



## SANDVIK AB (PUBL)

*(incorporated with limited liability in the Kingdom of Sweden)*

**€3,000,000,000**

### **Euro Medium Term Note Programme**

This base prospectus (the "**Base Prospectus**") of Sandvik AB (publ) (the "**Issuer**") has been approved by the Luxembourg Commission de Surveillance du Secteur Financier (the "**CSSF**"), which is the Luxembourg competent authority under Regulation (EU) 2017/1129 (the "**EU Prospectus Regulation**") and comprises a base prospectus for the purposes of Article 8(1) of the EU Prospectus Regulation for the purpose of giving information with regard to the issue of notes ("**Notes**") issued under the Euro Medium Term Note Programme (the "**Programme**") described in this Base Prospectus during the period of twelve months after the date hereof. The CSSF has only approved the Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the EU Prospectus Regulation. Such an approval should not be considered as an endorsement of the Issuer nor as an endorsement of the quality of any Notes that are the subject of this Base Prospectus. Investors should make their own assessment as to the suitability of investing in such Notes. The CSSF assumes no responsibility for the economic and financial soundness of the transactions contemplated by this Base Prospectus or the quality or solvency of the Issuer. This Base Prospectus (as supplemented from time to time) is valid until 28 October 2022. For the avoidance of doubt, the Issuer shall have no obligation to supplement this Base Prospectus after the end of its 12-month validity period. Applications have been made for such Notes to be admitted during the period of twelve months after the date hereof to listing on the official list and to trading on the regulated market of the Luxembourg Stock Exchange and admission to trading on the professional segment of the Luxembourg Stock Exchange's regulated market. The regulated market of the Luxembourg Stock Exchange is a regulated market for the purposes of Directive 2014/65/EU on markets in financial instruments.

The requirement to publish a prospectus under the EU Prospectus Regulation only applies to Notes which are to be admitted to trading on a regulated market in the European Economic Area (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 EU Prospectus Regulation. References in this Base Prospectus to "**Exempt Notes**" are to Notes for which no prospectus is required to be published under the EU Prospectus Regulation. The CSSF has neither approved nor reviewed information contained in this Base Prospectus in connection with Exempt Notes.

The Programme also permits Notes to be issued on the basis that they will not be admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system or to be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed with the Issuer.

Sandvik has been assigned an A- long-term senior unsecured rating by S&P Global Ratings Europe Limited ("**S&P**"). Each Series of Notes issued under the Programme may or may not be rated.

S&P is established in the EEA and registered under Regulation (EU) No 1060/2009, on credit rating agencies (the "**EU CRA Regulation**"). S&P appears on the latest update of the list of registered credit rating agencies (as of 7 May 2021) on the ESMA website <http://www.esma.europa.eu>. The rating S&P has given to the Issuer is endorsed by S&P Global Ratings UK Limited, which is established in the UK and registered under Regulation (EU) No 1060/2009 on credit rating agencies as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the "**UK CRA Regulation**").

*Arranger*

**DEUTSCHE BANK**

*Dealers*

**CITIGROUP**

**CREDIT AGRICOLE CIB**

**DANSKE BANK**

**DEUTSCHE BANK**

**HSBC**

**HANDELSBANKEN CAPITAL MARKETS**

**J.P. MORGAN**

**MUFG**

**NORDEA**

**SEB**

**SOCIÉTÉ GÉNÉRALE  
CORPORATE & INVESTMENT BANKING**

**STANDARD CHARTERED BANK**

**SWEDBANK**

28 October 2021

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## IMPORTANT NOTICES

### *Responsibility for this Base Prospectus*

Sandvik AB (publ) (the "**Issuer**") accepts responsibility for the information contained in this Base Prospectus and any Final Terms or, in the case of Exempt Notes, the relevant Pricing Supplement and declares that, to the best of its knowledge, the information contained in this Base Prospectus is, in accordance with the facts and the Base Prospectus makes no omission likely to affect its import.

### *Final Terms/Drawdown Prospectus*

Each Tranche (as defined herein) of Notes will be issued on the terms set out herein under "*Terms and Conditions of the Notes*" (the "**Conditions**") as completed by a document specific to such Tranche called final terms (the "**Final Terms**") or, in the case of Exempt Notes as supplemented, amended and/or replaced by a pricing supplement (the "**Pricing Supplement**") or in a separate prospectus specific to such Tranche (the "**Drawdown Prospectus**") as described under "*Final Terms, Pricing Supplement and Drawdown Prospectuses*" below. In the case of Exempt Notes, any reference in this Base Prospectus to "Final Terms" shall be deemed to be a reference to "Pricing Supplement" unless the context requires otherwise.

### *Other relevant information*

This Base Prospectus must be read and construed together with any supplements hereto and with any information incorporated by reference herein and, in relation to any Tranche of Notes which is the subject of Final Terms, must be read and construed together with the relevant Final Terms. In the case of a Tranche of Notes which is the subject of a Drawdown Prospectus, each reference in this Base Prospectus to information being specified or identified in the relevant Final Terms shall be read and construed as a reference to such information being specified or identified in the relevant Drawdown Prospectus unless the context requires otherwise.

The Issuer confirms that any information from third party sources has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by such third-party sources, no facts have been omitted which would render the reproduced information inaccurate or misleading.

### *Unauthorised information*

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other document entered into in relation to the Programme or any information supplied by the Issuer or such other information as is in the public domain and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuer or any Dealer.

Neither the Dealers nor any of their respective affiliates have authorised the whole or any part of this Base Prospectus and none of them makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Base Prospectus or any responsibility for the acts or omissions of the Issuer or any other person (other than the relevant Dealer) in connection with the issue and offering of the Notes. Neither the delivery of this Base Prospectus or any Final Terms nor the offering, sale or delivery of any Note shall, in any circumstances, create any implication that the information contained in this Base Prospectus is true subsequent to the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the prospects or financial or trading position of the Issuer since the date thereof or, if later, the date upon which this Base Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

### *Restrictions on distribution*

The distribution of this Base Prospectus and any Final Terms and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus or any Final Terms comes are required by the Issuer and the Dealers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of this Base Prospectus or any Final Terms and other offering material relating to the Notes, see "*Subscription and Sale*".

In particular, the Notes have not been, and will not be, registered under the United States Securities Act of 1933 (as amended) (the "**Securities Act**") or with any securities regulatory authority of any state or other jurisdiction of the United States, and Notes in bearer form are subject to U.S. tax law requirements. The Notes may not be offered, sold or (in the case of Notes in bearer form) delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S).

Neither this Base Prospectus nor any Final Terms constitutes an offer or an invitation to subscribe for or purchase any Notes and should not be considered as a recommendation by the Issuer, the Dealers or any of them that any recipient of this Base Prospectus or any Final Terms should subscribe for or purchase any Notes. Each recipient of this Base Prospectus or any Final Terms shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer.

#### **Product Governance under Directive 2014/65/EU (as amended)**

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the "**EU 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.

The Final Terms or Drawdown Prospectus, as the case may be in respect of any Notes (or Pricing Supplement, in the case of Exempt Notes) may include a legend entitled "**EU 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 Directive 2014/65/EU (as amended, "**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.

#### **Product Governance under UK MiFIR**

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR product governance rules set out in the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR 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 UK MiFIR Product Governance Rules.

The Final Terms or Drawdown Prospectus in respect of any Notes (or Pricing Supplement, in the case of Exempt Notes) may include a legend entitled "**UK MiFIR 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 distributor should take into consideration the target market assessment; however, a distributor subject to the UK MiFIR Product Governance Rules 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.

**IMPORTANT – EEA RETAIL INVESTORS** – If the Final Terms (Drawdown Prospectus, as the case may be) in respect of any Notes includes a legend entitled "Prohibition of Sales to EEA 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. 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 ("**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. Consequently, no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

**IMPORTANT - UK RETAIL INVESTORS** – If the Final Terms (or Drawdown Prospectus, as the case may be) in respect of any Notes includes a legend entitled "Prohibition of Sales to 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 United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018; or (ii) a customer within

the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

### ***EU Benchmarks Regulation***

Interest and/or other amounts payable under the Notes may be calculated by reference to certain reference rates. Any such reference rate may constitute a benchmark for the purposes of Regulation (EU) 2016/1011 (the "**EU Benchmarks Regulation**"). If any such reference rate does constitute such a benchmark, the Final Terms will indicate whether or not the benchmark is provided by an administrator included in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 (*Register of administrators and benchmarks*) of the EU Benchmark Regulation. The registration status of any administrator under the EU Benchmark Regulation is a matter of public record and, save where required by applicable law, the Issuer does not intend to update the Final Terms to reflect any change in the registration status of the administrator.

### ***Product classification pursuant to Section 309B of the Securities and Futures Act (Chapter 289) of Singapore***

The Final Terms in respect of any Notes (or Pricing Supplement, in the case of Exempt 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**"). Where applicable, the Issuer will make a determination and provide the appropriate written notification to "relevant persons" in relation to each issue about the classification of the Notes being offered for the purposes of Section 309B(1)(a) and Section 309B(1)(c) of the SFA.

### ***Programme limit***

The maximum aggregate principal amount of Notes outstanding under the Programme will not exceed EUR 3,000,000,000 (and for this purpose, any Notes denominated in another currency shall be translated into Euro at the date of the agreement to issue such Notes (calculated in accordance with the provisions of the Dealer Agreement)). The maximum aggregate principal amount of Notes which may be outstanding under the Programme may be increased from time to time, subject to compliance with the relevant provisions of the Dealer Agreement as defined under "*Subscription and Sale*".

### ***Certain definitions***

In this Base Prospectus, unless otherwise specified, references to a "**Member State**" are references to a Member State of the EEA, references to "**U.S.\$**", "**U.S. dollars**" or "**dollars**" are to United States dollars, references to "**EUR**" or "**euro**" are to the currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the euro, as amended, and references to **SEK** or **Swedish krona** are to the lawful currency of Sweden and references to **Renminbi, RMB, Chinese Yuan Renminbi** or **CNY** means the lawful currency of the People's Republic of China (excluding the Hong Kong Special Administrative Region of the People's Republic of China (**Hong Kong**), the Macau Special Administrative Region of the People's Republic of China and Taiwan) (the **PRC**).

Certain figures included in this Base Prospectus have been subject to rounding adjustments; accordingly, figures shown for 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.

### ***Ratings***

Tranches of Notes issued under the Programme will be rated or unrated. Where a Tranche of Notes is rated, such rating will not necessarily be the same as the rating(s) described above or the rating(s) assigned to Notes already issued. Where a Tranche of Notes is rated, the applicable rating(s) will be specified in the relevant Final Terms or Pricing Supplement, as may be applicable. Whether or not each credit rating applied for in relation to a relevant Tranche of Notes will be (1) issued or endorsed by a credit rating agency established in the EEA and registered under the EU CRA Regulation or by a credit rating agency which is certified under the EU CRA Regulation and/or

(2) issued or endorsed by a credit rating agency established in the UK and registered under the UK CRA Regulation or by a credit rating agency which is certified under the UK CRA Regulation will be disclosed in the Final Terms. In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not (1) issued by a credit rating agency established in the EEA and registered under the EU CRA Regulation or (2) provided by a credit rating agency not established in the EEA but is endorsed by a credit rating agency established in the EEA and registered under the EU CRA Regulation or (3) provided by a credit rating agency not established in the EEA which is certified under the EU CRA Regulation. In general, UK regulated investors are restricted from using a rating for regulatory purposes if such rating is not (1) issued by a credit rating agency established in the UK and registered under the UK CRA Regulation or (2) provided by a credit rating agency not established in the UK but is endorsed by a credit rating agency established in the UK and registered under the UK CRA Regulation or (3) provided by a credit rating agency not established in the UK which is certified under the UK CRA Regulation.

### **Stabilisation**

**In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising 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 Stabilising Manager(s) (or person(s) acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.**

## OVERVIEW

*The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms. The Issuer 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, in the case of listed Notes only and if appropriate, a new Prospectus will be published.*

Words and expressions defined in the "Terms and Conditions of the Notes" below or elsewhere in this Prospectus have the same meanings in this overview.

<b>The Issuer:</b>	Sandvik AB (publ).
<b>The Group</b>	Sandvik AB (publ) and its subsidiaries
<b>Arranger:</b>	Deutsche Bank Aktiengesellschaft
<b>Dealers:</b>	Citigroup Global Markets Europe AG, Crédit Agricole Corporate and Investment Bank, Danske Bank A/S, Deutsche Bank Aktiengesellschaft, HSBC Continental Europe, J.P. Morgan AG, MUFG Securities EMEA plc, MUFG Securities (Europe) N.V., Nordea Bank Abp, Skandinaviska Enskilda Banken AB (publ), Société Générale, Standard Chartered Bank, Svenska Handelsbanken AB (publ), Swedbank AB (publ) and any other Dealer appointed from time to time by the Issuer either generally in respect of the Programme or in relation to a particular Tranche of Notes.
<b>Fiscal Agent:</b>	Citibank N.A., London Branch.
<b>Substitution:</b>	The terms and conditions of the Notes permit the substitution of the Issuer, without the consent of the Noteholders, for a subsidiary of Sandvik AB (publ) as principal debtor in respect of any Series of Notes issued under the Programme, subject to satisfaction of the conditions as described in Condition 18 ( <i>Substitution</i> ).
<b>Swedish Issuing Agent:</b>	For notes registered in Sweden (the <b>Swedish Registered Notes</b> ), an account operator specifically appointed by the Issuer to assist in connection with the issue of Swedish Registered Notes.
<b>Exempt Notes:</b>	The Issuer may agree with any Dealer that Exempt Notes may be issued in a form not contemplated by the Conditions, in which event, the relevant provisions will be included in the relevant Pricing Supplement.
<b>Final Terms or Drawdown Prospectus</b>	Notes issued under the Programme may be issued either (a) pursuant to this Base Prospectus and associated Final Terms or (b) pursuant to a Drawdown Prospectus. The terms and conditions applicable to any particular Tranche of Notes will be the Conditions as completed by the relevant Final Terms or, as supplemented, amended and/or replaced to the extent described in the relevant Drawdown Prospectus
<b>Certain Restrictions:</b>	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 Prospectus. <b>Notes having a maturity of less than one year</b> Notes having a maturity of less than one year will constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000 (the <b>FSMA</b> ) 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*".

<b>Programme Size:</b>	Up to €3,000,000,000 outstanding at any time. The Issuer may increase the amount of the Programme in accordance with the terms of the Dealer Agreement.
<b>Issuance in Series:</b>	Notes will be issued in Series. Each Series may comprise one or more Tranches issued on different issue dates. The Notes of each Series will all be subject to identical terms, except that the issue date and the amount of the first payment of interest may be different in respect of different Tranches. The Notes of each Tranche will also be subject to identical terms in all respects save that a Tranche may comprise Notes of different denominations.
<b>Distribution:</b>	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
<b>Currencies:</b>	Notes may be denominated in any currency or currencies agreed between the Issuer and the relevant Dealer, subject to any applicable legal or regulatory restrictions.
<b>Maturities:</b>	The Notes will have such maturities as may be agreed between the 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 Issuer or the relevant Specified Currency.
<b>Issue Price:</b>	Notes may be issued at any price and on a fully paid basis or, in the case of Exempt Notes, on a fully or partly paid basis. The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions.
<b>Interest:</b>	Notes may be interest-bearing or non-interest bearing. Interest (if any) may accrue at a fixed rate or a floating rate or a combination thereof and the method of calculating interest may vary between the issue date and the maturity date of the relevant Series. In the case of Exempt Notes, the relevant Pricing Supplement may specify whether a different interest basis applies.
<b>Fixed Rate Notes:</b>	Fixed interest will be payable on such date or dates as may be agreed between the 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 Issuer and the relevant Dealer.
<b>Floating Rate Notes:</b>	Floating Rate Notes will bear interest at a rate determined: <ul style="list-style-type: none"><li>(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 supplemented, amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series (as specified in the relevant Final Terms or the Pricing Supplement)) as published by the International Swaps and Derivatives Association, Inc.; or</li><li>(b) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service.</li></ul> The margin (if any) relating to such floating rate will be agreed between the 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.

Interest on Floating Rate Notes in respect of each Interest Period, as agreed prior to issue by the 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 Issuer and the relevant Dealer.

In the case of Exempt Notes, the relevant Pricing Supplement may specify whether a different interest basis applies.

**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 Issuer and/or the Noteholders and/or on the occurrence of a Special Redemption Event upon giving notice to the Noteholders or the 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 Issuer and the relevant Dealer. Exempt Notes may also be redeemable in two or more instalments on such dates and in such manner as may be specified in the relevant Pricing Supplement.

*Notes having a maturity of less than one year are subject to restrictions on their denomination and distribution, see "Certain Restrictions – Selling Restrictions Addressing Additional United Kingdom Securities Laws".*

**Denomination of Notes:**

The Notes will be issued in such denominations as may be agreed between the 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 "*Subscription and Sale - Other UK regulatory restrictions*", and save that the minimum denomination of each Note admitted to trading on a regulated market within the EEA or offered to the public either in a Member State of the EEA or in the UK in circumstances which would otherwise require the publication of a prospectus under either the EU Prospectus Regulation or the UK Prospectus Regulation will be Euro 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 13 (*Taxation*). In the event that any such deduction is made, the Issuer will, save in certain limited circumstances provided in Condition 13, be required to pay additional amounts to cover the amounts so deducted.

**Negative Pledge:**

The terms of the Notes will contain a negative pledge provision as further described in Condition 5 (*Negative Pledge*).

**Cross Default:**

The terms of the Notes will contain a cross default provision as further described in Condition 14 (*Events of Default*).

**Listing and Admission to Trading:**

Applications have been made for Notes (other than Exempt Notes) to be admitted during the period of twelve months after the date hereof to listing on the official list and to trading on the regulated market of

the Luxembourg Stock Exchange or to trading on the professional segment of the Luxembourg Stock Exchange's regulated market.

Notes may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets agreed between the Issuer and the relevant Dealer in relation to the Series. The Programme provides that Exempt Notes may be issued on the basis that they will not be admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system or that they may be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems (provided that such exchange or quotation system is not a regulated market for the purposes of the Markets in Financial Instruments Directive) as may be agreed between the Issuer and the relevant purchaser(s) in relation to such issue.

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.

<b>United States Selling Restrictions:</b>	Regulation S, Category 2. TEFRA C or D/TEFRA not applicable, as specified in the applicable Final Terms.
<b>Status:</b>	The Notes are senior, unsubordinated, unconditional and unsecured obligations of the Issuer.
<b>Form:</b>	The Notes will be issued in bearer or registered form or in Swedish registered form in accordance with the Swedish Central Securities Depositories and Financial Instruments Accounts Act ( <i>Sw. lag (1998:1479) om värdepapperscentraler och kontoföring av finansiella instrument</i> ) as amended (the <b>SFIA Act</b> ) as specified in the applicable Final Terms.
<b>Rating:</b>	Any rating of the Notes will be specified in the applicable Final Terms.
<b>Governing Law:</b>	The Notes, the Fiscal Agency Agreement, the Deed of Covenant and the Subscription Agreement, and any non-contractual obligations arising out of or in connection therewith, will be governed by English law. Swedish Registered Notes must comply with the SFIA Act.
<b>Clearing Systems:</b>	Euroclear and Clearstream, Luxembourg
<b>Selling Restrictions:</b>	See " <i>Subscription and Sale</i> ".
<b>Risk Factors:</b>	Investing in the Notes involves risks. See " <i>Risk Factors</i> ".
<b>Financial Information:</b>	See " <i>Description of the Issuer—Selected Financial Information</i> " and " <i>Financial Information and Auditor's Reports</i> ".
<b>Use of Proceeds:</b>	The net proceeds from each issue of Notes will be used for the general financing purposes of the Issuer, or as further specified in the relevant Final Terms.

## RISK FACTORS

*The Issuer believes that the following factors may affect its ability to fulfil its obligations under Notes issued under the Programme. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.*

*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.*

*The Issuer believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons which may not be considered significant risks by the Issuer based on information currently available to it or which it may not currently be able to anticipate. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and reach their own views prior to making any investment decision.*

### **Factors that may affect the ability of the Issuer to fulfil its obligations under the Notes issued under the Programme**

#### ***Risks relating to the Issuer's business activity and industry***

*The Group's products are used in industries which are either cyclical or affected by general economic conditions*

The demand for the Group's products and services is affected by changes in customers' investment plans and production levels. Customers' investment plans could change materially if the economic situation in an industry, country or region changes. In addition, changes in the political situation in a region or country or political decisions affecting an industry or country could also materially impact investments in equipment. If customers' demand for the Group's products decline, and sales volumes are reduced, the Group will be impacted by under-absorption of fixed costs in respect of its production facilities. Also, the replacement needs of existing production capacity, new competing technologies, competitive pressures and other economic factors in its customer industries could also have a material adverse effect on the Group's business, financial condition and results of operations. Although the Issuer believes that the Group's sales are well diversified with customers in many industries and operations in more than 160 countries, the Group may be affected by a downturn in the general economic situation in the markets in which it operates. Any such downturn could have a material adverse effect on the Group's business, results of operations and financial condition.

#### *New product innovation*

The Group's long-term growth and profitability is dependent on its ability to develop, and successfully launch and market, new products. The Group's revenues and market share may suffer if it is unable to introduce new products successfully in a timely fashion or if any new or enhanced products or services are introduced by its competitors that its customers find more advanced and/or better suitable for their needs. If the Group is not able to keep pace with global product development and technological advances, including also shifts in technology in the markets in which it operates, or to meet customer demands, this could have a material adverse effect on the Group's business, results of operations and financial condition.

The markets for the Group's products are highly competitive in terms of pricing, product design and service quality, the timing of development and introduction of new products, customer service and terms of financing. The Group faces intense competition from significant global competitors and to a lesser extent small regional companies. If it does not compete successfully in all its business areas and does not anticipate and respond to changes in evolving market demands, including the demand for new products, it will not be able to compete successfully in its markets, which could have a material adverse effect on the Group's business, results of operations and financial condition.

The planning and implementation of the Group's business operations seeks to take into account market opportunities and opportunities to acquire new businesses. Any failure in the Group's business development could have a material adverse effect on the Group's business, results of operations and financial condition.

*If the manufacturing and production facilities of the Group or its suppliers are damaged, destroyed or closed for any reason or there are interruptions in the supply chain, its ability to distribute its products will be significantly affected*

The Group has a global manufacturing strategy based on manufacturing core components complemented with sourcing of other components from suppliers. The core component manufacturing is concentrated into few locations per region and if these facilities are destroyed or closed for any reason or the equipment in the facilities is significantly damaged, or there are severe interruptions in its productions, the Group is likely to face setbacks in its ability to manufacture and distribute its products. Such circumstances, to the extent it is unable to find an alternative manufacturing and production facility or repair the damaged facilities or damaged equipment in a timely and cost-efficient manner, could have a material adverse effect on the Group's business, results of operations and financial condition. In addition, the availability of non-core components is dependent on the suppliers and if they have interruptions or if they do not have enough capacity, this could have an adverse effect on the Group's business and results of operations.

#### *Global health risks*

Major outbreaks of disease (including, for example, COVID-19) may cause the Group to experience labour shortages, supply chain or operational interruptions, higher input costs or changes in demand for its products that, if experienced in the Group's major facilities or on a widespread basis, could have a material adverse effect on the Group's business.

In addition, governmental decisions to limit the spread of disease, including national and regional lockdowns, stricter border security measures, or other types of restriction may also cause disruptions at production facilities and to the Group's supply chain, as well as affecting the ability of third parties to fulfil their obligations towards the Group. More extensive outbreaks of disease may also cause a temporary fall in demand for some of the Group's products through, for example, the closure of mines or other customer facilities, changes in consumer behaviour, and fluctuating economic conditions in the countries where the Group operates. Any such impacts of any disease and any future pandemics could have a material adverse effect on the Group's business, financial condition and/or results of operations.

#### *The Group is dependent on the efficiency of its distribution centres, distributors and aftermarket organisation*

The Group most often distributes its products and services directly to the end customers, but also through distributors. A significant part of physical distribution of products is concentrated to a number of distribution centres and the provision of services depends on the efficiency of the Group's aftermarket organisation. Should the Group's distribution centres, distributors or other aftermarket organisations be subjected to disruptions its sales may be affected, which in turn could have a material adverse effect on the Group's revenues and results of operations.

*Any difficulties the Group encounters relating to the integration of recent or future acquisitions could have a material adverse effect on the Group's business, results of operations and financial condition*

In addition to organically growing the Group's business, the Group continuously evaluates potential value-added acquisitions in the core areas of its business to complement its existing product portfolio, to gain access to new markets and to create synergies. The process of co-ordinating and integrating acquired businesses with the Group's own business will continue to require managerial and financial resources. In addition, the integration process could also cause the interruption to, or a loss of momentum in, the activities of its business, which could have a material adverse effect on the Group's business, financial condition and results of operations.

The management of integration of the businesses, systems and culture of any acquired business requires, among other things, the continued development of the acquired businesses financial and management controls, including the integration of information systems and structure, the integration of product offerings and customer base and the training of new personnel, all of which could disrupt and place a strain on the Group's management resources as well as require significant expenditure. Any significant diversion of the attention of the Issuer's executive management and other resources or any major difficulties encountered in the integration of an acquired business could have a material adverse effect on the Group's business, financial condition and results of operations.

In agreeing to acquire new businesses, the Issuer makes certain assumptions and determinations on, among other things, future sales and need for capital expenditures, based on its investigation of the respective businesses and other information then available. While the Issuer believes it is well positioned to assess the opportunities and

risks associated with these acquisitions, the Issuer cannot provide assurance that its assumptions and determinations will prove to be correct and liabilities, contingencies or losses, if realised, could have a material adverse effect on the Group's business, results of operations and financial condition.

### ***Risks relating to the Issuer's financial position***

Through its comprehensive international operations, the Issuer is exposed to currency, interest and financing risks.

#### *Currency risk*

Foreign-exchange movements affect the Issuer's earnings and competitive situation in different ways:

- Earnings are affected when sales and purchases are made in different currencies (transaction exposure). Since a large percentage of production occurs in a few countries, but sales occur in many countries, the Issuer is therefore exposed to a large net inflow of foreign currencies.
- Earnings are affected when assets and liabilities are denominated in different currencies (translation exposure). The Issuer has assets denominated in Swedish krona and liabilities denominated in various currencies including in euros and US dollars. Earnings are affected when the financial results of subsidiaries are translated to Swedish krona.

#### *Interest risk*

Changes in market interest rates may affect the Group's net interest items adversely. The impact on net interest items from a change in interest rates depends on the interest terms of assets and liabilities. Interest risk arises in two ways:

- the Issuer may have invested in interest-bearing assets, the value of which changes when the interest rate changes; and
- the cost of the Issuer's borrowing fluctuates when the general interest rate situation changes.

#### *Liquidity and refinancing risk*

Liquidity and refinancing risk is defined as the risk that financing possibilities will be limited when loans must be refinanced, and that payment commitments cannot be met as a result of insufficient liquidity. If refinancing of short-term borrowings and the guaranteed credit facilities is not possible when they fall due this may have a material adverse effect on the Group's business, results of operations and financial condition.

#### *Credit risk*

The Group's commercial and financial transactions give rise to credit risk in relation to the Group's counterparties. Credit risk is the risk of losses if the counterparty to an agreement does not fulfil its commitments. Group companies have entered into agreements with the banks that it has outstanding derivatives contract with on such matters as the right to offset receivables and liabilities that arise from these financial transactions, so-called ISDA agreements. This means that the Group's counterparty exposure to the financial sector is limited to the unrealised positive results that arise in derivative agreements. On the other hand, Group companies are exposed to the credit risk associated with outstanding trade receivables from ongoing sales. Credit risk is diversified over a large number of customers in all business areas and satisfactorily reflects the spread of sales. If weak financial situations lead to customers not paying their payables to the Group this may have a material adverse effect on the Group's business, results of operations and financial condition.

#### *Raw materials price exposure*

The Group's operations give rise to risks due to changes in the price of market-quoted raw materials, mainly nickel and of electricity. Prices can vary significantly during a year and the price risk associated with these is partially hedged through the signing of financial contracts. If the market does not permit a transfer of the effects of changing

raw-material prices into the end-price of the products this may have a material adverse effect on the Group's business, results of operations and financial condition.

#### *Provision for pensions and similar obligations*

The Group has comprehensive pension plans for its employees in all countries in which it operates. The pension provisions vary depending on legislation and local agreements. The largest funded pension plans are found in Finland, Germany, Sweden, Canada, the United Kingdom and the US. Three main risks are associated with the Group's pension obligations: interest rate fluctuations; capital market volatility; and changes in life expectancy. Since the duration of the liabilities differs from the duration of the interest-bearing assets, the Group is exposed to interest rate fluctuations, both when discounting the liability but also as market values change in the bond portfolio. Furthermore, calculating pension and similar obligations requires management to make assumptions on discount rates, expected return on plan assets and rate of compensation increase, which may not match actual outcomes. If the Group's pension liabilities exceed its assets, this may have a material adverse effect on the Group's financial condition.

#### ***Risks relating to the legal and regulatory environment of the Issuer***

##### *International political, economic and other uncertainties may affect the Group's penetration of international markets*

The Issuer operates in diverse markets, which are subject to political, economic and other uncertainties (including the uncertainty over the impact of the United Kingdom's withdrawal from the European Union). This presents risk in terms of changes in foreign trade policy and trade barriers (including tariffs, and price or exchange controls), as well as governments or international bodies imposing sanctions on countries, goods and services, or persons which may impede the Issuer's ability to do business. As a global company there can be no assurances that the Issuer will be able to adapt its operations to comply with such disruptions in the markets in which it operates or that it will be able to successfully manage conflicting regulations. Failure to manage any of the above risks effectively could have a material adverse effect on the Group's business, results of operations and financial condition.

Changes in regulatory requirements or other governmental policies in the countries in which it conducts business may also result in risks, such as: (i) effective legal redress in the courts of such jurisdictions, whether in respect of a breach of law or regulation or in an ownership dispute, being more difficult to obtain; (ii) a higher degree of discretion on the part of governmental authorities; (iii) the lack of judicial or administrative guidance on interpreting applicable rules and regulations; (iv) inconsistencies or conflicts between and within various laws, regulations and decrees; or (v) relative inexperience of the judiciary and courts in such matters, all of which could lead to greater uncertainty, and increased time and cost, when seeking legal redress and conducting business. Also, the protection of intellectual property rights may be less developed and less strictly enforced in these countries. There can be no assurance that the Group's licences, licence applications or other legal arrangements of the effectiveness of the enforcement thereof will not be adversely affected by the actions of government authorities or others. In addition, the uncertainty of the legal environment in certain regions could limit the Group's ability to enforce its rights under contracts or otherwise.

The Group also has extensive operations in emerging markets such as certain countries in South America, Africa and Asia. Its business operations in these countries may be subject to various political, economic and social conditions which include nationalisation of assets, social, political or economic instability, volatility in currency exchange rates and in gross domestic product or restrictions on repatriation of profits and transfers of cash which all could have a material adverse effect on the Group's business, results of operations and financial condition. Operations in emerging markets may present risks that are not encountered in countries with well-established economic and political systems, including economic instability, which could make it difficult for the Group to anticipate future business conditions in these markets, which may in turn have a material adverse effect on the Group's business, results of operations and financial condition.

#### *Compliance and other regulatory implications*

Should there be any non-compliance by any member of the Group or any director, officer, employee or agent of any member of the Group, or anyone acting on its behalf with applicable laws and regulations, including but not limited to bribery and corruption, anti-money laundering, sanctions, competition, trade, data privacy and health and safety laws and regulations, there may be legal consequences and it may weaken the Group's financial position and/or tarnish the Group's reputation, which may have an adverse effect on the Group's business, financial condition and results of operations.

### *Environmental compliance*

Like most industrial companies, the Group affects the environment in its production processes through the use of natural resources and the generation of emissions and wastes, in the distribution of, as well as in the use and final disposal of its products. Compliance with environmental requirements is a significant factor in its operations, and substantial resources are required to maintain compliance with applicable environmental laws and regulations and to manage environmental risks. The Group is subject to a variety of environmental laws and regulations, particularly in relation to air emissions, waste management and the protection of natural resources. These laws and regulations, the violations of which can lead to substantial fines, injunctions or criminal penalties, have generally become stricter in recent years and may in the future become more stringent and the cost of complying with future changes may be substantial. In addition, the Group could also become subject to liabilities and claims relating to personal injury (including exposure to substances used in its production), property damage or damage to natural resources.

Although the Issuer believes that the Group is in material compliance with applicable environmental laws, substantial environmental costs and liabilities are inherent in industrial operations and there can be no assurance that substantial costs and liabilities will not be incurred in the future or that the adoption of increasingly strict environmental laws, regulations and enforcement policies could not result in increased costs and liabilities in the future. Any such costs and/or liabilities could have a material adverse effect on the Group's business, results of operations and financial condition.

### *Legal issues*

The Group is party to litigation related to its business operations in the ordinary course of business. The Issuer is also party to legal and administrative proceedings related to its responsibility for products, environment, health and safety. There is currently no litigation in relation to the Group which may have a significant effect on the financial position or profitability of the Group. However, there can be no assurance that the Group will not be subject to legal disputes in the future which may have an adverse effect on the Group's business, financial condition and results of operations.

### ***Risks relating to the internal control of the Issuer***

#### *IT risk*

The Group's operations in research and development, production, distribution, marketing and administration are dependent on a large number of complex IT-systems and solutions. Routines and procedures are implemented to protect hardware, software and information from being damaged, manipulated, lost or misused. A major breakdown of these systems with loss of information may have a material adverse effect on the Group's business, results of operations and financial condition.

#### *Lack of retention of skilled employees may affect the Group's business*

The success of the Group's business depends in large part on the ability to attract and retain key management and operating personnel. The Group's future growth and ultimately its success depends on its ability to hire and retain qualified personnel with the level of expertise, knowledge of its products or industry necessary to conduct its operations. Given that the Group constantly needs to introduce new or enhanced products, it is important that it is able to attract people with sufficient expertise in its product areas, particularly its research and development functions. In addition, the Group continuously monitors its need for people and considers whether it should outsource certain parts of its non-core manufacturing in order to ensure it can fulfil its customers' orders. If the Group fails to monitor its need for employees or if it fails to continue to attract and retain highly qualified management and other skilled employees on acceptable terms it may not be able to sustain or further develop parts of its business which may have a material adverse effect on the Group's business, results of operations and financial condition.

#### *Success of the Group depends on protection of intellectual property rights*

The protection of the Group's intellectual property is important to its business. The Issuer cannot give any assurance that its competitors do not seek to utilise the Group's patents, trademarks and logos when it markets its products thereby infringing or challenging the Group's intellectual property rights. In addition, existing laws of certain countries in which the Group conducts its business may offer only limited protection of its intellectual



property rights, if at all. If the Group's intellectual property and in particular its registered patents and trademarks cannot be protected, for whatever reason, the Group's business could be materially and adversely affected.

#### *Property and product liability insurance*

The Group has the customary insurance programmes with respect to the Group's property and product liability risks. As a natural part of the Group's different activities, measures to limit the effects of damage are continually taken, often in co-operation with the Group's external insurance advisors. In such context, standards for desired safeguard levels are established in order to reduce the probability of material damages and to guarantee deliveries to customers. While the Group holds property, including business interruption, and product liability insurance in amounts the Issuer believes to be appropriate, there can be no assurance that the Group will be able to fully recover such amounts or that recovered amounts will be sufficient to cover the Group's losses. Any such losses could have an adverse effect on the Group's business, results of operations and financial condition

#### *Work stoppages or strikes could adversely affect the Group's business*

Many of the Group's employees are covered by collective bargaining agreements. The Issuer cannot provide any assurance that it will not encounter strikes or other disturbances occasioned by its unionised labour force, or that, upon the expiration of existing agreements; it will be able to reach new collective bargaining agreements on satisfactory terms or without work stoppages, strikes or similar industrial actions.

Non-satisfactory terms on any bargaining agreements could cause the Group's labour costs to increase, which would affect its profit margins negatively. In addition, it is required to consult and seek the advice of its employee works' council in respect of a broad range of matters, which could delay or prevent the completion of certain corporate transactions. While the Group has not experienced any major work stoppages in recent years and expects its current industrial processes to proceed uninterrupted, the Issuer cannot provide any assurance that the Group will not experience lengthy consultations with employees or even strikes, work stoppages or other industrial actions in the future. Any industrial action could disrupt its operations, possibly for a significant period of time, and result in increased wages and benefits or otherwise have a material adverse effect on the Group's business, results of operations and financial condition.

### **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 wide 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:

#### *Notes subject to optional redemption by the Issuer*

An optional redemption feature of Notes is likely to limit their market value. During any period when the 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 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.

#### *Notes may be subject to redemption upon the occurrence of a Special Redemption Event.*

The proceeds of certain Notes issued under the Programme may be used to finance the acquisition of an Acquisition Target as specified in the applicable Final Terms. Condition 10(d) (*Redemption upon the occurrence of a Special Redemption Event (Special Redemption Event Call)*) includes a redemption feature which, if selected as applicable in the Final Terms for a Series of Notes, will allow such Notes to be redeemed by the Issuer (on either an optional or mandatory basis, as specified in the applicable Final Terms) upon the occurrence of a Special Redemption Event (namely that the Issuer: (i) has not completed and closed the acquisition of the Acquisition Target by the Special Redemption Longstop Date; or (ii) has published an announcement that it no longer intends to pursue the acquisition of the Acquisition Target, as further described in Condition 10(d) (*Redemption upon the occurrence of a Special Redemption Event (Special Redemption Event Call)*) and the applicable Final Terms).

If the Notes are redeemed following the occurrence of a Special Redemption Event, Noteholders may not obtain their expected return on such Notes and may not be able to reinvest the proceeds of such redemption in an investment that results in a comparable return. If a Special Redemption Event does not occur then Noteholders shall not have any right to require the redemption of their Notes and nor will any such right arise if, between the issue date of the Notes and the acquisition of the Acquisition Target, the Group or the Acquisition Target experiences any changes in its business or financial condition or if the terms of the acquisition of the Acquisition Target change. Whether or not the special redemption provision is ultimately triggered, it may adversely affect trading prices during the Special Optional Redemption Period for the Notes that include a Special Redemption Event Call.

*Notes issued at a substantial discount or premium*

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

*Changes or uncertainty in respect of EURIBOR and/or certain benchmarks may affect the value or payment of interest under the Programme, including where EURIBOR may not be available*

Regulation (EU) No. 2016/1011 (the "**EU 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. Regulation (EU) No. 2016/1011 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**UK Benchmarks Regulation**") applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark, within the UK. The EU Benchmarks Regulation or the UK Benchmarks Regulation, as applicable, could have a material impact on any Notes linked to EURIBOR or another benchmark rate or index, in particular, if the methodology or other terms of the benchmark are changed in order to comply with the terms of the EU Benchmark Regulation or UK Benchmark Regulation, and such changes could (amongst other things) have the effect of reducing or increasing the rate or level, or affecting the volatility of the published rate or level, of the benchmark. More broadly, any of the international, national or other proposals for reform, 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. Such factors may have the effect of discouraging market participants from continuing to administer or contribute to certain "benchmarks," trigger changes in the rules or methodologies used in certain "benchmarks" or lead to the discontinuance or unavailability of quotes of certain "benchmarks".

As an example of such benchmark reforms, on 21 September 2017, the European Central Bank announced that it would be part of a new working group tasked with the identification and adoption of a "risk free overnight rate" which can serve as a basis for an alternative to current benchmarks used in a variety of financial instruments and contracts in the euro area. On 13 September 2018, the working group on Euro risk-free rates recommended the new Euro short-term rate ("**€STR**") as the new risk-free rate for the euro area. The €STR was published for the first time on 2 October 2019. Although EURIBOR has subsequently been reformed in order to comply with the terms of the Benchmark Regulation, it remains uncertain as to how long it will continue in its current form, or whether it will be further reformed or replaced with €STR or an alternative benchmark.

The elimination of EURIBOR or any other benchmark, or changes in the manner of administration of any benchmark, could require or result in an adjustment to the interest calculation provisions of the Conditions (as further described in Condition 7(n) (*Benchmark Replacement-Independent Adviser*)), or result in adverse consequences to holders of any Notes linked to such benchmark (including Floating Rate Notes whose interest rates are linked to EURIBOR or any other such benchmark that is subject to reform). Furthermore, even prior to the implementation of any changes, uncertainty as to the nature of alternative reference rates and as to potential changes to such benchmark may adversely affect such benchmark during the term of the relevant Notes, the return on the relevant Notes and the trading market for securities (including the Notes) based on the same benchmark.

The Conditions of the Notes provide for certain fallback arrangements in the event that a published benchmark (including any page on which such benchmark may be published (or any other successor service)) becomes unavailable or a Benchmark Event or a Benchmark Transition Event (each as defined in the Conditions), as applicable, otherwise occurs. Such an event may be deemed to have occurred prior to the issue date for a Series of Notes. Such fallback arrangements include the possibility that the rate of interest could be set by reference to a successor rate or an alternative rate and that such successor rate or alternative reference rate may be adjusted (if

required) in accordance with the recommendation of a relevant governmental body or in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to investors arising out of the replacement of the relevant benchmark, although the application of such adjustments to the Notes may not achieve this objective. Any such changes may result in the Notes performing differently (which may include payment of a lower interest rate) than if the original benchmark continued to apply. In certain circumstances the ultimate fallback 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. In addition, due to the uncertainty concerning the availability of successor rates and alternative reference rates and the involvement of an Independent Adviser (as defined in the Conditions) in certain circumstances, the relevant fallback provisions may not operate as intended at the relevant time.

Any such consequences could have a material adverse effect on the value of and return on any such Notes.

Investors should consult their own independent advisers and make their own assessment about the potential risks arising from the possible cessation or reform of certain reference rates in making any investment decision with respect to any Notes linked to or referencing a benchmark.

#### *Risks applicable to certain types of Exempt Notes*

There are particular risks associated with an investment in certain types of Exempt Notes. In particular, an investor might receive less interest than expected or no interest in respect of such Exempt Notes and may lose a portion of or the entire principal amount invested by it.

The Issuer may issue Exempt Notes with principal or interest determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each, a "**Relevant Factor**"). In addition, the Issuer may issue Exempt Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Exempt Notes are denominated. Potential investors should be aware that:

- (i) the market price of such Exempt Notes may be volatile;
- (ii) they may receive no interest;
- (iii) payment of principal or interest may occur at a different time or in a different currency than expected;
- (iv) they may lose all or a substantial portion of their principal;
- (v) a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- (vi) if a Relevant Factor is applied to Exempt Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable likely will be magnified; and
- (vii) the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

The historical performance of an index or other Relevant Factor should not be viewed as an indication of the future performance of such Relevant Factor during the term of any Exempt Notes. Accordingly, each potential investor should consult its own financial and legal advisers about the risk entailed by an investment in any Exempt Notes linked to a Relevant Factor and the suitability of such Exempt Notes in light of its particular circumstances.

Exempt Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

### ***Risks related to Notes generally***

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

#### *Modification and waivers*

The Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

*In certain instances, the relevant Issuer could substitute the obligor under the Notes without the consent or approval of the Noteholders*

The relevant Issuer may, without the consent of the Noteholders or the Couponholders, substitute itself in respect of all rights and obligations arising under or in connection with the Notes with a Substitute (as defined in Condition 19). Any such substitution will be subject to the conditions set out in the Terms and Conditions which include, among other things that where the Substitute is not Sandvik AB (publ), the obligations of the Substitute under the Deed Poll, the Agency Agreement, the Deed of Covenant, the Notes, and the Coupons shall be unconditionally and irrevocably guaranteed by Sandvik AB (publ). The substitution of the relevant Issuer under the Notes could have an adverse effect on Noteholders.

#### *Change of law*

The Conditions of the Notes are based on English law in effect as at the date of this Base Prospectus. 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 Base Prospectus and any such change could materially adversely impact the value of any Notes affected by it.

#### *US Foreign Account Tax Compliance Act Withholding*

Whilst the Notes are in global form and held within Euroclear or Clearstream, Luxembourg (together with Euroclear, the "**Clearing Systems**") in all but the most remote circumstances, it is not expected that the new reporting regime and potential withholding tax imposed by sections 1471 through 1474 of the US Internal Revenue Code, as amended ("**FATCA**") will affect the amount of any payment received by the Clearing Systems (See "*Taxation – US Foreign Account Tax Compliance Act*"). However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA) and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them. The Issuer's obligations under the Notes are discharged once it has paid the common depositary or common safekeeper for the Clearing Systems (as bearer and registered holders of the Notes, respectively) and the Issuer has therefore no responsibility for any amount thereafter transmitted through the Clearing Systems and custodians or intermediaries. Further, foreign financial institutions in a jurisdiction which has entered into an intergovernmental agreement with the US (an "**IGA**") are generally not expected to be required to withhold under FATCA or an IGA (or any law implementing an IGA) from payments they make.

#### *Notes where denominations involve integral multiples: definitive Notes*

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 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 at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to a Specified Denomination.

If definitive Notes 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.

#### *No obligation to maintain listing*

If at any time (a) the Issuer is unable to maintain any listing, trading and/or quotation of Notes or (b) it is impracticable or unduly onerous to maintain such admission to listing, trading and/or quotation or (c) as a result of legislation relating to publication of financial information, the Issuer could be required to publish financial information either more regularly than, or according to accounting principles which are materially different from that, it would otherwise be subject to or use, respectively, the Issuer may, using its best endeavours, seek an alternative admission to listing, trading and/or quotation of such Notes by another listing authority, securities exchange and/or quotation system that it deems appropriate (including a market which is not a regulated market for the purposes of the Markets in Financial Instruments Directive or a market outside of the EEA). However, if such alternative listing is not available or is unduly onerous, the Notes may be delisted and an alternative listing may not be obtained.

Although there is no assurance as to the liquidity of any Notes as a result of the admission to trading on a regulated market for the purposes of the Markets in Financial Instruments Directive, delisting such Notes may have a material effect on the ability of an investor to (a) continue to hold such Notes, (b) resell the Notes in the secondary market and may affect the market value of the Notes or (c) use them as eligible collateral.

#### ***Risks related to Renminbi-denominated Notes***

Notes denominated in RMB ("**RMB Notes**") may be issued under the Programme. RMB Notes contain particular risks for potential investors.

*Renminbi is not freely convertible and there are significant restrictions on the remittance of Renminbi into and out of the PRC which may adversely affect the liquidity of the Notes.*

Renminbi is not freely convertible at present. The PRC government continues to regulate conversion between Renminbi and foreign currencies, including the euro. However, there has been significant reduction in control by the PRC government in recent years, particularly over trade transactions involving import and export of goods and services as well as other frequent routine foreign exchange transactions. These transactions are known as current account items.

On the other hand, remittance of Renminbi by into and out of the PRC for the settlement of capital account items, such as capital contributions, debt financing and securities investment, is generally only permitted upon obtaining specific approvals from, or completing specific registrations or filings with, the relevant authorities on a case-by-case basis and is subject to a strict monitoring system. Regulations in the PRC on the remittance of Renminbi into and out of the PRC for settlement of capital account items are being adjusted from time to time to match the policies of the PRC government.

Although the People's Bank of China ("**PBOC**") has implemented policies improving accessibility to Renminbi to settle cross-border transactions in the past, there is no assurance that the PRC government will liberalise control over cross-border remittance of Renminbi in the future, that the schemes for Renminbi cross-border utilisation will not be discontinued or that new PRC regulations will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or out of the PRC. Despite Renminbi internationalisation pilot programme and efforts in recent years to internationalise the currency, there can be no assurance that the PRC Government will not impose interim or long-term restrictions on the cross-border remittance of Renminbi. In the event that funds cannot be repatriated out of the PRC in Renminbi, this may affect the overall availability of Renminbi outside the PRC and the ability of the Issuer to source Renminbi to finance its obligations under RMB Notes.

*There is only limited availability of Renminbi outside the PRC, which may affect the liquidity of the RMB Notes and the Issuer's ability to source Renminbi outside the PRC to service such RMB Notes*

As a result of the restrictions by the PRC government on cross-border Renminbi fund flows, the availability of Renminbi outside the PRC is limited. While the PBOC has entered into agreements (the "**Settlement Arrangements**") on the clearing of Renminbi business with financial institutions in a number of financial centres and cities, including but not limited to Hong Kong, Singapore and London, has established the Cross Border Inter-Bank Payments System to facilitate cross border Renminbi settlement and is further in the process of establishing

Renminbi clearing and settlement mechanisms in several other jurisdictions, the current size of Renminbi denominated financial assets outside the PRC is limited.

There are restrictions imposed by the PBOC on Renminbi business participating banks in respect of cross-border Renminbi settlement, such as those relating to direct transactions with PRC enterprises. Furthermore, Renminbi business participating banks do not have direct Renminbi liquidity support from the PBOC, although the PBOC has gradually allowed participating banks to access the PRC's onshore inter-bank market for the purchase and sale of Renminbi. The Renminbi Clearing Banks only have limited access to onshore liquidity support from the PBOC for the purpose of squaring open positions of participating banks for limited types of transactions and are not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services. In cases where the participating banks cannot source sufficient Renminbi through the above channels, they will need to source Renminbi from outside the PRC to square such open positions.

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that new PRC regulations will not be promulgated or the Settlement Arrangements will not be terminated or amended in the future which will have the effect of restricting availability of Renminbi outside the PRC. The limited availability of Renminbi outside the PRC may affect the liquidity of its RMB Notes. To the extent the Issuer is required to source Renminbi in the offshore market to service its RMB Notes, there is no assurance that the Issuer will be able to source such Renminbi on satisfactory terms, if at all.

*Investment in RMB Notes is subject to exchange rate risks*

The value of the Renminbi against the euro and other foreign currencies fluctuates from time to time and is affected by changes in the PRC and international political and economic conditions as well as many other factors. The PBOC has in recent years implemented changes to the way it calculates the Renminbi's daily midpoint against the US dollar to take into account market-maker quotes before announcing such daily midpoint. This change and others that may be implemented, may increase the volatility in the value of the Renminbi against other currencies. Except in the limited circumstances as described in the Conditions, the Issuer will make all payments of interest and principal with respect to the RMB Notes in Renminbi. As a result, the value of these Renminbi payments in euro or other applicable foreign currency terms may vary with the changes in the prevailing exchange rates in the marketplace. If the value of Renminbi depreciates against the euro or other applicable foreign currency, the value of a Noteholder's investment in euro or other applicable foreign currency terms will have declined.

*Investment in the RMB Notes is subject to currency risk*

If the Issuer is not able, or it is impracticable for it, to satisfy its obligation to pay interest and principal on the RMB Notes when due, in whole or in part, in Renminbi in the relevant RMB Settlement Centre(s) as a result of Inconvertibility, Non transferability or Illiquidity, the Issuer shall be entitled, on giving not less than five nor more than 30 days' irrevocable notice to the Noteholders prior to the due date for payment, to settle any such payment, in whole or in part, in US dollars on the due date at the US Dollar Equivalent (as defined in the Conditions) of any such interest or principal amount otherwise payable in Renminbi, as the case may be. See also "*Exchange rate risks and exchange controls*" below.

*Payments with respect to the RMB Notes may be made only in the manner designated in the RMB Notes*

Holder of beneficial interests in the RMB Notes may be required to provide certifications and other information (including Renminbi account information) in order to allow such holder to receive payments in Renminbi in accordance with the Renminbi clearing and settlement system for participating banks in the relevant RMB Settlement Centre(s).

All Renminbi payments to investors in respect of the RMB Notes will be made solely (i) for so long as the RMB Notes are represented by global certificates held with the common depositary or common safekeeper, as the case may be, for Euroclear and Clearstream, Luxembourg or any alternative clearing system, by transfer to a Renminbi bank account maintained in the relevant RMB Settlement Centre in accordance with prevailing rules and procedures of those clearing systems or (ii) for so long as the RMB Notes are in definitive form, by transfer to a Renminbi bank account maintained in the relevant RMB Settlement Centre in accordance with prevailing rules and regulations. Other than as described in the Conditions, the Issuer cannot be required to make payment in relation to RMB Notes by any other means (including in any other currency or by transfer to a bank account in the PRC).

### *Gains on the transfer of the RMB Notes may become subject to income taxes under PRC tax laws*

Under the PRC Enterprise Income Tax Law, the PRC Individual Income Tax Law and the relevant implementing rules, as amended from time to time, any gain realised on the transfer of RMB Notes by non-PRC resident enterprise or individual holders may be subject to PRC enterprise income tax ("EIT") or PRC individual income tax ("IIT") if such gain is regarded as income derived from sources within the PRC. The PRC Enterprise Income Tax Law levies EIT at the rate of 20 per cent. of the PRC sourced gains derived by such non-PRC resident enterprise Noteholder from the transfer of the RMB Notes but its implementation rules have reduced the EIT rate to 10 per cent. The PRC Individual Income Tax Law levies IIT at a rate of 20 per cent. of the PRC sourced gains derived by such non-PRC resident individual Noteholder from the transfer of RMB Notes.

However, uncertainty remains as to whether the gain realised from the transfer of the RMB Notes by non-PRC resident enterprise or individual Noteholders would be treated as income derived from sources within the PRC and become subject to the EIT or IIT. This will depend on how the PRC tax authorities interpret, apply or enforce the PRC Enterprise Income Tax Law, the PRC Individual Income Tax Law and their respective implementation rules. According to the arrangement between the PRC and Hong Kong, for avoidance of double taxation, holders who are residents of Hong Kong, including enterprise holders and individual holders, will not be subject to EIT or IIT on capital gains derived from a sale or exchange of the Notes.

Therefore, if enterprise or individual resident holders which are non-PRC residents Noteholders are required to pay PRC income tax on gains derived from the transfer of RMB Notes, unless there is an applicable tax treaty between PRC and the jurisdiction in which such non-PRC enterprise or individual holder resides that reduces or exempts the relevant EIT or IIT, the value of their investment in the RMB Notes may be materially and adversely affected.

### ***Risks related to the market generally***

*Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk: The secondary market generally*

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. In addition, liquidity may be limited if the Issuer makes large allocations to a limited number of investors. 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. Illiquidity may have a severely adverse effect on the market value of Notes.

### *Exchange rate risks and exchange controls*

The Issuer will pay principal and interest on the Notes 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 Specified Currency or 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. As a result, investors may receive less interest or principal than expected, or no interest or principal.

### *Interest rate risks*

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Notes.

*Credit ratings may not reflect all risks*

One or more independent credit rating agencies may assign credit rating to the issue of Notes. The rating may not reflect the potential impact of all risks related to structure, market, additional factors discussed in this section, 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 subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not (1) issued by a credit rating agency established in the EEA and registered under the EU CRA Regulation or (2) provided by a credit rating agency not established in the EEA but is endorsed by a credit rating agency established in the EEA and registered under the EU CRA Regulation or (3) provided by a credit rating agency not established in the EEA which is certified under the EU CRA Regulation. Similarly, in general, UK regulated investors are restricted from using a rating for regulatory purposes if such rating is not (1) issued by a credit rating agency established in the UK and registered under the UK CRA Regulation or (2) provided by a credit rating agency not established in the UK but is endorsed by a credit rating agency established in the UK and registered under the UK CRA Regulation or (3) provided by a credit rating agency not established in the UK which is certified under the UK CRA Regulation.

*Legal investment considerations may restrict certain investments*

The investment activities of certain investors are subject to legal 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 advisors or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.



## INFORMATION INCORPORATED BY REFERENCE

The following information shall be deemed to be incorporated in, and to form part of, this Base Prospectus:

- the audited consolidated financial statements (including the auditors' report thereon and notes thereto) of the Issuer (and the section headed "Definitions" in the relevant Issuer's Annual Report), in each case, in respect of the years ended 31 December 2020 and 31 December 2019 set out on pages 61 to 102, pages 125 to 128 and pages 142 to 143 of the Issuer's Annual Report for 2020 and pages 62 to 121, pages 137 to 140 and pages 142 to 143 of the Issuer's Annual Report for 2019 respectively (available at: <https://www.annualreport.sandvik/en/2020/servicepages/downloads/files/entire-en-svk-ar20.pdf> and [https://www.annualreport.sandvik/en/2019/servicepages/downloads/files/entire\\_en\\_svk\\_ar19.pdf](https://www.annualreport.sandvik/en/2019/servicepages/downloads/files/entire_en_svk_ar19.pdf) respectively);

	<b>Annual Report for 2019</b>	<b>Annual Report for 2020</b>
<b>Consolidated Income Statement of the Group</b>	Page 63	Page 62
<b>Consolidated Balance Sheet of the Group</b>	Pages 64 to 65	Page 63
<b>Consolidated Changes in Equity of the Group</b>	Page 66	Page 64
<b>Consolidated Cash Flow Statement of the Group</b>	Page 67	Page 65
<b>Parent Company Income Statement</b>	Page 68	Page 104
<b>Parent Company Balance Sheet</b>	Pages 69 to 70	Page 105
<b>Parent Company Changes in Equity</b>	Page 71	Page 106
<b>Parent Company Cash Flow Statement</b>	Page 72	Page 107
<b>Notes</b>	Pages 81 to 134	Pages 66 to 102; pages 108 to 124
<b>Independent Auditor's Report</b>	Pages 137 to 140	Pages 125 to 128

- the consolidated unaudited interim financial statements of the Issuer in respect of the nine months ended 30 September 2021 set out on pages 17 to 26 of the Issuer's interim report for the Third Quarter of 2021 (including the auditors' review report thereon) (available at: <https://www.home.sandvik/4a9aa5/siteassets/3.-investors/reports-presentations/interim-reports/2021/interim-report-2021-q3.pdf>);

<b>Income Statement of the Group</b>	Page 17
<b>Balance Sheet of the Group</b>	Page 18
<b>Cash Flow Statement of the Group</b>	Page 19
<b>Income Statement of the Parent Company</b>	Page 20

**Balance Sheet of the Parent Company** Page 20

**Auditor's Review Report** Page 28

Copies of the documents specified above as containing information incorporated by reference in this Base Prospectus may be inspected, free of charge, at [www.sandvik.com](http://www.sandvik.com). Any information contained in any of the documents specified above that is not included in the cross-reference lists above is not incorporated by reference in this Base Prospectus and is either not relevant to investors or is covered elsewhere in this Base Prospectus. Any documents themselves incorporated by reference in the documents incorporated by reference in this Base Prospectus shall not form part of this Base Prospectus.

This Base Prospectus contains some hyperlinks to websites; unless expressly stated above, the information on the websites does not form part of the Base Prospectus and has not been scrutinised or approved by the CSSF or any other competent authority.

## **FINAL TERMS, PRICING SUPPLEMENTS AND DRAWDOWN PROSPECTUSES**

In this section the expression "necessary information" means, in relation to any Tranche of Notes, the information necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and of the rights attaching to the Notes. In relation to the different types of Notes which may be issued under the Programme the Issuer has endeavoured to include in this Base Prospectus all of the necessary information except for information relating to the Notes which is not known at the date of this Base Prospectus and which can only be determined at the time of an individual issue of a Tranche of Notes.

Any information relating to the Notes which is not included in this Base Prospectus and which is required in order to complete the necessary information in relation to a Tranche of Notes will be contained either in the relevant Final Terms, in a Drawdown Prospectus or, in the case of Exempt Notes, the relevant Pricing Supplement. Such information will be contained in the relevant Final Terms or in the relevant Pricing Supplement unless any of such information constitutes a significant new factor relating to the information contained in this Base Prospectus in which case such information, together with all of the other necessary information in relation to the relevant series of Notes, may be contained in a Drawdown Prospectus or, in the case of Exempt Notes, the relevant Pricing Supplement.

For a Tranche of Notes which is the subject of Final Terms or, in the case of Exempt Notes, the subject of a Pricing Supplement, those Final Terms will, for the purposes of that Tranche only, complete this Base Prospectus (as supplemented, as the case may be) or, in the case of Exempt Notes, that Pricing Supplement will for the purposes of that Tranche only, supplement, amend and/or replace this Base Prospectus (as supplemented, as the case may be) and must be read in conjunction with this Base Prospectus (as supplemented, as the case may be). The terms and conditions applicable to any particular Tranche of Notes which is the subject of Final Terms are the Conditions as completed by the relevant Final Terms and the terms and conditions applicable to any particular Tranche of Exempt Notes which is the subject of a Pricing Supplement are the Conditions as supplemented, amended and/or replaced by the relevant Pricing Supplement.

The terms and conditions applicable to any particular Tranche of Notes which is the subject of a Drawdown Prospectus will be the Conditions as supplemented, amended and/or replaced to the extent described in the relevant Drawdown Prospectus. In the case of a Tranche of Notes that is the subject of a Drawdown Prospectus, each reference in this Base Prospectus to information being specified or identified in the relevant Final Terms shall be read and construed as a reference to such information being specified or identified in the relevant Drawdown Prospectus unless the context requires otherwise. Each Drawdown Prospectus will be constituted either (a) by a single document containing the necessary information relating to the Issuer and the relevant Notes or (b) by a registration document containing the necessary information relating to the Issuer, a securities note containing the necessary information relating to the Issuer and the relevant Notes and, if applicable, a summary note.

## FORMS OF THE NOTES

### Bearer Notes

Each Tranche of Bearer Notes will initially be in Temporary Global Note form, without interest coupons, or a Permanent Global Note form, without interest coupons, in each case as specified in the relevant Final Terms. Each Temporary Global Note or, as the case may be, Permanent Global Note which is not intended to be issued in NGN form, as specified in the relevant Final Terms will be deposited on or around the issue date of the relevant Tranche of the Notes with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and each Global Note which is intended to be issued in NGN form, as specified in the relevant Final Terms will be deposited on or around the issue date of the relevant Tranche of the Notes with a common safekeeper for Euroclear and/or Clearstream, Luxembourg.

On 13 June 2006 the European Central Bank (the "ECB") announced that Notes in NGN form are in compliance with the "Standards for the use of EU securities settlement systems in ESCB credit operations" of the central banking system for the euro (the "Eurosystem"), *provided that* certain other criteria are fulfilled. At the same time the ECB also announced that arrangements for Notes in NGN form will be offered by Euroclear and Clearstream, Luxembourg as of 30 June 2006 and that debt securities in global bearer form issued through Euroclear and Clearstream, Luxembourg after 31 December 2006 will be eligible as collateral for Eurosystem operations if the NGN form is used.

Where the Global Notes issued in respect of any Tranche are in NGN form or the Global Note represents Global Registered Notes held under the NSS, Euroclear and Clearstream, Luxembourg will be notified by or on behalf of the Issuer whether or not each such Global Note is intended to be held in a manner which would allow Eurosystem eligibility. Any indication that the 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 the ECB being satisfied that the Eurosystem eligibility criteria have been met. Furthermore, any indication that the Global Notes are not intended to be so held may be the case at the date of the relevant Final Terms. However, should the Notes be recognised as eligible as collateral for Eurosystem operations or 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 Euroclear or Clearstream, Luxembourg as common safekeeper. Similarly, this would 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.

In the case of each Tranche of Bearer Notes, the relevant Final Terms will also specify whether US Treasury Regulation §1.163-5(c)(2)(i)(C) (the "TEFRA C Rules") or US Treasury Regulation §1.163-5(c)(2)(i)(D) (the "TEFRA D Rules") are applicable in relation to the Notes or, if the Notes do not have a maturity of more than 365 days, that neither the TEFRA C Rules nor the TEFRA D Rules are applicable.

### Temporary Global Note exchangeable for Permanent Global Note

If the relevant Final Terms specifies the form of Notes as being Temporary Global Note exchangeable for a Permanent Global Note, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole or in part, for interests in a Permanent Global Note, without interest coupons, not earlier than 40 days after the issue date of the relevant Tranche of the Notes (the "Exchange Date") upon certification as to non-US beneficial ownership. No payments will be made under the Temporary Global Note unless exchange for interests in the Permanent Global Note is improperly withheld or refused. In addition, interest payments in respect of the Notes cannot be collected without such certification of non-US beneficial ownership.

Whenever any interest in a Temporary Global Note is to be exchanged for an interest in a Permanent Global Note, the Issuer shall procure:

- (a) in the case of first exchange, the prompt delivery (free of charge to the bearer) of such Permanent Global Note, duly authenticated and, in the case of an NGN, effectuated, to the bearer of the Temporary Global Note; or
- (b) in the case of any subsequent exchange, an increase in the principal amount of such Permanent Global Note in accordance with its terms,

in each case in an aggregate principal amount equal to the aggregate of the principal amounts specified in the certificates of non-US beneficial ownership received by the Fiscal Agent against presentation and (in the case of final exchange) surrender of the Temporary Global Note to or to the order of the Fiscal Agent within 7 days of the bearer requesting such exchange;

*provided, however, that* in no circumstances shall the principal amount of the Permanent Global Note exceed the initial principal amount of the Temporary Global Note.

If:

- (a) a Permanent Global Note has not been delivered or the principal amount thereof increased by 5.00 p.m. (London time) on the seventh day after the bearer of a Temporary Global Note has requested exchange of an interest in the Temporary Global Note for an interest in a Permanent Global Note; or
- (b) a Temporary Global Note (or any part thereof) has become due and payable in accordance with the Conditions or the date for final redemption of a Temporary Global Note has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer of the Temporary Global Note in accordance with the terms of the Temporary Global Note on the due date for payment,

then the Temporary Global Note (including the obligation to deliver a Permanent Global Note or increase the principal amount thereof) will become void at 5.00 p.m. (London time) on such seventh day (in the case of (a) above) or at 5.00 p.m. (London time) on such due date (in the case of (b) above) and the bearer of the Temporary Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Temporary Global Note or others may have under the Deed of Covenant). Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Temporary Global Note will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Temporary Global Note became void, they had been the holders of Definitive Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

The Permanent Global Note will be exchangeable in whole, but not in part, for Definitive Notes:

- (i) on the expiry of such period of notice as may be specified in the relevant Final Terms; or
- (ii) at any time, if so specified in the relevant Final Terms; or
- (iii) if the relevant Final Terms specifies in the limited circumstances described in the Permanent Global Note, then if (a) Euroclear and Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or has in fact done so and no alternative clearing system is available or (b) any of the circumstances described in Condition 14 (*Events of Default*) occurs and is continuing.

The exchange upon notice or at any time described above should not be expressed to be applicable if the relevant Notes have denominations consisting of a minimum specified denomination plus one or more integral multiples of another smaller amount in excess thereof.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Fiscal Agent within 30 days of the bearer requesting such exchange.

#### **Temporary Global Note exchangeable for Definitive Notes**

If the relevant Final Terms specifies the form of Notes as being Temporary Global Note exchangeable for Definitive Notes and also specifies that the TEFRA C Rules are applicable or that neither the TEFRA C Rules or the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole but not in part, for Definitive Notes not earlier than 40 days after the issue date of the relevant Tranche of the Notes.

If the relevant Final Terms specifies the form of Notes as being Temporary Global Note exchangeable for Definitive Notes and also specifies that the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole or in part, for Definitive Notes not earlier than 40 days after the issue date of the relevant Tranche of the Notes upon certification as to non-US beneficial ownership. Interest payments in respect of the Notes cannot be collected without such certification of non-US beneficial ownership.

Whenever a Temporary Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Temporary Global Note to the bearer of the Temporary Global Note against the surrender of the Temporary Global Note to or to the order of the Fiscal Agent within 30 days of the bearer requesting such exchange.

If:

- (a) Definitive Notes have not been delivered by 5.00 p.m. (London time) on the thirtieth day after the bearer of a Temporary Global Note has requested exchange of the Temporary Global Note for Definitive Notes; or
- (b) a Temporary Global Note (or any part thereof) has become due and payable in accordance with the Conditions or the date for final redemption of a Temporary Global Note has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer of the Temporary Global Note in accordance with the terms of the Temporary Global Note on the due date for payment,

then the Temporary Global Note (including the obligation to deliver a Permanent Global Note or increase the principal amount thereof or deliver Definitive Notes, as the case may be) will become void at 5.00 p.m. (London time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (London time) on such due date (in the case of (b) above) and the bearer of the Temporary Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Temporary Global Note or others may have under the Deed of Covenant). Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Temporary Global Note will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Temporary Global Note became void, they had been the holders of Definitive Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

#### **Permanent Global Note exchangeable for Definitive Notes**

If the relevant Final Terms specifies the form of Notes as being Permanent Global Note exchangeable for Definitive Notes, then the Notes will initially be in the form of a Permanent Global Note which will be exchangeable in whole, but not in part, for Definitive Notes:

- (i) on the expiry of such period of notice as may be specified in the relevant Final Terms; or
- (ii) at any time, if so specified in the relevant Final Terms; or
- (iii) if the relevant Final Terms specifies in the limited circumstances described in the Permanent Global Note, then if (a) Euroclear and Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or has in fact done so and no alternative clearing system is available or (b) any of the circumstances described in Condition 14 (*Events of Default*) occurs and is continuing.

The exchange upon notice or at any time described above should not be expressed to be applicable if the relevant Notes have denominations consisting of a minimum specified denomination plus one or more integral multiples of another smaller amount in excess thereof.

Whenever a Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal

amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Fiscal Agent within 30 days of the bearer requesting such exchange.

If:

- (a) Definitive Notes have not been delivered by 5.00 p.m. (London time) on the thirtieth day after the bearer of a Permanent Global Note has duly requested exchange of the Permanent Global Note for Definitive Notes; or
- (b) a Permanent Global Note (or any part of it) has become due and payable in accordance with the Conditions or the date for final redemption of the Notes has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer of the Permanent Global Note in accordance with the terms of the Permanent Global Note on the due date for payment,

then the Permanent Global Note (including the obligation to deliver Definitive Notes) will become void at 5.00 p.m. (London time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (London time) on such due date (in the case of (b) above) and the bearer of the Permanent Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Permanent Global Note or others may have under the Deed of Covenant). Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Permanent Global Note will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Permanent Global Note became void, they had been the holders of Definitive Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

#### **Terms and Conditions applicable to the Notes**

The terms and conditions applicable to any Definitive Note will be endorsed on that Note and will consist of the terms and conditions set out under "*Terms and Conditions of the Notes*" below and the provisions of the relevant Final Terms which complete those terms and conditions.

The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "*Summary of Provisions Relating to the Notes while in Global Form*" below.

#### **Legend concerning US persons**

In the case of any Tranche of Bearer Notes having a maturity of more than 365 days, the Notes in global form, the Notes in definitive form and any Coupons and Talons appertaining thereto will bear a legend to the following effect:

"Any US person who holds this obligation will be subject to limitations under the US income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code."

#### **Registered Notes**

Each Tranche of Registered Notes will be in the form of either Individual Note Certificates or a Global Registered Note, in each case as specified in the relevant Final Terms. In a press release dated 22 October 2008, "Evolution of the custody arrangement for international debt securities and their eligibility in Eurosystem credit operations", the ECB announced that it had assessed the new holding structure and custody arrangements for registered notes which the Clearing Systems had designed in cooperation with market participants and that Notes to be held under the NSS would be in compliance with the "Standards for the use of EU securities settlement systems in ESCB credit operations" of the Eurosystem, subject to the conclusion of the necessary legal and contractual arrangements. The press release also stated that the new arrangements for Notes to be held in NSS form will be offered by Euroclear and Clearstream, Luxembourg as of 30 June 2010 and that registered debt securities in global registered form held issued through Euroclear and Clearstream, Luxembourg after 30 September 2010 will only be eligible as collateral in Eurosystem operations if the NSS is used.

Each Global Registered Note will either be: (a) in the case of a Note which is not to be held under the NSS, registered in the name of a common depositary (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and the relevant Global Registered Note will be deposited on or about the issue date with the common depositary and will be exchangeable in accordance with its terms; or (b) in the

case of a Note to be held under the NSS, be registered in the name of a common safekeeper (or its nominee) for Euroclear and/or Clearstream, Luxembourg and the relevant Global Registered Note will be deposited on or about the issue date with the common safekeeper for Euroclear and/or Clearstream, Luxembourg and will be exchangeable for Individual Note Certificates in accordance with its terms. If the relevant Final Terms specifies the form of Notes as being Individual Note Certificates, then the Notes will at all times be in the form of Individual Note Certificates issued to each Noteholder in respect of their respective holdings.

If the relevant Final Terms specifies the form of Notes as being Global Registered Note exchangeable for Individual Note Certificates, then the Notes will initially be in the form of a Global Registered Note which will be exchangeable in whole, but not in part, for Individual Note Certificates:

- (i) on the expiry of such period of notice as may be specified in the relevant Final Terms; or
- (ii) at any time, if so specified in the relevant Final Terms, as the case may be; or
- (iii) if the relevant Final Terms specifies in the limited circumstances described in the Global Registered Note, then if (a) Euroclear and Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or has in fact done so and no alternative clearing system is available or (b) any of the circumstances described in Condition 14 (*Events of Default*) occurs and is continuing.

Whenever a Global Registered Note is to be exchanged for Individual Note Certificates, the Issuer shall procure that Individual Note Certificates will be issued in an aggregate principal amount equal to the principal amount of the Global Registered Note within 15 days of the delivery, by or on behalf of the holder of the Global Registered Note to the Registrar of such information as is required to complete and deliver such Individual Note Certificates (including, without limitation, the names and addresses of the persons in whose names the Individual Note Certificates are to be registered and the principal amount of each such person's holding) against the surrender of the Global Registered Note at the specified office of the Registrar. Such exchange will be effected in accordance with the provisions of the Agency Agreement and the regulations concerning the transfer and registration of Notes scheduled thereto and, in particular, shall be effected without charge to any holder, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

If:

- (a) Individual Note Certificates have not been delivered by 5.00 p.m. (London time) on the thirtieth day after they are due to be issued and delivered in accordance with the terms of the Global Registered Note; or
- (b) any of the Notes represented by a Global Registered Note (or any part of it) has become due and payable in accordance with the Conditions or the date for final redemption of the Notes has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the holder of the Global Registered Note in accordance with the terms of the Global Registered Note on the due date for payment,

then the Global Registered Note (including the obligation to deliver Individual Note Certificates) will become void at 5.00 p.m. (London time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (London time) on such due date (in the case of (b) above) and the holder of the Global Registered Note will have no further rights thereunder (but without prejudice to the rights which the holder of the Global Registered Note or others may have under the Deed of Covenant). Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Global Registered Note will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Global Registered Note became void, they had been the holders of Individual Note Certificates in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

Such exchange will be effected in accordance with the provisions of the Agency Agreement and the regulations concerning the transfer and registration of Notes scheduled thereto and, in particular, shall be effected without charge to any holder, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.



Global Registered Notes held under the NSS allow for the possibility of Notes being issued and held in a manner which will permit them to be recognised as eligible collateral for Eurosystem's monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Furthermore, any indication that the Global Registered Notes are not intended to be so held may be the case at the date of the relevant Final Terms. However, 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 Euroclear or Clearstream, Luxembourg as common safekeeper. Similarly, this would not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intraday 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.

#### ***Terms and Conditions applicable to the Notes***

The terms and conditions applicable to any Individual Note Certificate will be endorsed on that Individual Note Certificate and will consist of the terms and conditions set out under "*Terms and Conditions of the Notes*" below and the provisions of the relevant Final Terms which complete those terms and conditions.

The terms and conditions applicable to any Global Registered Note will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "*Summary of Provisions Relating to the Notes while in Global Form*" below.

#### **Swedish Registered Notes**

Each Tranche of Swedish Registered Notes will be issued in uncertificated and dematerialised book entry form in accordance with the SFIA Act. No global or definitive Notes will be issued in respect thereof. The holder of a Swedish Registered Note will be the person evidenced as such by the register for such Note maintained by Euroclear Sweden on behalf of the Issuer. Where a nominee (*Sw. förvaltare*) in accordance with the SFIA Act is so evidenced it shall be treated by the Issuer as the holder of the relevant Swedish Registered Note.

Title to Swedish Registered Notes will pass by transfer between accountholders of Euroclear Sweden, perfected in accordance with the legislation (including the SFIA Act), rules and regulations applicable to and/or issued by Euroclear Sweden that are in force and effect from time to time.

## TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the terms and conditions which, as completed by the relevant Final Terms or, in the case of Exempt Notes, as supplemented, amended and/or replaced by the relevant Pricing Supplement, will be endorsed on each Note in definitive form issued under the Programme. The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "Summary of Provisions Relating to the Notes while in Global Form" below.*

### 1. Introduction

- (a) *Programme:* Sandvik AB (publ) (the "**Issuer**") has established a Euro Medium Term Note Programme (the "**Programme**") for the issuance of up to €3,000,000,000 in aggregate principal amount of notes.
- (b) *Final Terms or Pricing Supplement:* Notes issued under the Programme are issued in series (each a "**Series**") and each Series may comprise one or more tranches (each a "**Tranche**") of Notes. Each Tranche is the subject of final terms (the "**Final Terms**") which completes these terms and conditions (the "**Conditions**") or, in the case of Notes for which no prospectus is required to be published ("**Exempt Notes**"), a pricing supplement (the "**Pricing Supplement**") which completes, supplements, amends and/or replaces these Conditions. In the case of a Tranche of Exempt Notes that is the subject of a Pricing Supplement, each reference to information being specified or identified in the relevant Final Terms or these Conditions being completed by the relevant Final Terms shall be read and construed as a reference to such information being specified or identified in the relevant Pricing Supplement or these Conditions being completed, supplemented, amended and/or replaced by the relevant Pricing Supplement unless the context requires otherwise. The terms and conditions applicable to any particular Tranche of Notes are these Conditions as completed by the relevant Final Terms.
- (c) *Agency Agreement:* The Bearer Notes and the Registered Notes (both as defined below) are the subject of an issue and paying agency agreement dated 13 February 2009, as amended on 28 October 2021 (the "**Agency Agreement**") between the Issuer, Citibank N.A., London Branch as fiscal agent (the "**Fiscal Agent**", which expression includes any successor fiscal agent appointed from time to time in connection with the Notes), Citibank Europe plc as registrar (the "**Registrar**") and the paying agents named therein (together with the Fiscal Agent, the "**Paying Agents**", which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes) and the transfer agents named therein (together with the Registrar, the "**Transfer Agents**", which expression includes any successor or additional transfer agents appointed from time to time in connection with the Notes). In these Conditions, references to the "**Agents**" are to the Paying Agents and the Transfer Agents and any reference to an "**Agent**" is to any one of them.
- (d) *Swedish Agency Agreement:* The Swedish Registered Notes are the subject of an agreement between the Issuer and the Swedish Issuing Agent to be entered into by the Issuer on or prior to the date the first Swedish Registered Notes are issued, pursuant to which the Issuer will appoint the Swedish Issuing Agent (the "**Swedish Agency Agreement**"). The Swedish Agency Agreement will include provisions for meetings of Noteholders in respect of Swedish Registered Notes. The Issuer will furthermore enter into agreements with the Swedish Central Securities Depository & Clearing Organisation, Euroclear Sweden AB ("**Euroclear Sweden**"), applicable to a relevant issue of Swedish Registered Notes, which will set out the terms and conditions for connecting any Swedish Registered Notes to the Swedish clearing and settlement system maintained by Euroclear Sweden (each, a "**Euroclear Sweden Agreement**").
- (e) *Deed of Covenant:* The Notes may be issued in bearer form ("**Bearer Notes**"), in registered form ("**Registered Notes**") or in registered form in accordance with the SFIA Act ("**Swedish Registered Notes**"). The Registered Notes are constituted by a deed of covenant dated 28 October 2021 (the "**Deed of Covenant**") entered into by the Issuer.
- (f) *The Notes:* Unless specified otherwise, all subsequent references in these Conditions to "Notes" are both to the Notes which are the subject of the relevant Final Terms and the Exempt Notes which are subject to the relevant Pricing Supplement. Copies of the relevant Final Terms are available for viewing at the Specified Office of the Fiscal Agent, the initial Specified Office of which is set out below. Pricing Supplements will only be available for inspection by a holder of such Exempt Notes upon production of evidence satisfactory to the Fiscal Agent or the Issuer as to the identity of such holder. Unless specified

otherwise, reference to the "Final Terms" and the "relevant Final Terms" shall include the "Pricing Supplement" or the "relevant Pricing Supplement".

- (g) *Summaries:* Certain provisions of these Conditions are a summary of the Agency Agreement, the Swedish Agency Agreement and the Deed of Covenant and are subject to their detailed provisions. The holders of the Notes (the "**Noteholders**") and the holders of the related interest coupons, if any, (the "**Couponholders**" and the "**Coupons**", respectively) are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement, the Swedish Agency Agreement and the Deed of Covenant applicable to them. Copies of the Agency Agreement and the Deed of Covenant are available for inspection by Noteholders during normal business hours at the Specified Offices of each of the Paying Agents, the initial Specified Offices of which are set out below. A copy of the Swedish Agency Agreement will be available for inspection by Noteholders during normal business hours at the Specified Office of the Swedish Issuing Agent.

## 2. **Interpretation**

- (a) *Definitions:* In these Conditions the following expressions have the following meanings:

"**Accrual Yield**" has the meaning given in the relevant Final Terms;

"**Additional Business Centre(s)**" means the city or cities specified as such in the relevant Final Terms;

"**Additional Financial Centre(s)**" means the city or cities specified as such in the relevant Final Terms;

"**Business Day**" means other than in respect of Notes for which the Reference Rate is specified as SOFR in the Final Terms:

- (i) in relation to any sum payable in euro, a TARGET Settlement Day and a day on which commercial banks and foreign exchange markets settle payments generally in each (if any) Additional Business Centre;
- (ii) in relation to any sum payable in Renminbi, a day on which commercial banks and foreign exchange markets are open for business in Hong Kong and on which commercial banks in Hong Kong are open for business and settlement of Renminbi payments;
- (iii) in relation to any sum payable in a currency other than euro and Renminbi, a day on which commercial banks and foreign exchange markets settle payments generally in London, in the Principal Financial Centre of the relevant currency and in each (if any) Additional Business Centre (and if TARGET2 is specified as an Additional Business Centre, a TARGET Settlement Day); and
- (iv) in relation to Swedish Registered Notes, the meaning ascribed to such term by the then applicable rules and procedures of Euroclear Sweden;

"**Business Day Convention**", in relation to any particular date, has the meaning given in the relevant Final Terms and, if so specified in the relevant Final Terms, may have different meanings in relation to different dates and, in this context, the following expressions shall have the following meanings:

- (i) "**Following Business Day Convention**" means that the relevant date shall be postponed to the first following day that is a Business Day;
- (ii) "**Modified Following Business Day Convention** or **Modified Business Day Convention**" means that the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day save in respect of Notes for which the Reference Rate is SOFR, for which the final Interest Payment Date will not be postponed and interest on that payment will not accrue during the period from and after the scheduled final Interest Payment Date;
- (iii) "**Preceding Business Day Convention**" means that the relevant date shall be brought forward to the first preceding day that is a Business Day;

- (iv) **"FRN Convention, Floating Rate Convention or Eurodollar Convention"** means that each relevant date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the relevant Final Terms as the Specified Period after the calendar month in which the preceding such date occurred *provided, however, that:*
- (A) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;
  - (B) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and
  - (C) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; and
- (v) **"No Adjustment"** means that the relevant date shall not be adjusted in accordance with any Business Day Convention;

**"Calculation Agent"** means the Fiscal Agent or such other Person specified in the relevant Final Terms as the party responsible for calculating the Rate(s) of Interest and Interest Amount(s) and/or such other amount(s) as may be specified in the relevant Final Terms;

**"Calculation Amount"** has the meaning given in the relevant Final Terms;

**"CNY Dealer"** means an independent foreign exchange dealer of international repute active in the Renminbi exchange market in the RMB Settlement Centre(s);

**"Coupon Sheet"** means, in respect of a Note, a coupon sheet relating to the Note;

**"DA Selected Bond"** means a government security or securities 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;

**"Day Count Fraction"** means, in respect of the calculation of an amount for any period of time (the **Calculation Period**), such day count fraction as may be specified in these Conditions or the relevant Final Terms and:

- (i) if **"Actual/Actual (ICMA)"** is so specified, means:
- (a) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
  - (b) where the Calculation Period is longer than one Regular Period, the sum of:
    - (A) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
    - (B) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (a) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year;

- (ii) if "**Actual/Actual (ISDA)**" is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (iii) if "**Actual/365 (Fixed)**" is so specified, means the actual number of days in the Calculation Period divided by 365;
- (iv) if "**Actual/360**" is so specified, means the actual number of days in the Calculation Period divided by 360;
- (v) if "**30/360**" is so specified, the number of days in the Calculation 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<sub>1</sub>**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y<sub>2</sub>**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M<sub>1</sub>**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M<sub>2</sub>**" is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

"**D<sub>1</sub>**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

"**D<sub>2</sub>**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30;

- (vi) if "**30E/360 or Eurobond Basis**" is so specified, the number of days in the Calculation 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<sub>1</sub>**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y<sub>2</sub>**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M<sub>1</sub>**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M<sub>2</sub>**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D<sub>1</sub>**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

"**D<sub>2</sub>**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D<sub>2</sub> will be 30; and

- (vii) if "**30E/360 (ISDA)**" is so specified, the number of days in the Calculation 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<sub>1</sub>**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y<sub>2</sub>**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M<sub>1</sub>**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M<sub>2</sub>**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D<sub>1</sub>**" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D<sub>1</sub> will be 30; and

"**D<sub>2</sub>**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation 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<sub>2</sub> will be 30,

*provided, however, that* in each such case the number of days in the Calculation Period is calculated from and including the first day of the Calculation Period to but excluding the last day of the Calculation Period;

"**Determination Agent**" means an independent adviser, investment bank or financial institution of recognised standing selected by the Issuer as may be specified in the relevant Final Terms or any substitute agent;

"**Early Redemption Amount (Tax)**" means, in respect of any Note, its principal amount or such other amount as may be specified in the relevant Final Terms;

"**Early Termination Amount**" means, in respect of any Note, its principal amount or such other amount as may be specified in the relevant Final Terms, or determined in accordance with these Conditions;

"**EURIBOR**" means, in respect of any specified currency and any specified period, the interest rate benchmark known as the Euro zone interbank offered rate which is calculated and published by a designated distributor (currently Thompson Reuters) in accordance with the requirements from time to time of the European Money Markets Institute (or any person which takes over administration of that rate);

"**Euroclear Sweden**" means the Swedish Central Securities Depository and Clearing Organisation Euroclear Sweden AB, incorporated in Sweden with Reg. No. 556112-8074;

"**Euroclear Sweden Register**" means in respect of Swedish Registered Notes the computerised register maintained by Euroclear Sweden for the Issuer consisting of accounts for the holders of financial instruments registered pursuant to the SFIA Act;

"**Extraordinary Resolution**" has the meaning given in the Agency Agreement;

"**Final Redemption Amount**" means, in respect of any Note, its principal amount or such other amount as may be specified in the relevant Final Terms;

"**First Interest Payment Date**" means the date specified in the relevant Final Terms;

"**Fixed Coupon Amount**" has the meaning given in the relevant Final Terms;

"**Governmental Authority**" means any *de facto* or *de jure* government (or any agency or instrumentality thereof), court, tribunal, administrative or other governmental authority or any other entity (private or

public) charged with the regulation of the financial markets (including the central bank) of the relevant RMB Settlement Centre;

**"Gross Redemption Yield"** means, with respect to a security, the gross redemption yield on such security, expressed as a percentage and calculated by the Determination Agent on the basis set out by the United Kingdom Debt Management Office in the paper "Formulae for Calculating Gilt Prices from Yields", page 4, Section One: Price/Yield Formulae "Conventional Gilts"; "Double dated and Undated Gilts with Assumed (or Actual) Redemption on a Quasi-Coupon Date" (published 8 June 1998, as updated on 15 January 2002 and 16 March 2005, and as further amended, updated, supplemented or replaced from time to time) or, if such formula does not reflect generally accepted market practice at the time of redemption, a gross redemption yield calculated in accordance with generally accepted market practice at such time as determined by the Determination Agent;

**"Guarantee"** means, in relation to any Indebtedness of any Person, any obligation of another Person to pay such Indebtedness including (without limitation):

- (i) any obligation to purchase such Indebtedness;
- (ii) 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;
- (iii) any indemnity against the consequences of a default in the payment of such Indebtedness; and
- (iv) any other agreement to be responsible for such Indebtedness;

**"Holder"**, in the case of Bearer Notes, has the meaning given in Condition 3(b) (*Form, Denomination, Title and Transfer - Title to Bearer Notes*), in the case of Registered Notes, has the meaning given in Condition 3(d) (*Form, Denomination, Title and Transfer - Title to Registered Notes*) and, in the case of Swedish Registered Notes, has the meaning given in Condition 3(e) (*Form, Denomination, Title and Transfer - Title to Swedish Registered Notes*);

**"Illiquidity"** means where the general Renminbi exchange market in the relevant RMB Settlement Centre becomes illiquid and, as a result of which, the Issuer cannot obtain sufficient Renminbi in order to satisfy its obligation to pay interest and principal (in whole or in part) in respect of the Notes as determined by the Issuer in good faith and in a commercially reasonable manner following consultation with two CNY Dealers;

**"Inconvertibility"** means the occurrence of any event that makes it impossible for the Issuer to convert any amount due in respect of the Notes in the general Renminbi exchange market in the relevant RMB Settlement Centre, other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the first Issue Date of the first Tranche of the Notes and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation);

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

- (i) amounts raised by acceptance under any acceptance credit facility;
- (ii) amounts raised under any note purchase facility;
- (iii) 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;
- (iv) 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 60 days; and
- (v) amounts raised under any other transaction (including, without limitation, any forward sale or purchase agreement) having the commercial effect of a borrowing;

**"Interest Amount"** means, in relation to a Note and an Interest Period, the amount of interest payable in respect of that Note for that Interest Period;

**"Interest Commencement Date"** means the Issue Date of the Notes or such other date as may be specified as the Interest Commencement Date in the relevant Final Terms;

**"Interest Determination Date"** has the meaning given in the relevant Final Terms;

**"Interest Payment Date"** means the First Interest Payment Date and any other date or dates specified as such in, or determined in accordance with the provisions of, the relevant Final Terms and, if a Business Day Convention is specified in the relevant Final Terms:

- (i) as the same may be adjusted in accordance with the relevant Business Day Convention; or
- (ii) if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention and an interval of a number of calendar months is specified in the relevant Final Terms as being the Specified Period, each of such dates as may occur in accordance with the FRN Convention, Floating Rate Convention or Eurodollar Convention at such Specified Period of calendar months following the Interest Commencement Date (in the case of the first Interest Payment Date) or the previous Interest Payment Date (in any other case);

**"Interest Period"** means each period beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date (or, if the Notes are redeemed on any earlier date, the relevant redemption date);

**"ISDA Definitions"** means the 2006 ISDA Definitions (as amended and updated as at the date of issue of the first Tranche of the Notes of the relevant Series (as specified in the relevant Final Terms) as published by the International Swaps and Derivatives Association, Inc.);

**"Issue Date"** has the meaning given in the relevant Final Terms;

**"Make-Whole Redemption Amount"** has the meaning given to it in Condition 10(c);

**"Margin"** has the meaning given in the relevant Final Terms;

**"Maturity Date"** has the meaning given in the relevant Final Terms;

**"Maximum Redemption Amount"** has the meaning given in the relevant Final Terms;

**"Minimum Rate of Interest"** for any Interest Period has the meaning given in the Final Terms but shall never be less than zero, including any relevant margin.

**"Minimum Redemption Amount"** has the meaning given in the relevant Final Terms;

**"Non-transferability"** means the occurrence of any event that makes it impossible for the Issuer to deliver Renminbi between accounts inside the relevant RMB Settlement Centre or from an account inside the relevant RMB Settlement Centre to an account outside the relevant RMB Settlement Centre, other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date of the first Tranche of Notes and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation);

**"Noteholder"**, in the case of Bearer Notes, has the meaning given in Condition 3(b) (*Form, Denomination, Title and Transfer - Title to Bearer Notes*) and, in the case of Registered Notes, has the meaning given in Condition 3(d) (*Form, Denomination, Title and Transfer - Title to Registered Notes*);

**"Optional Redemption Amount (Call)"** means, in respect of any Note, its principal amount or such other amount as may be specified in the relevant Final Terms;

**"Optional Redemption Amount (Put)"** means, in respect of any Note, its principal amount or such other amount as may be specified in the relevant Final Terms;

**"Optional Redemption Date (Call)"** has the meaning given in the relevant Final Terms;



**"Optional Redemption Date (Put)"** has the meaning given in the relevant Final Terms;

**"Participating Member State"** means a Member State of the European Union which adopts the euro as its lawful currency in accordance with the Treaty;

**"Payment Business Day"** means:

- (i) if the currency of payment is euro, any day which is:
  - (A) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and
  - (B) in the case of payment by transfer to an account, a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or
- (ii) if the currency of payment is not euro, any day which is:
  - (A) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies;
  - (B) in the case of payment by transfer to an account, a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre (and if TARGET2 is specified as an Additional Finance Centre, a TARGET Settlement Day); and
  - (C) in the case of any sum payable in Renminbi, a day on which commercial banks and foreign exchange markets are open for business in the RMB Settlement Centre(s) and on which commercial banks in the RMB Settlement Centre(s) are open for business and settlement of Renminbi payments;

**"Permitted Security Interest"** means:

- (i) any Security Interest securing any Relevant Indebtedness of any Subsidiary acquired, provided that such Security Interest:
  - (A) was outstanding on the date on which the relevant entity became a member of the Group;
  - (B) was not created in contemplation of or in connection with such acquisition or such Person becoming a Subsidiary, as the case may be;
  - (C) shall not apply to any other property or assets of the Issuer or any Principal Subsidiary; and
  - (D) shall secure only those obligations which it secures on the date of such acquisition or the date such Person becomes a Subsidiary,or securing any refinancing of such Relevant Indebtedness, provided that any extensions, modifications, renewals and replacements thereof increase neither the principal amount nor the Security Interest thereof; and
- (ii) Security Interests arising from any Project Finance Debt.

**"Person"** means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

**"Principal Financial Centre"** means, in relation to any currency, the principal financial centre for that currency *provided, however, that:*

- (i) in relation to euro, it means the principal financial centre of such Member State of the European Communities as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent;

- (ii) in relation to Australian dollars, it means either Sydney or Melbourne and, in relation to New Zealand dollars, it means either Wellington or Auckland; in each case as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent;
- (iii) in relation to US dollars, it means New York City;
- (iv) in relation to Swedish krona, it means Stockholm; and
- (v) in relation to Renminbi, it means the RMB Settlement Centre(s).

**"Principal Subsidiary"** means at any time, any Subsidiary (i) whose total assets, consolidated in the case of a Subsidiary which itself has subsidiaries (to the extent attributable to the consolidated total assets of the Group), as shown by its latest audited balance sheet, represent ten per cent. or more of the consolidated total assets of the Group, as shown by the latest published audited consolidated balance sheet of the Group, or (ii) to which is transferred the whole or substantially the whole of the undertaking and assets of a Subsidiary which immediately before the transfer is a Principal Subsidiary (and which transferee Subsidiary the Issuer determines will be a Principal Subsidiary following such transfer);

**"Project Finance Debt"** means any indebtedness incurred in relation to any asset solely for the purposes of financing the whole or any part of the acquisition, creation, construction, improvement or development of such asset where the financial institutions to whom such indebtedness is owed have recourse solely to the applicable project borrower (where such project borrower is formed solely or principally for the purpose of the relevant project) and/or to such asset (or any derivative asset thereto) or any other similar non-recourse indebtedness which is properly regarded as project finance debt;

**"Put Option Notice"** means a notice which must be delivered to a Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder;

**"Put Option Receipt"** means a receipt issued by a Paying Agent to a depositing Noteholder upon deposit of a Note with such Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder;

**"Quotation Time"** shall be as set out in the relevant Final Terms;

**"Rate Calculation Business Day"** means a day (other than a Saturday, Sunday or public holiday) on which commercial banks are open for general business (including dealings in foreign exchange) in Hong Kong and in New York City;

**"Rate Calculation Date"** means the day which is two Rate Calculation Business Days before the due date of the relevant amount under these Conditions;

**"Rate of Interest"** means the rate or rates (expressed as a percentage per annum) of interest payable in respect of the Notes specified in the relevant Final Terms or calculated or determined in accordance with the provisions of these Conditions as completed by the relevant Final Terms;

**"Redemption Amount"** means, as appropriate, the Final Redemption Amount, the Early Redemption Amount (Tax), the Optional Redemption Amount (Call), the Optional Redemption Amount (Put), the Early Termination Amount as may be specified in the relevant Final Terms;

**"Redemption Margin"** shall be as set out in the relevant Final Terms;

**"Reference Banks"** has the meaning given in the relevant Final Terms or, if none, four major banks selected by the Calculation Agent (in consultation with the Issuer) in the market that is most closely connected with the Reference Rate;

**"Reference Bond"** shall be as set out in the relevant Final Terms or, if not so specified or to the extent that such Reference Bond specified in the Final Terms is no longer outstanding on the relevant Reference Date, the DA Selected Bond;

**"Reference Bond Price"** means, with respect to any Reference Date, (i) 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 (ii) if fewer than five such Reference Government Bond Dealer Quotations are received, the arithmetic average of all such quotations;

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

**"Reference Date"** means the date falling three London Business Days prior to the Optional Redemption Date (Call);

**"Reference Government Bond Dealer"** means each of five banks selected by the Issuer (following, where practicable, consultation with the Determination Agent, if applicable), or their affiliates, which are (i) primary government securities dealers, and their respective successors, or (ii) market makers in pricing corporate bond issues;

**"Reference Government Bond Dealer Quotations"** means, with respect to each Reference Government Bond Dealer and any Reference Date, 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 principal amount) at the Quotation Time on the Reference Date quoted in writing to the Determination Agent by such Reference Government Bond Dealer;

**"Reference Price"** has the meaning given in the relevant Final Terms;

**"Reference Rate"** means EURIBOR/STIBOR/SONIA/€STR as specified in the relevant Final Terms in respect of the currency and period specified in the relevant Final Terms. Other than in the case of U.S. dollar-denominated floating rate Notes for which the "Reference Rate" is specified in the relevant Final Terms as being SOFR, the term Reference Rate shall, following the occurrence of a Benchmark Event under Condition 7(n) (*Benchmark Replacement (Independent Adviser)*), include any Successor Rate or Alternative Rate and shall, if a Benchmark Event should occur subsequently in respect of any such Successor Rate or Alternative Rate, also include any further Successor Rate or further Alternative Rates.

**"Registrar"** means, in relation to any series of Registered Notes, Citibank Europe plc (which includes any successor registrar appointed from time to time in connection with the Registered Notes) or in respect of any Series of Swedish Registered Notes, Euroclear Sweden in accordance with the SFIA Act;

**Regular Period** means:

- (i) in the case of Notes where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and each successive period from and including one Interest Payment Date to but excluding the next Interest Payment Date;
- (ii) in the case of Notes where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where **Regular Date** means the day and month (but not the year) on which any Interest Payment Date falls; and
- (iii) in the case of Notes where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where **Regular Date** means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period;

**"Relevant Date"** means, in relation to any payment, whichever is the later of (a) the date on which the payment in question first becomes due and (b) if the full amount payable has not been received in the Principal Financial Centre of the currency of payment by the Fiscal Agent or in respect of Swedish Registered Notes, if the full amount payable has not been made available to Euroclear Sweden, on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders;

**"Relevant Financial Centre"** has the meaning given in the relevant Final Terms;

**"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 debt securities 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);

**"Relevant Screen Page"** means the page, section or other part of a particular information service (including, without limitation, Reuters) specified as the Relevant Screen Page in the relevant Final Terms, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

**"Relevant Time"** has the meaning given in the relevant Final Terms;

**"Remaining Term"** means the term to maturity or, if a Par Call Redemption Date is specified in the relevant Final Terms, to the next Par Call Redemption Date;

**"Reserved Matter"** means any proposal to (a) change any date fixed for payment of principal or interest in respect of the Notes, to reduce the amount of principal or interest payable on any date in respect of the Notes or to alter the method of calculating the amount of any payment in respect of the Notes on redemption or maturity or the date for any such payment, (b) effect the exchange or substitution of the Notes for, or the conversion of the Notes into, shares, bonds or other obligations or securities of the Issuer or any other person or body corporate formed or to be formed, (c) change the currency of any payment under the Notes, (d) change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution or (e) amend the definition hereof. (For the avoidance of doubt, a proposal to change the method of calculating the amount of any interest payment arising from the discontinuation of an interest rate benchmark used to determine the amount of a payment in respect of the Notes shall not be a Reserved Matter.)

**"RMB Settlement Centre(s)"** means the financial centre(s) specified as such in the relevant Final Terms in accordance with applicable laws and regulations. If no RMB Settlement Centre is specified in the relevant Final Terms, the RMB Settlement Centre shall be deemed to be Hong Kong;

**"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;

**"SFIA Act"** means the Swedish Central Securities Depositories and Financial Instruments Accounts Act (*Sw. lag (1998:1479) om värdepapperscentraler och kontoföring av finansiella instrument*) as amended;

**"Specified Currency"** has the meaning given in the relevant Final Terms;

**"Specified Denomination(s)"** has the meaning given in the relevant Final Terms;

**"Specified Office"** has the meaning given in the Agency Agreement or in relation to Swedish Registered Notes, the Swedish Agency Agreement;

**"Specified Period"** has the meaning given in the relevant Final Terms;

**"Spot Rate"** means the spot/US dollar exchange rate for the purchase of US dollars with Renminbi in the over-the-counter Renminbi exchange market in Hong Kong for settlement in two Rate Calculation Business Days, as determined by the Fiscal Agent at or around 11.00 a.m. (Hong Kong time) on the Rate Calculation Date, on a deliverable basis by reference to Reuters Screen Page TRADCN3, or if no such rate is available, on a non-deliverable basis by reference to Reuters Screen Page TRADNDF. If neither rate is available, the Fiscal Agent will determine the Spot Rate at or around 11.00 a.m. (Hong Kong time) on the Rate Calculation Date as the most recently available Renminbi/US dollar official fixing rate for settlement in two Rate Calculation Business Days reported by The State Administration of Foreign Exchange of the PRC, which is reported on the Reuters Screen Page CNY=SAEC. Reference to a page on the Reuters Screen means the display page so designated on the Reuter Monitor Money Rates Service (or any successor service) or such other page as may replace that page for the purpose of displaying a comparable currency exchange rate;

"**Sterling Make Whole Redemption Amount**" has the meaning given to it in Condition 10(c);

"**STIBOR**" means Stockholm interbank offered rate;

"**Subsidiary**" means a subsidiary company or corporation (the **First Company**) of another company or corporation (the **Holding Company**), where:

- (i) the First Company is controlled, directly or indirectly, by the Holding Company;
- (ii) more than half the issued share capital of the First Company is beneficially owned, directly or indirectly, by the Holding Company; or
- (iii) the First Company is a Subsidiary of another Subsidiary of the Holding Company,

and, for the purpose of this definition, a company or corporation shall be treated as being controlled by another if that other company or corporation is able to direct its affairs and/or to control the composition of its board of directors or equivalent body;

"**Talon**" means a talon for further Coupons;

"**TARGET2**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007 or any successor thereof;

"**TARGET Settlement Day**" means any day on which TARGET2 is open for the settlement of payments in euro;

"**Tax Jurisdiction**" means (i) Sweden or any political subdivision or any authority thereof or therein having power to tax; or (ii) any jurisdiction under the laws of which the Issuer or any successor to the Issuer is organised or in which it is resident for tax purposes;

"**Treaty**" means the Treaty on the Functioning of the European Union, as amended;

"**Zero Coupon Note**" means a Note specified as such in the relevant Final Terms; and

"**US Dollar Equivalent**" means the Renminbi amount converted into US dollars using the Spot Rate for the relevant Rate Calculation Date.

(b) *Interpretation:* In these Conditions:

- (i) if the Notes are Zero Coupon Notes, references to Coupons and Couponholders are not applicable;
- (ii) if Talons are specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to Coupons shall be deemed to include references to Talons;
- (iii) if Talons are not specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to Talons are not applicable;
- (iv) any reference to principal shall be deemed to include the Redemption Amount, any additional amounts in respect of principal which may be payable under Condition 13 (*Taxation*), any premium payable in respect of a Note and any other amount in the nature of principal payable pursuant to these Conditions;
- (v) any reference to interest shall be deemed to include any additional amounts in respect of interest which may be payable under Condition 13 (*Taxation*) and any other amount in the nature of interest payable pursuant to these Conditions;
- (vi) references to Notes being outstanding shall be construed in accordance with the Agency Agreement or in respect of Swedish Registered Notes, the relevant Euroclear Sweden Agreement or Swedish Agency Agreement;

- (vii) if an expression is stated in Condition 2(a) (*Definitions*) to have the meaning given in the relevant Final Terms but the relevant Final Terms gives no such meaning or specifies that such expression is not applicable then such expression is not applicable to the Notes;
- (viii) as Swedish Registered Notes are in dematerialised form, any reference in those Conditions to Receipts, Coupons and Talons shall not apply to Swedish Registered Notes; and
- (ix) any reference to the Agency Agreement shall be construed as a reference to the Agency Agreement as amended and/or supplemented up to and including the Issue Date of the Notes.

### 3. **Form, Denomination, Title and Transfer**

- (a) *Bearer Notes*: Bearer Notes are in the Specified Denomination(s) with Coupons and, if specified in the relevant Final Terms, Talons attached at the time of issue and, in the case of Definitive Notes, serially numbered, in the Specified Currency. In the case of a Series of Bearer Notes with more than one Specified Denomination, Bearer Notes of one Specified Denomination will not be exchangeable for Bearer Notes of another Specified Denomination.
- (b) *Title to Bearer Notes*: Title to Bearer Notes and the Coupons will pass by delivery. In the case of Bearer Notes, "**Holder**" means the holder of such Bearer Note and "**Noteholder**" and "**Couponholder**" shall be construed accordingly.
- (c) *Registered Notes and Swedish Registered Notes*: Registered Notes and Swedish Registered Notes are in the Specified Denomination(s), which may include a minimum denomination and higher integral multiples of a smaller amount specified in the relevant Final Terms.
- (d) *Title to Registered Notes*: The Registrar will maintain the register in accordance with the provisions of the Agency Agreement. A certificate (each, a "**Note Certificate**") will be issued to each Holder of Registered Notes in respect of its registered holding. Each Note Certificate will be numbered serially with an identifying number which will be recorded in the Register. In the case of Registered Notes, "**Holder**" means the person in whose name such Registered Note is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof) and "**Noteholder**" shall be construed accordingly.
- (e) *Title to Swedish Registered Notes*: The holder of a Swedish Registered Note will be the person appearing as such in the Euroclear Sweden Register. In the case of Swedish Registered Notes the term "**Holder**" shall be construed accordingly. Where a nominee (*Sw. förvaltare*) in accordance with the SFIA Act is so evidenced it shall be treated by the Issuer as the holder of the relevant Swedish Registered Notes.
- (f) *Ownership*: The Holder of any Note or Coupon shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or, in the case of Registered Notes, on the Note Certificate relating thereto (other than the endorsed form of transfer) or any notice of any previous loss or theft thereof) and no person shall be liable for so treating such Holder. No person shall have any right to enforce any term or condition of any Note under the Contracts (Rights of Third Parties) Act 1999. This Note may be a fixed rate note ("**Fixed Rate Note**"), a floating rate note ("**Floating Rate Note**"), a Zero Coupon Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the relevant Final Terms.
- (g) *Transfers of Registered Notes*: Subject to Conditions 3(k) (*Closed periods*) and 3(l) (*Regulations concerning transfers and registration*) below, a Registered Note may be transferred upon surrender of the relevant Note Certificate, with the endorsed form of transfer duly completed, at the Specified Office of the Registrar or any Transfer Agent, together with such evidence as the Registrar or (as the case may be) such Transfer Agent may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; *provided, however, that* a Registered Note may not be transferred unless the principal amount of Registered Notes transferred and (where not all of the Registered Notes held by a Holder are being transferred) the principal amount of the balance of Registered Notes not transferred are Specified Denominations. Where not all the Registered Notes represented by the surrendered Note Certificate are the subject of the transfer, a new Note Certificate in respect of the balance of the Registered Notes will be issued to the transferor.

- (h) *Transfers of Swedish Registered Notes:* Title to Swedish Registered Notes will pass by transfer in the register that the Issuer will procure to be kept by Euroclear Sweden on behalf of the Issuer. Where a nominee is so evidenced it shall be treated as the holder of the relevant Swedish Registered Notes.
- (i) *Registration and delivery of Note Certificates:* Within five business days of the surrender of a Note Certificate in accordance with Condition 3(g) (*Transfers of Registered Notes*) above, the Registrar will register the transfer in question and deliver a new Note Certificate of a like principal amount to the Registered Notes transferred to each relevant Holder at its Specified Office or (as the case may be) the Specified Office of any Transfer Agent or (at the request and risk of any such relevant Holder) by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such relevant Holder. In this paragraph, "**business day**" means a day on which commercial banks are open for general business (including dealings in foreign currencies) in the city where the Registrar or (as the case may be) the relevant Transfer Agent has its Specified Office.
- (j) *No charge:* The transfer of a Registered Note will be effected without charge by or on behalf of the Issuer or the Registrar or any Transfer Agent but against such indemnity as the Registrar or (as the case may be) such Transfer Agent may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer. For the avoidance of doubt, the provisions of this Condition 3(j) (*No charge*) do not apply to Swedish Registered Notes.
- (k) *Closed periods:* Noteholders may not require transfers to be registered during the period of 15 days ending on the due date for any payment of principal or interest in respect of the Registered Notes. No Holder of Swedish Registered Notes may require the transfer of a Swedish Registered Note to be registered during a period which is the equivalent of any such closed period (if any) pursuant to the then applicable rules and procedures of Euroclear Sweden.
- (l) *Regulations concerning transfers and registration:* All transfers of Registered Notes and entries on the Register are subject to the detailed regulations concerning the transfer of Registered Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Noteholder who requests in writing a copy of such regulations. All transfers of Swedish Registered Notes are subject to any cut-off dates applicable to such Swedish Registered Notes and are subject to any other rules and procedures for the time being of Euroclear Sweden. Euroclear Sweden's rules and regulations may be downloaded from its website: <http://www.ncsd.eu>.

#### 4. **Status of the Notes**

The Notes constitute direct, unsubordinated and unconditional obligations of the Issuer which will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

#### 5. **Negative Pledge**

So long as any Note remains outstanding, the Issuer shall not, and shall procure that none of its Principal Subsidiaries will, create or permit to subsist any Security Interest (other than a Permitted Security Interest) upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) to secure any Relevant Indebtedness of the Issuer or any of its Principal Subsidiaries or any Guarantee of Relevant Indebtedness of the Issuer or any of its Principal Subsidiaries without (a) at the same time or prior thereto securing the Notes equally and rateably therewith or (b) providing such other security for the Notes as may be approved by an Extraordinary Resolution of Noteholders.

#### 6. **Fixed Rate Note Provisions**

- (a) *Application:* This Condition 6 (*Fixed Rate Note Provisions*) is applicable to the Notes only if the Fixed Rate Note Provisions are specified in the relevant Final Terms as being applicable.
- (b) *Accrual of interest:* The Notes bear interest from (and including) the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 11 (*Payments - Bearer Notes*) and Condition 12 (*Payments - Registered Notes*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption

Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 6 (*Fixed Rate Note Provisions*) (both before and after judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is five days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such fifth day (except to the extent that there is any subsequent default in payment).

- (c) *Fixed Coupon Amount (and Broken Amount)*: The amount of interest payable in respect of each Note for any Interest Period shall be the relevant Fixed Coupon Amount and, if the Notes are in more than one Specified Denomination, shall be the relevant Fixed Coupon Amount in respect of the relevant Specified Denomination. The amount of interest payable in respect of each Note on any Interest Payment Date will, if so specified in the relevant Final Terms, amount to the Broken Amount(s) so specified.
- (d) *Calculation of interest amount*: The amount of interest payable in respect of each Note for any period for which a Fixed Coupon Amount is not specified shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of such Note divided by the Calculation Amount. For this purpose a **sub-unit** means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.
- (e) *Renminbi or Hong Kong dollar-denominated Notes*: In the case of Renminbi or Hong Kong dollar-denominated Notes:
  - (i) where (x) there is not a numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) any Interest Payment Date would otherwise fall on a day which is not a Business Day, then such Interest Payment Date shall be adjusted, as specified in the relevant Final Terms, either for payment purposes only or, if Fixed Coupon Amount is not specified as applying in the relevant Final Terms, for payment and interest accrual purposes, in accordance with the Modified Following Business Day Convention; and
  - (ii) if Fixed Coupon Amount is not specified as applying in the relevant Final Terms, the Calculation Agent will cause each Interest Amount for each fixed Interest Period and the relevant Interest Payment Date to be notified to the Issuer and to any stock exchange on which the relevant Fixed Rate Notes are for the time being listed or admitted to trading, and to be published in accordance with Condition 20 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 notice in the event of an extension or shortening of the fixed Interest Period. For the purposes of this Condition 6(e)(ii), the expression **London Business Day** means a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in London.

## 7. **Floating Rate Note Provisions**

- (a) *Application*: This Condition 7 (*Floating Rate Note Provisions*) is applicable to the Notes only if the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable.
- (b) *Accrual of interest*: The Notes bear interest from (and including) the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 11 (*Payments - Bearer Notes*) and Condition 12 (*Payments - Registered Notes*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 7 (*Floating Rate Note Provisions*) (both before and after judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is five days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such fifth day (except to the extent that there is any subsequent default in payment).



- (c) *Screen Rate Determination*: If Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be (other than in respect of Notes for which SONIA, SOFR and/or €STR (as defined below) or any related index is specified as the Reference Rate in the relevant Final Terms) determined by the Calculation Agent on the following basis:
- (i) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
  - (ii) if 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 Calculation Agent by straight-line linear interpolation by reference to two rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date, where:
    - (A) one rate shall be determined as if the relevant Interest Period were the period of time for which rates are available next shorter than the length of the relevant Interest Period; and
    - (B) the other rate shall be determined as if the relevant Interest Period were the period of time for which rates are available next longer than the length of the relevant Interest Period;

*provided, however, that* if no rate is available for a period of time next shorter or, as the case may be, next longer than the length of the relevant Interest Period, then the Calculation Agent shall calculate the Rate of Interest at such time and by reference to such sources as the Issuer acting in good faith and in a commercially reasonable manner (in consultation with an Independent Adviser appointed by the Issuer) determines appropriate;
  - (iii) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
  - (iv) if, in the case of (i) above, such rate does not appear on that page or, in the case of (iii) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Calculation Agent (in consultation with the Issuer) will:
    - (A) request the principal Relevant Financial Centre office of each of the Reference Banks to provide a quotation of the Reference Rate at approximately the Relevant Time on the Interest Determination Date to prime banks in the Relevant Financial Centre interbank market in an amount that is representative for a single transaction in that market at that time; and
    - (B) provide such quotations to the Calculation Agent who shall determine the arithmetic mean of such quotations; and
  - (v) if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Calculation Agent) quoted by major banks in the Principal Financial Centre of the Specified Currency, requested and selected by the Issuer, at approximately 11.00 a.m. (local time in the Principal Financial Centre of the Specified Currency) on the first day of the relevant Interest Period for loans in the Specified Currency to leading European banks for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time,

and the Rate of Interest for such Interest Period shall be the sum of the Margin and the rate or (as the case may be) the arithmetic mean so determined; **provided, however, that** if the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the Rate of Interest applicable to the Notes during such Interest Period will be the sum of the Margin and the rate or (as the case may be) the arithmetic mean last determined in relation to the Notes in respect of a preceding Interest Period.

- (d) *ISDA Determination:* If ISDA Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be the sum of the Margin and the relevant ISDA rate where in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:
- (i) the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Final Terms;
  - (ii) the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the relevant Final Terms;
  - (iii) the relevant Reset Date (as defined in the ISDA Definitions) is either (A) the first day of that Interest Period or (B) as specified in the relevant Final Terms;
  - (iv) if applicable, the "Applicable Benchmark", "Fixing Day", "Fixing Time" and/or any other items specified in the relevant Final Terms are as specified in the relevant Final Terms; and
  - (v) if Linear Interpolation is specified as applicable in respect of an Interest Period in the relevant Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Calculation Agent by straight-line linear interpolation by reference to two rates based on the relevant Floating Rate Option, where:
    - (A) one rate 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
    - (B) the other rate 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 than the length of the relevant Interest Period or, as the case may be, next longer than the length of the relevant Interest Period, then the Calculation Agent shall calculate the Rate of Interest at such time and by reference to such sources as the Issuer acting in good faith and in a commercially reasonable manner (in consultation with an Independent Adviser appointed by the Issuer) determines appropriate.

(e) *Interest – Floating Rate Notes referencing SONIA*

- (i) This Condition 7(e) is applicable to the Notes only if the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable and the "Reference Rate" is specified in the relevant Final Terms as being "SONIA".
- (ii) Where "SONIA" is specified as the Reference Rate in the Final Terms, the Rate of Interest for each Interest Period will, subject as provided below, be Compounded Daily SONIA plus or minus (as specified in the relevant Final Terms) the Margin, all as determined by the Calculation Agent.
- (iii) For the purposes of this Condition 7(e):

"**Compounded Daily SONIA**", with respect to an Interest Period, will be calculated by the Calculation Agent on each Interest Determination Date in accordance with the following formula, and the resulting percentage will be rounded, if necessary, to the fourth decimal place, with 0.00005 being rounded upwards to 0.0001:

$$\left[ \prod_{i=1}^{d_o} \left( 1 + \frac{SONIA_{i-pLBD} \times n_i}{365} \right) - 1 \right] \times \frac{365}{d}$$

**"d"** means the number of calendar days in:

- (i) where "Lag" is specified as the Observation Method in the relevant Final Terms, the relevant Interest Period; or
- (ii) where "Observation Shift" is specified as the Observation Method in the relevant Final Terms, the relevant Observation Period;

**"do"** means the number of London Banking Days in:

- (i) where "Lag" is specified as the Observation Method in the relevant Final Terms, the relevant Interest Period; or
- (ii) where "Observation Shift" is specified as the Observation Method in the relevant Final Terms, the relevant Observation Period;

**"i"** means a series of whole numbers from one to do, each representing the relevant London Banking Day in chronological order from, and including, the first London Banking Day in:

- (i) where "Lag" is specified as the Observation Method in the relevant Final Terms, the relevant Interest Period; or
- (ii) where "Observation Shift" is specified as the Observation Method in the relevant Final Terms, the relevant Observation Period;

to, and including, the last London Banking Day in such period;

**"Interest Determination Date"** means, in respect of any Interest Period, the date falling p London Banking Days prior to the Interest Payment Date for such Interest Period (or the date falling p London Banking Days prior to such earlier date, if any, on which the Notes are due and payable).

**"London Banking Day"** or **"LBD"** means any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London;

**"ni"** for any London Banking Day "i", in the relevant Interest Period or Observation Period (as applicable) is the number of calendar days from, and including, such London Banking Day "i" up to, but excluding, the following London Banking Day;

**"Observation Period"** means, in respect of an Interest Period, the period from, and including, the date falling "p" London Banking Days prior to the first day of such Interest Period (and the first Interest Period shall begin on and include the Interest Commencement Date) and ending on, but excluding, the date which is p London Banking Days prior to the Interest Payment Date for such Interest Period (or the date falling p London Banking Days prior to such earlier date, if any, on which the Notes become due and payable);

**"p"** for any Interest Period or Observation Period (as applicable), means the number of London Banking Days specified as the "Lag Period" or the "Observation Shift Period" (as applicable) in the relevant Final Terms;

**"SONIA Reference Rate"** means, in respect of any London Banking Day, a reference rate equal to the daily Sterling Overnight Index Average ("**SONIA**") rate for such London Banking Day as provided by the administrator of SONIA to authorised distributors and as then published on the Relevant Screen Page (or if the Relevant Screen Page is unavailable, as otherwise published by such authorised distributors) on the London Banking Day immediately following such London Banking Day; and

**"SONIA<sub>i</sub>"** means the SONIA Reference Rate for:

- (i) where "Lag" is specified as the Observation Method in the relevant Final Terms, the London Banking Day falling "p" London Banking Days prior to the relevant London Banking Day "i"; or
- (ii) where "Observation Shift" is specified as the Observation Method in the relevant Final Terms; the relevant London Banking Day "i";

*For the avoidance of doubt, the formula for the calculation of Compounded Daily SONIA only compounds the SONIA Reference Rate in respect of any London Banking Day. The SONIA Reference Rate applied to a day that is a non-London Banking Day will be taken by applying the SONIA Reference Rate for the previous London Banking Day but without compounding.*

- (iii) If, in respect of any London Banking Day in the relevant Interest Period or Observation Period (as applicable), the Calculation Bank determines that the SONIA Reference Rate is not available on the Relevant Screen Page or has not otherwise been published by the relevant authorised distributors, such SONIA Reference Rate shall, subject to Condition 7(n) (*Benchmark Replacement (Independent Adviser)*), be:
  - (A) the Bank of England's Bank Rate (the "**Bank Rate**") prevailing at close of business on the relevant London Banking Day; plus (B) the mean of the spread of the SONIA Reference Rate to the Bank Rate over the previous five London Banking Days on which a SONIA Reference Rate has been published, excluding the highest spread (or, if there is more than one highest spread, one only of those highest spreads) and lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads) to the Bank Rate; or
  - (B) if the Bank Rate is not published by the Bank of England at close of business on the relevant London Banking Day, the SONIA Reference Rate published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors) for the first preceding London Banking Day on which the SONIA Reference Rate was published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors).
- (iv) Subject to Condition 7(n) (*Benchmark Replacement (Independent Adviser)*), if the Interest Rate cannot be determined in accordance with the foregoing provisions of this Condition 7(e), the Interest Rate shall be (A) that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period, in place of the Margin relating to that last preceding Interest Period) or (B) if there is no such preceding Interest Determination Date, the initial Interest Rate which would have been applicable to the Notes for the first Interest Period had the Notes been in issue for a period equal in duration to the scheduled first Interest Period but ending on (and excluding) the Interest Commencement Date (but applying the Margin applicable to the first Interest Period).

(f) *Interest – Floating Rate Notes referencing SOFR*

- (i) This Condition 7(f) is applicable to the Notes only if the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable and the "Reference Rate" is specified in the relevant Final Terms as being "SOFR".
- (ii) Where "SOFR" is specified as the Reference Rate in the Final Terms, the Rate of Interest for each Interest Period will, subject as provided below, be the Benchmark plus or minus (as specified in the relevant Final Terms) the Margin, all as determined by the Calculation Agent on each Interest Determination Date.
- (iii) For the purposes of this Condition 7(f):

"**Benchmark**" means Compounded SOFR, which is a compounded average of daily SOFR, as determined for each Interest Period in accordance with the specific formula and other provisions set out in this Condition 7(f) (*Interest – Floating Rate Notes referencing SOFR*).

*Daily SOFR rates will not be published in respect of any day that is not a U.S. Government Securities Business Day, such as a Saturday, Sunday or holiday. For this reason, in determining Compounded SOFR in accordance with the specific formula and other provisions set forth herein, the daily SOFR rate for any U.S. Government Securities Business Day that immediately precedes one or more days that are not U.S. Government Securities Business Days will be multiplied by the number of calendar days from and including such U.S. Government Securities Business Day to, but excluding, the following U.S. Government Securities Business Day.*

*If the Issuer determines that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred in respect of Compounded SOFR (or the daily SOFR used in the calculation hereof) prior to the relevant SOFR Determination Time, then the provisions under Condition 7(f)(iii) below will apply.*

"**Business Day**" means any weekday that is a U.S. Government Securities Business Day and is not a legal holiday in New York and each (if any) Additional Business Centre(s) and is not a date on which banking institutions in those cities are authorised or required by law or regulation to be closed;

"**Compounded SOFR**" with respect to any Interest Period, means the rate of return of a daily compound interest investment computed in accordance with the following formula (and the resulting percentage will be rounded, if necessary, to the fifth decimal place, with 0.000005 being rounded upwards to 0.00001):

$$\left[ \prod_{i=1}^{d_o} \left( 1 + \frac{SOFR_i \times n_i}{360} \right) - 1 \right] \times \frac{360}{d}$$

"**d**" is the number of calendar days in:

- (i) where "Lag" is specified as the Observation Method in the relevant Final Terms, the relevant Interest Period; or
- (ii) where "Observation Shift" is specified as the Observation Method in the relevant Final Terms, the relevant Observation Period.

"**d<sub>o</sub>**" is the number of U.S. Government Securities Business Days in:

- (i) where "Lag" is specified as the Observation Method in the relevant Final Terms, the relevant Interest Period; or
- (ii) where "Observation Shift" is specified as the Observation Method in the relevant Final Terms, the relevant Observation Period.

"**i**" is a series of whole numbers from one to d<sub>o</sub>, each representing the relevant U.S. Government Securities Business Day in chronological order from, and including, the first U.S. Government Securities Business Day in:

- (i) where "Lag" is specified as the Observation Method in the relevant Final Terms, the relevant Interest Period; or
- (ii) where "Observation Shift" is specified as the Observation Method in the relevant Final Terms, the relevant Observation Period,

to and including the last US Government Securities Business Day in such period;

"**Interest Determination Date**" means, in respect of any Interest Period, the date falling "p" U.S. Government Securities Business Days prior to the Interest Payment Date for such Interest Period (or the date falling "p" U.S. Government Securities Business Days prior to such earlier date, if any, on which the Notes are due and payable);

"**n<sub>i</sub>**" for any U.S. Government Securities Business Day "i" in the relevant Interest Period or Observation Period (as applicable), is the number of calendar days from, and including, such U.S. Government Securities Business Day "i" to, but excluding, the following U.S. Government Securities Business Day ("**i+1**");

**"Observation Period"** in respect of an Interest Period means the period from, and including, the date falling "p" U.S. Government Securities Business Days preceding the first day in such Interest Period (and the first Interest Period shall begin on and include the Interest Commencement Date) to, but excluding, the date falling "p" U.S. Government Securities Business Days preceding the Interest Payment Date for such Interest Period (or the date falling "p" U.S. Government Securities Business Days prior to such earlier date, if any, on which the Notes become due and payable);

"p" for any Interest Period or Observation Period (as applicable) means the number of U.S. Government Securities Business Days specified as the "Lag Period" or the "Observation Shift Period" (as applicable) in the relevant Final Terms;

**"SOFR"** with respect to any U.S. Government Securities Business Day, means:

- (i) the Secured Overnight Financing Rate published for such U.S. Government Securities Business Day as such rate appears on the SOFR Administrator's Website at 3:00 p.m. (New York time) on the immediately following U.S. Government Securities Business Day (the **"SOFR Determination Time"**); or
- (ii) Subject to Condition 7(f)(iii) below, if the rate specified in (i) above does not so appear, the Secured Overnight Financing Rate as published in respect of the first preceding U.S. Government Securities Business Day for which the Secured Overnight Financing Rate was published on the SOFR Administrator's Website;

**"SOFR Administrator"** means the Federal Reserve Bank of New York (or a successor administrator of the Secured Overnight Financing Rate);

**"SOFR Administrator's Website"** means the website of the Federal Reserve Bank of New York, or any successor source;

**"SOFRi"** means the SOFR for:

- (i) where "Lag" is specified as the Observation Method in the applicable Final Terms, the U.S. Government Securities Business Day falling "p" U.S. Government Securities Business Days prior to the relevant U.S. Government Securities Business Day "i"; or
- (ii) where "Observation Shift" is specified as the Observation Method in the relevant Final Terms, the relevant U.S. Government Securities Business Day "i"; and

**"U.S. Government Securities Business Day"** means any day except for a Saturday, a Sunday or a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities.

- (iii) If the Issuer or its designee determines on or prior to the relevant Reference Time that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to the then-current Benchmark, the Benchmark Replacement will replace the then-current Benchmark for all purposes relating to the Notes in respect of all determinations on such date and for all determinations on all subsequent dates. In connection with the implementation of a Benchmark Replacement, the Issuer or its designee (in consultation with the Issuer) will have the right to make Benchmark Replacement Conforming Changes from time to time, without any requirement for the consent or approval of the Noteholders.

Any determination, decision or election that may be made by the Issuer or its designee pursuant to this section, including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection:

- (i) will be conclusive and binding absent manifest error;
- (ii) if made by the Issuer, will be made in the sole discretion of the Issuer;

- (iii) if made by the Issuer's designee, will be made after consultation with the Issuer, and the designee will not make any such determination, decision or election to which the Issuer objects; and
- (iv) notwithstanding anything to the contrary in the documentation relating to the Notes, shall become effective without consent from the holders of the Notes or any other party.

Any determination, decision or election pursuant to this section not made by the Issuer's designee will be made by the Issuer on the basis as described above. The designee shall have no liability for not making any such determination, decision or election absent bad faith or fraud.

**"Benchmark"** means, initially, Compounded SOFR, as such term is defined above; provided that if the Issuer determines on or prior to the Reference Time that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to Compounded SOFR (or the published daily SOFR used in the calculation thereof) or the then-current Benchmark, then "Benchmark" shall mean the applicable Benchmark Replacement.

**"Benchmark Replacement"** means the first alternative set forth in the order below that can be determined by the Issuer or its designee as of the Benchmark Replacement Date:

- (i) the sum of: (A) the alternate rate of interest that has been selected or recommended by the Relevant Governmental Body as the replacement for the then-current Benchmark and (B) the Benchmark Replacement Adjustment;
- (ii) the sum of: (A) the ISDA Fallback Rate and (B) the Benchmark Replacement Adjustment; or
- (iii) the sum of: (A) the alternate rate of interest that has been selected by the Issuer as the replacement for the then-current Benchmark giving due consideration to any industry-accepted rate of interest as a replacement for the then-current Benchmark for U.S. dollar-denominated floating rate notes at such time and (B) the Benchmark Replacement Adjustment;

**"Benchmark Replacement Adjustment"** means the first alternative set forth in the order below that can be determined by the Issuer or its designee as of the Benchmark Replacement Date:

- (i) the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected or recommended by the Relevant Governmental Body for the applicable Unadjusted Benchmark Replacement;
- (ii) if the applicable Unadjusted Benchmark Replacement is equivalent to the ISDA Fallback Rate, the ISDA Fallback Adjustment; or
- (iii) the spread adjustment (which may be a positive or negative value or zero) that has been selected by the Issuer or its designee giving due consideration to any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the then-current Benchmark with the applicable Unadjusted Benchmark Replacement for U.S. dollar-denominated floating rate notes at such time;

**"Benchmark Replacement Conforming Changes"** means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the timing and frequency of determining rates and making payments of interest, rounding of amounts or tenors, and other administrative matters) that the Issuer or its designee decides may be appropriate to reflect the adoption of such Benchmark Replacement in a manner substantially consistent with market practice (or, if the Issuer or its designee decides that adoption of any portion of such market practice is not administratively feasible or if the Issuer or its designee determines that no market practice for use of the Benchmark Replacement exists, in such other manner as the Issuer or its designee determines is reasonably necessary);

**"Benchmark Replacement Date"** means the earliest to occur of the following events with respect to the then-current Benchmark (including the daily published component used in the calculation thereof):

- (i) in the case of clause (i) or (ii) of the definition of "Benchmark Transition Event," the later of (a) the date of the public statement or publication of information referenced therein and (b) the date on which the administrator of the Benchmark permanently or indefinitely ceases to provide the Benchmark (or such component); or
- (ii) in the case of clause (iii) of the definition of "Benchmark Transition Event," the date of the public statement or publication of information referenced therein.

For the avoidance of doubt, if the event that gives rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination;

**"Benchmark Transition Event"** means the occurrence of one or more of the following events with respect to the then-current Benchmark (including the daily published component used in the calculation thereof):

- (i) a public statement or publication of information by or on behalf of the administrator of the Benchmark (or such component) announcing that such administrator has ceased or will cease to provide the Benchmark (or such component), permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark (or such component); or
- (ii) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark (or such component), the central bank for the currency of the Benchmark (or such component), an insolvency official with jurisdiction over the administrator for the Benchmark (or such component), a resolution authority with jurisdiction over the administrator for the Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for the Benchmark, which states that the administrator of the Benchmark (or such component) has ceased or will cease to provide the Benchmark (or such component) permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark (or such component); or
- (iii) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark announcing that the Benchmark is no longer representative;

**"ISDA Fallback Adjustment"** means the spread adjustment (which may be a positive or negative value or zero) that would apply for derivatives transactions referencing the ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to the Benchmark;

**"ISDA Fallback Rate"** means the rate that would apply for derivatives transactions referencing the ISDA Definitions to be effective upon the occurrence of an index cessation date with respect to the Benchmark for the applicable tenor excluding the applicable ISDA Fallback Adjustment;

**"Reference Time"** with respect to any determination of the Benchmark means (i) if the Benchmark is Compounded SOFR, the SOFR Determination Time, and (ii) if the Benchmark is not Compounded SOFR, the time determined by the Issuer or its designee after giving effect to the Benchmark Replacement Conforming Changes;

**"Relevant Governmental Body"** means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto; and

**"Unadjusted Benchmark Replacement"** means the Benchmark Replacement excluding the Benchmark Replacement Adjustment.



- (iv) Any Benchmark Replacement, Benchmark Replacement Adjustment and the specific terms of any Benchmark Replacement Conforming Changes, determined under Condition 7(f)(iii) above will be notified promptly by the Issuer to the Fiscal Agent, the Calculation Agent, the Paying Agents and, in accordance with Condition 21 (*Notices*), the Noteholders. Such notice shall be irrevocable and shall specify the effective date on which such changes take effect.

No later than notifying the Fiscal Agent of the same, the Issuer shall deliver to the Fiscal Agent a certificate signed by two authorised signatories of the Issuer:

- (A) confirming (x) that a Benchmark Transition Event has occurred, (y) the relevant Benchmark Replacement and, (z) where applicable, any Benchmark Replacement Adjustment and/or the specific terms of any relevant Benchmark Replacement Conforming Changes, in each case as determined in accordance with the provisions of this Condition 7(f); and
- (B) certifying that the relevant Benchmark Replacement Conforming Changes are necessary to ensure the proper operation of such Benchmark Replacement and/or Benchmark Replacement Adjustment.
- (v) If the Interest Rate cannot be determined in accordance with the foregoing provisions of this Condition 7(f), the Interest Rate shall be (A) that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period, in place of the Margin relating to that last preceding Interest Period) or (B) if there is no such preceding Interest Determination Date, the initial Interest Rate which would have been applicable to the Notes for the first Interest Period had the Notes been in issue for a period equal in duration to the scheduled first Interest Period but ending on (and excluding) the Interest Commencement Date (but applying the Margin applicable to the first Interest Period).

(g) *Interest – Floating Rate Notes referencing €STR*

- (i) This Condition 7(g) is applicable to the Notes only if the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable and the "Reference Rate" is specified in the relevant Final Terms as being "€STR".
- (ii) Where "€STR" is specified as the Reference Rate in the Final Terms, the Rate of Interest for each Interest Period will, subject as provided below, be Compounded Daily €STR plus or minus (as specified in the relevant Final Terms) the Margin, all as determined by the Calculation Agent on each Interest Determination Date.
- (iii) For the purposes of this Condition 7(g):

"**Compounded Daily €STR**" means, with respect to any Interest Period, the rate of return of a daily compound interest investment (with the daily euro short-term rate as reference rate for the calculation of interest) as calculated by the Calculation Agent as at the relevant Interest Determination Date in accordance with the following formula (and the resulting percentage will be rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards to 0.00001):

$$\left[ \prod_{i=1}^{d_o} \left( 1 + \frac{\text{€STR}_i \times n_i}{D} \right) - 1 \right] \times \frac{D}{d}$$

where:

"**d**" means the number of calendar days in:

- (i) where "Lag" is specified as the Observation Method in the relevant Final Terms, the relevant Interest Period; or
- (ii) where "Observation Shift" is specified as the Observation Method in the relevant Final Terms, the relevant Observation Period;

"D" means the number specified as such in the relevant Final Terms (or, if no such number is specified, 360);

"d<sub>0</sub>" means the number of TARGET Settlement Days in:

- (i) where "Lag" is specified as the Observation Method in the relevant Final Terms, the relevant Interest Period; or
- (ii) where "Observation Shift" is specified as the Observation Method in the relevant Final Terms, the relevant Observation Period;

the "€STR reference rate", in respect of any TARGET Settlement Day, is a reference rate equal to the daily euro short-term rate ("€STR") for such TARGET Settlement Day as provided by the European Central Bank as the administrator of €STR (or any successor administrator of such rate) on the website of the European Central Bank (or, if no longer published on its website, as otherwise published by it or provided by it to authorised distributors and as then published on the Relevant Screen Page or, if the Relevant Screen Page is unavailable, as otherwise published by such authorised distributors) on the TARGET Settlement Day immediately following such TARGET Settlement Day (in each case, at the time specified by, or determined in accordance with, the applicable methodology, policies or guidelines, of the European Central Bank or the successor administrator of such rate);

"€STR<sub>i</sub>" means the €STR reference rate for:

- (i) where "Lag" is specified as the Observation Method in the relevant Final Terms, the TARGET Settlement Day falling "p" TARGET Settlement Days prior to the relevant TARGET Settlement Day "i"; or
- (ii) where "Observation Shift" is specified as the Observation Method in the relevant Final Terms, the relevant TARGET Settlement Day "i".

"i" is a series of whole numbers from one to "d<sub>0</sub>", each representing the relevant TARGET Settlement Day in chronological order from, and including, the first TARGET Settlement Day in:

- (i) where "Lag" is specified as the Observation Method in the relevant Final Terms, the relevant Interest Period; or
- (ii) where "Observation Shift" is specified as the Observation Method in the relevant Final Terms, the relevant Observation Period;

to, and including, the last TARGET Settlement Day in such period;

"n<sub>i</sub>" for any TARGET Settlement Day "i" in the relevant Interest Period or Observation Period (as applicable), means the number of calendar days from, and including, such TARGET Settlement Day "i" up to, but excluding, the following TARGET Settlement Day;

"Observation Period" means, in respect of any Interest Period, the period from, and including, the date falling "p" TARGET Settlement Days prior to the first day of the relevant Interest Period (and the final Interest Period shall begin on and include the Interest Commencement Date) to, but excluding, the date falling "p" TARGET Settlement Days prior to (A) (in the case of an Interest Period) the Interest Payment Date for such Interest Period or (B) such earlier date, if any, on which the Notes become due and payable; and

"p" for any latest Interest Period or Observation Period (as applicable), means the number of TARGET Settlement Days specified as the "Lag Period" or the "Observation Shift Period" (as applicable) in the relevant Final Terms.

- (iii) Subject to Condition 7(n) (*Benchmark Replacement (Independent Adviser)*), if, where any Rate of Interest is to be calculated pursuant to Condition 7(g)(ii)(g) above, in respect of any TARGET Settlement Day in respect of which an applicable €STR reference rate is required to be determined, such €STR reference rate is not made available on the Relevant Screen Page or has not otherwise been published by the relevant authorised distributors, then the €STR reference rate in respect of such TARGET Settlement Day shall be the €STR reference rate for the first preceding TARGET

Settlement Day in respect of which €STR reference rate was published by the European Central Bank on its website, as determined by the Calculation Agent.

- (iv) Subject to Condition 7(n) (*Benchmark Replacement (Independent Adviser)*), if the Interest Rate cannot be determined in accordance with the foregoing provisions of this Condition 7(g)(ii)(g), the Interest Rate shall be (A) that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period, in place of the Margin relating to that last preceding Interest Period) or (B) if there is no such preceding Interest Determination Date, the initial Interest Rate which would have been applicable to the Notes for the first Interest Period had the Notes been in issue for a period equal in duration to the scheduled first Interest Period but ending on, and excluding, the Interest Commencement Date (but applying the Margin applicable to the first Interest Period).

- (h) *Interest – SONIA Compounded Index and SOFR Compounded Index*

Where "Index Determination" is specified in the relevant Final Terms as being applicable, the Rate of Interest for each Interest Period will be the compounded daily reference rate for the relevant Interest Period, calculated in accordance with the following formula:

$$\frac{(\text{Compounded Index End}}{\text{Compounded Index Start}} - 1) \times \frac{\text{Numerator}}{d}$$

and rounded to the Relevant Decimal Place, plus or minus the Margin (if any), all as determined and calculated by the Calculation Agent, where:

"**Compounded Index**" shall mean either the SONIA Compounded Index or the SOFR Compounded Index, as specified in the relevant Final Terms;

"**d**" is the number of calendar days from, and including, the day on which the relevant Compounded Index Start is determined to, but excluding, the day on which the relevant Compounded Index End is determined;

"**End**" means the relevant Compounded Index value on the day falling the Relevant Number of Index Days prior to the Interest Payment Date for such Interest Period, or such other date on which the relevant payment of interest falls due (but which by its definition or the operation of the relevant provisions is excluded from such Interest Period);

"**Index Days**" means, in the case of the SONIA Compounded Index, London Banking Days, and, in the case of the SOFR Compounded Index, U.S. Government Securities Business Days;

"**Numerator**" means, in the case of the SONIA Compounded Index, 365 and, in the case of the SOFR Compounded Index, 360;

"**Relevant Decimal Place**" shall, unless otherwise specified in the Final Terms, be the fifth decimal place in the case of the SONIA Compounded Index and the seventh decimal place in the case of the SOFR Compounded Index, in each case rounded up or down, if necessary (with 0.000005 or, as the case may be, 0.0000005 being rounded upwards); and

"**Relevant Number**" is as specified in the applicable Final Terms, but, unless otherwise specified shall be five.

"**SONIA Compounded Index**" means the Compounded Daily SONIA rate as published at 10:00 (London time) by the Bank of England (or a successor administrator of SONIA) on the Bank of England's Interactive Statistical Database, or any successor source;

"**SOFR Compounded Index**" means the Compounded Daily SOFR rate as published at 15:00 (New York time) by Federal Reserve Bank of New York (or a successor administrator of SOFR) on the website of the Federal Reserve Bank of New York, or any successor source; and

"**Start**" means the relevant Compounded Index value on the day falling the Relevant Number of Index Days prior to the first day of the relevant Interest Period.

Provided that a Benchmark Event has not occurred in respect of the relevant Compounded Index, if, with respect to any Interest Period, the relevant rate is not published for the relevant Compounded Index either on the relevant Start or End date, then the Calculation Agent shall calculate the rate of interest for that Interest Period as if Index Determination was not specified in the applicable Final Terms and as if Compounded Daily SONIA or Compounded Daily SOFR (as defined in Condition 7(e) or Condition 7(f), as applicable) had been specified instead in the Final Terms, and in each case "Observation Shift" had been specified as the Observation Method in the relevant Final Terms, and where the Observation Shift Period for the purposes of that definition in Condition 7(e) or Condition 7(f) (as applicable) shall be deemed to be the same as the Relevant Number specified in the Final Terms and where, in the case of Compounded Daily SONIA, the Relevant Screen Page will be determined by the Issuer in good faith and in its sole discretion.. For the avoidance of doubt, if a Benchmark Event has occurred in respect of the relevant Compounded Index, the provisions of Condition 7(n) (*Benchmark Discontinuation (Independent Adviser)*) shall apply.

- (i) *Maximum or Minimum Rate of Interest:* If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the relevant Final Terms, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified.
- (j) *Calculation of Interest Amount:* The Calculation Agent will, as soon as practicable after the time at which the Rate of Interest is to be determined in relation to each Interest Period, calculate the Interest Amount payable in respect of each Note for such Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of the relevant Note divided by the Calculation Amount. For this purpose a "**sub-unit**" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.
- (k) *Publication:* The Calculation Agent will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Paying Agents and each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation as soon as practicable after such determination. Notice thereof shall also promptly be given to the Noteholders. The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period. If the Calculation Amount is less than the minimum Specified Denomination the Calculation Agent shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a Note having the minimum Specified Denomination.
- (l) *Notifications etc:* All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Fiscal Agent, the Paying Agents, the Noteholders and the Couponholders and (subject as aforesaid) no liability to any such Person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.
- (m) *Determination of Rate of Interest following acceleration:* If (i) the Notes become due and payable in accordance with Condition 14 (*Events of Default*) and (ii) the Rate of Interest for the Interest Period during which the Notes become due and payable is to be determined by reference to any of Conditions 7(e), 7(f), 7(g) and 7(h), then the final Interest Determination Date shall be the date on which the Notes become so due and payable, and such Rate of Interest shall continue to apply to the Notes for so long as interest continues to accrue thereon as provided in the Conditions.
- (n) *Benchmark Replacement (Independent Adviser)*

Other than in the case of a U.S. dollar-denominated floating rate Note for which the Reference Rate is specified in the relevant Final Terms as being "SOFR", if a Benchmark Event occurs in relation to the Reference Rate when the Rate of Interest (or any component part thereof) for any Interest Period remains to be determined by reference to such Reference Rate, then the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate,

failing which an Alternative Rate (in accordance with Condition 7(n)(ii)) and, in either case, an Adjustment Spread, if any (in accordance with Condition 7(n)(iii)) and any Benchmark Amendments (in accordance with Condition 7(n)(iv)).

In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, the Fiscal Agent, the Paying Agents or the Noteholders or the Couponholders for any determination made by it pursuant to this Condition 7(n) (*Benchmark Replacement (Independent Adviser)*) and the Fiscal Agent will not be liable for any loss, liability, cost, charge or expense which may arise as a result thereof.

- (i) If (A) the Issuer is unable to appoint an Independent Adviser or (B) the Independent Adviser appointed by it fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with this Condition 7(n) (*Benchmark Replacement (Independent Adviser)*) prior to the relevant Interest Determination Date, the Reference Rate applicable to the relevant Interest Period shall be the Reference Rate applicable as at the last preceding Interest Determination Date. If there has not been a first Interest Payment Date, the Reference Rate shall be the Reference Rate applicable to the first Interest Period. For the avoidance of doubt, any adjustment pursuant to this Condition 7(n)(i) shall apply to the relevant Interest Period only. Any subsequent Interest Period may be subject to the subsequent operation of this Condition 7(n) (*Benchmark Replacement (Independent Adviser)*).
- (ii) If the Independent Adviser determines in its discretion that:
  - (A) there is a Successor Rate, then such Successor Rate shall (subject to adjustment as provided in Condition 7(n)(iii)) subsequently be used in place of the Reference Rate to determine the Rate of Interest (or the relevant component part(s) thereof) for the relevant Interest Period and all following Interest Periods, subject to the subsequent operation of this Condition 7(n) (*Benchmark Replacement (Independent Adviser)*) in the event of a further Benchmark Event affecting the Successor Rate; 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 7(n)(iii)) subsequently be used in place of the Reference Rate to determine the Rate of Interest (or the relevant component part(s) thereof) for the relevant Interest Period and all following Interest Periods, subject to the subsequent operation of this Condition 7(n) (*Benchmark Replacement (Independent Adviser)*) in the event of a further Benchmark Event affecting the Alternative Rate.
- (iii) If the Independent Adviser determines in its discretion (A) that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) and (B) the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall apply to the Successor Rate or the Alternative Rate (as the case may be).
- (iv) If any relevant Successor Rate, Alternative Rate or Adjustment Spread is determined in accordance with this Condition 7(n) (*Benchmark Replacement (Independent Adviser)*) and the Independent Adviser determines in its discretion (i) that amendments to these Conditions 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, then the Issuer shall, following consultation with the Calculation Agent (or the person specified in the relevant Final Terms as the party responsible for calculating the Rate of Interest and the Interest Amount(s)), subject to giving notice thereof in accordance with Condition 7(n)(v), without any requirement for the consent or approval of relevant Noteholders, vary these Conditions to give effect to such Benchmark Amendments with effect from the date specified in such notice (and for the avoidance of doubt, the Fiscal Agent shall, at the direction and expense of the Issuer, consent to and effect such consequential amendments to the Agency Agreement and these Conditions as the Fiscal Agent may require in order to give effect to this Condition 7(n) (*Benchmark Replacement (Independent Adviser)*)).
- (v) Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 7(n) will be notified promptly by the Issuer to the Fiscal Agent, the Calculation Agent, the Paying Agents and, in accordance with

Condition 21 (*Notices*), the Noteholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

- (vi) No later than notifying the Fiscal Agent of the same, the Issuer shall deliver to the Fiscal Agent a certificate signed by two authorised signatories of the Issuer:
  - (A) confirming (x) that a Benchmark Event has occurred, (y) the relevant Successor Rate, or, as the case may be, the relevant Alternative Rate and, (z) where applicable, any relevant Adjustment Spread and/or the specific terms of any relevant Benchmark Amendments, in each case as determined in accordance with the provisions of this Condition 7(n) (*Benchmark Replacement (Independent Adviser)*); and
  - (B) certifying that (1) the relevant Benchmark Amendments are necessary to ensure the proper operation of such relevant Successor Rate, Alternative Rate and/or Adjustment Spread and (2) the intent of the drafting of such changes is to implement the relevant Benchmark Amendments.

The Fiscal Agent and the Agents shall be entitled to rely on such certificate (without further enquiry and without liability to any person) as sufficient evidence thereof.

- (vii) The Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of such Successor Rate or Alternative Rate and such Adjustment Spread (if any) and such Benchmark Amendments (if any)) be binding on the Issuer, Fiscal Agent, the Calculation Agent, any Paying Agents and the Noteholders.
- (viii) As used in this Condition 7(n) (*Benchmark Replacement (Independent Adviser)*):

**"Adjustment Spread"** means either a spread (which may be positive or negative), or the formula or methodology for calculating a spread, in either case, which the Independent Adviser determines is required to be applied to the relevant Successor Rate or the relevant 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 Reference Rate with the Successor Rate by any Relevant Nominating Body; or
- (B) (if no such recommendation has been made, or in the case of an Alternative Rate), the Independent Adviser, determines is customarily applied to the relevant Successor Rate or Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Reference Rate; or
- (C) (if no such determination has been made) the Independent Adviser determines, is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); or
- (D) (if the Independent Adviser determines that no such industry standard is recognised or acknowledged) the Independent Adviser determines to be appropriate to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Noteholders as a result of the replacement of the Reference Rate with the Successor Rate or the Alternative Rate (as the case may be).

**"Alternative Rate"** means an alternative benchmark or screen rate which the Independent Adviser determines in accordance with this Condition 7(n) is customary in market usage in the international debt capital markets for the purposes of determining floating rates of interest (or the relevant component part thereof) in the Specified Currency;

**"Benchmark Amendments"** has the meaning given to it in Condition 7(n)(iv);

**"Benchmark Event"** means:

- (A) the relevant Reference Rate has ceased to be published on the Relevant Screen Page as a result of such benchmark ceasing to be calculated or administered; or
- (B) a public statement by the administrator of the relevant Reference Rate that (in circumstances where no successor administrator has been or will be appointed that will continue publication of such Reference Rate) it has ceased publishing such Reference Rate permanently or indefinitely or that it will cease to do so by a specified future date (the "**Specified Future Date**"); or
- (C) a public statement by the supervisor of the administrator of the relevant Reference Rate that such Reference Rate has been or will, by a specified future date (the "**Specified Future Date**"), be permanently or indefinitely discontinued; or
- (D) a public statement by the supervisor of the administrator of the relevant Reference Rate that means that such Reference Rate will, by a specified future date (the "**Specified Future Date**"), be prohibited from being used or that its use will be subject to restrictions or adverse consequences, either generally or in respect of the Notes; or
- (E) a public statement by the supervisor of the administrator of the relevant Reference Rate (as applicable) that, in the view of such supervisor, (i) such Reference Rate is or will, by a specified future date (the "**Specified Future Date**"), be no longer representative of an underlying market or (ii) the methodology to calculate such Reference Rate has materially changed; or
- (F) it has or will, by a specified date within the following six months, become unlawful for the Calculation Agent to calculate any payments due to be made to any Noteholder using the relevant Reference Rate (as applicable) (including, without limitation, under the Benchmarks Regulation (EU) 2016/1011, if applicable).

Notwithstanding the sub-paragraphs above, where the relevant Benchmark Event is a public statement within sub-paragraphs (B), (C), (D), or (E) above and the Specified Future Date in the public statement is more than six months after the date of that public statement, the Benchmark Event shall not be deemed to occur until the date falling six months prior to such Specified Future Date.

**"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 Issuer at its own expense;

**"Relevant Nominating Body"** means, in respect of a benchmark or screen rate (as applicable):

- (A) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or
- (B) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (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 Reference Rate which is formally recommended by any Relevant Nominating Body.

8. **Zero Coupon Note Provisions**

- (a) *Application:* This Condition 8 (*Zero Coupon Note Provisions*) is applicable to the Notes only if the Zero Coupon Note Provisions are specified in the relevant Final Terms as being applicable.
- (b) *Late payment on Zero Coupon Notes:* If the Redemption Amount payable in respect of any Zero Coupon Note is improperly withheld or refused, the Redemption Amount shall thereafter be an amount equal to the sum of:
  - (i) the Reference Price; and
  - (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price on the basis of the relevant Day Count Fraction from (and including) the Issue Date to (but excluding) whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is five days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such fifth day (except to the extent that there is any subsequent default in payment).

9. **Exempt Notes**

In the case of Exempt Notes with a floating rate of interest where the relevant Pricing Supplement identifies that Screen Rate Determination applies to the calculation of interest, if the Reference Rate from time to time is specified in the relevant Pricing Supplement as being other than EURIBOR or STIBOR, the rate of interest in respect of such Exempt Notes will be determined as provided in the relevant Pricing Supplement.

Exempt Notes may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an index-linked or other variable linked note, a dual currency note, an instalment note or a combination of any of the foregoing, or such other type of Note as provided in the relevant Pricing Supplement.

The rate or amount of interest payable in respect of Exempt Notes which are not also Fixed Rate Notes or Floating Rate Notes shall be determined in the manner specified in the relevant Pricing Supplement.

10. **Redemption and Purchase**

- (a) *Scheduled redemption:* Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their Final Redemption Amount on the Maturity Date, subject as provided in Condition 11 (*Payments - Bearer Notes*) and Condition 12 (*Payments - Registered Notes*).
- (b) *Redemption for tax reasons:* The Notes may be redeemed at the option of the Issuer in whole, but not in part:
  - (i) at any time (if the Floating Rate Note Provisions are not specified in the relevant Final Terms as being applicable); or
  - (ii) on any Interest Payment Date (if the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable),

on giving not less than 30 nor more than 60 days' notice to the Noteholders, or such other period(s) as may be specified in the relevant Final Terms (which notice shall be irrevocable), at their Early Redemption Amount (Tax), together with interest accrued (if any) to the date fixed for redemption, if:

- (A) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 13 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the date of issue of the first Tranche of the Notes; and
- (B) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,



*provided, however, that no such notice of redemption shall be given earlier than:*

- (1) where the Notes may be redeemed at any time, 90 days (or such other period as may be specified in the relevant Final Terms) prior to the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Notes were then due; or
- (2) where the Notes may be redeemed only on an Interest Payment Date, 60 days (or such other period as may be specified in the relevant Final Terms) prior to the Interest Payment Date occurring immediately before the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Notes were then due.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Fiscal Agent (or in the case of Swedish Registered Notes to the Swedish Issuing Agent) (A) a certificate signed by two directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred of and (B) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment. Upon the expiry of any such notice as is referred to in this Condition 10(b) (*Redemption for tax reasons*), the Issuer shall be bound to redeem the Notes in accordance with this Condition 10(b) (*Redemption for tax reasons*).

- (c) *Redemption at the option of the Issuer:* If Call Option is specified in the relevant Final Terms as being applicable, the Notes may be redeemed at the option of the Issuer in whole or, if so specified in the relevant Final Terms, in part on any Optional Redemption Date (Call) on the Issuer's giving not less than 15 nor more than 60 days' notice to the Noteholders (or such other period(s) as may be specified in the relevant Final Terms) (the "**Call Option Notice**"). Any redemption must relate to Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed and no greater than the Maximum Redemption Amount to be redeemed, in each case, as specified in the relevant Final Terms. The Call Option Notice shall be irrevocable, but may (at the option of the Issuer) be conditional on one or more conditions precedent being satisfied, or waived by the Issuer. All Notes in respect of which a Call Option Notice is given shall be redeemed on the date specified in the Call Option Notice in accordance with this Condition. The Call Option Notice shall oblige the Issuer to redeem the Notes (or, as the case may be, the Notes specified in such notice) on the relevant Optional Redemption Date (Call) at the amount applicable to such Optional Redemption Date (Call) as specified in the relevant Final Terms (together with accrued interest to, but excluding, the relevant Optional Redemption Date (Call)) being:

- (i) the Optional Redemption Amount (Call); or
- (ii) the Make Whole Redemption Price.

The "**Make Whole Redemption Price**" will, in respect of Notes to be redeemed, be:

- (i) if "**Sterling Make Whole Redemption Amount**" is specified as being applicable in the relevant Final Terms an amount equal to the higher of (i) 100 per cent. of the principal amount outstanding of such Notes to be redeemed and (ii) the principal amount outstanding of such Notes to be redeemed multiplied by the price (expressed as a percentage of its principal amount), as reported in writing to the Issuer by the Determination Agent (if applicable), at which the Gross Redemption Yield on such Notes on the Reference Date is equal to the sum of (x) the Gross Redemption Yield [(as determined by reference to the middle market price)] at the Quotation Time on the Reference Date of the Reference Bond, plus (y) the Redemption Margin, as determined by the Determination Agent; or
- (ii) if "**Non-Sterling Make Whole Redemption Amount**" is specified in the applicable Final Terms an amount equal to the higher of (i) 100 per cent. of the principal amount outstanding of such Notes to be redeemed and (ii) the principal amount outstanding of such Notes to be redeemed multiplied by the price (expressed as a percentage of its principal amount), as reported in writing to the Issuer by the Determination Agent (if applicable), at which the yield for the Remaining Term of such Notes on the Reference

Date is equal to the sum of (x) the Reference Bond Rate at the Quotation Time on the Reference Date, plus (y) the Redemption Margin, as determined by the Determination Agent,

provided however that, in the case of either (i) or (ii) above, if the Optional Redemption Date (Call) occurs on or after the Par Call Redemption Date (if any) specified in the relevant Final Terms, the Make Whole Redemption Price will be equal to 100 per cent. of the principal amount of such Notes to be redeemed.

- (d) *Redemption upon the occurrence of a Special Redemption Event (Special Redemption Event Call):* If Special Redemption Event Call is specified as being applicable in the applicable Final Terms, upon the occurrence of a Special Redemption Event, the Issuer (if the Basis of the Call is specified as being Mandatory in the applicable Final Terms) shall or (if the Basis of the Call is specified as being Optional in the applicable Final Terms) may give notice to the Noteholders to redeem the Notes then outstanding in whole, but not in part, at the Special Redemption Amount specified in the applicable Final Terms, together (if appropriate) with interest accrued but unpaid to (but excluding) the date fixed for redemption.

Such notice must be given to Noteholders in accordance with Condition 21 (*Notices*) within 5 business days of the Special Redemption Event. The notice shall be irrevocable and must specify the date for redemption, being not less than the minimum period nor more than the maximum period of notice (as specified in the applicable Final Terms) after the date of the notice.

In respect of such Notes where Special Redemption Event Call has been specified in the relevant Final Terms as being applicable, the Issuer may (if the Basis of the Call is specified as being Optional in the applicable Final Terms) waive its option to redeem the Notes upon the occurrence of a Special Redemption Event despite having exercised such option to redeem pursuant to this Condition 10(d) by giving notice, in accordance with Condition 21 (*Notices*), to the Holders (which notice shall be irrevocable). On the date on which such notice is given this Condition 10(d) (*Redemption upon the occurrence of a Special Redemption Event (Special Redemption Event Call)*) shall cease to be effective in respect only of the Notes specified in the Notice, and the Issuer will no longer have the right to redeem such Notes in connection with a Special Redemption Event.

For the purposes of this Condition a "**Special Redemption Event**" shall be deemed to have occurred if the Issuer (directly or indirectly through any member of the Group): (i) has not completed and closed the acquisition of the Acquisition Target specified in the applicable Final Terms by the Special Redemption Longstop Date specified in the applicable Final Terms; or (ii) has published an announcement that it no longer intends to pursue the acquisition of the Acquisition Target.

- (e) *Partial redemption:* If the Notes are to be redeemed in part only on any date in accordance with Condition 10(c) (*Redemption at the option of the Issuer*), the Notes to be redeemed shall be selected by the drawing of lots in such place as the Fiscal Agent approves and in such manner as the Fiscal Agent considers appropriate, subject to compliance with applicable law, the rules of each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation and, in the case of Swedish Registered Notes, the then applicable rules and procedures of Euroclear Sweden and the notice to Noteholders referred to in Condition 10(c) (*Redemption at the option of the Issuer*) shall specify the serial numbers or, in the case of Swedish Registered Notes, otherwise specify the Notes or amounts of the Notes so to be redeemed. If any Maximum Redemption Amount or Minimum Redemption Amount is specified in the relevant Final Terms, then the Optional Redemption Amount (Call) shall in no event be greater than the maximum or be less than the minimum so specified.
- (f) *Clean-up Call:* If "*Clean-up Call*" is specified in the relevant Final Terms as being applicable, and if, at any time (other than following the redemption of some, but not all, of the Notes at the Make Whole Redemption Price at the Issuer's option pursuant to Condition 10(c) (*Redemption at the option of the Issuer*)), the outstanding aggregate nominal amount of the Notes is 25 per cent. or less of the aggregate nominal amount of the Notes originally issued (and, for these purposes, any further Notes issued pursuant to Condition 20 (*Further Issues*) and consolidated with the Notes as part of the same Series shall be deemed to have been originally issued), the Issuer may redeem all (but not some only) of the remaining outstanding Notes on any date (or, if the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable, on any Interest Payment Date) upon giving not less than 15 nor more than 30 days' notice to the Noteholders (or such other notice period as may be specified in the applicable Final Terms) (which notice shall specify the date for redemption and shall be irrevocable), at the Optional Redemption Amount (Clean-up Call) together with any accrued and unpaid interest up to (but excluding)

the date of redemption. Prior to the publication of any notice of redemption pursuant to this Condition 10(f) (*Clean-up Call*), the Issuer shall deliver to the Fiscal Agent a certificate signed by two authorised signatories of the Issuer stating that the Issuer is entitled to effect such redemption and certifying that the outstanding aggregate nominal amount of the Notes is 25 per cent. or less of the aggregate nominal amount of the Notes originally issued. The Fiscal Agent shall be entitled to accept such certificate as sufficient evidence of the satisfaction of the condition precedent set out above, in which event it shall be conclusive and binding on the Noteholders and the Couponholders.

- (g) *Redemption at the option of Noteholders*: If the Put Option is specified in the relevant Final Terms as being applicable, the Issuer shall, at the option of the holder of any Note redeem such Note on the Optional Redemption Date (Put) specified in the relevant Put Option Notice at the relevant Optional Redemption Amount (Put) together with interest (if any) accrued to such date. In order to exercise the option contained in this Condition 10(g) (*Redemption at the option of Noteholders*), the holder of a Note must, not less than 15 nor more than 60 days (or such other period as specified in the relevant Final Terms) before the relevant Optional Redemption Date (Put), deposit with any Paying Agent such Note together with all unmatured Coupons relating thereto and a duly completed Put Option Notice in the form obtainable from any Paying Agent. The Paying Agent with which a Note is so deposited shall deliver a duly completed Put Option Receipt to the depositing Noteholder. In the case of Swedish Registered Notes, a Put Option Notice will not take effect against the Issuer before the date of which the relevant Swedish Registered Notes have been transferred to the account designated by the Swedish Issuing Agent and blocked for further transfer by such Swedish Issuing Agent (such date will be the first date of a Closed Period). No Note, once deposited with a duly completed Put Option Notice in accordance with this Condition 10(g) (*Redemption at the option of Noteholders*), may be withdrawn; *provided, however, that* if, prior to the relevant Optional Redemption Date (Put), any such Note becomes immediately due and payable or, upon due presentation of any such Note on the relevant Optional Redemption Date (Put), payment of the redemption moneys is improperly withheld or refused, the relevant Paying Agent shall mail notification thereof to the depositing Noteholder at such address as may have been given by such Noteholder in the relevant Put Option Notice and shall hold such Note at its Specified Office for collection by the depositing Noteholder against surrender of the relevant Put Option Receipt. For so long as any outstanding Note is held by a Paying Agent in accordance with this Condition 10(g) (*Redemption at the option of Noteholders*) the depositor of such Note and not such Paying Agent shall be deemed to be the holder of such Note for all purposes.

Notwithstanding the above, in the case of Swedish Registered Notes, the right to require redemption of such Notes in accordance with this Condition 10(g) (*Redemption at the option of Noteholders*) must be exercised in accordance with the rules and procedures of Euroclear Sweden and where there is any inconsistency between the foregoing and the rules and procedures of Euroclear Sweden, the rules and procedures of Euroclear Sweden shall prevail.

- (h) *No other redemption*: The Issuer shall not be entitled to redeem the Notes otherwise than as provided in Conditions 10(a) (*Scheduled redemption*) to 10(g) (*Redemption at the option of Noteholders*) above.
- (i) *Early redemption of Zero Coupon Notes*: Unless otherwise specified in the relevant Final Terms, the Redemption Amount payable on redemption of a Zero Coupon Note at any time before the Maturity Date shall be an amount equal to the sum of:
- (i) the Reference Price; and
  - (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Note becomes due and payable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such Day Count Fraction as may be specified in the Final Terms for the purposes of this Condition 10(i) (*Early redemption of Zero Coupon Notes*) or, if none is so specified, a Day Count Fraction of 30E/360.

- (j) *Purchase*: The Issuer or any of its Subsidiaries may at any time purchase Notes in the open market or otherwise and at any price, *provided that* all unmatured Coupons are purchased therewith. Such Notes so purchased may be held, reissued, resold or, at the option of the Issuer or the relevant Subsidiary surrendered to any Paying Agent and/or the Registrar for cancellation.

- (k) *Cancellation*: All Notes so redeemed or purchased by the Issuer or any of its Subsidiaries and any unmatured Coupons attached to or surrendered with them that are not held, reissued or resold shall be cancelled.

## 11. **Payments - Bearer Notes**

This Condition 11 (*Payments – Bearer Notes*) is only applicable to Bearer Notes.

- (a) *Principal*: Payments of principal shall be made only against presentation and (*provided that* payment is made in full) surrender of Bearer Notes at the Specified Office of any Paying Agent outside the United States in the case of:
- (i) payments in a Specified Currency other than euro, US Dollars or Renminbi, by credit or transfer to an account in the relevant Specified Currency maintained by the payee with, or at the option of the payee by a cheque in such Specified Currency drawn on, a bank in the Principal Financial Centre of the country of such Specified Currency;
  - (ii) payments 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 or, at the option of the payee, by a euro cheque;
  - (iii) payments in US Dollars, by credit or transfer to a US Dollar account outside the United States specified by the payee; and
  - (iv) payments in Renminbi by credit or transfer to a Renminbi account maintained by or on behalf of the payee with a bank in the RMB Settlement Centre(s) as may be specified in the relevant Final Terms in accordance with applicable laws, rules, regulations and guidelines issued from time to time (including all applicable laws and regulations with respect to settlement in Renminbi in such RMB Settlement Centre(s) as may be specified in the relevant Final Terms).
- (b) *Interest*: Payments of interest shall, subject to Condition 11(h) (*Payments other than in respect of matured Coupons*) below, be made only against presentation and (*provided that* payment is made in full) surrender of the appropriate Coupons at the Specified Office of any Paying Agent outside the United States in the manner described in Condition 11(a) (*Principal*) above.
- (c) *Payments in New York City*: Payments of principal or interest may be made at the Specified Office of a Paying Agent in New York City if (i) the Issuer has appointed Paying Agents outside the United States with the reasonable expectation that such Paying Agents will be able to make payment of the full amount of the interest on the Notes in the currency in which the payment is due when due, (ii) payment of the full amount of such interest at the offices of all such Paying Agents is illegal or effectively precluded by exchange controls or other similar restrictions and (iii) payment is permitted by applicable United States law.
- (d) *Payments subject to fiscal laws*: All payments in respect of the Bearer Notes are subject in all cases to (i) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 13 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the United States Internal Revenue Code of 1986, as amended (the **Code**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.
- (e) *Deductions for unmatured Coupons*: If the relevant Final Terms specifies that the Fixed Rate Note Provisions are applicable and a Bearer Note is presented without all unmatured Coupons relating thereto:
- (i) if the aggregate amount of the missing Coupons is less than or equal to the amount of principal due for payment, a sum equal to the aggregate amount of the missing Coupons will be deducted from the amount of principal due for payment; *provided, however, that* if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of such missing Coupons which the gross amount actually available for payment bears to the amount of principal due for payment;

- (ii) if the aggregate amount of the missing Coupons is greater than the amount of principal due for payment:
  - (A) so many of such missing Coupons shall become void (in inverse order of maturity) as will result in the aggregate amount of the remainder of such missing Coupons (the "**Relevant Coupons**") being equal to the amount of principal due for payment; *provided, however, that* where this sub-paragraph would otherwise require a fraction of a missing Coupon to become void, such missing Coupon shall become void in its entirety; and
  - (B) a sum equal to the aggregate amount of the Relevant Coupons (or, if less, the amount of principal due for payment) will be deducted from the amount of principal due for payment; *provided, however, that*, if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of the Relevant Coupons (or, as the case may be, the amount of principal due for payment) which the gross amount actually available for payment bears to the amount of principal due for payment.

Each sum of principal so deducted shall be paid in the manner provided in Condition 11(a) (*Principal*) above against presentation and (*provided that* payment is made in full) surrender of the relevant missing Coupons.

- (f) *Unmatured Coupons void*: If the relevant Final Terms specifies that this Condition 11(f) (*Unmatured Coupons void*) is applicable or that the Floating Rate Note Provisions are applicable, on the due date for final redemption of any Note or early redemption in whole of such Note pursuant to Condition 10(b) (*Redemption for tax reasons*), Condition 10(c) (*Redemption at the option of the Issuer*), Condition 10(g) (*Redemption at the option of Noteholders*) or Condition 14 (*Events of Default*), all unmatured Coupons relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.
- (g) *Payments on business days*: If the due date for payment of any amount in respect of any Bearer Note or Coupon is not a Payment Business Day in the place of presentation, the holder shall not be entitled to payment in such place of the amount due until the next succeeding Payment Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.
- (h) *Payments other than in respect of matured Coupons*: Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Bearer Notes at the Specified Office of any Paying Agent outside the United States (or in New York City if permitted by Condition 11(c) above).
- (i) *Partial payments*: If a Paying Agent makes a partial payment in respect of any Bearer Note or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and date of such payment.
- (j) *Exchange of Talons*: On or after the maturity date of the final Coupon which is (or was at the time of issue) part of a Coupon Sheet relating to the Bearer Notes, the Talon forming part of such Coupon Sheet may be exchanged at the Specified Office of the Fiscal Agent for a further Coupon Sheet (including, if appropriate, a further Talon but excluding any Coupons in respect of which claims have already become void pursuant to Condition 15 (*Prescription*)). Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note shall become void and no Coupon will be delivered in respect of such Talon.
- (k) *Payment of US Dollar Equivalent*: Notwithstanding the foregoing, if by reason of Inconvertibility, Non-transferability or Illiquidity, the Issuer is not able, or it would be impracticable for it, to satisfy payments of principal or interest (in whole or in part) in respect of the Notes when due in Renminbi in the RMB Settlement Centre, the Issuer may, on giving not less than five or more than 30 days' irrevocable notice to the Holders prior to the due date for payment, settle any such payment (in whole or in part) in US dollars on the due date at the US Dollar Equivalent of any such Renminbi denominated amount.

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 11(k) (*Payment of US Dollar Equivalent*) by the Calculation Agent, will (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Agents and all Holders.

12. **Payments - Registered Notes**

Conditions 12(a) (*Principal*) to Condition 12(g) (*Payment of US Dollar Equivalent*) are only applicable to Registered Notes. Condition 12(h) (*Payment - Swedish Registered Notes*) is only applicable to Swedish Registered Notes.

(a) *Principal*: Payments of principal shall be in the case of:

- (i) payments in a Specified Currency other than euro, US Dollars or Renminbi, by credit or transfer to an account in the relevant Specified Currency maintained by the payee with, or at the option of the payee by a cheque in such Specified Currency drawn on, a bank in the Principal Financial Centre of the country of such Specified Currency;
- (ii) payments 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 or, at the option of the payee, by a euro cheque;
- (iii) payments in US Dollars, by credit or transfer to a US Dollar account outside the United States specified by the payee; and
- (iv) payments in Renminbi by credit or transfer to a Renminbi account maintained by or on behalf of the payee with a bank in the RMB Settlement Centre(s) as may be specified in the relevant Final Terms in accordance with applicable laws, rules, regulations and guidelines issued from time to time (including all applicable laws and regulations with respect to settlement in Renminbi in such RMB Settlement Centre(s) as may be specified in the relevant Final Terms),

and (in the case of redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of any Paying Agent.

(b) *Interest*: Payments of interest shall be made in the manner described in Condition 12(a) (*Principal*) above and (in the case of interest payable on redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of any Paying Agent.

(c) *Payments subject to fiscal laws*: All payments in respect of the Registered Notes are subject in all cases to (i) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 13 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Noteholders in respect of such payments.

(d) *Payments on business days*: Where payment is to be made by transfer to an account, payment instructions (for value the due date, or, if the due date is not Payment Business Day, for value the next succeeding Payment Business Day) will be initiated and, where payment is to be made by cheque, the cheque will be mailed (i) (in the case of payments of principal and interest payable on redemption) on the later of the due date for payment and the day on which the relevant Note Certificate is surrendered (or, in the case of part payment only, endorsed) at the Specified Office of a Paying Agent and (ii) (in the case of payments of interest payable other than on redemption) on the due date for payment. A Holder of a Registered Note shall not be entitled to any interest or other payment in respect of any delay in payment resulting from (A) the due date for a payment not being a Payment Business Day or (B) a cheque mailed in accordance with this Condition 13 (*Taxation*) arriving after the due date for payment or being lost in the mail.

(e) *Partial payments*: If a Paying Agent makes a partial payment in respect of any Registered Note, the Issuer shall procure that the amount and date of such payment are noted on the Register and, in the case of partial payment upon presentation of a Note Certificate, that a statement indicating the amount and the date of such payment is endorsed on the relevant Note Certificate.

(f) *Record date*: Each payment in respect of a Registered Note will be made to the person shown as the Holder in the Register at the opening of business in the place of the Registrar's Specified Office on the fifteenth day before the due date for such payment (the "**Record Date**"). Where payment in respect of a Registered Note is to be made by cheque, the cheque will be mailed to the address shown as the address of the Holder in the Register at the opening of business on the relevant Record Date.

- (g) *Payment of US Dollar Equivalent:* Notwithstanding the foregoing, if by reason of Inconvertibility, Non-transferability or Illiquidity, the Issuer is not able, or it would be impracticable for it, to satisfy payments of principal or interest (in whole or in part) in respect of the Notes when due in Renminbi in the relevant RMB Settlement Centre, the Issuer may, on giving not less than five or more than 30 days' irrevocable notice to the Holders prior to the due date for payment, settle any such payment (in whole or in part) in US dollars on the due date at the US Dollar Equivalent of any such Renminbi denominated amount.

In such event, payments of the US Dollar Equivalent of the relevant principal or interest in respect of Registered Notes represented by Note Certificates shall be made by a US dollar denominated cheque drawn on a bank in New York City and mailed to the Holder of such Note Certificates at its address appearing in the Register, or, upon application by the Holder to the specified office of the Registrar or any Transfer Agent before the Record Date, by transfer to a US dollar denominated account with a bank in New York City.

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 12(g) (*Payment of US Dollar Equivalent*) by the Calculation Agent, will (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Agents and all Holders.

- (h) *Payment - Swedish Registered Notes:* Payments of principal and/or interest in respect of Swedish Registered Notes shall be made to the persons shown as the Holders of Swedish Registered Notes on the fifth Business Day (or in accordance with the rules and procedure applied by Euroclear Sweden from time to time) before the due date for such payment, or such other Business Day falling closer to the due date as may be stipulated in the current rules and procedures of Euroclear Sweden. Such day will be the **Record Date** in respect of Swedish Registered Notes.

### 13. **Taxation**

- (a) *Gross up:* All payments of principal and interest in respect of the Notes and the Coupons by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of any Tax Jurisdiction, unless the withholding or deduction of such taxes, duties, assessments, or governmental charges is required by law. In that event, the Issuer shall pay such additional amounts as will result in receipt by the Noteholders and the Couponholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note or Coupon:
- (i) held by or on behalf of a Holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of its having some connection with the jurisdiction by which such taxes, duties, assessments or charges have been imposed, levied, collected, withheld or assessed other than the mere holding of the Note or Coupon; or
  - (ii) where the relevant Note or Coupon or Note Certificate is surrendered for payment more than 30 days after the Relevant Date except to the extent that the holder of such Note or Coupon would have been entitled to such additional amounts on presenting or surrendering such Note or Coupon or Note Certificate for payment on the last day of such period of 30 days; or
  - (iii) where such withholding or deduction is required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto.
- (b) *Taxing jurisdiction:* If the Issuer becomes subject at any time to any taxing jurisdiction other than the Tax Jurisdiction references in these Conditions to the Tax Jurisdiction shall be construed as references to the Tax Jurisdiction and/or such other jurisdiction.

#### 14. **Events of Default**

If any of the following events occurs and is continuing:

- (a) *Non-payment*: if default is made in the payment of any principal or interest in respect of the Notes or any of them and the default continues for a period of 7 days in the case of principal and 14 days in the case of interest; or
- (b) *Breach of other obligations*: the Issuer defaults in the performance or observance of any of its other obligations under or in respect of the Notes and such default remains unremedied for 45 days after written notice thereof, addressed to the Issuer by any Noteholder, has been delivered to the Issuer or to the Specified Office of the Fiscal Agent; or
- (c) *Cross-Acceleration of Issuer or Principal Subsidiary*:
  - (i) any Indebtedness of the Issuer or any of its Principal Subsidiaries is not paid when due and called upon or (as the case may be) within any applicable grace period;
  - (ii) any Indebtedness is declared due and payable prior to its stated maturity (otherwise than at the option of the Issuer or (as the case may be) the relevant Principal Subsidiary or **provided that** no event of default, howsoever described, has occurred) any Person entitled to such Indebtedness) as a result of a default thereunder (however described);
  - (iii) the Issuer or any of its Principal Subsidiaries fails to pay when due and called upon any amount payable by it under any Guarantee of any Indebtedness as extended by any applicable grace period; or
  - (iv) any security given by the Issuer or any of its Principal Subsidiaries for any Indebtedness is enforced;

*provided that* no event referred to in this Condition 14(c) (*Cross-Acceleration of Issuer or Principal Subsidiary*) shall constitute an Event of Default unless the aggregate amount of such Indebtedness or other relative liability in respect of which any of the events mentioned in this Condition 14(c) have occurred and have not been satisfied exceeds EUR 50,000,000 (or its equivalent in other currencies) and provided further that none of the events mentioned in this paragraph (c) shall constitute an Event of Default where they arise in respect of a recently acquired Principal Subsidiary as a direct result of such acquisition; or

- (d) *Winding-up*: if any order is made by any competent court or resolution passed for the winding-up, liquidation or dissolution of the Issuer or any Principal Subsidiary and in either case save where the action giving rise to such events is being contested in good faith and by all appropriate means (and save, in the case of the Issuer for the purposes of a reorganisation on terms previously approved by an Extraordinary Resolution, or, in the case of a Principal Subsidiary, for the purposes of a reorganisation of the Group whilst solvent); or
- (e) *Cessation of Business and Insolvency*: if the Issuer or any Principal Subsidiary ceases or threatens to cease to carry on the whole or substantially the whole of its business, (save, in the case of the Issuer for the purposes of a reorganisation on terms previously approved by an Extraordinary Resolution or, in the case of a Principal Subsidiary, for the purposes of a reorganisation whilst the Group is solvent), or the Issuer or any Principal Subsidiary, 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) *Execution or Distress*: if (a) proceedings are initiated against the Issuer or any Principal Subsidiary, under any applicable liquidation, insolvency, composition, reorganisation or other similar laws, or an application is made 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 Issuer or any Principal Subsidiary, or, as the case may be, in relation to the whole or substantially the whole of the undertaking or assets of any of them, or an encumbrancer takes possession of the whole or substantially the whole of the undertaking or assets of any of them, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or substantially the whole of the undertaking or assets of any of them and (b) in any case (other than the appointment of an administrator) is not discharged within 45 days; or



- (g) *Rescheduling*: if the Issuer or any Principal Subsidiary, initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with any one or more of its creditors with a view to the general readjustment or rescheduling of the indebtedness 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) *Analogous Events*: any event occurs which under the laws of any jurisdiction has a similar or analogous effect to any of those events mentioned in Condition 14(d) to (g) above; or

then any Note may, by written notice addressed by the holder thereof to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent, be declared immediately (or, in the case of Swedish Registered Notes, such later date on which the relevant Swedish Registered Notes have been transferred to the account designated by the Swedish Issuing Agent and blocked for further transfer by such Swedish Issuing Agent) due and payable, whereupon it shall become immediately due and payable at its Early Termination Amount together with accrued interest (if any) without further action or formality.

15. **Prescription**

Claims for principal in respect of Bearer Notes shall become void unless the relevant Bearer Notes are presented for payment within ten years of the appropriate Relevant Date. Claims for interest in respect of Bearer Notes shall become void unless the relevant Coupons are presented for payment within five years of the appropriate Relevant Date. Claims for principal and interest on redemption in respect of Registered Notes shall become void unless the relevant Note Certificates are surrendered for payment within ten years of the appropriate Relevant Date.

16. **Replacement of Notes and Coupons**

If any Note, Coupon or Note Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Fiscal Agent, in the case of Bearer Notes, or the Registrar, in the case of Registered Notes (and, if the Notes are then admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent or Transfer Agent in any particular place, the Paying Agent or Transfer Agent having its Specified Office in the place required by such competent authority, stock exchange and/or quotation system), subject to all applicable laws and competent authority, stock exchange and/or quotation system requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes, Coupons or Note Certificates must be surrendered before replacements will be issued. For the avoidance of doubt, this Condition 16 (*Replacement of Notes and Coupons*) shall not apply to the Swedish Registered Notes.

17. **Agents**

In acting under the Agency Agreement and in connection with the Notes and the Coupons, the Agents act solely as agents of the Issuer and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders or Couponholders.

The initial Agents and their initial Specified Offices are listed below. The initial Calculation Agent (if any) is specified in the relevant Final Terms. The Issuer reserves the right at any time to vary or terminate the appointment of any Agent and to appoint a successor fiscal agent or registrar or Calculation Agent and additional or successor paying agents; *provided, however, that* so long as the relevant Notes or Swedish Registered Notes, as the case may be, remain outstanding:

- (a) the Issuer shall at all times maintain a fiscal agent, a registrar in respect of Registered Notes or, as the case may be, the Swedish Registered Notes, which in the latter case shall be Euroclear Sweden;
- (b) in the case of the Swedish Registered Notes, the Issuer shall at all times maintain a Swedish Issuing Agent *provided that* such Swedish Issuing Agent is duly authorised by Euroclear Sweden;
- (c) if a Calculation Agent is specified in the relevant Final Terms, the Issuer shall at all times maintain a Calculation Agent; and

- (d) if and for so long as the Notes are admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent and/or a Transfer Agent in any particular place, the Issuer shall maintain a Paying Agent and/or a Transfer Agent having its Specified Office in the place required by such competent authority, stock exchange and/or quotation system.

Notice of any change in any of the Agents or in their Specified Offices shall promptly be given to the Noteholders.

#### 18. **Meetings of Noteholders; Modification and Waiver**

- (a) *Meetings of Noteholders other than in respect of Swedish Registered Notes:* The Agency Agreement contains provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of these Conditions. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Issuer and shall be convened by them upon the request in writing of Noteholders holding not less than one-tenth of the aggregate principal amount of the outstanding Notes. The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more Persons holding or representing more than half of the aggregate principal amount of the outstanding Notes or, at any adjourned meeting, two or more Persons being or representing Noteholders whatever the principal amount of the Notes held or represented; *provided, however, that* Reserved Matters may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which two or more Persons holding or representing not less than two-thirds or, at any adjourned meeting, one quarter of the aggregate principal amount of the outstanding Notes form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders and Couponholders, whether present or not.

In addition, a resolution in writing approved by or on behalf of not less than two-thirds of Noteholders of the outstanding aggregate amount of the Notes will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

The Swedish Agency Agreement will contain provisions regarding meetings of Noteholders of Swedish Registered Notes.

The Swedish Issuing Agent shall prior to and in connection with meetings of Noteholders, and otherwise as and when required to carry out its duties under these Conditions, be entitled to obtain information from the register of Noteholders kept by Euroclear Sweden in respect of the Swedish Registered Notes (Sw. *skuldbok*), provided that this is permitted under the rules of Euroclear Sweden.

- (b) *Modification:* The Notes, these Conditions and the Deed of Covenant may be amended without the consent of the Noteholders or the Couponholders to correct a manifest error. In addition, the parties to the Agency Agreement may agree to modify any provision thereof, but the Issuer shall not agree, without the consent of the Noteholders, to any such modification unless it is of a formal, minor or technical nature, it is made to correct a manifest error or it is, in the opinion of such parties, not materially prejudicial to the interests of the Noteholders.

#### 19. **Substitution**

The relevant Issuer, or any previously substituted company, may at any time, without the consent of the Noteholders or the Couponholders, substitute for itself as principal debtor under the Notes and the Coupons, Sandvik AB (publ) or a Subsidiary of Sandvik AB (publ) (the “**Substitute**”) in the manner specified in the Agency Agreement, provided that no payment in respect of the Notes or the Coupons is at the relevant time overdue. The substitution shall be made by a deed poll (the “**Deed Poll**”), to be substantially in the form exhibited to the Agency Agreement, and may take place only if:

- (a) the Substitute shall have become party to the Agency Agreement *mutatis mutandis*, as if it had been an original party thereto and the Substitute shall enter into a deed of covenant on the same terms as the Deed of Covenant, *mutatis mutandis*;
- (b) the Substitute shall, by means of the Deed Poll, agree to indemnify each Noteholder, and Couponholder against any withholding, tax, duty, assessment or governmental charge which is imposed on it by (or by any authority in or of) the jurisdiction of the country of the Substitute’s

residence for tax purposes and/or, if different, of its incorporation with respect to any Note, Coupon or deed of covenant and which would not have been so imposed had the substitution not been made, as well as against any withholding, tax, duty, assessment or governmental charge, and any cost or expense, relating to the substitution;

- (c) where the Substitute is not Sandvik AB (publ), the obligations of the Substitute under the Deed Poll, the Agency Agreement, the deed of covenant, the Notes and the Coupons shall be unconditionally and irrevocably guaranteed by Sandvik AB (publ) substantially in the form of the guarantee contained in the Deed Poll;
- (d) all action, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Deed Poll, the Agency Agreement, the Deed of Covenant, the Notes and Coupons, *mutatis mutandis* represent valid, legally binding and enforceable obligations of the Substitute and in the case of the Deed Poll of Sandvik AB (publ) have been taken, fulfilled and done and are in full force and effect;
- (e) the Substitute, if incorporated in a jurisdiction other than England, shall have appointed an agent to receive, for and on its behalf, service of process in any Proceedings (as defined in Condition 24(d) (*Rights of the Noteholders to take proceedings outside England*)) in England;
- (f) each listing authority and stock exchange (if any) on which the Notes are then admitted to listing or trading shall have confirmed that, following the proposed substitution, the Notes will be able to be admitted to listing or trading by such listing authority or stock exchange;
- (g) legal opinions, subject to customary assumptions and qualifications, addressed to the Noteholders shall have been delivered to them (care of the Fiscal Agent) from a lawyer or firm of lawyers with a leading securities practice in each jurisdiction referred to in (ii) above and in England as to the fulfilment of the preceding conditions of this Condition 19 (*Substitution*) and the other matters specified in the Deed Poll; and
- (h) the relevant Issuer shall have given at least 14 days' prior notice in accordance with Condition 21 (*Notices*) of such substitution to the Noteholders stating that copies, or, pending execution, the agreed text, of all documents in relation to the substitution which are referred to above, or which might otherwise reasonably be regarded as material to Noteholders, will be available for inspection at the specified office of each of the Paying Agents.

References in Condition 14 (*Events of Default*) to obligations under the Notes shall be deemed to include obligations under the Deed Poll.

## 20. Further Issues

The Issuer may from time to time, without the consent of the Noteholders or the Couponholders, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Notes.

## 21. Notices

- (a) *Bearer Notes*: Notices to the Holders of Bearer Notes, save in the case of Exempt Notes where another means of effective communication has been specified in the relevant Pricing Supplement, shall be valid if published in a leading English language daily newspaper published in London (which is expected to be the *Financial Times*) and, if the Bearer Notes are admitted to trading on the Luxembourg Stock Exchange and it is a requirement of applicable law or regulations, a leading newspaper having general circulation in Luxembourg (which is expected to be *Luxemburger Wort*) or published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) or if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe. Any such notice shall be deemed to have been given on the date of first publication (or if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the 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.
- (b) *Registered Notes*: Notices to the Holders of Registered Notes shall be sent to them by first class mail (or its equivalent) or (if posted to an overseas address) by airmail at their respective addresses on the Register

and, if the Registered Notes are admitted to trading on the Luxembourg Stock Exchange and it is a requirement of applicable law or regulations, notices to Noteholders will be published on the date of such mailing in a leading newspaper having general circulation in Luxembourg (which is expected to be Luxemburger Wort) or published on the website of the Luxembourg Stock Exchange (www.bourse.lu) or, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe. Any such notice shall be deemed to have been given on the fourth day after the date of mailing.

- (c) *Swedish Registered Notes*: Notices to the Holders of Swedish Registered Notes shall be valid if sent by mail (if posted to an overseas address) by airmail to their registered addresses appearing in the Euroclear Sweden Register. Any such notice shall be deemed to have been given on the fourth Business Day after the day of which it was mailed.

## 22. **Currency Indemnity**

If any sum due from the Issuer in respect of the Notes or the Coupons or any order or judgment given or made in relation thereto has to be converted from the currency (the **first currency**) in which the same is payable under these Conditions or such order or judgment into another currency (the **second currency**) for the purpose of (a) making or filing a claim or proof against the Issuer, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to the Notes, the Issuer shall indemnify each Noteholder, on the written demand of such Noteholder addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent, against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which such Noteholder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof.

This indemnity constitutes a separate and independent obligation of the Issuer and shall give rise to a separate and independent cause of action.

## 23. **Rounding**

For the purposes of any calculations referred to in these Conditions (unless otherwise specified in these Conditions), (a) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 per cent. being rounded up to 0.00001 per cent.), (b) all US dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (with one half cent being rounded up), (c) all Japanese Yen amounts used in or resulting from such calculations will be rounded downwards to the next lower whole Japanese Yen amount, and (d) all amounts denominated in any other currency used in or resulting from such calculations will be rounded to the nearest two decimal places in such currency, with 0.005 being rounded upwards.

## 24. **Governing Law and Jurisdiction**

- (a) *Governing law*: The Notes and all non-contractual obligations arising out of or in connection with the Notes are governed by English law. In addition, the Swedish Registered Notes must comply with the SFIA Act.
- (b) *English courts*: The courts of England, sitting in London, have exclusive jurisdiction to settle any dispute (a **Dispute**) arising from or connected with the Notes including a Dispute relating to any non-contractual obligation arising out of or in connection with the Notes.
- (c) *Appropriate forum*: The Issuer agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.
- (d) *Rights of the Noteholders to take proceedings outside England*: Condition 24(b) (*English courts*) is for the benefit of the Noteholders only. As a result, save in respect of the limited exception set out in Condition 24(e) (*Proceedings in respect of Swedish Registered Notes*), nothing in this Condition 24 (*Governing law and jurisdiction*) prevents any Noteholder from taking proceedings relating to a Dispute (**Proceedings**) in any other courts with jurisdiction. To the extent allowed by law, Noteholders may take concurrent Proceedings in any number of jurisdictions.

- (e) *Proceedings in respect of Swedish Registered Notes:* Notwithstanding that, under the SFIA Act or the operating procedures, rules and regulations of Euroclear Sweden (together, the **Swedish Remedies**), Holders of Swedish Registered Notes may have remedies against the Issuer for non-payment or non-performance under the Conditions applicable to such Swedish Registered Notes, a Swedish Registered Note Holder must first exhaust all available remedies under English law for non-payment or non-performance before any Proceedings may be brought against the Issuer in Sweden in respect of the Swedish Remedies. Notwithstanding Condition 24(d) (*Rights of the Noteholders to take proceedings outside England*), and in this limited respect only, a Registered Holder of Swedish Registered Notes may therefore not take concurrent Proceedings in Sweden.
- (f) *Service of process:* The Issuer agrees that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to Sandvik Limited at Manor Way, Halesowen, West Midlands, B62 8QZ or at any address of the Group's in Great Britain at which service of process may be served on it in accordance with the Companies Act 2006. Nothing in this paragraph shall affect the right of any Noteholder to serve process in any other manner permitted by law. This Condition 24(f) (*Service of Process*) applies to Proceedings in England and to Proceedings elsewhere.

## FORM OF FINAL TERMS

*The Final Terms in respect of each Tranche of Notes (other than Exempt Notes) will be substantially in the following form and completed to reflect the particular terms of the relevant Notes and their issue.*

**[PROHIBITION OF SALES TO EEA 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"). 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, "EU MiFID II"); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "EU 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. Consequently no key information document required by Regulation (EU) No 1286/2014 (the "EU PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.

**PROHIBITION OF SALES TO 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 United Kingdom ("UK"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("EUWA"); (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the Financial Services and Markets Act 2000 (the "FSMA") to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "UK PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.]

**EU 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, "EU 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 EU 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.

**[UK MIFIR 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 only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("COBS"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("UK MiFIR"); 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")/[distributor] should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "UK MiFIR Product Governance Rules") 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).]



8. Interest Basis: [[●] per cent. Fixed Rate]  
[[●] +/- [●] per cent. Floating Rate]  
[Zero Coupon]
9. Redemption/Payment Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at the Final Redemption Amount.
10. Put/Call Options: [Not Applicable]  
[Investor Put]  
[Issuer Call]  
[Special Redemption Event Call]  
[Clean-up Call]  
[(further particulars specified below)]

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

11. **Fixed Rate Note Provisions** [Applicable] [Not Applicable]
- (i) Rate[(s)] of Interest: [●] per cent. per annum payable in arrear on each Interest Payment Date
- (ii) Interest Payment Date(s): [[●] [and [●]] in each year up to and including the Maturity Date] [adjusted for payment day purposes only in accordance with the Modified Business Day Convention] [adjusted for payment and interest accrual purposes in accordance with the Modified Business Day Convention]
- (iii) Fixed Coupon Amount[(s)]: [[●] per Calculation Amount] [Each Fixed Coupon Amount shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount by the Day Count Fraction and rounding the resultant figure to the nearest [CNY 0.01, CNY 0.005] [HK\$0.01, HK\$0.005] being rounded upwards] [Not Applicable]
- (iv) Broken Amount(s): [Not Applicable/[●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]] [Not Applicable]
- (v) Day Count Fraction: [Actual/ Actual (ICMA)]  
[Actual/ Actual (ISDA)]  
[Actual/ 365 (Fixed)]  
[Actual/ 360]  
[30/360]  
[30E/360]  
[30E/360 (ISDA)]
- (vi) Additional Business Centre(s): [Not Applicable] [●]
- (vii) Determination Dates: [●] [and [●]] in each year][Not Applicable]
- (viii) Party responsible for calculating the Rate(s) of Interest and/or Interest: [[●] shall be the Calculation Agent] [Not Applicable]



Amount(s) (if not the  
[Fiscal Agent]):

12. **Floating Rate Note Provisions** [Applicable] [Not Applicable]  
*[If not applicable, delete the remaining sub-paragraphs of this paragraph]*
- (i) Interest Period(s): [●]
- (ii) Specified Period: [●] [Not Applicable]
- (iii) Specified Interest Payment Dates: [[●] in each year, [subject to adjustment in accordance with the Business Day Convention set out in (v) below/not subject to any adjustment, as the Business Day Convention set out in (v) below is specified as No Adjustment] [Not Applicable]
- (iv) First Interest Payment Date: [●]
- (v) Business Day Convention: [Following Business Day Convention] [Modified Following Business Day Convention] [Preceding Business Day Convention] [Floating Rate Convention] [No Adjustment]
- (vi) Additional Business Centre(s): [Not Applicable] [●]
- (vii) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination] [ISDA Determination]
- (viii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the [Fiscal Agent]): [[●] shall be the Calculation Agent] [Not Applicable]
- (ix) Screen Rate Determination: [Applicable] [Not Applicable]
- Reference Rate: [[●] month]  
[EURIBOR/STIBOR/SONIA/SOFR/€STR]
  - Observation Method: [Lag / Observation Shift]
  - Lag Period: [5 / [ ] TARGET Settlement Days/U.S. Government Securities Business Days/London Banking Days/Not Applicable]
  - Observation Shift Period: [5 / [ ] TARGET Settlement Days/U.S. Government Securities Business Days/London Banking Days /Not Applicable]  
*(NB: A minimum of 5 should be specified for the Lag Period or Observation Shift Period, unless otherwise agreed with the Calculation Agent)*
  - Day Count Fraction: [360/365/[ ]] / [Not Applicable]

- Index Determination [Applicable/Not Applicable]
  - SONIA Compounded Index [Applicable/Not Applicable]
  - SOFR Compounded Index [Applicable/Not Applicable]
  - Relevant Decimal Place [ ] (unless otherwise specified in the Final Terms, be the fifth decimal place in the case of the SONIA Compounded Index and the seventh decimal place in the case of the SOFR Compounded Index)
  - Relevant Number of Index Days [ ] (unless otherwise specified in the Final Terms, Relevant Number shall be, in the case of the SONIA Compounded Index shall be five and in the case of the SOFR Compounded Index shall be two)
  - Interest Determination Date(s): [●]
  - Relevant Screen Page: [●]
  - Relevant Time: [●]
  - Relevant Financial Centre: [●]
- (x) ISDA Determination: [Applicable] [Not Applicable]
- Floating Rate Option: [●]
  - Designated Maturity: [●]
  - Reset Date: [●]
- (xi) 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]
- (xii) Margin(s): [+/-][●] per cent. per annum
- (xiii) Minimum Rate of Interest: [Not Applicable] [[●] per cent. per annum]
- (xiv) Maximum Rate of Interest: [Not Applicable] [[●] per cent. per annum]
- (xv) Day Count Fraction: [Actual/Actual (ICMA)]  
 [Actual/Actual (ISDA)]  
 [Actual/365 (Fixed) ]  
 [Actual/360]  
 [30/360]  
 [30E/360]  
 [30E/360 (ISDA)]

13. **Zero Coupon Note Provisions** [Applicable] [Not Applicable]
- (i) Accrual Yield: [●] per cent. per annum
- (ii) Reference Price: [●]
- (iii) Day Count Fraction in relation to Early Redemption Amounts and late payment: [●]

#### PROVISIONS RELATING TO REDEMPTION

14. **Call Option** [Applicable] [Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Date(s) (Call): [●] *(set out all Optional Redemption Dates including Par Call Redemption Dates)*
- (ii) Par Call Redemption Dates [Applicable]/[Not Applicable]  
 [●] [Any date from, and including, [●] to, but excluding, [●].]
- (iii) Optional Redemption Amount(s) (Call) of each Note: [In the case of the Optional Redemption Date(s)(Call) falling [on [●]]/[in the period from, and including, [date] to, but excluding, [date]] [[●] per Calculation Amount]  
 [In the case of the Optional Redemption Date(s) (Call) falling [on [●]]/[in the period from, and including, [date] to, but excluding, [date]] [the Make Whole Redemption Price]  
 [In the case of any Optional Redemption Date that is a Par Call Redemption Date, par.]
- (iv) Make-Whole Redemption Price: [Sterling Make Whole Redemption Amount] [Non-Sterling Make-Whole Redemption Amount] [Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Reference Bond: [●]
- (b) Quotation Time: [●]
- (c) Redemption Margin: [●] per cent.
- (d) Determination Date: [●]
- (e) Determination Agent: [●]
- (v) Special Redemption Event Call: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph) (Consideration should be given by the Issuer as to whether a supplement to the Base Prospectus is required prior to the inclusion of the Special Redemption Event Call)*
- (a) Basis of Call [Mandatory]/[Optional]
- (b) Acquisition Target [●]

- (c) Special Redemption Longstop Date [●]
- (d) Special Redemption Amount [●]
- (e) Special Redemption Optional Redemption Period: [●]
- (vi) Redeemable in part: [Applicable] [Not Applicable]
  - (a) Minimum Redemption Amount: [●]
  - (b) Maximum Redemption Amount: [●]
- (vii) Clean-up Call: [Applicable] [Not Applicable]
  - (a) Optional Redemption Amount (Clean-up Call) [●]
- (viii) Notice period: 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 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 Fiscal Agent.)*

- 15. **Noteholder Put Option** [Applicable] [Not Applicable]
  - (i) Optional Redemption Date(s) (Put): [●]
  - (ii) Optional Redemption Amount(s) (Put) of each Note: [●] per Calculation Amount
  - (iii) Notice period: [●]
- 16. **Final Redemption Amount of each Note** [●] per Calculation Amount
- 17. **Early Redemption Amount**

Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default or other early redemption: [[●] per Calculation Amount] [Condition 10(i) applies]

#### **GENERAL PROVISIONS APPLICABLE TO THE NOTES**

- 18. **Form of Notes:** [Bearer Notes:

[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes on [60] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note]

[Temporary Global Note exchangeable for Definitive Notes on or after the Exchange Date]

[Permanent Global Note exchangeable for Definitive Notes on [60] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note]]

[Registered Notes]

[Global Registered Notes registered in the name of a nominee for [a common depository for Euroclear Bank NA/SV and Clearstream Banking, S.A., a Common Safekeeper for Euroclear Bank NA/SV and Clearstream Banking, S.A. (that is, held under NSS)]]

[Swedish Registered Notes

Registrar: Euroclear Sweden

Swedish Issuing Agent: [●]]

19. **(i) New Global Note:** [Yes] [No]
- (ii) New Safekeeping Structure:** [Yes] [No]
20. **Additional Financial Centre(s) or other special provisions relating to payment dates:** [Not Applicable/[●]]
21. **Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):** [Yes/No.][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 left.]
22. **RMB Settlement Centre(s):** [●] [Hong Kong] [Not Applicable]

### THIRD PARTY INFORMATION

[[●] has been extracted from [●]. The Issuer 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 [●], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of Sandvik AB (publ):

By: .....  
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 the official list of the Luxembourg Stock Exchange and to trading on the regulated market of the Luxembourg Stock Exchange with effect from [●].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to the official list of the Luxembourg Stock Exchange and to trading on [the professional segment of] the regulated market of the Luxembourg Stock Exchange with effect from [●].] [Series [●] of the Notes is already admitted to the official list of the Luxembourg Stock Exchange and to trading the regulated market of the Luxembourg Stock Exchange.]

(ii) Estimate of total expenses related to admission to trading: [●]
2. **RATINGS**

The Notes to be issued [have been/are expected to be] rated:  
*(Include brief explanation of the meaning of the ratings)*

Ratings: [Standard & Poor's: [●]]  
[[*Other*]: [●]]

*(text below relates to CRA established in the EEA and registered under the EU CRA Regulation and details of whether rating is endorsed by a credit rating agency established and registered in the UK or certified under the UK CRA Regulation – adjust as appropriate)*

[*Insert legal name of particular credit rating agency entity providing rating*] is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the "**EU CRA Regulation**"). [[*Insert legal name of particular credit rating agency entity providing rating*] appears on the latest update of the list of registered credit rating agencies (as of [*insert date of most recent list*]) on the ESMA website <http://www.esma.europa.eu>]. [The rating [*Insert legal name of particular credit rating agency entity providing rating*] has given to the Notes is endorsed by [*insert legal name of credit rating agency*], which is established in the UK and registered under Regulation (EU) No 1060/2009 as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the "**UK CRA Regulation**").] /[[ [*Insert legal name of particular credit rating agency entity providing rating*] has been certified under Regulation (EU) No 1060/2009 as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 ( the "**UK CRA Regulation**").] / [[*Insert legal name of particular credit rating agency entity providing rating*] has not been certified under Regulation (EU) No 1060/2009, as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the "**UK CRA Regulation**") and the rating it has given to the Notes is not endorsed by a credit rating agency established in the UK and registered under the UK CRA Regulation.]
3. **INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE**

[●]

4. **USE OF PROCEEDS**

Use of Proceeds: [The Issuer intends to apply the net proceeds from the issue of the Notes for general corporate purposes.] / [ ] / [The Issuer intends to apply an amount equal to the net proceeds from the issue of the Notes for acquisition consideration, directly or indirectly, in whole or in part, and related fees in respect of the acquisition of the Acquisition Target[.][, although if the Special Redemption Event occurs but the Issuer elects not to exercise the Special Redemption Event Call, the Issuer intends to apply the net proceeds from the issue of the Notes for general corporate purposes. (only if the Basis of the Call is specified as Optional)]

5. **ESTIMATED NET PROCEEDS**

Estimated net proceeds: [●]

6. **YIELD** (Fixed Rate Notes only)

Indication of yield: [●]

7. **OPERATIONAL INFORMATION**

i. ISIN: [●]

ii. Common Code: [●]

iii. Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking, S.A. and the relevant identification number(s): [Not Applicable/●]  
[Euroclear Sweden Identification number:]

iv. Delivery: Delivery [against/free of] payment

v. Names and addresses of additional Paying Agent(s) (if any): [[●]/Not Applicable]

vi. Name of Swedish Issuing Agent (if any): [[●]/Not Applicable]

vii. Relevant Benchmark[s]: [[*specify benchmark*] is provided by [*administrator legal name*]][*repeat as necessary*]. As at the date hereof, [[*administrator legal name*]][*appears*]/[*does not appear*]][*repeat as necessary*] in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 (Register of administrators and benchmarks) of the EU Benchmarks Regulation]/[As far as the Issuer is aware, as at the date hereof, [*specify benchmark*] does not fall within the scope of the EU Benchmark Regulation]/ [As far as the Issuer is aware, the transitional provisions in Article 51 of Regulation (EU) 2016/1011, as amended apply, such that [*name of administrator*] is not currently required to obtain authorisation/registration (or, if located outside the European Union,

recognition, endorsement or equivalence)]/ [Not Applicable]

viii. Intended to be held in a manner which would allow Eurosystem eligibility:

[Yes/No]

[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*] 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 this Pricing Supplement, 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.]

8. **DISTRIBUTION**

US Selling Restrictions:

[Reg. S Compliance 2/Not Applicable]

[TEFRA C/TEFRA D/TEFRA not applicable]

Prohibition of Sales to EEA Retail Investors:

[Applicable] [Not Applicable]

Prohibition of Sales to UK Retail Investors:

[Applicable] [Not Applicable]



## FORM OF PRICING SUPPLEMENT

*The Pricing Supplement which will be completed for each Tranche of Exempt Notes, whatever the denomination of those notes, issued under the Programme will be substantially in the following form, duly supplemented, amended as necessary to reflect the particular terms of the relevant Notes and their issue.*

**NO PROSPECTUS IS REQUIRED IN ACCORDANCE WITH EU PROSPECTUS REGULATION FOR THE ISSUE OF NOTES DESCRIBED BELOW. THE CSSF HAS NEITHER APPROVED NOR REVIEWED THIS PRICING SUPPLEMENT.**

**[PROHIBITION OF SALES TO EEA 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"). 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, "EU MiFID II"); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "EU 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. Consequently no key information document required by Regulation (EU) No 1286/2014 (the "EU PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.]

**[PROHIBITION OF SALES TO 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 United Kingdom ("UK"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("EUWA"); (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the Financial Services and Markets Act 2000 (the "FSMA") to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "UK PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.]

**[EU 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, "EU 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 EU 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.]

**[UK MIFIR 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 only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("COBS"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("UK MiFIR"); 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")/[distributor] should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "UK MiFIR Product Governance Rules") 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).]

## Pricing Supplement dated [●]

### SANDVIK AB (PUBL)

Issue of [Aggregate Principal Amount of Tranche] [Title of Notes]

**under the €3,000,000,000 Programme for the issuance of Notes**

#### PART A - CONTRACTUAL TERMS

Any person making or intending to make an offer of the notes described in this Pricing Supplement (the "Notes") may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to EU Prospectus Regulation and includes any relevant implementing measures in a relevant Member State of the EEA) or supplement a prospectus pursuant to EU Prospectus Regulation, in each case, in relation to such offer.

This document constitutes the Pricing Supplement for the Notes described herein. [Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "Conditions") set forth in the Prospectus dated [●] 2021 and the supplement(s) to it dated [●]] (the "Base Prospectus"). Full information on the Issuer and the offer of the notes is only available on the basis of the combination of this Pricing Supplement and the Base Prospectus. The Base Prospectus is available for viewing at and copies may be obtained from the registered office of the Issuer at [Kungsbron 1, Section G, Floor 6, Box 510 Stockholm SE-101 30, Sweden], and at the registered office of the Paying Agent, [Citibank N.A., London Branch, 14th Floor, Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB United Kingdom.]

The expression "EU Prospectus Regulation" means Regulation (EU) 2017/1129

*[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 sub-paragraphs. Italics denote guidance for completing the Pricing Supplement.]*

- |    |  |  |
|----|--|--|
| 1. | Issuer:  | Sandvik 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 [●] on [the Issue Date][exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph [●] below, which is expected to occur on or about [●]] [Not Applicable] |
| 3. | Specified Currency or Currencies:  | [●]  |
| 4. | Aggregate Principal Amount:  | [●]  |
|    | [(i)] Series:  | [●]<br><i>[Insert total principal amount of outstanding Notes, including the Tranche which is the subject of this Pricing Supplement]</i>  |
|    | [(ii)] Tranche:  | [●]  |

5. Issue Price: [●] per cent. of the Aggregate Principal Amount [plus accrued interest from [●] (if applicable)]
6. (i) Specified Denomination(s): [●] [and integral multiples of [●] in excess thereof [up to and including [●]]]. No Notes in definitive form will be issued with a denomination above [●].
- [So long as the Notes are represented by a Temporary Global Note or Permanent Global Note and the relevant clearing system(s) so permit, the Notes will be tradeable only in principal amounts of at least the Specified Denomination (or if more than one Specified Denomination, the lowest Specified Denomination) and higher integral multiples of [●], notwithstanding that no Definitive Notes will be issued with denominations above [●].]*
- (ii) Calculation Amount: [●]
- [If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor][N.B. there must be a common factor in the case of two or more Specified Denominations]*
7. (i) Issue Date: [●]
- (ii) Interest Commencement Date: [●][Issue Date][Not Applicable]
8. Maturity Date: [●]
- [specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year]*
9. Interest Basis: [[●] per cent. Fixed Rate]  
[[●] month [EURIBOR/STIBOR/Other (specify reference rate)] +/- [●] per cent. Floating Rate]  
[Zero Coupon]  
[Other (specify)]  
[(further particulars specified below)]
10. Redemption/Payment Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at the Final Redemption Amount.
- [11. Change of Interest or Redemption Basis: [●] [Not Applicable] *[Specify details of any provision for convertibility of Notes into another Interest and/or Redemption Basis]*
12. Put/Call Options: [Not Applicable]  
[Investor Put]  
[Issuer Call]  
[Special Redemption Event Call]  
[Clean-up Call]  
[(further particulars specified below)]

## PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

13. **Fixed Rate Note Provisions** [Applicable][Not Applicable]  
*[If not applicable, delete the remaining sub-paragraphs of this paragraph]*
- (i) Rate[(s)] of Interest: [●] per cent. per annum payable in arrear on each Interest Payment Date
- (ii) Interest Payment Date(s): [[●] [and ●]] in each year up to and including the Maturity Date [adjusted for payment day purposes only in accordance with the Modified Business Day Convention] [adjusted for payment and interest accrual purposes in accordance with the Modified Business Day Convention]
- (iii) Fixed Coupon Amount[(s)]: [[●] per Calculation Amount] [Each Fixed Coupon Amount shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount by the Day Count Fraction and rounding the resultant figure to the nearest [CNY 0.01, CNY 0.005] [HK\$0.01, HK\$0.005] being rounded upwards] [Not Applicable]
- (iv) Broken Amount(s): [Not Applicable/[●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]] [Not Applicable]
- (v) Day Count Fraction: [Actual/ Actual (ICMA)]  
[Actual/ Actual (ISDA)]  
[Actual/ 365 (Fixed)]  
[Actual/ 360]  
[30/360]  
[30E/360]  
[30E/360 (ISDA)]
- (vi) Additional Business Centre(s): [Not Applicable] [●]
- (vii) Determination Dates: [[●] in each year] [Not Applicable]  
*[Insert regular Interest Payment Dates, ignoring the Issue Date or Maturity Date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual (ICMA)]*
- (viii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Fiscal Agent): [[●] shall be the Calculation Agent] [Not Applicable]
- (ix) Name and address of person responsible for calculating Basis of Interest and Interest Amount: [●] [Not Applicable]

- (x) Other terms relating to the method of calculating interest for Fixed Rate Notes: *[Specify details]*[Not Applicable]

14. **Floating Rate Note Provisions**

[Applicable][Not Applicable]

*[If not applicable, delete the remaining sub-paragraphs of this paragraph]*

- (i) Interest Period(s): [●]
- (ii) Specified Period: [[●]/Not Applicable]
- (iii) Specified Interest Payment Dates: [[●] in each year, [subject to adjustment in accordance with the Business Day Convention set out in (v) below/not subject to adjustment in accordance with the Business Day Convention set out in (v) below as the Business Day Convention in (v) below is specified to be Not Applicable] [Not Applicable]
- (iv) First Interest Payment Date: [●]
- (v) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention] [Other (*specify*)] [Not Applicable]
- (vi) Additional Business Centre(s): [Not Applicable] [●]
- (vii) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination][ISDA Determination] [Other (*specify*)]
- (viii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Fiscal Agent): [[●] shall be the Calculation Agent/ Not Applicable]
- (ix) Screen Rate Determination: [Applicable][Not Applicable]
- [If not applicable, delete the remainder of this sub-paragraph (vi)]*
- Reference Rate: [[●] month]  
[EURIBOR/STIBOR/SONIA/SOFR/€STR]  
[Other (*specify, including any amendment to fallback provisions*)]
  - Observation Method: [Lag / Observation Shift]
  - Lag Period: [5 / [ ] TARGET Settlement Days/U.S. Government Securities Business Days/London Banking Days/Not Applicable]

- Observation Shift Period: [5 / [ ] TARGET Settlement Days/U.S. Government Securities Business Days/London Banking Days /Not Applicable]
 

*(NB: A minimum of 5 should be specified for the Lag Period or Observation Shift Period, unless otherwise agreed with the Calculation Agent)*
- Day Count Fraction: [360/365/[ ]] / [Not Applicable]
- Index Determination: [Applicable/Not Applicable]
- SONIA Compounded Index: [Applicable/Not Applicable]
- SOFR Compounded Index: [Applicable/Not Applicable]
- Relevant Decimal Place: [ ] (unless otherwise specified in the Final Terms, be the fifth decimal place in the case of the SONIA Compounded Index and the seventh decimal place in the case of the SOFR Compounded Index)
- Interest Determination Date(s): [●]
 

*[The second day on which the TARGET System is open prior to start of each Interest Period if EURIBOR]*
- Relevant Screen Page: [●]
 

*[In the case of EURIBOR, if not Reuters EURIBOR 01, ensure it is a page which shows a composite rate or amend fallback provisions appropriately]*
- Relevant Time: [●]
- Relevant Financial Centre: [●]
- (x) ISDA Determination: [Applicable][Not Applicable]
 

*[If not applicable, delete the remainder of this sub-paragraph (vii)]*

  - Floating Rate Option: [●]
  - Designated Maturity: [●]
  - Reset Date: [●]
- (xi) 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*]
- (xii) Margin(s): [+/-] [●] per cent. per annum
- (xiii) Minimum Rate of Interest: [●] per cent. per annum
- (xiv) Maximum Rate of Interest: [●] per cent. per annum

- (xv) Day Count Fraction:  [Actual/Actual (ICMA)]  
 [Actual/Actual (ISDA)]  
 [Actual/365 (Fixed)]  
 [Actual/360]  
 [30/360]  
 [30E/360]  
 [30E/360 (ISDA)]
- (xvi) Fallback provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:  *[Specify]*  [Not Applicable]
15. **Zero Coupon Note Provisions**  [Applicable]  [Not Applicable]  
*[If not applicable, delete the remaining subparagraphs of this paragraph]*
- (i) Accrual Yield:  per cent. per annum
- (ii) Reference Price:
- (iii) Any other formula/basis of determining amount payable:  *[Specify]*  [Not Applicable]
- (iv) Day Count Fraction in relation to Early Redemption Amounts and late payment:
16. **Index-Linked Interest Note/other variable linked interest Note Provisions**  [Applicable/Not Applicable]  
*[If not applicable, delete the remaining subparagraphs of this paragraph]*
- (i) Index/Formula/other variable:  *[give or annex details]*
- (ii) Calculation Agent or other party responsible for calculating the interest due:
- (iii) Provisions for determining Coupon where calculated by reference to Index and/or Formula and/or other variable:  *[need to include a description of market disruption or settlement disruption events and adjustment provisions]*
- (iv) Interest Determination Date(s):
- (v) Provisions for determining Coupon where calculation by reference to Index and/or Formula and/or other variable is

impossible or impracticable or otherwise disrupted:

- (vi) Interest or calculation period(s): [●]
- (vii) Interest Payment Dates/Specified Periods: [●]
- (viii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (*give details*)]
- (ix) Additional Business Centre(s): [●]
- (x) Minimum Rate/Amount of Interest: [●] per cent. per annum
- (xi) Maximum Rate/Amount of Interest: [●] per cent. per annum
- (xii) Day Count Fraction: [●]

17. **Dual Currency Note Provisions** [Applicable/Not Applicable]

*(If not applicable, delete the remaining subparagraphs of this paragraph)*

- (i) Rate of Exchange/method of calculating Rate of Exchange: [*give details*]
- (ii) Calculation Agent, or other party, if any, responsible for calculating the principal and/or interest due (if not the Agent): [●]
- (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: [●]
- (iv) Person at whose option Specified Currency(ies) is/are payable: [●]

**PROVISIONS RELATING TO REDEMPTION**

18. **Call Option** [Applicable] [Not Applicable]

*(If not applicable, delete the remaining subparagraphs of this paragraph)*

- (i) Optional Redemption Date(s) (Call): [●](*set out all Optional Redemption Dates including Par Call Redemption Dates*)
- (ii) Par Call Redemption Dates: [Applicable]/[Not Applicable]  
[●][Any date from, and including, [●] to, but excluding, [●].]



- (iii) Optional Redemption Amount(s) (Call) of each Note: [in the case of the Optional Redemption Date(s)(Call) falling [on [●]]/[in the period from and including [date] but excluding [date]] [[●] per Calculation Amount]
- [In the case of the Optional Redemption Date(s) (Call) falling [on [●]]/[in the period from, and including, [date] to, but excluding, [date]] [the Make-Whole Redemption Price]
- [In the case of any Optional Redemption Date that is a Par Call Redemption Date, par.]
- (iv) Make-Whole Redemption Price: [Sterling Make Whole Redemption Amount] [Make Whole Redemption Amount] [Non-Sterling Make-Whole Redemption Amount] [Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Reference Bond: [●]
- (b) Quotation Time: [●]
- (c) Redemption Margin: [●] per cent.
- (d) Determination Date: [●]
- (e) Determination Agent: [●]
- (v) Special Redemption Event Call: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph) (Consideration should be given by the Issuer as to whether a supplement to the Base Prospectus is required prior to the inclusion of the Special Redemption Event Call)*
- (a) Basis of Call [Mandatory]/[Optional]
- (b) Acquisition Target [●]
- (c) Special Redemption Longstop Date [●]
- (d) Special Redemption Amount [●]
- (e) Special Redemption Optional Redemption Period: [●]
- (vi) Redeemable in part: [Applicable] [Not Applicable]
- (a) Minimum Redemption Amount: [●]
- (b) Maximum Redemption Amount: [●]
- (vii) Clean-up Call: [Applicable] [Not Applicable]

- (a) Optional Redemption Amount (Clean-up Call) [●]  
 (viii) Notice period: 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 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 Fiscal Agent.)*

19. **Noteholder Put Option** [Applicable][Not Applicable]  
*[If not applicable, delete the remaining subparagraphs of this paragraph]*
- (i) Optional Redemption Date(s) (Put): [●]
- (ii) Optional Redemption Amount(s) (Put) of each Note and method, if any, of calculation of such amount(s): [●] per Calculation Amount [Other (specify)] [See Appendix]
- (iii) Notice period: Minimum period: [15] days  
 Maximum period: [30] days
20. **Final Redemption Amount** [[●] per Calculation Amount] [Other (specify)] [See Appendix]
21. **Early Redemption Amount**  
 Early Redemption Amount(s) payable on redemption for taxation reasons or on event of default: [[●] per Calculation Amount][Condition 10(i) applies] [Other (specify)] [See Appendix]

**GENERAL PROVISIONS APPLICABLE TO THE NOTES**

22. **Form of Notes:** [Bearer Notes:  
 [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes on [60] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note]  
 [Temporary Global Note exchangeable for [Definitive Notes on [●] days' notice]]  
 [Permanent Global Note exchangeable for [Definitive Notes on [60] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note]]  
 [Registered Notes]

[Swedish Registered Notes

Registrar: Euroclear Sweden

Swedish Issuing Agent: [●]

23. (i) **New Global Note:** [Yes][No]
- (ii) **New Safekeeping Structure:** [Yes][No]
24. **Additional Financial Centre(s) or other special provisions relating to payment dates:** [Not Applicable][●]
25. **Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):** [Yes/ No. *If yes, give details*]
26. **RMB Settlement Centre(s):** [●] [Hong Kong] [Not Applicable]
27. **Details relating to Partly Paid Notes amount of each payment comprising the Issue Price and date on which each payment is to be made [and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment]:** [Not Applicable/*give details*]
28. **Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made:** [Not Applicable/*give details*]
29. **Redenomination, renominalisation and reconventioning provisions:** [Not Applicable/*give details*]
30. **Other final terms or special conditions:** [Not Applicable][*Specify details*]

**[THIRD PARTY INFORMATION**

[*Relevant third party information*] has been extracted from [*specify source*]. The Issuer 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 Sandvik AB (publ):

By:.....  
Duly authorised

## PART B – OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

Listing and Admission to Trading:	[Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to [●] and listing on [●] with effect from [●].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to listing on [●] and listing on [●] with effect from [●].] [Series [●] of the Notes is already admitted to [●] and to trading on the [●].] [Not Applicable]
Estimate of total expenses related to admission to trading:	[●] [Not Applicable]

### 2. RATINGS

	The Notes to be issued [have been/are expected to be] rated]:  <i>(Include brief explanation of the meaning of the ratings)</i>
Ratings:	[Standard & Poor's: [●]]  [[ <i>Other</i> ]: [●]]  <i>(text below relates to CRA established in the EEA and registered under the EU CRA Regulation and details of whether rating is endorsed by a credit rating agency established and registered in the UK or certified under the UK CRA Regulation – adjust as appropriate)</i>  [ <i>Insert legal name of particular credit rating agency entity providing rating</i> ] is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the " <b>EU CRA Regulation</b> "). [[ <i>Insert legal name of particular credit rating agency entity providing rating</i> ] appears on the latest update of the list of registered credit rating agencies (as of [ <i>insert date of most recent list</i> ]) on the ESMA website <a href="http://www.esma.europa.eu">http://www.esma.europa.eu</a> ]. [The rating [ <i>Insert legal name of particular credit rating agency entity providing rating</i> ] has given to the Notes is endorsed by [ <i>insert legal name of credit rating agency</i> ], which is established in the UK and registered under Regulation (EU) No 1060/2009 as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the " <b>UK CRA Regulation</b> ").] /[[ <i>Insert legal name of particular credit rating agency entity providing rating</i> ] has been certified under Regulation (EU) No 1060/2009 as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 ( the " <b>UK CRA Regulation</b> ").] / [[ <i>Insert legal name of particular credit rating agency entity providing rating</i> ] has not been certified under Regulation

(EU) No 1060/2009, as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the "**UK CRA Regulation**") and the rating it has given to the Notes is not endorsed by a credit rating agency established in the UK and registered under the CRA Regulation (UK).]

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

[●]

4. **USE OF PROCEEDS**

Use of Proceeds:

[The Issuer intends to apply the net proceeds from the issue of the Notes for general corporate purposes.] / [ ] / [The Issuer intends to apply an amount equal to the net proceeds from the issue of the Notes for acquisition consideration, directly or indirectly, in whole or in part, and related fees in respect of the acquisition of the Acquisition Target[.][, although if the Special Redemption Event occurs but the Issuer elects not to exercise the Special Redemption Event Call, the Issuer intends to apply the net proceeds from the issue of the Notes for general corporate purposes. (only if the Basis of the Call is specified as Optional)]

5. **ESTIMATED NET PROCEEDS**

Estimated net proceeds:

[●]

6. **YIELD** (Fixed Rate Notes only)

Indication of yield:

[●]

7. **OPERATIONAL INFORMATION**

i. ISIN: [●]

ii. Common Code: [●]

iii. Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking, S.A. and the relevant identification number(s): [Not Applicable/●]  
[Euroclear Sweden Identification number:]

iv. Delivery: Delivery [against/free of] payment

v. Names and addresses of additional Paying Agent(s) (if any): [[●]/Not Applicable]

vi. Name of Swedish Issuing Agent (if any): [[●]/Not Applicable]

- vii. Intended to be held in a manner which would allow Eurosystem eligibility: [Yes/No]
- [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*] 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 this Pricing Supplement, 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.]

8. **DISTRIBUTION**

- US Selling Restrictions: [Reg. S Compliance 2/Not Applicable]
- [TEFRA C/TEFRA D/TEFRA not applicable]
- Prohibition of Sales to EEA and UK Retail Investors: [Applicable] [Not Applicable]<sup>2</sup>
- Additional Selling Restrictions: [●]

[8. **ADDITIONAL DISCLOSURE]**

- [Costs and charges disclosure: [●]]

<sup>2</sup> If the offer of the Notes is concluded prior to 1 January 2018, or on and after that date the Notes clearly do not constitute "packaged" products, "Not Applicable" should be specified. If the offer of the Notes will be concluded on or after 1 January 2018 and the Notes may constitute "packaged" products and no key information document will be prepared, "Applicable" should be specified.

## SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

### Clearing System Accountholders

In relation to any Tranche of Notes represented by a Global Note in bearer form, references in the Conditions to Noteholder are references to the bearer of the relevant Global Note which, for so long as the Global Note is held by a depositary or a common depositary, in the case of a CGN, or a common safekeeper, in the case of an NGN for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, will be that depositary or common depositary or, as the case may be, common safekeeper.

In relation to any Tranche of Notes represented by a Global Registered Note, references in the Conditions to Noteholder are references to the person in whose name such Global Registered Note is for the time being registered in the Register which, for so long as the Global Registered Note is held by or on behalf of a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, will be that depositary or common depositary or a nominee for that depositary or, as the case may be, common safekeeper.

Each of the persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Global Note or a Global Registered Note (each, an "**Accountholder**") must look solely to Euroclear and/or Clearstream, Luxembourg and/or such other relevant clearing system (as the case may be) for such Accountholder's share of each payment made by the Issuer to the holder of such Global Note or Global Registered Note and in relation to all other rights arising under such Global Note or Global Registered Note. The extent to which, and the manner in which, Accountholders may exercise any rights arising under the Global Note or Global Registered Note will be determined by the respective rules and procedures of Euroclear and Clearstream, Luxembourg and any other relevant clearing system from time to time. For so long as the relevant Notes are represented by a Global Note or Global Registered Note, Accountholders shall have no claim directly against the Issuer in respect of payments due under the Notes and such obligations of the Issuer will be discharged by payment to the holder of such Global Note or Global Registered Note.

### Conditions applicable to Global Notes

Each Global Note and Global Registered Note will contain provisions which modify the Conditions as they apply to the Global Note or Global Registered Note. The following is a summary of certain of those provisions:

*Payments:* All payments in respect of the Global Note or Global Registered Note which, according to the Conditions, require presentation and/or surrender of a Note, Note Certificate or Coupon, will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Global Note or Global Registered Note to or to the order of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Notes. On each occasion on which a payment of principal or interest is made in respect of the Global Note, the Issuer shall procure that in respect of a CGN the payment is noted in a schedule thereto and in respect of an NGN or a Global Registered Note held in NSS, the payment is entered *pro rata* in the records of Euroclear and Clearstream, Luxembourg.

*Exercise of put option:* In order to exercise the option contained in Condition 10(g) (*Redemption at the option of Noteholders*) the bearer of the Permanent Global Note must, within the period specified in the Conditions for the deposit of the relevant Note and put notice, give written notice of such exercise to the Fiscal Agent specifying the principal amount of Notes in respect of which such option is being exercised. Any such notice will be irrevocable and may not be withdrawn.

*Partial exercise of call option:* In connection with an exercise of the option contained in Condition 10(c) (*Redemption at the option of the Issuer*) in relation to some only of the Notes, the Permanent Global Note or Global Registered Note may be redeemed in part in the principal amount specified by the Issuer in accordance with the Conditions and the Notes to be redeemed will not be selected as provided in the Conditions but in accordance with the rules and procedures of Euroclear and Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in principal amount, at their discretion).

*Notices:* Notwithstanding Condition 21 (*Notices*), while all the Notes are represented by a Permanent Global Note (or by a Permanent Global Note and/or a Temporary Global Note) or Global Registered Note and the Permanent Global Note is (or the Permanent Global Note and/or the Temporary Global Note are), or the Global Registered Note is, deposited with a depository or a common depository for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system or a common safekeeper, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 21 (*Notices*) on the date of delivery to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

*Record Date:* Each payment in respect of a Global Registered Note will be made to the person shown as the Holder in the Register at the close of business (in the relevant clearing system) on the Clearing System Business Day before the due date for such payment (the "**Record Date**") where "**Clearing System Business Day**" means a day on which each clearing system for which the Global Registered Note is being held is open for business.

*Payment Business Day:* Notwithstanding the definition of Payment Business Day in Condition 2(a) (*Definitions*), while all the Notes are represented by a Permanent Global Note (or by a Permanent Global Note and/or a Temporary Global Note) or a Global Registered Note and the Permanent Global Note is (or the Permanent Global Note and/or the Temporary Global Note are), or the Global Registered Note is deposited with a depository or a common depository or a common safekeeper for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, "**Payment Business Day**" means:

- (a) if the currency of payment is euro, any day which is a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or
- (b) if the currency of payment is Renminbi, any day on which commercial banks and foreign exchange markets are open for business in the relevant RMB Settlement Centre(s) and on which commercial banks in the relevant RMB Settlement Centre(s) are open for business and settlement of Renminbi payments; or
- (c) if the currency of payment is not euro or Renminbi, any day which is a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre (and if TARGET2 is specified as an Additional Financial Centre, a TARGET Settlement Day).

#### **Electronic Consent and Written Resolution**

While any Global Note is held on behalf of, or any Global Registered Note is registered in the name of any nominee for, a clearing system, then:

- (a) approval of a resolution proposed by the Issuer given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than two-thirds in principal amount of the Notes outstanding (an "**Electronic Consent**") shall, for all purposes (including in respect of an Extraordinary Resolution relating to a Reserved Matter to be passed), take effect as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held, and shall be binding on all Noteholders and holders of Coupons, Talons and Receipts whether or not they participated in such Electronic Consent; and
- (b) where Electronic Consent is not being sought, for the purpose of determining whether a Written Resolution (as defined in the Agency Agreement) has been validly passed, the Issuer shall be entitled to rely on consent or instructions given in writing directly to the Issuer by accountholders in the clearing system with entitlements to such Global Note or Global Registered Note or, where the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person for whom such entitlement is ultimately beneficially held, whether such beneficiary holds directly with the accountholder or *via* one or more intermediaries and provided that, in each case, the Issuer has obtained commercially reasonable evidence to ascertain the validity of such holding and has taken reasonable steps to ensure that such holding does not alter following the giving of such consent or instruction and prior to the effecting of such



amendment. Any resolution passed in such manner shall be binding on all Noteholders and holders of Coupons, Talons and Receipts even if the relevant consent or instruction proves to be defective. As used in this paragraph, **commercially reasonable evidence** includes any certificate or other document issued by Euroclear, Clearstream, Luxembourg or any other relevant clearing system, or issued by an accountholder or participant of them or an intermediary in a holding chain, in relation to the holding of interests in the Notes. Any such certificate or other document shall, in the absence of manifest error, be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear's EUCLID or Clearstream, Luxembourg's CreationOnline system) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of the Notes is clearly identified together with the amount of such holding. The Issuer shall not be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

## **USE OF PROCEEDS**

The net proceeds from the issue of each Series of Notes will be used for the Issuer's general corporate purposes. If in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the relevant Final Terms.

If Special Redemption Event Call is specified in the applicable Final Terms as "Applicable", the use of proceeds will be specified in the Final Terms as being acquisition consideration, directly or indirectly, in whole or in part, and related fees in respect of the acquisition of the Acquisition Target. The Final Terms may also state the potential use for general corporate purposes or other purposes if the Special Redemption Event occurs but the relevant Issuer elects not to exercise the Special Redemption Event Call (if the Basis of the Call is specified as Optional).

## DESCRIPTION OF THE ISSUER

### *History and development*

The Issuer was incorporated in 1897 under the laws of Sweden as a public limited liability company (*publikt aktiebolag*). The Issuer is registered at the Swedish Companies Registration Office with registration number 556000-3468. The Issuer operates under the Swedish Companies Act (*Aktiebolagslagen (2005:551)*). The Issuer's principal place of business is at Kungsbron 1, Section G, Floor 6, Box 510, Stockholm SE-101 30, Sweden and its telephone number is +46 (0) 26 26 00 00.

The Issuer was founded in 1862 by Göran Fredrik Göransson, who pioneered the Bessemer method for industrial-scale steel production. The Issuer belongs to a high-technology, engineering group with advanced products in selected areas. The Group's business is based on unique expertise in materials technology, extensive knowledge about industrial processes and close customer cooperation. This combination, coupled with continuous investments in research and development (**R&D**), has enabled the Group to establish operations in the following areas:

- Tools and tooling systems for industrial metal cutting;
- Equipment and tools, service and technical solutions for the mining and construction industries; and
- Advanced stainless steels and special alloys as well as products for industrial heating.

The Group is organized into four business areas with responsibility for R&D, production and sales of their respective products and services.

- **Sandvik Manufacturing and Machining Solutions.** The business area consists of two business area segments – Sandvik Machining Solutions and Sandvik Manufacturing Solutions.
  - o Sandvik Machining Solutions provides tools, tooling systems and services that optimize machining operations such as turning, milling and drilling. Services include, for example, logistic solutions and productivity improvement programmes. The business area segment holds several market-leading brands for its metal-cutting offering which operate independently from each other.
  - o Sandvik Manufacturing Solutions covers the areas of digital manufacturing and additive manufacturing. These are areas where Sandvik is uniquely positioned due to its extensive industrial experience and expertise in advanced materials, materials shaping and digital solutions.
- **Sandvik Mining and Rock Solutions** is a leading supplier in equipment and tools, parts, service and technical solutions for the mining and construction industries. Applications include rock drilling, rock cutting, loading and hauling, tunnelling and quarrying.
- **Sandvik Rock Processing Solutions** is a leading supplier of equipment, tools, parts, service and solutions for processing rock and minerals in the mining and construction industries. Applications include crushing, screening, breaking and demolition.
- **Sandvik Materials Technology** is a leading manufacturer of advanced stainless steels and special alloys for the most demanding industries. The offering covers a large variety of product forms, such as tube, pipe, bar and strip steel as well as products for industrial heating.

### STRATEGY

During 2020, the Issuer updated its strategy for an increased focus on growth. In recent years the Issuer has divested underperforming businesses, decentralized the organization and become a more resilient company. From this platform, the Issuer will further increase the focus on growth, digitalization, sustainability and agility. In 2021, the Issuer introduced six strategic objectives, defining target achievements up until 2025. The Issuer is continuing with the financial targets set in 2019.

### ***Shift to Growth***

The Issuer has set a compound annual growth rate target of at least 5 per cent. through a business cycle. This growth target means that it aims to become a SEK 115 billion company by 2025. The Issuer aims to increase its acquisition pace and add products and technology as well as services and digital solutions to its existing offerings. The Issuer will also focus on improving its ratio of new sales (i.e. sales of new products).

As part of its shift to growth, the Issuer acquired Allied Construction Products, CGTech, Summerill Tube Corporation, Quimmico Centro Tecnológico, Miranda Tools and DSI Underground.

### ***Digital Shift***

The Issuer's objective is to deliver best in class digital solutions in its industry and grow its digital customer offering. Internally, it aims to increase efficiency through a seamless flow, supported by standardized business systems across its sites. Examples of the Issuer's digital shift include:

- establishing a new business area segment focusing on digital solutions, Sandvik Manufacturing Solutions. The CGTech acquisition will strengthen the Issuer's digital offering with software for numerical control (NC/CNC) simulation, verification and optimization; and
- acquiring a minority stake in Oqton, a leading provider of AI-powered manufacturing solutions.

### ***Sustainability Shift***

The Issuer has long-term 2030 sustainability goals in the areas of climate, circularity, people and fair play. All business areas and divisions have plans and actions to deliver on the goals and the Issuer will transparently report on the progress. By 2025, the Issuer aims to be halfway to reaching the targets. Examples of the Issuer's sustainability progress include:

- establishing key sustainability performance indicators and reporting on these in its annual and interim reports; and
- being selected as a member of the Dow Jones Sustainability Index;

### ***Customer's First Choice***

The Issuer wants to advance the way it measures and improves customer value and customer satisfaction. By 2025, the Issuer's divisions aim to be able to track their customer satisfaction improvements through structured methods and show continuous measurable progress.

Focusing on increased customer value, the Issuer launched a number of innovations and new products in 2020, including:

- the GC4425 and GC4415 Turning Grades, which outperform competition in a majority of steel turning applications and provide improved wear resistance, heat resistance and toughness, considerably expanding the application range; and
- a new super-austenitic grade, Sanicro® 35, with high strength and extreme corrosion properties, making it suitable for a broad range of applications.

### ***Agile Through Cycle***

The Issuer's financial targets include a trough earnings before interest and taxes (EBIT) margin, adjusted for items affecting comparability and metal prices, of 16 per cent. on a rolling twelve-month basis. In its different industries, the Issuer expects that its cost structure should be flexible enough to manage any economic downturns. Well-prepared contingency planning should enable quick responses to changing market conditions. Continuous improvements on fixed costs and operational efficiency are other key factors.

In 2020, the Issuer surpassed the 16 per cent. trough EBIT margin, despite the sharply decreased demand due to the Covid-19 pandemic. Short-term actions, such as reduced spending and reduced work hours,

generated savings of approximately SEK 1.5 billion in 2020. The Issuer also initiated long-term structural measures that will result in savings of SEK 1.3 billion with a full annual run rate by the end of 2021. The efficiency program initiated in 2019 resulted in savings of approximately SEK 1.7 billion.

### ***Employer of Choice***

The Issuer aims to be the employer of choice within its industries and attract the most talented employees. The Issuer aims to ensure a diverse work-force with regards to factors such as age, gender, nationality and ways of thinking. The Issuer has an internal target for 25 per cent. of the Issuer's managers to be women by 2025.

In the Issuer's all-employee survey conducted in 2020, there was a high level of engagement with the Issuer receiving a response level of approximately 80 per cent. The share of female managers increased to 18.5 per cent. and 19 per cent. of the members in division management were non-Europeans.

### **RECENT EVENTS**

Since 2020, COVID-19 has affected the operations of the Issuer. Demand for the Issuer's products declined in 2020 with organic order intake declining by 12 per cent. (in comparison to 2019). Adjusted operating profit decreased by 24 per cent. to SEK 14,563 million (in comparison to 2019) and the adjusted operating margin was 16.9 per cent. Cost reduction measures offset some of the impact of the negative year-on-year organic revenue growth. Such cost reduction measures related to COVID-19 included working time reductions and lower discretionary spend. Ordinary dividend was also cancelled.

On 16 October 2020, the Sandvik Board of Directors decided - following the completion of the internal separation of Sandvik Materials Technology (**SMT**) – that Sandvik would proceed with the preparation to distribute SMT to Sandvik's shareholders and list SMT's shares on the Nasdaq Stockholm Exchange. The Board intends to propose the distribution and listing of the SMT shares at a shareholders' meeting in 2022, provided that the circumstances are deemed right at the time. The intended distribution of shares is expected to meet the Lex ASEA requirements and is subject to approval by Sandvik's shareholders.

On 16 October 2020, Sandvik announced that it intended to establish a new business area – Sandvik Rock Processing Solutions. Sandvik established Sandvik Rock Processing Solutions as of 1 January 2021. The new business area consists of the current Crushing and Screening division, which was previously part of the Sandvik Mining and Rock Technology business area.

On 25 August 2021, Sandvik announced that it was updating the revenue target for Sandvik Manufacturing Solutions for 2025 from SEK 4 billion to SEK 6 billion. With the recently announced acquisitions (all subject to closing) of Cambrio, DW Fritz Automation and CNC Software, Sandvik Manufacturing Solutions expects to establish a platform that, combined with the organic growth of the current business, will exceed the previously communicated revenue objectives. In conjunction with the new revenue target, Sandvik is also communicating an EBITA margin target for Sandvik Manufacturing Solutions of 20 per cent. by 2025.

### **The third quarter of 2021**

#### ***Order Intake and Revenues***

Organic order intake increased by 21 per cent. year on year driven by strong development across the Group. Total growth, at fixed exchange rates was 31 per cent. Revenues increased organically by 13 per cent. year on year, and total growth was 23 per cent.

Underlying demand in both the mining and infrastructure segments remained strong in the third quarter. Sandvik Mining and Rock Solutions ("**SMR**") reported organic order intake growth, of 21 per cent. year on year, including a major order of SEK 432 million and total order intake at fixed exchange rates grew by 41 per cent. Order intake in Sandvik Rock Processing Solutions ("**SRP**") grew by 26 per cent. Supply chain bottlenecks, such as logistics constraints, and component shortages remained a challenge in the third quarter of 2021, consequently leading to higher orders received to the amount billed for the period (**book-to-bill ratio**) compared with 2020. Organic revenue grew by 12 per cent in both SMR and SRP.

Organic order intake increased by 16 per cent. year on year in Sandvik Manufacturing and Machining Solutions, driven by general engineering and automotive. Demand in automotive is solid, although

production cuts in the automotive sector were noted in all three major markets. Aerospace continued to show positive signs of recovery and grew at a double digit rate year on year. Revenues increased organically by 18 per cent. year on year.

Sandvik Materials Technology's organic order intake grew by 29 per cent. year on year, driven by continued strong development across the majority of the segments. The oil & gas and aerospace segments noted increased activity and more orders being placed. Organic revenues increased slightly despite negative impact from the weaker backlog for umbilicals.

The Group's demand strengthened in all major regions. Some disruptions in China were noted, such as delivery constraints due to local lockdowns in the wake of COVID-19 outbreaks.

Changed exchange rates had a neutral impact on both order intake and revenues.

### *Earnings*

Reported gross profit amounted to SEK 9,895 million. Adjusted gross profit increased by 25 per cent. to SEK 9,789 million mainly due to higher volumes. The adjusted gross margin improved to 39.4 per cent., diluted by 210 basis points from the acquisition of DSI Underground.

Sales, administration and R&D costs excluding items affecting comparability increased by 25 per cent. year on year primarily attributable to reversals of temporary savings in 2020. The overall ratio to revenues on a reported basis was 20.9 per cent.

Adjusted EBITA increased by 33 per cent. to SEK 4,731 million, corresponding to a margin of 19.1 per cent. Reported EBIT of SEK 4,480 million was positively impacted by items affecting comparability of SEK 109 million and negatively impacted by M&A costs and write downs of overlapping assets due to acquisitions, totalling SEK 228 million. Adjusted EBIT increased by 25 per cent. and amounted to SEK 4,371 million corresponding to a margin of 17.6 per cent. The adjusted EBIT margin excluding metal price effects on a rolling 12-months basis was 18.4 per cent. The total impact from changed exchange rates was positive SEK 112 million year on year, mainly related to revaluation of balance sheet items in 2020. Underlying impact from changed exchange rates was SEK 2 million year on year.

The interest net was reduced slightly to SEK -67 million due to lower average interest in the debt portfolio. Net financial items was significantly lower than last year and amounted to SEK 66 million, mainly related to a reported capital gain from divestment in 2020.

The tax rate, excluding items affecting comparability, for continuing operations was 14.0 per cent. The reported tax rate for continuing operations was 13.7 per cent. and 13.7 per cent. for the Group in total. The tax rate was positively impacted by some non-recurring transactions and adjusted for this, the tax rate was 22.2 per cent.

Profit for the period amounted to SEK 3,923 million, corresponding to earnings per share, diluted, of SEK 3.12 and adjusted earnings per share, diluted of SEK 3.03. Adjusted earnings per share, diluted, excluding surplus values, amounted to SEK 3.25.

The permanent savings and cost initiatives that were announced in 2020 had a positive impact of SEK 230 million in the third quarter of 2021, corresponding to an annualized run-rate of about SEK 900 million out of a total of SEK 1,300 million in targeted savings. The majority of savings from these initiatives will be realised in 2021. The reversal of temporary savings had a negative year on year impact in the quarter of approximately SEK -615 million, due to higher discretionary spend and limited work time reductions compared with the corresponding period in 2020.

### *Balance Sheet and Cash Flow*

Capital employed increased sequentially and amounted to SEK 101.1 billion, mainly driven by acquisitions. Adjusted return on capital employed improved sequentially to 19.2 per cent. due to a higher capital turnover rate, with a slight positive impact from a higher EBIT margin relative to increased capital employed.

Net working capital increased year on year and amounted to SEK 25.3 billion, and increased sequentially, mainly explained by higher inventories, and contributions from acquisitions, which were partially offset by

higher liabilities. Net working capital in relation to revenues was 24.3 per cent., stable compared with the second quarter.

Investments in tangible and intangible assets increased slightly compared with 2020 and amounted to SEK 0.8 billion, corresponding to 68 per cent. of scheduled depreciations.

The financial net debt of SEK 7.4 billion was higher than in 2020 and sequentially mainly due to a negative cash impact from acquisitions, net of cash acquired of SEK 13.0 billion, partly offset by positive cash flow from operations. The net pension liability decreased year on year to SEK 6.8 billion, due to higher discount rates and increased sequentially. Total net debt increased to SEK 17.9 billion and increased sequentially from SEK 3.9 billion in the second quarter. The net debt to equity ratio was 0.25, representing an increase year on year and sequentially.

Free operating cash flow decreased year on year to SEK 3.9 billion, a consequence of solid growth, with higher earnings offset by build-up of net working capital.

#### *Sandvik Mining and Rock Solutions*

##### Order intake and revenues:

- Solid underlying demand, with the highest order intake on record and strong contribution from all divisions;
- Organic order intake grew by 21 per cent. year on year, including a major order of SEK 432 million. Total order intake, at fixed exchange rates, grew by 41 per cent.;
- New Ground Support division created by the completion of the acquisition of DSI Underground;
- Organic order intake for equipment grew by 28 per cent. and aftermarket by 16 per cent. year on year;
- Strong regional development in order intake with South America increasing by 30 per cent., Europe 29 per cent., North America by 17 per cent. and Africa/Middle East by 47 per cent. (including major orders); and
- The aftermarket business accounted for 64 per cent. of revenues while the equipment business accounted for 36 per cent.

##### Adjusted EBITA and EBIT:

- Adjusted EBITA margin of 21.0 per cent. supported by increased volumes, negatively offset by reversal of savings and dilution impact from acquisitions;
- Adjusted EBIT margin was 18.5 per cent. impacted by approximately 400 basis points dilution from the acquisition of DSI Underground, including an adjustment of the surplus value of inventory;
- Adjusted EBIT margin excluding effects from acquisitions was on all-time high;
- Reversal of temporary savings had a negative impact of SEK -130 million year on year; and
- Exchange rates had a positive impact of SEK 96 million year on year.

##### Shift to growth:

- Through the acquisition of DSI Underground, which was completed in the third quarter of 2021, SMR has increased the aftermarket business and strengthened its leading market position in underground mining and tunnelling. The acquisition contributed to 19 per cent. in revenue growth in the third quarter of 2021. During the third quarter of 2021, SMR launched a new battery electric truck, TH550B, with a 50-ton capacity and equipped with third generation BEV technology as well as the patented AutoSwap function for battery swapping.

### *Sandvik Rock Processing Solutions*

#### Order intake and revenues:

- Strong organic order intake growth of 26 per cent. driven by aftermarket;
- All-time high order intake in aftermarket, with organic order growth of 38 per cent., and strong equipment growth of 13 per cent. year on year;
- Broad-based solid underlying demand in both infrastructure and mining with order intake growth of 68 per cent. in North America, 19 per cent. in Europe and 10 per cent. in Asia;
- Organic revenues grew by 12 per cent., invoicing was impacted by supply chain constraints; and
- The aftermarket business accounted for 54 per cent. of revenues while the equipment business accounted for 46 per cent.

#### Adjusted EBITA and EBIT:

- Adjusted EBIT margin of 16.8 per cent. was stable year on year, supported by higher volumes, yet negatively impacted by freight and raw material costs and the reversal of savings;
- Permanent savings had a positive impact of SEK 5 million and the reversal of temporary savings had a negative impact of SEK -25 million compared with 2020; and
- Exchange rates had a negative impact of SEK -4 million year on year.

#### Shift to growth:

- During the third quarter of 2021, SRP expanded the offering within crushing and screening with the launch of the track-mobile impact crusher QI353. Based on a new modular platform it can operate in both primary or secondary crushing applications, providing a sustainable solution with increased efficiency and lower operational costs.

### *Sandvik Manufacturing and Machining Solutions*

#### Order intake and revenues:

- Organic order intake growth was 16 per cent. mainly driven by general engineering;
- Lower production volumes in automotive sector due to semi-conductor shortages were noted in the business;
- Order intake from aerospace grew by double digits in the quarter, albeit from low levels;
- Regional order intake growth was 16 per cent. in Europe, 19 per cent. in Asia and 13 per cent. in North America;
- Daily order intake was stronger in the latter part of September 2021, with a continued positive trajectory into first weeks of October 2021;
- The number of working days had -0.3 per cent. impact on orders and revenues year on year; and
- Book to bill of 98 per cent., explained by blanket orders received in prior periods.

#### Adjusted EBITA and EBIT:

- The adjusted EBITA margin improved to 21.2 per cent. positively impacted by higher volumes, offset mainly by M&A costs of SEK 165 million in the quarter as well as a SEK 33 million write down of overlapping assets in conjunction with acquisitions;
- Permanent savings had a SEK 140 million positive impact while the reversal of temporary savings impacted the quarter negatively by SEK -365 million compared with 2020; and



- Changed exchange rates had a negative impact of SEK -5 million year on year.

Shift to growth:

- Sandvik Machining Solutions acquired a majority stake in the Asian premium round tools company Chuzhou Yongpu. Sandvik Manufacturing Solutions increased the pace of its M&A activities, resulting in three strategically important acquisitions and consequently SMF's 2025 target was updated to SEK 6 billion from previously SEK 4 billion. In conjunction with the new revenue target, an EBITA margin of at least 20 per cent. was communicated.

*Sandvik Materials Technology*

Order intake and revenues:

- Continued strong organic order intake growth and solid absolute levels across most segments and divisions;
- Sentiment in oil & gas and aerospace segments continued to improve, with an increase in the number of orders being placed, albeit levels remain low;
- Strong order intake development noted in all major regions compared with the corresponding period in 2020, with the strongest development noted in North America; and
- Organic revenues negatively impacted by weak backlog for umbilicals, offset by strong development in consumer-related segments, industrial heating and application tubing.

Adjusted EBIT:

- Solid adjusted EBIT margin despite lower invoicing for umbilicals, supported by strong invoicing and favourable mix in Kanthal and Strip;
- Permanent savings had a positive impact of SEK 75 million and reversal of temporary savings impacted negatively by SEK -60 million compared with 2020;
- Exchange rates had a negative impact of - SEK8 million year on year;
- Changed metal prices had a positive impact of SEK 190 million in the quarter; and
- Adjusted EBIT excluding metal price effects totalled SEK 123 million, corresponding to an underlying margin of 4.0 per cent.

Shift to growth:

- On 18 October 2021, the Sandvik Board of Directors confirmed its previous decision to proceed with the preparation to distribute SMT to Sandvik's shareholders and list the company's shares on the Nasdaq Stockholm Exchange with current target to complete the listing in the second or third quarter 2022, subject to approval by Sandvik's shareholders. After the third quarter of 2021, the acquisition of the medical wire forming company Accuratech Group was completed, a strategically important step in the ambition to grow in the medical sector.

## **PARENT COMPANY**

The Parent company's invoiced sales after the first nine months of 2021 amounted to SEK 9,167 million (compared with SEK 7,085 million for the same period in 2020) and reported EBIT was SEK 3,845 million (compared with SEK 2,742 million for the same period in 2020). Result from shares in Group companies of SEK 1,325 million (compared with -SEK 1,544 million for the same period in 2020) for the first nine months consists primarily of contributions offset by results from disposal of shares to establish the legal structure of SMT and dividends. Interest-bearing liabilities, less cash and cash equivalents and interest-bearing assets, amounted to SEK 22,156 million (compared with SEK 7,481 million for the same period in 2020). Investments in property, plant and machinery amounted to SEK 938 million (compared with SEK 259 million for the same period in 2020).

## ACQUISITIONS AND DIVESTMENTS

On 2 October 2020, the Issuer completed the acquisition of Allied Construction Products LLC, a US distributor of hydraulic hammers to the construction and mining industries and manufacturer of compactor plates and mounting brackets. The acquisition was previously announced on 9 July 2020.

On 9 October 2020, the Issuer signed an agreement to divest its Exploration business to Drillman, a subsidiary of the M Group of companies, which is 100% owned and operated in Australia. The deal includes exploration rigs, consumables and production stock, along with selected trademarks and patents. The business is currently reported in Sandvik Mining and Rock Technology.

On 23 December 2020, the Issuer completed the acquisition of the entire business of the Indian company Miranda Tools, comprising the manufacture of High Speed Steel and solid carbide round tools. In 2019, Miranda Tools had revenues of about 200 million SEK and around 580 employees. The Miranda Tools' business will be part of Sandvik Machining Solutions' division Dormer Pramet, within the business area Sandvik Manufacturing and Machining Solutions. The acquisition was previously announced on 18 June 2020.

On 31 December 2020, the Issuer completed the acquisition of US-based CGTech, a global market leader in software for numerical control (NC/ CNC) simulation, verification and optimization software. CGTech had about 180 employees and a revenue of SEK 470 million in 2019. The acquisition was previously announced on 19 October 2020.

On 15 January 2021, the Issuer acquired a minority stake in the privately owned American software company Oqton, a leading provider of AI-powered manufacturing solutions that allows manufacturers to manage, optimize, and automate their manufacturing workflows.

On 7 May 2021, the Issuer signed a deal to acquire the South African based company Kwatani, a leading supplier of screens and feeders for the mining industry. The product offering includes screens, feeders, fine separators, drives and services. The company will be reported in Stationary Crushing and Screening, a division in Sandvik Rock Processing Solutions. The transaction is expected to close during the fourth quarter 2021 and is subject to relevant regulatory approvals.

On 23 June 2021, the Issuer signed an agreement to acquire Tricon Drilling Solutions Pty. Ltd, a privately-owned supplier of rock tools for the mining industry, based in Perth, Australia. Tricon will operate as an independent, standalone business unit within the Rock Tools division of Sandvik Mining and Rock Solutions. The acquisition is expected to close in the third quarter of 2021, subject to relevant regulatory approvals.

On 7 July 2021, the Issuer announced the completion of the acquisition of DSI Underground, the global leader in ground support and reinforcement products, systems and solutions for the underground mining and tunnelling industries. In 2020, DSI Underground had revenues of approximately EUR 516 million (excluding the four joint ventures included in the acquisition) and around 2,000 employees. The purchase price is approximately EUR 943 million on a cash and debt free basis. The acquisition was previously announced on 24 December 2020.

On 15 July 2021, the Issuer signed an agreement to acquire the Polish company Fabryka Narzędzi FANAR S.A. (Fanar), a manufacturer of round tools. The company will be reported in Seco, a division within the business area Sandvik Manufacturing and Machining Solutions. The transaction is expected to close during the fourth quarter of 2021 and is subject to relevant regulatory approvals.

On 3 August 2021, the Issuer signed and completed three agreements to acquire the shares of its joint venture partner, Jenmar, in Rocbolt Technologies JVs in China, South Africa and Mongolia. Jenmar will continue to be a JV partner in Australia. Rocbolt Technologies will be reported in the Ground Support Division of business area Sandvik Mining and Rock Solutions.

On 20 August 2021, the Issuer completed the acquisition of 67% of Chuzhou Yongpu Carbide Tools Co., Ltd, a China based premium solid round tools company, with a call option to buy the remaining part in three years' time. The company will be reported in Sandvik Coromant, a division within Sandvik Manufacturing and Machining Solutions. The acquisition was previously announced on 28 July 2021.

On 30 September 2021, the Issuer completed the acquisition of US-based CNC Software Inc., a leading provider of CAD/CAM software solutions for manufacturing industries and the company behind Mastercam, the most widely used Computer Aided Manufacturing brand in the industry. CNC Software will be reported in the Design & Planning Automation division within Sandvik Manufacturing and Machining Solutions. The acquisition was previously announced on 25 August 2021.

On 4 October 2021, the Issuer completed the acquisition of US based DWFritz Automation Inc., a leading global provider of precision metrology, inspection and assembly solutions for advanced manufacturing. DWFritz Automation designs, builds and supports engineer-to-order high-speed, non-contact metrology solutions and automation systems. The company will be reported in the Metrology division, within business area Sandvik Manufacturing and Machining Solutions. The acquisition was previously announced on 12 July 2021.

On 5 October 2021, the Issuer completed the acquisition of the Swiss based company Accuratech Group, a niched medical wire forming and component manufacturer. The product offering includes ultra-fine wires and micro-tubes, semi-finished wire components, electroplating and other products and services mainly used for the medical industry. The company will be reported in Kanthal, a division in Sandvik Materials Technology.

On 18 October 2021, the Issuer completed the acquisition of US-based Cambrio, a leading company with a portfolio in CAD/CAM software for manufacturing industries like automotive, transportation, energy, medical and aerospace. Cambrio will be reported in the Design & Planning Automation division within Sandvik Manufacturing and Machining Solutions. The acquisition was previously announced on 1 July 2021.

## MANAGEMENT

The Board of Directors of the Issuer (the **Board**) is responsible for the Group's organisation and the management of the Group's business. The Board is required to continuously monitor the Issuer's and the Group's financial position.

The Board is responsible for ensuring that the Group's organisation is designed in a way that ensures that the financial statements, the management of assets and the Group's financial condition in general are controlled in a satisfactory manner.

The President is appointed by the Board and is responsible for the daily operations pursuant to guidelines and instructions issued by the Board. The distribution of responsibilities between the Board and the President is laid down in the Board's Procedural Guidelines which are reviewed and adopted each year. The review is based on such aspects as the Board's evaluation of the individual and collective work that the Board performs.

In addition to financial reporting and the monitoring and follow-up of daily operations and profit trend, Board meetings address the goals and strategies for the operations, significant acquisitions and investments, as well as matters relating to the capital structure. Senior executives report business plans and strategic issues to the Board on an ongoing basis.

The Board consists of eight members (**Directors**) elected by the Annual General Meeting. Pursuant to Swedish legislation, trade unions are entitled to representation on the Board and they have appointed two members and two deputies.

### Members of the Board

**Johan Molin**, b. 1959. Chairman of the Board since 2015. Chairman of the Remuneration Committee and Acquisitions and Divestitures Committee and member of the Audit Committee.

*Education and business experience:* Master of Science in Business and Economics from the Stockholm School of Economics. President and CEO of ASSA ABLOY 2005-2018, President and CEO of Nilfisk-Advance 2001–2005 and various positions within the Atlas Copco Group 1983–2001.

*Current Board assignments:* None.

**Jennifer Allerton**, b. 1951. Director of the Issuer since 2015.

*Education and business experience:* M.Sc. in Physics and B.Sc. in Mathematics, Physical Sciences and Geosciences. Chief Information Officer at F. Hoffmann-La Roche Ltd 2002–2012, Technology Director at Barclaycard 1999–2002 and various positions at ServiceNet, USA, BOC (now Linde), Cable & Wireless Business Networks and Unilever plc.

*Current Board assignments:* Board member of Iron Mountain Inc., AVEVA Group plc. and Barclays Bank Ireland plc.

**Claes Boustedt**, b. 1962. Director of the Issuer since 2015. Chairman of the Audit Committee and member of the Acquisitions and Divestitures Committee.

*Education and business experience:* M.Sc. in Business and Economics, Stockholm School of Economics. Executive Vice President of L E Lundbergföretagen AB since 1997 and President of L E Lundberg Kapitalförvaltning AB since 1995.

*Current Board assignments:* Board member of Hufvudstaden AB and Förvaltnings AB Lunden.

**Marika Fredriksson**, b. 1963. Director of Issuer since 2017.

*Education and business experience:* Master of Business Administration. CFO and Group Executive Vice President of Vestas Wind Systems A/S since 2013. CFO of Gambro AB 2009–2012, CFO of Autoliv Inc. 2008–2009 and various positions within Volvo 1996–2008, including CFO and Senior Vice President Finance and Strategy at Volvo Construction Equipment Corporation.

*Current Board assignments:* Board member of AB Industrivärden and SSAB AB.

**Andreas Nordbrandt**, b. 1971. Director of the Issuer since 2021.

*Education and business experience:* M.Sc. in Mechanical Engineering and Hydraulics. Coowner and President of Mälurvillan AB since 2019. President of the Underground Rock Excavation Division within the Epiroc Group 2018. Various positions within the Atlas Copco Group 1995–2018, including President of the Underground Rock Excavation Division 2016–2018, President of the Rocktec Division 2014–2016, Vice President Service Operations and Operations Manager 2013–2014 and Business Line Manager – Service Division, Atlas Copco Mining and Rock Excavation Australia 2009–2012.

*Current Board assignments:* Board member of Mälurvillan AB.

**Helena Stjernholm**, b. 1970. Director of the Issuer since 2016. Member of the Audit Committee, Remuneration Committee and Acquisitions and Divestitures Committee.

*Education and business experience:* M.Sc. in Business Administration. President and CEO of AB Industrivärden since 2015. Investment manager and subsequently partner at IK Investment Partners 1998–2015 and consultant at Bain & Company 1997–1998.

*Current Board assignments:* Board member in AB Industrivärden, AB Volvo and Telefonaktiebolaget LM Ericsson.

**Stefan Widing**, b. 1977. Director of the Issuer since 2020.

*Education and business experience:* M.Sc. Applied Physics and Electrical Engineering and Bachelor of Business Administration. President and CEO, Sandvik AB, since February 1, 2020. President of the Sandvik Manufacturing and Machining Solutions business area since October 1, 2020. Various positions within the ASSA ABLOY Group 2006–2020, including Executive Vice President HID Global division 2015–2020, Director of Product Management and General Manager of Shared Technologies Unit. Various positions in the Saab Group 2001–2006.

*Current Board assignments:* None.

**Kai Wärn**, b. 1959. Director of Issuer since 2020. Member of the Remuneration Committee.

*Education and business experience:* M.Sc. in Mechanical Engineering, the Royal Institute of Technology, Stockholm, Sweden. President and CEO of Husqvarna AB 2013–2020. Operations partner at IK Investment

Partners Norden AB 2011–2013, President and CEO of Seco Tools AB 2004–2010 and various positions within ABB 1985–2004.

*Current Board assignments:* Chairman of the Board of Electrolux Professional AB and Board member of AB Electrolux.

**Tomas Kärnström**, b. 1966. Director of the Issuer since 2006 (Employee representative, IF Metall).

*Education and business experience:* Chairman of the Union Committee, Metal Worker's Union, Sandvik Materials Technology. Various positions within the Group since 1986.

*Current Board assignments:* None.

**Tomas Lilja**, b. 1975. Director of the Issuer since 2016 (Employee representative, Unionen/Ledarna/Swedish Association of Graduate Engineers).

*Education and business experience:* Technical College Graduate – Mechanical Engineering. Chairman of Trade Union Unionen Sandvik Sweden and Unionen Coromant & Machining Solutions. Various positions within production and logistics at Scania 1995-2000.

*Current Board assignments:* None.

#### **Deputy members**

**Thomas Andersson**, b. 1962. Deputy Director of the Issuer since 2012 (Employee representative, IF Metall).

*Education and business experience:* Chairman of the Union Committee, Metal Workers' Union, Sandvik Coromant, Gimo. Various operator positions within Gimoverken since 1984. Construction firm Anders Diös 1980–1984.

*Current Board assignments:* None.

**Erik Knebel**, b. 1965. Deputy Director of the Issuer since 2021 (Employee representative, Unionen/Ledarna/Swedish Association of Graduate Engineers).

*Education and business experience:* Technical College Graduate – Mechanical & Automation. Chairman of the Swedish Association of Graduate Engineers Sandvik Sweden and Sandvik Coromant Gimo. Various positions within Sandvik Coromant and Sandvik Machining Solutions since 1990; Production, IT and Quality.

*Current Board assignments:* None.

#### **Honorary Chairman**

**Percy Barnevik**, b. 1941. Chairman of the Board of the Issuer 1983–2002.

#### **Board Secretary**

**Åsa Thunman**, b. 1969. Board Secretary, Executive Vice President and General Counsel of the Issuer since 2014.

*Education and business experience:* Master of Laws (LLM). Securitas Group, 2009–2014, general counsel since 2011. Elekta AB, 1999–2009, several leading positions, including general counsel. Lagerlöf & Leman law firm, 1996–1999.

*Current Board assignments:* Board member of the Swedish Association of Listed Companies (Aktiemarknadsbolagens förening).

The business address for the Members of the Board is currently Kungsbron 1, Section G, Floor 6, Box 510, Stockholm SE-10130, Sweden.

## **Auditor**

### ***PricewaterhouseCoopers AB***

*Auditor-in-charge:* **Peter Nyllinge**, b. 1966. Auditor-in-charge, Authorised Public Accountant.

*Other auditing assignments:* Auditor-in-charge at Saab AB and Fagerhults Belysning AB.

## **President and the Group Executive Management**

The President and CEO are accountable for Group decision-making in all areas delegated by the Board. In order to ensure a full Group perspective in these matters, the President has appointed the Group Executive Management as an advisory forum, focusing on how to achieve Group targets, strategies, structure and organisation. The Group Executive Management meets each month and its members are accountable for implementing the President's decisions.

Please note that Tomas Eliasson, Executive Vice President and Chief Financial Officer for Sandvik AB, will be leaving his position as of 31 October 2021. Until a permanent solution has been found, Cecilia Felton, currently Vice President Group Control, will serve as the Group's interim Chief Financial Officer effective as of 1 November 2021. Tomas Eliasson will, until 1 February 2022, also be available to ensure a smooth transition.

In addition, the Issuer has appointed Christophe Sut as President of the Sandvik Manufacturing Solutions Business Area Segment and a new member of the Sandvik Group Executive Management, effective no later than 1 January 2022.

As of the date of this Base Prospectus, the present members of the Group Executive Management include:

**Stefan Widing**, b. 1977. President and CEO, Sandvik AB, since 1 February 2020. President of the Sandvik Manufacturing and Machining Solutions business area since 1 October 2020. President of the Sandvik Manufacturing Solutions business area segment since 1 January 2021.

*Education and business experience:* M.Sc. Applied Physics and Electrical Engineering and Bachelor of Business Administration. Various positions within the Assa Abloy Group 2006–2020, including Executive Vice President HID Global division 2015–2020, Director of Product Management and General Manager of Shared Technologies Unit. Various positions in the Saab Group 2001–2006.

*Current Board assignments:* None.

**Henrik Ager**, b. 1969. President of the Sandvik Mining and Rock Solutions business area since 1 January 2021.

*Education and business experience:* M.Sc. Accounting and Finance. Various positions within Sandvik since 2014, including President of the Sandvik Mining and Rock Technology business area, President of the Rock Tools division, President of the Global Equipment division and Vice President Strategy within Sandvik Mining and Rock Technology. Previously leading positions at McKinsey, Ericsson and several high-tech start-ups.

*Current Board assignments:* Board member of Renewcell.

**Jessica Alm**, b. 1977. Executive Vice President and Head of Group Communications of the Issuer, since 2013.

*Education and business experience:* MSc in Geological and Earth Sciences/Geosciences and Journalism. Various positions within Sandvik since 2006, including Vice President Communication and Marketing at Sandvik Coromant.

*Current Board assignments:* None.

**Göran Björkman**, b. 1965. President of the Sandvik Materials Technology business area since November 2017.

*Education and business experience:* M.Sc. in Mechanical Engineering. Various positions within Sandvik since 1990, including Head of Business Development, Vice President Production Strategy and Vice President Production at Sandvik Coromant and Head of Primary Products at Sandvik Materials Technology.

*Current Board assignments:* Chairman of the Swedish Association of Industrial Employers (Industriarbetsgivarna), board member of the Confederation of Swedish Enterprise (Svenskt Näringsliv) and board member of the Swedish Steel Producers' Association (Jernkontoret).

**Nadine Crauwels**, b. 1971. President of the Sandvik Machining Solutions business area segment since October 1, 2020.

*Education and business experience:* M.Sc. in Mechanical Engineering. President of Sandvik Coromant 2017–2020. Various other positions within Sandvik Coromant since 2000, including Vice President Customized Solutions and Strategic Relations, and Sandvik Coromant Manager Switzerland. Project Engineer and Consultant for the metal cutting industry at WTCM (today Sirris) 1995–2000.

*Current Board assignments:* Board member of Rosti Group.

**Tomas Eliasson**, b. 1962. Executive Vice President and Chief Financial Officer, Sandvik AB, since 1 April 2016.

*Education and business experience:* B.Sc. in Business Administration and Economics, Uppsala University. Chief Financial Officer of AB Electrolux 2012–2016. Chief Financial Officer and Executive Vice President of ASSA ABLOY AB 2006–2012. Chief Financial Officer of Seco Tools AB 2002–2006 and various positions within ABB 1987–2002.

*Current Board assignments:* Director in Millicom International Cellular S.A.

**Johan Kerstell**, b. 1970 Executive Vice President and Head of Human Resources, Sandvik AB, since 1 June 2016.

*Education and business experience:* M.Sc. in Business and Economics. Cap Gemini 1999–2003. Various leading positions in Human Resources and Organisational Development within the Group 2004–2016.

*Current Board assignments:* None.

**Anders Svensson**, b. 1975. President of the Sandvik Rock Processing Solutions business area since 1 January 2021.

*Education and business experience:* M.Sc. in Chemical Engineering. President of the Crushing and Screening division 2016–2020. Various positions within Sandvik since 2008, including President Customer Services, SVP Global sales, Sandvik Construction and Chief Purchasing Officer Sandvik Construction/Sandvik Mining. Previously leading positions within Metso Minerals.

*Current Board assignments:* None.

**Åsa Thunman**, b. 1969. Executive Vice President and General Counsel of the Issuer since 1 October 2014.

*Education and business experience:* Master of Laws (LL.M). Securitas Group 2009–2014, general counsel since 2011. Elekta AB, 1999–2009, several leading positions, including general counsel. Lagerlöf & Leman law firm 1996–1999.

*Current Board assignments:* Board member of the Swedish Association of Listed Companies (Aktiemarknadsbolagens förening).

The business address for the Group Executive Management and Extended Group Executive Management is currently Kungsbron 1, Section G, Floor 6, Box 510, Stockholm SE-101 30, Sweden.

### **Committees of the board of directors**

The tasks of the Committees and their work procedures are stipulated in written instructions issued by the Board. The Committees' primary task is to prepare issues and present them to the Board for resolution.

### *Remuneration Committee*

During 2021/2022, the members of the Remuneration Committee are the Chairman of the Board Johan Molin (Chairman of the Committee), Helena Stjernholm and Kai Wörn. The Board secretary, Åsa Thunman, is also secretary of the Remuneration Committee. The tasks of the Remuneration Committee are, among others, those prescribed by the Code, which include preparing proposals regarding guidelines for remuneration of senior executives and long-term incentive programmes for senior executives.

Based on the recommendations of the Remuneration Committee, the Board decides the remuneration and terms of employment for the President, who in turn decides on the remuneration to be paid to the Group Executive Management in consultation with the Remuneration Committee.

### *Audit Committee*

During 2021/2022, the members of the Audit Committee are Claes Boustedt (Chairman of the Committee), Johan Molin and Helena Stjernholm. The Board secretary, Åsa Thunman, is also secretary of the Audit Committee. Areas addressed by the Audit Committee mainly related to:

- Monitoring the financial reporting and ensuring its reliability;
- Effectiveness of the system of internal control and internal audit;
- Planning, scope and follow-up of the internal and external audit for the year;
- Assistance to the Nomination Committee with regards to proposal for auditor;
- Monitoring of the external auditor's independence and objectivity vis-à-vis the company, including the extent to which the auditor provides other services than auditing services to the company;
- The Group's systematic processes for overall corporate risk management (ERM), as well as more detailed risk management matters including legal disputes, compliance, corporate investigations, IT security, accounting procedures, taxation, treasury, finance operations, insurance coverage and pension issues;
- The development and effectiveness of compliance processes, with special focus on the roll-out of the compliance program, the Compliance House;
- Sandvik's Code of Conduct, some specific cases managed through Speak Up, Sandvik's global whistleblowing system, as well as the overall effectiveness of the system; and
- Sandvik's sustainable business strategy and materiality analysis.

In 2020, the Audit Committee held five meetings at which the Issuer's external auditor and representatives of the Issuer's management were present.

### *Nomination Committee*

The Nomination Committee is a preparatory body that prepares proposals for, among other things, the election of the Board of Directors, the Chairman of the Board and auditors as well as fees for adoption at the General Meeting. The Annual General Meeting has adopted an instruction for the Nomination Committee, which includes a procedure for appointing the Nomination Committee, valid until a General Meeting resolves on a change. In accordance with this instruction, the Nomination Committee should consist of representatives of the four largest shareholders, in terms of the number of votes, on the final business day in August plus the Chairman of the Board (convener).

For the 2022 Annual General Meeting on 27 April 2022, the Nomination Committee consists of Fredrik Lundberg, Chairman (AB Industrivärden), Anna Magnusson (Alecta), Marianne Nilsson (Swedbank Robur Funds), Lars Pettersson (Lundbergs) and Johan Molin (Sandvik's Chairman of the Board).

Up to the date of the 2021 Annual General Meeting, the Nomination Committee met on three occasions and held separate sessions to interview potential candidates for the Board. Through the Issuer's Chairman of the Board, the Nomination Committee was informed of the results of the Board's own evaluation. The Committee also met with the Issuer's President to review the company's operations, stage of development



and overall strategy. The Nomination Committee discussed the general criteria that Board members should fulfil, including the independence requirement, and reviewed the number of Board assignments that each Board member has in other companies. Furthermore, the Nomination Committee paid special attention to the requirements relating to diversity and breadth as well as the requirement to strive for gender balance.

#### *Acquisitions and Divestitures Committee*

The Acquisitions and Divestitures Committee, which consists of three Board members, is appointed by the Board. During 2021/2022, the members of the Acquisitions and Divestitures Committee are Johan Molin (Chairman of the Committee), Helena Stjernholm and Claes Boustedt. The Board secretary, Åsa Thunman, is also secretary of the Acquisitions and Divestitures Committee.

The purpose of the Acquisitions and Divestitures Committee is to prepare major or strategically important acquisitions and divestitures for Board decisions. The Committee meets on an ad hoc basis, at the request of the President and CEO in consultation with the Chairman of the Board.

## **CORPORATE GOVERNANCE**

Corporate governance within the Issuer is based on external rules such as the Swedish Companies Act, the Stock Exchange's Rule Book for Issuers, the Swedish Code of Corporate Governance (the **Code**) and other relevant laws and regulations. The Code is available from [corporategovernanceboard.se](http://corporategovernanceboard.se). In 2020 the Issuer applied the Code without deviating from any of its regulations. Any content of the website of The Swedish Corporate Governance Board shall not form part of this Base Prospectus.

Marika Fredriksson and Helena Stjernholm are not regarded as independent in relation to major shareholders in the Issuer and Stefan Widing is not regarded as independent in relation to the Issuer and its executive management. The other five Board members elected by the General Meeting are all independent in relation to the Issuer and its executive management, as well as the Issuer's major shareholders. Accordingly, the composition of the Board complies with the independence requirements of the Code.

There are no potential conflicts of interest between the duties to the Issuer of the persons who are listed under Members of the Board and President and Group Executive Management above and their private interests or other duties.

Matters may come before the Board of Directors as to which one or more members of the Board of Directors has a potential conflict of interest. If such a matter arises, any member of the Board of Directors with a potential conflict of interest will not participate in the discussion or voting with respect to such matter in accordance with the rules and regulations of the Code.

## **MAJOR SHAREHOLDINGS**

The Issuer is listed on the NASDAQ Stock Exchange in Stockholm and is one of the Exchange's oldest companies. The Issuer shares can also be traded in the US in the form of American Depositary Receipts. The Swedish Financial Supervisory Authority (**Sw. Finansinspektionen**) maintains a public register of senior executives in listed companies, and publishes changes in their shareholdings on a daily basis.

The Issuer's authorised and issued share capital is SEK 1,505,263,107.60 and consists of 1,254,385,923 shares. Each share carries one vote. As at 30 September 2021, the Issuer's ten largest shareholders held 36.6 per cent. of the total number of shares. They are as follows: Industrivärden (13.2 per cent.), Alecta Pensionsförsäkring (4.5 per cent.), BlackRock (3.4 per cent.), Swedbank Robur Fonder (3.2 per cent.), Vanguard (2.8 per cent.), Lundbergföretagen AB (2.6 per cent.), SEB Fonder (1.9 per cent.), Fidelity International (1.6 per cent.), AMF Pension & Fonder (1.6 per cent.), Norges Bank (1.6 per cent.).

As far as the Issuer is aware no shareholders' agreement exists between the above shareholders.

## **SELECTED FINANCIAL INFORMATION OF THE ISSUER**

The information set out in this Base Prospectus shall be read in conjunction with the Issuer's audited financial statements for 2020 and 2019 and the consolidated unaudited interim financial statements for the nine months ended 30 September 2021.

## STATEMENT OF COMPLIANCE

The Issuer's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB), as endorsed by the EU. In addition, the standard RFR 1 Supplementary Accounting Rules for Groups accounts, issued by the Swedish Financial Reporting Board has been applied. The financial statements are presented on pages 61 to 65 of the Annual Report of 2020, and pages 63 to 72 of the Annual Report of 2019. The quarterly financial statements are prepared under IFRS and are unaudited.

## ALTERNATIVE PERFORMANCE MEASURES

The Base Prospectus includes certain data which the Issuer considers to constitute alternative performance measures ("APMs") for the purposes of the European Securities Markets Authority ("ESMA") Guidelines on Alternative Performance Measures.

These APMs are not defined by, or presented in accordance with IFRS. The APMs are not measurements of the Issuer's operating performance under IFRS and should not be considered as alternatives to any measures of performance under IFRS or as measures of the Issuer's liquidity.

<b>Metric</b>	<b>Definition</b>
<b>ADJUSTED EBIT</b>	Earnings before interest and taxes adjusted for items affecting comparability
<b>ADJUSTED EBIT MARGIN</b>	Earnings before interest and taxes adjusted for items affecting comparability in relation to sales
<b>ADJUSTED EBITA</b>	Earnings before interest and taxes adjusted for items affecting comparability, excluding amortizations and other accounting effects arising from business combinations
<b>ADJUSTED EBITA MARGIN</b>	Earnings before interest and taxes adjusted for items affecting comparability, excluding amortizations and other accounting effects arising from business combinations in relations to sales
<b>ADJUSTED EBIT EXCLUDING METAL PRICE EFFECTS</b>	Earnings before interest and taxes adjusted for items affecting comparability and metal price effects. Metal price effects are one of the non-operational key figures that the Issuer provides quarterly guidance for, as the metal price effects are volatile and difficult for the investors to predict
<b>ADJUSTED EPS</b>	Profit/loss adjusted for items affecting comparability attributable to equity holders of the Parent Company divided by the average number of shares outstanding during the year
<b>ADJUSTED EPS, DILUTED</b>	Profit/loss adjusted for items affecting comparability attributable to equity holders of the Parent Company divided by the average number of shares outstanding during the year including shares that will be allotted in the long-term incentive programs
<b>ADJUSTED EPS, DILUTED EXCLUDING SURPLUS VALUES</b>	Profit/loss adjusted for items affecting comparability excluding amortizations and other accounting effects, net of tax, arising from business combinations attributable to equity holders of the Parent Company divided by the average number of shares outstanding during the year including shares that will be allotted in the long-term incentive program
<b>ADJUSTED PROFIT AFTER NET FINANCIAL ITEMS</b>	Profit after net financial items adjusted from items affecting comparability
<b>CAPITAL EMPLOYED</b>	Capital employed is defined as total net working capital plus tangible and intangible assets, other current assets (incl. cash and cash equivalents) less other current liabilities
<b>EARNINGS PER SHARE</b>	Profit/loss for the year attributable to equity holders of the Parent Company divided by the average number of shares outstanding during the year
<b>EBIT</b>	Earnings before interest and taxes
<b>EBIT MARGIN</b>	Earnings before interest and taxes in relation to sales
<b>EQUITY RATIO</b>	Total equity in relation to total capital

<b>Metric</b>	<b>Definition</b>
<b>FREE OPERATING CASH FLOW</b>	Earnings before interest, taxes and depreciation adjusted for non-cash items plus the change in net working capital minus investments and disposals of rental equipment and tangible and intangible assets
<b>ITEMS AFFECTING COMPARABILITY (IAC)</b>	The Issuer reports EBITA, EBIT, profit after net financial items and earnings per share adjusted for IAC. IAC includes capital gains and losses from divestments and larger restructuring initiatives, impairments, capital gains and losses from divestments of financial assets as well as other material items having a significant impact on the comparability
<b>LOST TIME INJURY FREQUENCY RATE (LTIFR)</b>	Number of lost time injuries per million worked hours
<b>NET DEBT</b>	Interest-bearing current and non-current liabilities, including net pension liabilities and leases, less cash and cash equivalents
<b>NET DEBT TO EQUITY RATIO</b>	Interest-bearing current and non-current liabilities, including net pension liabilities and leases, less cash and cash equivalents divided by total equity
<b>NET WORKING CAPITAL (NWC)</b>	Total of inventories, trade receivables, account payables and other current non-interest-bearing receivables and liabilities, including those classified as liabilities and assets held for sale, but excluding tax assets and liabilities and provisions
<b>ORDER INTAKE</b>	Order intake for a period refers to the value of all orders received for immediate delivery and those orders for future delivery for which delivery dates and quantities have been confirmed. General sales agreements are included only when they have been finally agreed upon and confirmed. Service contracts are included in the order intake with the full binding contract amount upon signing
<b>ORGANIC GROWTH</b>	Change in order intake and revenues after adjustments for exchange rate effects and structural changes such as divestments and acquisitions. The Issuer generates the majority of its revenues in currencies other than in the reporting currency (i.e. SEK, Swedish Krona). Organic growth is used to analyze the underlying sales performance in the Group
<b>RATE OF CAPITAL TURNOVER</b>	Revenues for the last quarter annualized divided by average total capital
<b>RELATIVE WORKING CAPITAL</b>	Average working capital for the last four quarters, divided by revenues in the last twelve months
<b>RETURN ON CAPITAL EMPLOYED (ROCE)</b>	Operating profit/loss plus financial income, as a percentage of a four quarter average capital employed
<b>RETURN ON TOTAL CAPITAL</b>	Operating profit/loss plus financial income, as a percentage of four quarter average total capital
<b>RETURN ON TOTAL EQUITY</b>	Consolidated net profit/loss for the year as a percentage of average total equity during the year
<b>TOTAL RECORDABLE INJURY FREQUENCY RATE (TRIFR)</b>	Total number of injuries per million worked hours
<b>WORKING CAPITAL</b>	Total of inventories, trade receivables, account payables and other current non-interest-bearing receivables and liabilities, excluding tax assets and liabilities and provisions
<b>OPERATING PROFIT</b>	Earnings before interest and taxes
<b>ORDER INTAKE</b>	Order intake for a period refers to the value of all orders received for immediate delivery and those orders for future delivery for which delivery dates and quantities have been confirmed. General sales agreements are included only when they have been finally agreed upon and confirmed. Service contracts are included in the order intake with the full binding contract amount upon signing

<b>Metric</b>	<b>Definition</b>
<b>ORGANIC GROWTH</b>	Change in order intake and revenues after adjustments for exchange rate effects and structural changes such as divestments and acquisitions. The Issuer generates the majority of its revenues in currencies other than in the reporting currency (i.e. SEK, Swedish Krona) and divest and acquire companies. Organic growth is used to analyse the underlying sales performance in the Group
<b>NET WORKING CAPITAL (NWC)</b>	Total of inventories, trade receivables, account payables and other current non-interest-bearing receivables and liabilities, including those classified as liabilities and assets held for sale, but excluding tax assets and liabilities and provisions
<b>RATE OF CAPITAL TURNOVER</b>	Revenues for the last quarter annualised divided by average total capital
<b>RELATIVE WORKING CAPITAL</b>	Average working capital for the last four quarters, divided by revenues in the last twelve months
<b>RETURN ON CAPITAL EMPLOYED (ROCE)</b>	Operating profit/loss plus financial income, as a percentage of a four quarter average capital employed
<b>RETURN ON TOTAL CAPITAL</b>	Operating profit/loss plus financial income, as a percentage of four quarter average total capital
<b>RETURN ON TOTAL EQUITY</b>	Consolidated net profit/loss for the year as a percentage of average total equity during the year
<b>TOTAL RECORDABLE INJURY FREQUENCY RATE (TRIFR)</b>	Total number of injuries per million worked hours
<b>TROUGH</b>	Lowest level through an economic cycle
<b>WORKING CAPITAL</b>	Total of inventories, trade receivables, account payables and other current non-interest-bearing receivables and liabilities, excluding tax assets and liabilities and provisions

## TAXATION

The following is a general description of certain EU tax considerations relating to the Notes and also certain Swedish tax consequences relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in those countries or elsewhere. Prospective purchasers of Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries. This summary is based upon the law as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date.

### Swedish Taxation

#### *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 (a) is not resident in Sweden for Swedish tax purposes or (b) does not have a permanent establishment in Sweden to which the Notes are effectively connected.

However, broadly speaking, *provided that* the value of or the return on the Notes relates to securities taxed as shares, private individuals who have been residents of Sweden for tax purposes due to a habitual abode or 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.

Swedish withholding tax, or Swedish tax deduction, is not imposed on payments of any principal amount or any amount that is considered to be interest for Swedish tax purposes, except in relation to certain payments of interest (and other distributions on Notes) to a private individual (or the estate of a deceased individual) who is 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 realises 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, or clearing institution within the EEA, 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 returns are paid out together with such a payment of interest referred to above.

### **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 the Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the Commission's proposal, 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 the 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 the Notes are advised to seek their own professional advice in relation to the FTT.

### ***FATCA***

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" 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. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including the Kingdom of Sweden 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 the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the 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 the Notes, such withholding would not apply prior to the date that is two years after the publication of the final regulations defining "foreign passthru payment" and Notes 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 (including by reason of a substitution of the Issuer). 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 advisors regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

## SUBSCRIPTION AND SALE

Notes may be sold from time to time by the Issuer to any one or more of Dealers. The arrangements under which Notes may from time to time be agreed to be sold by the Issuer to, and subscribed by, Dealers are set out in a Dealer Agreement dated 28 October 2021 (the "**Dealer Agreement**") and made between the Issuer and the Dealers. If in the case of any Tranche of Notes the method of distribution is an agreement between the Issuer and a single Dealer for that Tranche to be issued by the Issuer and subscribed by that Dealer, the method of distribution will be described in the relevant Final Terms as "Non-Syndicated" and the name of that Dealer and any other interest of that Dealer which is material to the issue of that Tranche beyond the fact of the appointment of that Dealer will be set out in the relevant Final Terms. If in the case of any Tranche of Notes the method of distribution is an agreement between the Issuer and more than one Dealer for that Tranche to be issued by the Issuer and subscribed by those Dealers, the method of distribution will be described in the relevant Final Terms as "Syndicated", the obligations of those Dealers to subscribe the relevant Notes will be joint and several and the names and addresses of those Dealers and any other interests of any of those Dealers which is material to the issue of that Tranche beyond the fact of the appointment of those Dealers (including whether any of those Dealers has also been named to act as Stabilising Manager in relation to that Tranche) will be set out in the relevant Final Terms.

Any such agreement will, *inter alia*, make provision for the form and terms and conditions of the relevant Notes, the price at which such Notes will be subscribed by the Dealer(s) and the commissions or other agreed deductibles (if any) payable or allowable by the Issuer in respect of such subscription. The Dealer Agreement makes provision for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Tranche of Notes.

**United States of America:** *Regulation S Category 2; TEFRA D or TEFRA C as specified in the relevant Final Terms or neither if TEFRA is specified as not applicable in the relevant Final Terms.*

The Notes have not been and will not be registered under the Securities Act 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 the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

The Bearer Notes 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. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code and regulations thereunder.

Each Dealer has agreed that, except as permitted by the Dealer Agreement, it will not offer, sell or deliver Notes, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Notes comprising the relevant Tranche within the United States or to, or for the account or benefit of, U.S. persons, and such Dealer will have sent to each dealer to which it sells Notes during the distribution compliance period relating thereto 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.

### ***Prohibition of Sales to EEA Retail Investors***

If the Final Terms (or Drawdown Prospectus, as the case may be) in respect of any Notes includes a legend entitled "Prohibition of Sales to EEA Retail Investors", 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, 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 Base Prospectus as completed by the Final Terms (or are the subject of the offering contemplated by a Drawdown Prospectus) in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision 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 Directive 2014/65/EU (as amended, "**EU MiFID II**"); or

- (ii) a customer within the meaning Directive (EU) 2016/97 ("**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.

### **Public Offer Selling Restriction Under the EU Prospectus Regulation**

If the Final Terms in respect of any Notes does not include a legend entitled "Prohibition of Sales to EEA Retail Investors", in relation to each Member State of the European Economic Area, 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 Base Prospectus as completed by the Final Terms in relation thereto (or are the subject of the offering contemplated by a Drawdown Prospectus, as the case may be) to the public in that Member State except that it may make an offer of such Notes to the public in that Member State:

- (a) *Qualified investors*: at any time to any legal entity which is a qualified investor as defined in the EU Prospectus Regulation;
- (b) *Fewer than 150 offerees*: at any time to fewer than 150, natural or legal persons (other than qualified investors as defined in the EU Prospectus Regulation), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (c) *Other exempt offers*: at any time in any other circumstances falling within Article 1(4) of the EU Prospectus Regulation.

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

For the purposes of this provision, the expression an "**offer of Notes to the public**" in relation to any Notes in any Member 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 "**EU Prospectus Regulation**" means Regulation (EU) 2017/1129.

### **United Kingdom**

**Prohibition of sales to UK Retail Investors**: If the Final Terms (or Drawdown Prospectus, as the case may be) in respect of any Notes includes the legend "Prohibition of Sales to UK Retail Investors", 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 Base Prospectus as completed by the Final Terms in relation thereto (or are the subject of the offering contemplated by a Drawdown Prospectus, as the case may be) to any retail investor in the United Kingdom. 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 (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (**EUWA**); or
  - (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.

If the Final Terms (or Drawdown Prospectus, as the case may be) in respect of any Notes does not include the legend "Prohibition of Sales to UK Retail Investors", 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 Prospectus as completed by the Final Terms in relation thereto to the public



in the United Kingdom except that it may make an offer of such Notes to the public in the United Kingdom:

- (A) at any time to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;
- (B) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation) in the United Kingdom subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (C) at any time in any other circumstances falling within section 86 of the FSMA,

provided that no such offer of Notes referred to in (A) to (C) above shall require the Issuer or any Dealer to publish a prospectus pursuant to section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression an "**offer of Notes to the public**" in relation to any Notes 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 "**UK Prospectus Regulation**" means Regulation (EU) 2017/1129 as it forms part of UK domestic law by virtue of the EUWA.

#### ***Other UK regulatory restrictions***

Each Dealer has represented, warranted and agreed that:

- (a) ***No deposit-taking:*** in relation to any Notes having 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:
    - (A) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or
    - (B) 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 Issuer;
- (b) ***Financial promotion:*** it has only communicated or caused to be communicated and will only communicate or cause to be communicated any 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 Issuer; and
- (c) ***General compliance:*** 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 United Kingdom.

#### **Selling Restrictions Addressing Additional Securities Laws**

##### ***Sweden***

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 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 Sweden except in circumstances that will not result in a requirement to prepare a prospectus pursuant to the provisions of the EU Prospectus Regulation

or the Act on Supplementary Rules to the EU Prospectus Regulation (Sw. *lagen 2019:414 med kompletterande bestämmelser till EU:s prospektförordning*) nor any other Swedish enactment. Neither the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) nor any other Swedish public body has examined, approved or registered this Base Prospectus or will examine, approve or register this Base Prospectus.

### **Hong Kong**

Each Dealer has represented and agreed that:

- (1) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (a) to "professional investors" as defined in the [SFO/Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "SFO")] and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions Ordinance (Cap. 32) of Hong Kong (the "C(WUMPO)") or which do not constitute an offer to the public within the meaning of the C(WUMPO); and
- (2) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

### **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, accordingly, each Dealer has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan or to others for re-offering or resale, directly or indirectly, in Japan or to any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and other relevant laws and regulations of Japan. As used in this paragraph, "**resident of Japan**" means any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

### **People's Republic of China**

The Notes may not be offered or sold directly or indirectly within the borders of the PRC (which, for such purposes, does not include the Hong Kong or Macau Special Administrative Regions or Taiwan province). This Base Prospectus or the information contained herein has not been approved by or registered with any relevant governmental authorities in the PRC and may not be offered for sale in the PRC. 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 made, and will not make, any offers, promotions, or solicitations for sales of or for, as the case may be, any Notes in the PRC, except where permitted by competent authorities or where the activity otherwise is permitted under the PRC law. PRC investors are responsible for obtaining all relevant government regulatory approvals/licences (if any) by themselves, including, but not limited to, any which may be required from the State Administration of Foreign Exchange and other competent regulatory authorities and complying with all relevant PRC regulations (if applicable), including, but not limited to, any relevant foreign exchange regulations and/or overseas investment regulations.

### **Singapore**

Each Dealer has acknowledged that this Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented, warranted and agreed *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 Base Prospectus 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:

- (1) 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;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law;
- (4) as specified in Section 276(7) of the SFA; or
- (5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.]

## **General**

Each Dealer has represented, warranted and agreed that it has complied and will comply with all applicable laws and regulations in each country or jurisdiction in or from which it purchases, offers, sells or delivers Notes or possesses, distributes or publishes this Base Prospectus or any Final Terms or any related offering material, in all cases at its own expense. Other persons into whose hands this Base Prospectus or any Final Terms comes are required by the Issuer and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or possess, distribute or publish this Base Prospectus or any Final Terms or any related offering material, in all cases at their own expense.

The Dealer Agreement provides that the Dealers shall not be bound by any of the restrictions relating to any specific jurisdiction (set out above) to the extent that such restrictions shall, as a result of change(s) or change(s) in official interpretation, after the date hereof, of applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Dealers described in the paragraph headed "*General*" above.

Selling restrictions may be supplemented or modified with the agreement of the Issuer. Any such supplement or modification may be set out in the Relevant Agreement (as defined in the Dealer Agreement) or, in the case of Exempt Notes, in the Relevant Agreement or in the relevant Pricing Supplement (in each case, where the supplement or modification relates only to a particular Tranche of Notes) or in a supplement to this Base Prospectus.

## GENERAL INFORMATION

### Authorisation

1. The update of the Programme was authorised by a resolution of the board of directors of the Issuer on 13 December 2016. The Issuer has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes and the update of this Base Prospectus.

### Legal and Arbitration Proceedings

2. There are no governmental, legal or arbitration proceedings, (including any such proceedings which are pending or threatened, of which the Issuer is aware), which may have, or have had during the 12 months prior to the date of this Base Prospectus, a significant effect on the financial position or profitability of the Issuer and its Subsidiaries.

### Significant/Material Change

3. There has been no material adverse change in the prospects of the Issuer since 31 December 2020, nor any significant change in the financial position or financial performance of the Issuer and its Subsidiaries since 30 September 2021.

### Auditors

4. The consolidated and unconsolidated financial statements of the Issuer have been audited without qualification for the years ended 31 December 2020 and 31 December 2019 by PricewaterhouseCoopers AB, of Torsgatan 21, 113 97 Stockholm, Sweden, with authorised public accountant and member of FAR (the Association of Certified Public Accountants), Peter Nyllinge, as auditor-in-charge, who have given and have not withdrawn, their consent to the inclusion of their report in this Base Prospectus in the form and context in which it is included.

### Documents on Display

5. Copies of the following documents (together with English translations thereof, where applicable) may be inspected during normal business hours at the offices of the Fiscal Agent at the Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom for the 12 months from the date of this Base Prospectus:
  - (a) the constitutive documents of the Issuer (as the same may be updated from time to time) (and which may also be inspected at: <https://www.home.sandvik/en/investors/corporate-governance/articles-of-association/>);
  - (b) the audited consolidated and unconsolidated financial statements of the Issuer for the years ended 31 December 2020 and 31 December 2019 and the unaudited consolidated and unconsolidated financial statements of the Issuer for the nine months ended 30 September 2021;
  - (c) the Agency Agreement;
  - (d) the Deed of Covenant;
  - (e) the Programme Manual (which contains the forms of the Notes in global and definitive form); and
  - (f) the Issuer-ICSDs Agreement (which is entered into between the Issuer and Euroclear and/or Clearstream, Luxembourg with respect to the settlement in Euroclear and/or Clearstream, Luxembourg of Notes in New Global Note form or Registered Notes held under the New Safekeeping Structure).

This Base Prospectus and the documents incorporated by reference in this Base Prospectus (see “Information Incorporated by Reference”) will also be available on the website of the Luxembourg Stock Exchange at [www.bourse.lu](http://www.bourse.lu) and at <https://www.home.sandvik/en/investors/debt/funding-programs/> and

the Base Prospectus and the documents incorporated by reference will remain publicly available for at least 10 years.

### **Clearing of the Notes**

1. The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg or, in the case of the Swedish Registered Notes, Euroclear Sweden. The appropriate common code and the International Securities Identification Number (ISIN) in relation to the Notes of each Tranche will be specified in the relevant Final Terms. The relevant Final Terms shall specify any other clearing system as shall have accepted the relevant Notes for clearance together with any further appropriate information. The address of Euroclear is 1 Boulevard du Roi Albert II, B.1210, Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg.

2. **Legal Entity Identifier (LEI)**

The Legal Entity Identifier (LEI) of the Issuer is 5299008ZUAXN43LVZF54.

3. **Issuer website**

The Issuer's website is [www.sandvik.com](http://www.sandvik.com). Unless specifically incorporated by reference into this base prospectus, information contained on the website does not form part of this prospectus and has not been scrutinised or approved by the CSSF or any other competent authority.

4. **Dealers transacting with the Issuer**

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for the Issuer and its affiliates in the ordinary course of business. Certain of the Dealers and their affiliates may have positions, deal or make markets in the Notes issued under the Programme, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer and its affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities.

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