible lease contracts. The lease contracts mature on average every four years making around 25 per cent. of the global store portfolio open for renegotiation annually. This typically results in better lease terms and contract prolongation. In case of contract termination this is most often driven by a strategical agenda to consolidate, move the store or otherwise improve the availability for the customer. New stores, refurbished stores and general contract renegotiations generally result in improved lease terms. This does not only include rent configuration but also the lease period setup. A majority of the lease contracts have a turnover component in the rent configuration making the store profitability less dependent on temporary sales fluctuations.

REGULATION

The Group is subject to regulatory supervision on a global as well as local level from a number of sources. The Group's audit committee is responsible for maintaining and complying with applicable regulations. The Group is governed by both external regulations and internal control documents, including but not limited to external regulations such as: Swedish Companies Act (Sw. *Aktiebolagslag (2005:551)*), accounting legislation, including Swedish Bookkeeping Act (Sw. *Bokföringslag (1999:1078)*) and Annual Accounts Act (Sw. *Årsredovisningslag (1995:1554)*), EU Market Abuse Regulation (596/2014/EU), Nasdaq Stockholm's Rules for Issuers, the Swedish Corporate Governance Code (the "**Code**"), which is available at www.corporategovernanceboard.se and the General Data Protection Regulation.

The Code is based on the principle of “comply or explain”, which means that companies applying the Code may deviate from particular rules. Any company deviating from a rule must, however, clearly state that it has not complied with the applicable rule, along with an explanation of the chosen solution and the reasons for implementing such instead.

LEGAL PROCEEDINGS

The Group is involved from time to time in various lawsuits in the ordinary course of business. The Group actively participates in the defence of any lawsuit in which it is a defendant and calculates its exposure to litigation on an ongoing basis. The Group maintains liability insurance policies which cover, subject to certain deductibles, both product liability and general commercial liability, in amounts that the Group’s management believes are adequate to cover its potential liability relating to its present risk exposure from legal proceedings.

In 2019, the Group chose to notify the German data protection authorities in relation to a breach of the data privacy regulations set out in GDPR. The investigation by the German authorities is ongoing and, while uncertain, a ruling is expected to be forthcoming before the end of 2020. The Group believes that the reported breach is of a minor nature, however, there can be no assurance that the authorities will not impose significant fines within the limits set out in GDPR

INTELLECTUAL PROPERTY

The Group’s intellectual property rights include its trademarks for the various brand names it uses, in particular the name and logotype of H&M, COS, Weekday, Monki, H&M Home, & Other Stories, ARKET and Afound. The Group uses each of these trademarks to promote, identify and position its products and services and, accordingly the Group applies a global trademark registration policy, meaning that it maintains trademark registrations and/or applications in every country that has an operating trademark authority. It also maintains relevant domain name registrations and social media accounts. The Group subscribes to worldwide services which prompt the required alerts, and actively lodge claims against similar marks. Trademark rights are actively enforced in order to stop infringements and dilution.

FRANCHISE AND LICENCE AGREEMENTS

Franchising

The Group has franchise agreements with unaffiliated franchisees to operate stores in 14 markets in South East Asia, the Middle East and Africa. Under these agreements, third parties operate stores that sell clothing and related products under the Group’s brand names. Franchise operations represent approximately 2.5 per cent. of total sales of the Group.

RECENT DEVELOPMENTS

COVID-19 impact

Since the COVID-19 outbreak becoming a pandemic in March 2020, the Group has taken rapid and decisive action in all parts of the business to mitigate the effects of COVID-19. The safety of employees and customers has been the Group’s highest priority. The Group has cooperated fully with the authorities in each of its markets to ensure local requirements are complied with. Since late April/early May 2020, the Group has gradually been able to reopen stores in line with the easing of restrictions in each country. As at 31 May 2020, 1,328 of the Group’s stores remained temporarily closed, and 978 stores have reopened since. As at 9 July 2020, 240 stores remained temporarily closed, representing 5 per cent. of the Group’s stores. For a large number of the Group’s stores there are still local restrictions and opening hours are limited. Consumer confidence has generally been subdued, but the pace of the Group’s sales recovery varies greatly between markets.

The Group’s online sales increased substantially when the majority of stores were closed and have continued to develop positively since the stores began reopening.

- Stock-in-trade decreased to SEK 40,000 million as at 31 May 2020, compared to SEK 40,406 million as at 31 May 2019, mainly as a result of rapid adjustments to purchasing plans and product purchasing.

- The revised investment plan for full-year 2020 of SEK 5 billion remains in place. For 2019, capital expenditure amounted to just over SEK 10 billion.
- The annual general meeting held on 7 May 2020 resolved that no dividend would be paid and that the funds available to the meeting would be carried forward.
- Selling and administrative expenses excluding depreciation and IFRS 16 in the second quarter of 2020 decreased by 26 per cent. as compared to the equivalent period in 2019. This was made possible by:
 - a review of all costs including rents, marketing and staffing,
 - rental costs were reduced as a result of renegotiation, turnover-based rents and certain temporary rent reliefs; and
 - senior executives have taken a temporary 20 per cent. pay cut for three months.
- As the pandemic has speeded up the digital shift in the industry, the Group's transformation work relating to digitalisation, store portfolio, the supply chain and the organisation is being accelerated. More closures and fewer openings than previously planned are expected to result in a net decrease of around 40 stores in 2020.
- To expand the Group's liquidity buffer, a number of sources of financing have been evaluated in addition to the establishment of the Programme:
 - in April 2020, the Group signed a EUR 980 million revolving credit facility with a maturity of 12 months and an option to extend for a further 6 months,
 - the Group has also signed a SEK 4,000 million credit facility with split maturity of 3 and 5 years, and
 - the Group is preparing to sign a further two credit facilities in the third quarter with maturities of between 3 and 5 years.

DESCRIPTION OF SHARES AND SHARE CAPITAL

Shares and Share Capital

H&M's share capital is divided among A shares and B shares. Its shares have been listed on the Nasdaq Stockholm stock exchange since 1974. As of 30 June 2020, the total market capitalisation of H&M was SEK 223,434,720,000 (approximately U.S.\$ 23,899,317,574.07 and EUR 21,319,293,156.74).

H&M's authorised and issued share capital is SEK 206,884,000 which consists of 1,655,072,000 shares of which 194,400,000 are A shares and 1,460,672,000 are B shares. Each A share carries ten votes per share and each B share carries one vote per share. H&M's largest shareholder is the Stefan Persson family and related companies.

Ownership Structure

The principal owners of the Group held the following interests in H&M as at 29 May 2020:

Identity of person of group	Number of shares owned	Percentage of capital	Percentage of votes
The Stefan Persson family and related companies	800,696,077*	48.4	74.9
The Lottie Tham family and related companies	88,680,400	5.4	2.6
STATE STREET BANK AND TRUST CO, W9	79,481,580	4.8	2.3
Swedbank Robur fonder	36,909,350	2.2	1.1
Nordea Funds	26,751,683	1.6	0.8
BNY MELLON NA (FORMER MELLON), W9	25,438,049	1.5	0.8

BNY MELLON SA/NV (FORMER BNY), W8IMY	23,358,621	1.4	0.7
AMF - Försäkring och Fonder	23,069,040	1.4	0.7
IH Capital HC1 AB / Inter Long-Term Capital SA	21,073,068	1.3	0.6
FJÄRDE AP FONDEN	20,323,167	1.2	0.6
JPM CHASE NA	18,653,124	1.1	0.6
CLEARSTREAM BANKING S.A., W8IMY	16,260,565	1.0	0.5
ALECTA PENSIONSFORESAKRING, OMSESIDIGT	14,458,000	0.9	0.4
SEB Investment Management	12,820,961	0.8	0.4
Folksam	10,926,432	0.7	0.3
LIVFÖRSÄKRINGSBOLAGET SKANDIA	10,587,813	0.6	0.3
BENGTSSON, JAN	10,222,030	0.6	0.3
FÖRSTA AP-FONDEN	9,651,431	0.6	0.3
Didner & Gerge Fonder Aktiebolag	8,859,802	0.5	0.3
SIX SIS AG, W8IMY	8,220,147	0.5	0.2

* whereof 194,400,000 class A shares (ten votes per share).

BOARD OF DIRECTORS

H&M's board of directors consists of eight elected members. The board of directors also has two additional members appointed by the labour unions as employee representatives and two deputy employee representatives.

Under the Swedish Companies Act, the board of directors has ultimate responsibility for the organisation and the executive management of H&M. All directors, other than the employee representatives, are elected by resolution of a general meeting of shareholders.

H&M's board of directors was appointed at the shareholders' meeting held on 7 May 2020. The current term of the board of directors is set to expire at the time of the next shareholders' meeting, intended to be held in 6 May 2021.

Set forth below is certain information regarding the current board members of H&M.

Name	Position
Anders Dahlvig	Board member
Alexandra Rosenqvist	Board member, employee representative
Christian Sievert	Board member
Erica Wiking Häger	Board member
Ingrid Godin	Board member, employee representative
Lena Patriksson Keller	Board member
Margareta Welinder	Deputy employee representative
Niklas Zennström	Board member
Helena Isberg	Deputy employee representative
Karl-Johan Persson	Chairman of the Board
Stina Bergfors	Board member
Danica Kragic Jensfelt	Board member

The business address of each director is Mäster Samuelsgatan 46A, SE-106 38 Stockholm, Sweden.

Anders Dahlvig was born in 1957. He holds a MSc in business administration from Lund University and a MA from University of California, Santa Barbara. Between 1983 and 1993 he held various roles within IKEA in Sweden, Germany, Switzerland and Belgium. He was appointed managing director of IKEA UK in 1993, later appointed vice president of IKEA Europe and eventually he was appointed President and CEO of IKEA. He served as President and CEO of IKEA between 1999 and 2009. Apart from serving on the board of H&M and on the auditing committee of H&M, he also serves as chairman of Inter IKEA Holding BV and as a board member of Oriflame SA and Resurs Bank AB.

Christian Sievert was born in 1969. He holds a MSc in business administration from Stockholm School of Economics. He joined Bain & Company as a consultant between 1994 and 1997, working in Stockholm and San Francisco. He served as investment manager and partner of Segulah between 1997 and 2003 and was appointed CEO / managing partner between 2003 and 2013. He is currently the CEO of investment company AB Max Sievert. Apart from serving on the board of H&M and on the auditing committee of H&M, he holds other board assignments as a member of the board of AB Max Sievert and various portfolio companies of AB Max Sievert as well as AB Anders Löfberg.

Erica Wiking Häger was born in 1970. She holds a Master of Laws from Uppsala University, a LL.M. from Harvard Law School in the US and conducted supplementary studies at the University of Oklahoma in the US and at Ruprecht-Karls-Universität Heidelberg in Germany. She is a member of the Swedish Bar Association, the New York State Bar Association and the International Association for Privacy Professionals (IAPP). She worked as acting lecturer in civil law at Uppsala University between 1994 and 1995 before conducting District Court service at Sollentuna District Court between 1995 and 1997. She served as a law clerk at Svea Court of Appeal between 1997 and 1998 and as corporate counsel for Corechange Inc in Boston, USA, before joining Mannheimer Swartling as an associate in 2000. She is currently a lawyer and serves as partner since 2009 at Mannheimer Swartling where she is also the chair of Mannheimer Swartling's Corporate Sustainability & Risk Management practice group. She focuses primarily on human rights, working conditions, the environment and anti-corruption. Apart from serving on the board of H&M and on the auditing committee of H&M, she is also a member of the board of Stockholm Chamber of Commerce.

Lena Patriksson Keller was born in 1969. She studied design and marketing at Parsons School of Design in New York and at the American University in London. Between 1993 and 1996 she worked with buying and product development within H&M. She continued as global communications manager at J.Lindeberg. Since 1999 she served as CEO and now serves as executive chairman at the branding and communications agency Patriksson Communication AB. Apart from serving on the board of H&M, she also serves as a board member of Elite Hotels, Wanås Art Foundation, Jaenerica B and Mira Nilsson AB and as chairman of the board of the industry organisation Association of Swedish Fashion Brands (ASFB). She is also involved in the Prince Daniel Fellowship at the Royal Swedish Academy of Engineering Sciences (IVA).

Niklas Zennström was born in 1966. He holds dual degrees in business administration and engineering physics from Uppsala University. He worked for Tele2 between 1991 and 1994 as product manager and continued as director of access network at Unisource Voice Services, before going back to Tele2 to serve as director of internet services in Denmark and Luxembourg/Amsterdam between 1996 and 2000. He founded and served as CEO for Kazaa between 2000 and 2002, he also founded and served as CEO for Joltid between 2001 and 2003 before founding and serving as CEO for Skype. He is currently the CEO and founder of the venture capital company Atomico. Apart from serving on the board of H&M, he also serves on several other boards, such as Atomico, Zennström Philanthropies, Farmdrop, Rovio, Orbital Systems and Lilium.

Karl-Johan Persson was born in 1975. He studied at the European Business School in London and holds a BA in Business Administration. Before being appointed as CEO of the H&M Group (a position he held from 1 July 2009 to 30 January 2020), Karl-Johan Persson held various operational roles within H&M from 2005, including working as head of expansion, business development as well as brand and new business. Since 2000, Karl-Johan Persson has been a member of the boards of H&M's subsidiaries in Denmark, Germany, the US and the UK. From 2006 until 2009 he was also a member of the board of H & M Hennes & Mauritz AB. Since 7 May 2020 he has been chairman of the board of H&M. Apart from

serving as chairman, he also serves on several other boards, such as Ramsbury Invest AB, the GoodCause Foundation and the H&M Foundation.

Stina Bergfors was born in 1972. She studied at Luleå University of Technology and holds a MSc in business administration as well as an honorary doctorate. She worked with sales at TV3, MTG between 1998-2000, and as a media strategist at OMD Nordics between 2000 and 2004. She continued as CEO of Carat Sverige AB between 2005 and 2008 and served as country director for Google and YouTube in Sweden. She is currently the founder and CEO of the digital media company United Screens, where she works on strategic matters and business development. Apart from serving on the board of H&M, she serves as a board member of INGKA Holding BV. She is also involved in the Prince Daniel Fellowship at the Royal Swedish Academy of Engineering Sciences (IVA).

Danica Kragic Jensfelt was born in 1971. She holds a MSc in mechanical engineering from the Technical University of Rijeka, Croatia. Danica was awarded a PhD in robotics by KTH Royal Institute of Technology, Stockholm in 2001 and an honorary doctorate from Lappeenranta University of Technology in Finland. Danica has been Professor of computer science, at KTH Royal Institute of Technology in Stockholm since 2008, conducting research in the fields of computer vision and robotics. The aim of the research is to use sensors to build future systems that interact with people and their environment in a natural way. Apart from serving on the board of H&M, she serves as a board member the Royal Swedish Academy of Sciences and the Royal Swedish Academy of Engineering Sciences (IVA) and is a board member at FAM, SAAB and the Institute for Future Studies.

Ingrid Godin was born in 1959 and has been an employee representative on H&M's board since 2012. She works at the warehouse at the distribution centre in Eskilstuna.

Alexandra Rosenqvist was born in 1976 and has been an employee representative on H&M's board since 2018. She works as a product owner in the IT/Business Tech organisation.

Helena Isberg was born in 1978 and has been a deputy employee representative on H&M's board since 2019. She works as a sales advisor at a H&M store in Karlskrona.

Margareta Welinder was born in 1962 and has been a deputy employee representative on H&M's board since 2018. She works as an omni buyer at the H&M buying office in Stockholm.

To the best of the Group's knowledge as at the date hereof, there are no potential conflicts of interest between the duties of the members of the Board of Directors to H&M and their private interests or other duties, except for Christian Sievert, due to Ramsbury Invest AB's holdings in a company where he is currently appointed CEO.

AUDITING COMMITTEE

The auditing committee monitors H&M's financial reporting, which among other things involves monitoring the effectiveness of H&M's internal control and risk management. Its work includes handling auditing issues and financial reports published by H&M. The auditors attend the meetings of the auditing committee to report on their scrutiny of H&M's annual report and financial statements, including the consolidated financial statements.

The auditing committee also reviews and monitors the impartiality and independence of the auditor, and regulates which assignments the accounting firm may conduct for the Group in addition to the audit. The auditing committee receives a written assurance of independence from the auditor stating which services the accounting firm has provided to the Group during the financial year in addition to the audit. The auditing committee also assists the nomination committee with any proposals to the Annual General Meeting concerning the election of auditors.

H&M's auditing committee is made up of three members, two of whom have expertise in accounting or auditing while the third has expertise in commercial law. The auditing committee is appointed annually by the board of directors at the statutory board meeting held in conjunction with the Annual General Meeting.

Since the statutory meeting held in conjunction with the 2020 Annual General Meeting, the auditing committee has consisted of chairman Christian Sievert and members Anders Dahlvig and Erica Wiking Häger. The committee held four meetings at which minutes were taken during the 2018/2019 financial year. Ernst & Young Sweden AB attended the auditing committee meetings and reported on the auditing assignments. The meetings were also attended by the former CFO Jyrki Tervonen and chief accountant Anders Jonasson, among others. The committee's meetings are minuted and the minutes are then distributed to the board members.

MANAGEMENT

The Group has a multi-brand matrix organisation with currently eight brands: H&M, COS, & Other Stories, Monki, Weekday, H&M Home, ARKET and Afound. Each brand has its own organisation and managing director, and all the brands have their own local sales organisations. Centrally, there are also a number of joint group functions that support each brand in order to capitalise on the benefits within these shared areas, so that each brand and country works purposefully according to central policies and guidelines.

On 30 January 2020, Stefan Persson announced that after more than 20 years as chairman of the board, he had decided not to stand for re-election at the spring AGM on 7 May 2020. In view of Stefan Persson's decision, Karl-Johan Persson chose to leave his position as CEO. The board therefore resolved to appoint Helena Helmersson, former COO, as Karl-Johan Persson's successor in the position of CEO. The change of CEO took place on 30 January 2020. Karl-Johan Persson was elected as chairman of the board of directors at the AGM in May 2020.

The CEO, who is appointed by the board of directors, is responsible for day-to-day management of the Group and appoints the members of the executive management team, which is made up of the CEO plus twelve others – five of whom are women. The executive management team is made up of the CEO, CFO, the two people with responsibility for the H&M brand, the head of new business (which includes COS, & Other Stories, Monki, Weekday, ARKET and Afound), the two people with responsibility for business tech and the heads of the following group functions: expansion, strategy & transformation, human resources, sustainability, supply chain and communications. Those responsible for the other group functions are appointed by the CFO.

The matrix organisation provides a good combination of central and local perspectives on leadership and entrepreneurship. The local sales organisations are responsible for daily shop/retail operations in their country, giving them a collective responsibility for all the support functions in their country working according to instructions from the central group functions.

RELATED PARTY DISCLOSURES

Ramsbury Invest AB, which is owned by Stefan Persson and family, is the parent company of H&M.

The Group leases the following store premises in properties directly or indirectly owned by Stefan Persson and family: Drottninggatan 50–52 and Drottninggatan 56 in Stockholm, Kungsgatan 55 in Gothenburg, Stadt Hamburgsgatan 9 in Malmö, Amagertorv 23 in Copenhagen, Oxford Circus and Regent Street in London, Kaufinger Strasse in Munich, Via del Corso/Via Tomacelli in Rome, Wisconsin Avenue in Washington DC and, since January 2008, premises for the Group's head office in Stockholm. Rent is paid at market rates, and rental costs and other property-related expenses totalled SEK 375,000,000 (compared to SEK 371,000,000 for the year ended 30 November 2018) for the financial year ended 30 November 2019. Moreover, certain rent levels relating to previous years were renegotiated in conjunction with the review of the property portfolio being carried out by the Group.

Karl-Johan Persson received remuneration in the form of salary and benefits amounting to SEK 13,800,000 in 2019 (compared to SEK 13,800,000 for the year ended 30 November 2018), which included variable remuneration of SEK 0 (compared to SEK 0 for the year ended 30 November 2018), for work carried out during the 2019 financial year as CEO of H&M. Outstanding balances with related parties as of 30

November 2019 totalled SEK 19,200,000 in 2019 (compared to SEK 100,000 for the year ended 30 November 2018).

SELECTED FINANCIAL INFORMATION

The following tables present selected consolidated financial information of H&M as at and for the twelve month periods ended 30 November 2018 and 2019 and as at and for the six month periods ended 31 May 2019 and 2020 (as well as as at and for the six month period ended 31 May 2020 exclusive of the effects of IFRS 16, which applied to H&M with effect from the financial year beginning on 1 December 2019). The selected consolidated financial information presented below has been derived from the audited consolidated financial statements of H&M as at and for the twelve month period ended 30 November 2019 prepared in accordance with IFRS, and the unaudited consolidated financial statements of H&M as at and for the six month period ended 31 May 2020.

Group income statement

	For the 12 months ended 30 November			
	2019	2018		
	<i>(SEK millions)</i>			
Net sales	232,755	210,400		
Cost of goods sold	-110,302	-99,513		
GROSS PROFIT	122,453	110,887		
Selling expenses	-96,279	-87,512		
Administrative expenses	-8,828	-7,882		
OPERATING PROFIT	17,346	15,493		
Interest income and similar items	376	292		
Interest expense and similar items	-331	-146		
PROFIT AFTER FINANCIAL ITEMS	17,391	15,639		
Tax	-3,948	-2,987		
PROFIT FOR THE YEAR	13,443	12,652		

	For the 6 months ended 31 May <i>(including IFRS 16)</i>		For the 6 months ended 31 May <i>(excluding IFRS 16)</i>
	2020	2019	2020
	<i>(SEK millions)</i>		
Net sales	83,612	108,489	83,612
Cost of goods sold	-42,294	-51,138	-42,317
GROSS PROFIT	41,318	57,351	41,295
Selling expenses	-40,266	-46,076	-40,856
Administrative expenses	-4,550	-4,335	-4,562
OPERATING PROFIT	-3,498	6,940	-4,123
Net financial items	-480	37	9
PROFIT AFTER FINANCIAL ITEMS	-3,978	6,977	-4,114
Tax	915	-1,605	946
PROFIT FOR THE PERIOD	-3,063	5,372	-3,168

Group balance sheet

	As of 30 November	
	2019	2018
	<i>(SEK million)</i>	
ASSETS		
NON-CURRENT ASSETS		
Intangible non-current assets		
Leasehold and similar rights	411	508
Capitalised expenditure	10,973	9,046
Goodwill	64	64
	11,448	9,618
Buildings and land	813	831
Equipment, tools, fixture and fittings	40,079	41,608
	40,892	42,439
Non-current financial assets		
Interests in associates	210	126
Other shares and interests	429	352
	639	478
Other non-current assets		
Non-current receivables	912	885
Deferred tax receivables	4,322	3,794
	5,234	4,679
TOTAL NON-CURRENT ASSETS	58,213	57,214
CURRENT ASSETS		
Stock-in-trade	37,823	37,721
Current receivables		
Accounts receivable	5,879	6,329
Tax assets	1,555	1,448
Other receivables	1,736	1,607
Prepaid expenses	2,967	2,881
Cash and cash equivalents	12,312	11,590
TOTAL CURRENT ASSETS	62,272	61,576
TOTAL ASSETS	120,485	118,790
EQUITY AND LIABILITIES		
EQUITY		
Share capital	207	207
Reserves	4,592	3,322
Retained earnings	52,270	55,017
TOTAL EQUITY	57,069	58,546
Non-current liabilities		
Provisions for pensions	510	445
Deferred tax liabilities	4,423	5,088
Liabilities to credit institutions	10,413	10,170
Other interest-bearing liabilities,	234	322
	15,580	16,025
Current liabilities		
Accounts payable	7,838	6,800
Tax liabilities	2,752	1,163
Liabilities to credit institutions	6,904	9,153
Other interest-bearing liabilities	147	136
Other liabilities	4,476	3,800
Accrued expenses and prepaid income	25,719	23,167
	47,836	44,219
TOTAL LIABILITIES	63,416	60,244
TOTAL EQUITY AND LIABILITIES	120,485	118,790

	As of 31 May (including IFRS 16)		As of 31 May (excluding IFRS 16)
	2020	2019	2020
(SEK million)			
ASSETS			
FIXED ASSETS			
Intangible fixed assets	11,546	10,666	11,809
Property, plant and equipment	36,901	42,127	36,901
Right of use assets	68,408	-	-
Financial fixed assets	659	507	659
Other fixed assets	5,417	4,421	5,417
TOTAL NON-CURRENT ASSETS	122,931	57,721	54,786
CURRENT ASSETS			
Stock-in-trade	40,000	40,406	40,000
Current receivables	13,544	13,573	13,809
Cash and cash equivalents	12,704	13,076	12,704
TOTAL CURRENT ASSETS	66,248	67,055	66,513
TOTAL ASSETS	189,179	124,776	121,299
EQUITY AND LIABILITIES			
Equity	52,767	49,144	52,662
Long-term liabilities	13,700	18,842	13,668
Long-term leasing liabilities	57,979	-	-
Current liabilities	50,654	56,790	54,969
Current leasing liabilities	14,079	-	-
TOTAL EQUITY AND LIABILITIES	189,179	124,776	121,299

Five year summary

For the 12 months ended 30 November

Financial Year	2019	2018	2017	2016	2015
Net Sales, SEK millions	232,755	210,400	200,004	192,267	180,861
Change in net sales from previous year in SEK, %	+11	+5	+4	+6	+19
Change in net sales previous year in local currencies, %	+6	+3	+3	+7	+11
Operating profit, SEK m	17,346	15,493	20,569	23,823	26,942
Operating margin, %	7.5	7.4	10.3	12.4	14.9
Depreciation and amortisation for the year, SEK m	11,051	9,671	8,488	7,605	6,399
Profit after financial items, SEK m	17,391	15,639	20,809	24,039	27,242
Profit for the year, SEK m	13,443	12,652	16,184	18,636	20,898
Cash and cash equivalents, SEK m	12,312	11,590	9,718	9,446	12,950
Stock-in-trade, SEK m	37,823	37,721	33,712	31,732	24,833
Equity, SEK m	57,069	58,546	59,713	61,236	58,049
Number of shares, thousands*	1,655,072	1,655,072	1,655,072	1,655,072	1,655,072
Earnings per share, SEK*	8.12	7.64	9.78	11.26	12.63
Equity per share, SEK*	34.48	35.37	36.08	37.00	35.07
Operating cash flow per share, SEK*	17.51	12.86	13.04	14.36	14.54
Dividend per share, SEK	9.75**	9.75	9.75	9.75	9.75
Return on equity, %	23.3	21.4	26.8	31.2	38.1
Return on capital employed, %	23.0	21.2	31.0	39.2	49.3
Share of risk-bearing capital, %	51.0	53.6	61.0	67.1	72.7
Equity/assets ratio, %	47.4	49.3	56.0	62.1	67.6
Total number of stores	5,076	4,968	4,739	4,351	3,924
Average number of employees	126,376	123,283	120,191	114,586	104,634

* Before and after dilution.

** Proposed by the Board of Directors.

Non-IFRS key ratiosFor the 12 months ended
30 November

	2019	2018	2017	2016	2015
Net Debt					
Pension liability	510	445	445	527	449
Interest-bearing liabilities finance leases	380	458	475	272	n/a
Liabilities to credit institutions	17,317	19,323	9,745	2,068	n/a
Cash and cash equivalents	-12,312	-11,590	-9,718	-9,446	-12,950
Net Debt	5,895	8,636	947	-6,579	-12,501
EBITDA					
Operating profit	17,346	15,493	20,569	23,823	26,942
Depreciations and amortisation	11,051	9,671	8,488	7,605	6,399
EBITDA	28,397	25,164	29,057	31,428	33,341
EBITDA margin					
EBITDA	28,397	25,164	29,057	31,428	33,341
Net sales	232,755	210,400	200,004	192,267	180,861
EBITDA margin	12.2%	12.0%	14.5%	16.3%	18.4%
Net Debt/EBITDA					
Net Debt	5,895	8,636	947	-6,579	-12,501
EBITDA	28,397	25,164	29,057	31,428	33,341
Net Debt/EBITDA	0.2	0.3	0.0	-0.2	-0.4
Interest coverage					
EBITDA	28,397	25,164	29,057	31,428	33,341
Interest paid	308	107	40	8	10
Interest coverage	92	235	726	3,929	3,334
Free Cash Flow					
Cash Flow from operating activities	28,986	21,287	21,587	23,775	24,067
Cash Flow from investing activities	-10,528	-13,152	-12,496	-13,498	-9,610
Free Cash Flow	18,458	8,135	9,091	10,277	14,457
Return on equity					
Profit for the year	13,443	12,652	16,184	18,636	20,898
Average shareholders' equity	57,808	59,130	60,475	59,643	54,803
Return on equity	23.3%	21.4%	26.8%	31.2%	38.1%
Return on capital employed					
Profit after financial items	17,391	15,639	20,809	24,039	27,242
Interest expense	331	146	41	8	10
Average shareholders' equity	57,808	59,130	60,475	59,643	54,803
Average interest-bearing liabilities	19,217	15,446	6,766	1,658	450
Return on capital employed	23.0%	21.2%	31.0%	39.2%	49.3%
Share of risk-bearing capital					
Shareholders' equity	57,069	58,546	59,713	61,236	58,049

Deferred tax liability	4,423	5,088	5,331	4,898	4,378
Balance sheet total	120,485	118,790	106,562	98,579	85,813
Share of risk-bearing capital	51.0%	53.6%	61.0%	67.1%	72.7%

Note, all of the above is excluding the effects of IFRS 16 since that standard is effective for annual reports beginning on or after 1 January 2019. H&M applies the new standard with effect from the financial year beginning on 1 December 2019.

Please see “Alternative Performance Measures – Description of Alternative Performance Measures” below for a further description of certain of the financial measures set out in the table above.

ALTERNATIVE PERFORMANCE MEASURES

Description of Alternative Performance Measures

This section provides further information relating to alternative performance measures (APMs) contained in this Offering Circular for the purposes of the guidelines issued by ESMA (the **Guidelines**). Certain of the financial measures included in “*Description of H&M*” and “*Selected Financial Information*” above can be characterised as APMs and set out below are further clarifications as to the meaning of such measures (and any associated terms).

To provide greater detail on the financial position of H&M, it has chosen to share a selected number of APMs which are non-IFRS measures. The APMs are meant to complement the pre-existing measures already shared within the scope of IFRS. Note that these APM measures may be defined differently by other companies, and therefore, may not be directly comparable between companies.

Definitions

Net Debt	Interest-bearing liabilities including pension liabilities less cash and cash equivalents as well as short-term investments. Reason for use: To show the net value of interest-bearing assets and interest-bearing liabilities.
EBITDA	EBITDA (Earnings Before Interest Depreciation and Amortisation). Operating profit, before interest, taxes, depreciation and impairments. Reason for use: A measure that complements operating profit, since it shows the cash surplus from operations.
EBITDA margin	EBITDA divided by net sales. Reason for use: This measure shows how the EBITDA measure performs in relation to net sales.
Net Debt/EBITDA	Net debt divided by EBITDA. Reason for use: This measure displays how the Group’s indebtedness relates to the EBITDA measure. Net debt / EBITDA is always presented with EBITDA calculated on a rolling four quarter basis.
Interest Coverage	EBITDA divided by interest paid for the Group. Reason for use: This measure is indicative of the Group’s financial health as it shows how well it can carry its interest expense.
Free Cash Flow	Cash flow from operating activities minus investments. Reason for use: This measure indicates relevant cash flow that the Group generates after strategical investments but before financing activities including potential dividends.
Return on Equity	Profit for the year in relation to average equity. Reason for use: Return on equity is used as a measure of how investments are used to generate increased revenue.
Return on capital employed	Profit after financial items plus interest expense in relation to average equity plus average interest-bearing liabilities. Reason for use: A measure of profitability after taking into consideration the amount of capital employed. A higher return on capital employed indicates that the capital is being used more effectively.
Share of risk-bearing capital	Equity plus deferred tax liability in relation to the balance sheet total. Reason for use: Shows financial potential and independence to develop the business.

TAXATION

Swedish Taxation

The following summary outlines certain Swedish tax consequences relating to Noteholders. The summary is based on the laws of the Kingdom of Sweden as currently in effect and is intended to provide general information only. The summary does not address, inter alia, situations where the Notes are held in an investment savings account (Sw. investeringssparkonto), the tax consequences of a write-down or conversion of the Notes, the existence of the ability of relevant regulatory authorities to effect such a write-down or conversion, any tax consequences following a variation or substitution (instead of redemption) of any Notes or the rules regarding reporting obligations for, among others, payers of interest. Further, the summary does not address credit of foreign taxes in Sweden. Investors should consult a professional tax advisor regarding the Swedish tax and other tax consequences (including the applicability and effect of tax treaties for the avoidance of double taxation) of acquiring, owning and disposing of the Notes in their particular circumstances.

Holders Not Tax Resident in Sweden

Payments of any principal or any amount that is considered to be interest for Swedish tax purposes to the holder of any Notes should not be subject to Swedish income tax, *provided that* such a holder (i) is not resident in Sweden for Swedish tax purposes and (ii) does not have a permanent establishment in Sweden with which the Notes are effectively connected.

If the Notes are deemed to be securities taxed as shares, private individuals who have been residents of Sweden for tax purposes due to a habitual abode in Sweden or a continuous stay in Sweden at any time during the calendar year of disposal or redemption or the ten calendar years preceding the year of disposal or redemption are liable for capital gains taxation in Sweden upon disposal or redemption of such Notes. In a number of cases though, the applicability of this rule is limited by the applicable tax treaty for the avoidance of double taxation.

Swedish withholding tax, or Swedish tax deduction, is not imposed on payments of any principal or any amount that is considered to be interest for Swedish tax purposes, except in relation to certain payments of interest (and other returns on Notes) to a private individual (or the estate of a deceased individual) who is (or was) resident in Sweden for Swedish tax purposes (see “*Holders tax resident in Sweden*” below).

Holders Tax Resident in Sweden

In general, for Swedish corporations and private individuals (and estates of deceased individuals) with residence in Sweden for Swedish tax purposes, all capital income (for example, income that is considered to be interest for Swedish tax purposes and capital gains on Notes) will be taxable. Specific tax consequences may be applicable to certain categories of corporations, for example life insurance companies. Moreover, specific tax consequences may be applicable if, and to the extent that, a holder of Notes realizes a capital loss on the Notes and to any currency exchange gains or losses.

If amounts that are deemed as interest for Swedish tax purposes are paid by a legal entity domiciled in Sweden, including a Swedish branch, to a private individual (or an estate of a deceased individual) with residence in Sweden for Swedish tax purposes, Swedish preliminary taxes are normally withheld by the legal entity on such payments. Swedish preliminary taxes should normally also be withheld on other returns on Notes (but not capital gains), if the return is paid out together with such a payment of interest referred to above.

Dutch Taxation

TAX WARNING

Potential investors and sellers of Notes should be aware that they may be required to pay stamp taxes or other documentary taxes or fiscal duties or charges in accordance with the laws and practices of the country where the Notes are transferred or other jurisdictions. In addition, payments of interest on the Notes, or income derived from the Notes, may be subject to taxation, including withholding taxes, in the jurisdiction of the relevant Issuer, in the jurisdiction of the holder of Notes, or in other jurisdictions in which the holder of Notes is required to pay taxes. Any such tax consequences may have an impact on the net income received from the Notes.

Prospective investors should carefully consider the tax consequences of investing in the Notes and consult their own tax adviser about their own tax situation. Finally, potential investors should be aware that tax regulations and their application by the relevant taxation authorities change from time to time, with or without retroactive effect. Accordingly, it is not possible to predict the precise tax treatment which will apply at any given time.

MATERIAL DUTCH TAX CONSEQUENCES

Scope of Discussion

The following is a general summary of certain material Dutch tax consequences of the acquisition, holding and disposal of the Notes. This summary does not purport to describe all possible tax considerations or consequences that may be relevant to a holder or prospective holder of Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as trusts or similar arrangements) may be subject to special rules. In view of its general nature, this general summary should be treated with corresponding caution.

This summary is based on the tax laws of the Netherlands, published regulations thereunder and published authoritative case law, all as in effect on the date hereof, and all of which are subject to change, possibly with retroactive effect. Where the summary refers to "the Netherlands" or "Dutch" it refers only to the part of the Kingdom of the Netherlands located in Europe. For the avoidance of doubt, this summary does not describe the consequences of the entering into effect of the Dutch Withholding Tax Act 2021 (*Wet bronbelasting 2021*), which act will enter into effect as per 1 January 2021. Please see "Risk Factors - Risks applicable to all Notes" for more information on the new withholding tax on interest in the Netherlands.

This discussion is for general information purposes only and is not Dutch tax advice or a complete description of all Dutch tax consequences relating to the acquisition, holding and disposal of the Notes. Holders or prospective holders of Notes should consult their own tax advisors regarding the Dutch tax consequences relating to the acquisition, holding and disposal of the Notes in light of their particular circumstances as well as the new withholding on interest in the Netherlands (to become effective as per 1 January 2021).

Withholding tax

All payments made by the relevant Issuer under the Notes may be made free of withholding or deduction of, for or on account of any taxes of whatever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority thereof or therein, unless the Notes qualify as equity of the relevant Issuer for Dutch tax purposes.

FATCA DISCLOSURE

Foreign Account Tax Compliance Act

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a **foreign financial institution** (as defined by FATCA) may be required to withhold on certain payments it

makes (**foreign passthru payments**) to persons that fail to meet certain certification, reporting or related requirements. Each Issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including Sweden and the Netherlands) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (**IGAs**), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register and Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are filed with the U.S. Federal Register generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date. However, if additional Notes (as described under “Terms and Conditions—Further Issues”) that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisers regarding how these rules may apply to their investment in Notes.

The proposed financial transactions tax (FTT)

On 14 February 2013, the European Commission published a proposal (the **Commission’s Proposal**) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the **participating Member States**). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. Primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006 are expected to be exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be “established” in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

SUBSCRIPTION AND SALE

The Dealers have, in a Programme Agreement (such Programme Agreement as modified and/or supplemented and/or restated from time to time, the **Programme Agreement**) dated 17 July 2020, agreed with the Issuers and the Guarantor a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under “*Form of the Notes*” and “*Terms and Conditions of the Notes*”. In the Programme Agreement, the relevant Issuer (failing which, the Guarantor) has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any future update of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

SELLING RESTRICTIONS

United States

The Notes and the Guarantee have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from or not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury regulations promulgated thereunder. The applicable Final Terms will identify whether TEFRA C rules or TEFRA D rules apply or whether TEFRA is not applicable.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver Notes (a) as part of their distribution at any time or (b) otherwise until 40 days after the completion of the distribution of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S of the Securities Act. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Prohibition of sales to EEA and UK Retail Investors

Unless the Final Terms in respect of any Notes specifies “Prohibition of Sales to EEA and UK Retail Investors” as “Not Applicable”, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Final Terms in relation thereto to any retail investor in the EEA or in the UK. For the purposes of this provision:

- (a) the expression **retail investor** means a person who is one (or more) of the following:
- (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
 - (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
 - (iii) not a qualified investor as defined in the Prospectus Regulation; and
- (b) the expression an **offer** includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

If the Final Terms in respect of any Notes specifies “Prohibition of Sales to EEA and UK Retail Investors” as “Not Applicable”, in relation to each Member State of the EEA and the United Kingdom (each a **Relevant State**), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Circular as completed by the final terms in relation thereto to the public in that Relevant State except that it may make an offer of such Notes to the public in that Relevant State:

- (A) at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;
- (B) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the relevant Issuer for any such offer; or
- (C) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Notes referred to in (A) to (C) above shall require the relevant Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision:

- the expression **an offer of Notes to the public** in relation to any Notes in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes; and
- the expression **Prospectus Regulation** means Regulation (EU) 2017/1129.

United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the relevant Issuer;

- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the relevant Issuer or the Guarantor; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the UK.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the **FIEA**) and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

Belgium

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that an offering of Notes may not be advertised to any individual in Belgium qualifying as a consumer within the meaning of Article I.1 of the Belgian Code of Economic Law, as amended from time to time (a **Belgian Consumer**) and that it has not offered, sold or resold, transferred or delivered, and will not offer, sell, resell, transfer or deliver, the Notes, and that it has not distributed, and will not distribute, any prospectus, memorandum, information circular, brochure or any similar documents in relation to the Notes, directly or indirectly, to any Belgian Consumer.

Sweden

Each Dealer has represented, warranted and agreed that it will not, directly or indirectly, offer for subscription or purchase or issue invitations to subscribe for or buy Notes or distribute any draft or definite document in relation to any such offer, invitation or sale in the Kingdom of Sweden except in circumstances that will not result in a requirement to prepare a prospectus pursuant to the provisions of the Prospectus Regulation.

The Netherlands

Notes in definitive bearer form issued by the relevant Issuer that constitute a fixed claim against such Issuer and on which interest does not become due during their term or on which no interest is due whatsoever are subject to the above mentioned selling restriction under “*Prohibition of sales to EEA and UK Retail Investors*” and, in addition thereto, may fall within the definition of ‘*spaarbewijzen*’ as referred to in the Dutch Savings Certificates Act (*Wet inzake spaarbewijzen*). Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that: they will not transfer or accept such Notes within, from or into the Netherlands unless it is done through the mediation of either the relevant Issuer or a member of Euronext in Amsterdam N.V., and unless it shall be either:

- a) between individuals or legal entities who or which trade or invest in securities in the conduct of a profession or trade (which includes banks, brokers, dealers, insurance companies, pension funds, other institutional investors and commercial enterprises which regularly, as an ancillary activity invest in securities); or
- b) in any other case, recorded in a transaction note, including the name and address of each party to the transaction, the nature of the transaction and the details and serial number of such Note.

The above prohibition does not apply (a) to a transfer and acceptance between individuals who do not act in the conduct of a profession or a business, (b) to the initial issue of such Notes to the first holders thereof, or (c) to the issue and trading of such Notes within, from or into the Netherlands if they are physically issued outside the Netherlands and are not immediately thereafter distributed in the Netherlands or to residents of the Netherlands in the course of primary trading or immediately thereafter.

In the event that the Dutch Savings Certificates Act applies, the relevant Issuer of the Notes or the Dealers or the Principal Paying Agent, as the case may be, which make payments or act as intermediaries in respect thereof are obliged to formally identify their counterparty(ies) and to keep a record of the details and serial numbers of the Notes involved.

Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that the Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the **SFA**)) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA, and further for corporations, in accordance with the conditions specified in section 275 of the SFA;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law;
- (iv) as specified in Section 276(7) of the SFA; or
- (v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

PRODUCT CLASSIFICATION PURSUANT TO SECTION 309B OF THE SECURITIES AND FUTURES ACT (CHAPTER 289 OF SINGAPORE) - The applicable Final Terms in respect of any Notes may include a legend entitled "Singapore Securities and Futures Act Product Classification" which will state the product classification of the Notes pursuant to Section 309B(1) of the SFA. The relevant Issuer will make a determination in relation to each issue about the classification of the Notes being offered for purposes of Section 309B(1)(a). Any such legend included on the applicable Final Terms will constitute notice to "relevant persons" for purposes of Section 309B(1)(c) of the SFA.

General

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Offering Circular and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuers, the Guarantor nor any of the other Dealers shall have any responsibility therefor.

None of the Issuers, the Guarantor, the Arranger and the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

GENERAL INFORMATION

Authorisation

The establishment of the Programme and the issue of Notes have been duly authorised by a resolution of the Board of Directors of H&M dated 25 June 2020 and the giving of the Guarantee has been duly authorised by a resolution of the Board of Directors of H&M dated 25 June 2020.

The establishment of the Programme and the issue of Notes have been duly authorised by a resolution of the Board of Directors of H&M Finance dated 15 July 2020.

Listing of Notes

It is expected that each Tranche of the Notes which is to be admitted to the Official List and to trading on the Euronext Dublin Regulated Market will be admitted separately as and when issued, subject only to the issue of one or more Global Notes initially representing the Notes of such Tranche. Application has been made to Euronext Dublin for Notes issued under the Programme during the period of twelve months from the date of this Offering Circular to be admitted to the Official List and trading on its regulated market. The approval of the Programme in respect of the Notes was granted on or about 17 July 2020.

Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Issuers in relation to Notes issued under the Programme and is not itself seeking admission of Notes issued under the Programme to the Official List of Euronext Dublin or to trading on the regulated market of Euronext Dublin for the purposes of the Prospectus Regulation.

Documents Available

For the period of 12 months following the date of this Offering Circular, copies of the following documents will, when published, be available for inspection from www.hm.com:

- (a) the constitutive documents (with an English translation thereof) of H&M and the deed of incorporation, including the articles of association, (with an English translation thereof) of H&M Finance;
- (b) the Agency Agreement, the Guarantee, the Deed of Covenant and the forms of the Global Notes, the Notes in definitive form, the Coupons and the Talons;
- (c) a copy of this Offering Circular; and
- (d) any future offering circulars, prospectuses, information memoranda, Final Terms and supplements to this Offering Circular and any other documents incorporated herein or therein by reference.

Clearing Systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The appropriate Common Code and ISIN for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels. The address of Clearstream, Luxembourg is Clearstream Banking S.A., 42 Avenue JF Kennedy, L-1855 Luxembourg.

Conditions for determining price

The price and amount of Notes to be issued under the Programme will be determined by the relevant Issuer and each relevant Dealer at the time of issue in accordance with prevailing market conditions.

Yield

In relation to any Tranche of Fixed Rate Notes, an indication of the yield in respect of such Notes will be specified in the applicable Final Terms. The yield is calculated at the Issue Date of the Notes on the basis of the relevant Issue Price. The yield indicated will be calculated as the yield to maturity as at the Issue Date of the Notes and will not be an indication of future yield.

Significant or Material Change

There has been no significant change in the financial performance or position of H&M or the Group since 31 May 2020 and there has been no material adverse change in the prospects of H&M or the Group since 30 November 2019.

There has been no significant change in the financial performance or position of H&M Finance since the date of its incorporation and no material adverse change in the prospects of H&M Finance since the date of its incorporation.

Litigation

Neither of the Issuers or the Guarantor nor any other member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which either Issuer or the Guarantor is aware) in the 12 months (except as described in “Description of H&M – Legal Proceedings” above) preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of either of the Issuers, the Guarantor or the Group.

Auditors

The auditors of H&M are Ernst & Young AB, who are authorised and regulated by the Supervisory Board of Public Accountants – Revisorsnämnden. Ernst & Young AB have audited H&M’s accounts, without qualification, in accordance with IFRS for each of the two financial years ended on 30 November 2019 and 30 November 2018.

H&M Finance is not required under Dutch company law to prepare audited financial statements and accordingly has not appointed auditors.

Dealers transacting with the Issuers and the Guarantor

In the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuers, the Guarantor or Issuers' or the Guarantor's affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuers or the Guarantor routinely hedge their credit exposure to the Issuers and the Guarantor consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such short positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may

hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

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