

H&M Group

Press release

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H&M Group's sustainability work attracts bond market attention

H&M Group has today issued a EUR 500 million sustainability-linked bond with a maturity of 8.5 years. The annual coupon rate is 0.25 percent. The bond generated great interest and was 7.6 times oversubscribed.

Sustainability-linked bonds are something new on the bond market. In contrast to green bonds, where the funds are linked to specific projects, sustainability-linked bonds are coupled to the company meeting a number of defined sustainability targets.

“For H&M Group, sustainability is an integral part of our operations. This type of bond creates a clear and transparent commitment and incentive for the company. It is an important step in our continued work to optimise the company's capital structure, while at the same time providing investors with an opportunity to contribute to positive transformation of the fashion industry,” says Adam Karlsson, CFO.

The targets* that H&M Group has committed to achieving by 2025 are:

- Increase the share of recycled materials used to 30 percent.
- Reduce emissions from the Group's own operations by 20 percent.
- Reduce absolute Scope 3 emissions from fabric production, garment manufacturing, raw materials and upstream transport by 10 percent.

“Sustainalytics is of the opinion that the H&M Group Sustainability-Linked Bond KPIs are relevant and material to the issuer and that the SPTs are ambitious and impactful. The goal to reach 30 percent recycled materials as inputs is a highly ambitious SPT (Sustainability Performance Target) and represents leadership in the clothing industry,” says Evan Bruner, Project Manager, Sustainalytics.

“Our customers are showing on a daily basis that they appreciate H&M Group's offering with the best combination of fashion, quality, price and sustainability. Today's successful bond issue is proof that the financial market also values our ambitious sustainability work and we look forward to working together for a sustainable industry,” says Helena Helmersson, CEO of H&M Group.

The bond will be listed on the regulated market Euronext Dublin and has been placed with the assistance of BNP Paribas, Commerzbank, Danske Bank, SEB and Standard Chartered. SEB also acted as advisor for the Sustainability-Linked Bond Framework.

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* For detailed information on the target and framework see https://hmgroup.com/wp-content/uploads/2021/02/HM_Sustainability-Linked-Bond-Framework.pdf.

H & M Hennes & Mauritz AB (publ) was founded in Sweden in 1947 and is quoted on Nasdaq Stockholm. H&M's business idea is to offer fashion and quality at the best price in a sustainable way. In addition to H&M, the group includes the brands COS, Monki, Weekday, & Other Stories, H&M HOME and ARKET as well as Afound. The H&M group has 52 online markets and approximately 5,000 stores in 74 markets including franchise markets. In 2020, net sales were SEK 187 billion. The number of employees amounts to approximately 153,000. For further information, visit hmgroup.com.