



Husqvarna
Group



Sustainovate

Progress report

2019

We are a leading global producer of outdoor power products for forest, park and garden care, watering products, and cutting and surface preparation equipment for construction.

We have three divisions that focus on premium products and solutions under leading brands.

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Key data

9.3

Operating margin excluding items affecting comparability, % (7.9)

12,700

Average number of employees (13,200)

3,915

Operating income excluding items affecting comparability, SEKm (3,241)

-45

CO₂ emission intensity reduction, % (-21)

42,277

Net sales, SEKm (41,085)

Introduction — Husqvarna Group



Husqvarna
65%
Share of Group net sales

A leader in forest and garden products. The undisputed market leader in robotic lawn mowers.



Gardena
20%
Share of Group net sales

A leader in watering products, garden hand tools and smart garden systems.



Construction
15%
Share of Group net sales

A leader in light construction products for professionals.



Our core purpose /

Passion for innovation is what defines us.

It's in our DNA and part of our long history and heritage. It is what has shaped our company into what it is today. It has also become a vital part in our work towards a sustainable future. We leverage technology to turn opportunities into value for our customers. Through our purpose we deliver on our vision.

Our vision /

Shaping great experiences is what drives us forward. It is our inspiration.

We are proud to be leaders in sustainable, user-centered solutions. Through our products and services, we partner to shape the green spaces and urban environments of today and of tomorrow.

Our key behaviors /

It starts with me—take ownership and ask myself: What can I do?

- Seek customers' point of view in all meetings and decisions
- Demonstrate collaboration by giving and seeking support
- Maintain focus and simplicity

A changing world

Markets and society are evolving faster than ever, becoming more globalized and technology-driven. Impacts of climate change, demographic shifts and competition for scarce resources are affecting not only society at large but also our business strategy. Understanding how and why is critical to executing our strategy and reducing our environmental footprint. Sustainovate—our approach to integrating sustainability in our business—plays a vital role in delivering this understanding.



THE ENERGY TRANSFORMATION

In light of the urgency of addressing climate change, low-carbon solutions are a growing priority for customers and regulators. Technological improvements make energy storage viable and affordable.

Sustainability opportunities and risks

- Products that go beyond fuel-efficiency standards give a competitive advantage
- Battery technologies and regulation on energy use and recycling smooth the path to renewable energy
- In motorized products, about 28 (27) percent of our business is represented by battery products, robotics and electric products.* This creates opportunities to leverage low-carbon energy sources
- Lithium-ion battery use requires greater transparency on human rights and environmental risks along the value chain.

* The remaining motorized products are petrol-driven.



SPEED OF TECHNOLOGY

Digitalization is transforming how products are developed, sold, used, serviced and shared. Digital offers, such as smart garden solutions and fleet-management systems for commercial users, position us to deliver more efficient services, consume fewer resources and extend product life.

Sustainability opportunities and risks

- Analyzing data from devices and robotic technology delivers greater customer insight and helps us not only develop product features that enhance productivity, efficiency and safety but also enables the sharing economy
- Digitalized manufacturing and product development raise quality, shorten time to market and make factories and workplaces more energy efficient
- Cyber and other threats to security have a growing impact on business operations and customers' privacy.



SHIFTING CONSUMER VALUES AND PURCHASING BEHAVIOR

By 2030, global middle-class spending is projected to triple. Sustainability values, individualism, personal expression, ease of use and affordability all have an impact on their purchasing decisions.

Sustainability opportunities and risks

- Growing emphasis on sharing products instead of owning them provides opportunities for circular business models
- Stakeholders expect us to meet high human rights and environmental standards, especially in the supply chain
- Growth in emerging markets, many of which are reliant on fossil-fuel energy, may negatively impact our carbon footprint
- The shift to e-commerce changes sales channels and may increase our carbon footprint from online sales.



URBANIZATION AND NEW CUSTOMER GROUPS

Cities, in particular, are driving the sustainability agenda at local levels. Two thirds of the population will live in cities. Europe and North America will have more over-55s than people aged under 18.

Sustainability opportunities and risks

- More green space is needed as cities expand. For us, this creates openings in public sector procurement and connecting people with nature
- Changing customer demographics create scope for innovation in ergonomics and building safety
- Urban spread into green zones puts pressure on biodiversity. We can encourage consumers to protect living things and by lowering product impacts, we can ensure our products do not adversely affect local biodiversity.

For an analysis of how these megatrends affect our markets and customers, see the Husqvarna Group Annual Report 2019 p. 8



Sales distribution

Global presence in attractive markets with steady underlying growth.



North America



Europe



Rest of the world



Chapter 2/
Strategy

Anchored in a passion for innovation and connecting people with nature, Sustainovate is our way of integrating sustainability into our business.

Creating a strong company fit for the future relies on the ingenuity and courage of our people, forward-thinking leadership, and the insights of our strategic partners. We are committed to raising the bar in safety and product efficiency and finding new ways to

reduce both our customers' and our own consumption of energy, water and other resources. Realizing our vision means exploring innovative product ideas and business models that deliver positive impacts for people and the planet and making these products widely available.

Ambitions and progress

Sustainovate is built on five key challenges to reduce impacts and enhance our ability to positively affect people's lives and the environment.

Sustainovate includes Group-wide targets which are driving our sustainability performance between 2015 and 2020. This goal-based approach has focused attention on long-term value creation and is critical for market leadership.

With four of five years of the targets now complete, the benefits of this approach are showing and we are well positioned to achieve most of our targets. Sustainovate targets compare performance to 2015, unless otherwise indicated by a (*).

AMBITION	TARGET	PROGRESS	HIGHLIGHTS	NEXT STEPS
Carbon challenge <i>Decouple business growth from CO₂ emissions</i>	10% CO ₂ intensity reduction across the value chain.	45% ON TRACK	<ul style="list-style-type: none"> In motorized products, 28 percent of the business is represented by battery-powered, robotic and electrical products—up from 11 percent in 2015 58 percent of electricity used in operations derives from renewable sources More than half of the R&D spend of SEK 1,720 m was directed to battery and robotic technologies Exited low-margin petrol-powered product segments in North America. 	<ul style="list-style-type: none"> Increase sales of low-carbon products Explore possibilities to source or install renewable energy Engage suppliers to measure and reduce CO₂ emissions Launch revamped Science-based target to align with 1.5 °C.
	33% Absolute CO ₂ reduction from product use by 2035*	24%		

AMBITION	TARGET	PROGRESS	HIGHLIGHTS	NEXT STEPS
Team challenge <i>Be the best place to work</i>	+9 Net Promoter Score (NPS) is equal to or exceeds the peer group.	+8 ADDITIONAL EFFORT NEEDED	<ul style="list-style-type: none"> 91 percent (approx. 12,000 employees) responded to the 2019 Team Survey Since 2015 some 142 managers have taken part in leadership training, 56 of them in 2019 Defined our Group Employee Value Proposition (EVP). 	<ul style="list-style-type: none"> EVP roll-out Group-wide Diversity and Inclusion strategy and action plan Develop and execute Group Leadership Behavior and Capability model.

AMBITION	TARGET	PROGRESS	HIGHLIGHTS	NEXT STEPS
Supplier challenge <i>Inspire and build a sustainable supplier base</i>	70% Of purchasing spend from strategic suppliers audited and approved based on their sustainability performance	51% ON TRACK	<ul style="list-style-type: none"> Since 2015, 144 supplier sustainability audits conducted in Asia, Europe and Americas 131 strategic suppliers audited and approved No zero-tolerance issues were uncovered in supplier audits Updated the Supplier Code of Business Ethics. 	<ul style="list-style-type: none"> Complete current audit program and define action plan for responsible sourcing to 2025 Define action plan to improve transparency on minerals of concern Train commodity managers on Supplier Code of Business Ethics.

AMBITION	TARGET	PROGRESS	HIGHLIGHTS	NEXT STEPS
Safety challenge <i>Lead the industry in safety across the value chain</i>	40% Reduction in the Total Recordable Incident Rate (TRIR) in operations	31% ADDITIONAL EFFORT NEEDED	<p>Workplace safety</p> <ul style="list-style-type: none"> Implemented an ISO 45001-based OHS management system Launched new OHS policy 135 OHS audits performed. <p>Product safety</p> <ul style="list-style-type: none"> A decrease in volume of products historically involved in incidents Sales of protective equipment worldwide represented 1.3 percent of global sales compared to 0.2 percent in 2015. 	<p>Workplace safety</p> <ul style="list-style-type: none"> Implement Group-wide OHS incident management system Increase preventative action reporting and risk observations <p>Product safety</p> <ul style="list-style-type: none"> Involve more people in internal audits to promote best practice. Launch products with new safety features Accelerate innovation initiatives for improved product safety.
	35% Reduction in the number of product incidents compared to 2016	77% ON TRACK		

AMBITION	HIGHLIGHTS	NEXT STEPS
Community challenge <i>Build a platform for teams to engage in local communities</i>	<ul style="list-style-type: none"> Matched Ulm community donations, providing 200,000 Euros for helping 100,000 people gain access to clean water In 2019, held the Living City global conference in Gothenburg, Sweden and nine local events around the world to raise awareness on the role of parks Since 2015, convened 30 regional Husqvarna Loves Parks meetings and four international conferences Durban and Rio de Janeiro listed as Husqvarna Group's HUGSI 2019 Index of the world's greenest cities. 	<ul style="list-style-type: none"> Action plan for Group-wide emergency relief program.

Setting our sights beyond 2020

With one year to go on Sustainovate 2020, we are well-positioned to achieve most of our targets and we have embedded sustainability deeper into our business. Husqvarna Group CEO Kai Wörn and SVP Pavel Hajman discuss progress in 2019 and why Sustainovate 2025 is positioning us for even greater competitiveness.

On the achievements that make us proud

Kai Wörn (KW): Our efforts are genuine and our results are consistent. More than half of our R&D investments—SEK 1,720m—support the Sustainovate agenda. Developing new business models and battery-based and robotics technologies are central to our carbon target and are accomplishments that can't be emphasized enough. We have achieved significant results on the target, thanks to dedicated people and the decisions made in every division.

Also, all facilities in Europe, including 15 production sites, are powered by renewable electricity. Off-grid solar solutions help power three facilities in the U.S., China and Sweden.

Pavel Hajman (PH): Another step forward is the launch of our Group battery competence center. It helps by supporting divisions with solutions that demonstrate sustainability leadership and cost efficiency, and which are enabling a quicker shift from petrol to battery products.

I'm also proud of Construction division's declaration to lead in battery technologies in their sector. Their newly launched professional battery-powered power cutter is the first in a line of products to come. Exciting ideas are also being market tested, like Husqvarna Division's "Tools for you" sharing-economy concept which is available in four countries and where consumers have pay-per-use access to our tools.

KW: A challenge from last year was improving transparency of CO₂ impacts in our supply chain. By partnering with the CDP Supply Chain platform—a digital platform for CO₂ data disclosures—we can monitor, report and work together with suppliers on reducing their emissions. Over half of the contacted suppliers responded to our request to disclose emissions. The majority of them had targets in place and several had, or commit to having, science-based targets.

On roles that shape Sustainovate

KW: Group management's role is to set aspirations and ensure that business objectives and sustainability aims are mutually supportive. Sustainability is on the agenda at most management meetings. We regularly report on progress to the Board—it met the sustainability team twice this year in addition to one meeting with the Board's People and Sustainability Committee.

PH: With Sustainovate 2025, a bottom-up approach is how we will integrate sustainability deeper in the organisation.

On challenges to realizing our approach

PH: The total cost of ownership is a factor in all major investments, but we need to have a better internal process to ensure that energy efficiency is prioritized in our investment decisions.

KW: We need to increase traceability in our supply chain in regards to risks for conflict minerals, cobalt and lithium. While we're gaining better insight, we need to further advance knowledge in this area in 2020.

PH: Another area to build on relates to safety. Due to the nature of our business, about half of our factory staff are seasonal workers. We need to be better at continually informing new workers of our safety routines, because we will never compromise on safety. Although we have had setbacks in the number of incidents this year, the incidents decreased in severity.

»We are adopting a bolder approach, addressing opportunities where we can contribute most to transformation«

On changing expectations

KW: Customer and investor expectations are a reality check for us. Staying ahead of them helps us to stretch our ambitions. We appreciate that investors are pressure-testing our engagement and want to validate that Sustainovate is making a difference.

Customers—not least cities and municipalities—are more aware. They want to use resources efficiently and our products can help. Initiatives like Living City and Hugsj, which we partnered in this year, help raise awareness about green spaces in urban settings.

PH: The Task Force on Climate-related Financial Disclosures—TCFD—is one example of a growing priority among investors. By being transparent on impacts through TCFD, investors can understand the climate risks of their investment decisions. We engaged early in TCFD to be ahead of the curve and became a signatory in 2019.



Pavel Hajman, SVP CIO & Operations Development

Kai Wörn, President and CEO

KW: We know that the decisions we make today will influence our ability to limit global temperature rise to 1.5 °C by the end of this century. We are committed to a path of becoming carbon neutral. We began internal discussions among experts and business leaders this summer. They took part in a process to align our long-term business aims with the science, in order to help us decide on our way forward.

On decoupling CO₂ emissions from business growth.

PH: Our CO₂ impacts matter—and they occur most when our customers use our products. Since 2016, when we launched Sustainovate, we have proven that we can reduce CO₂ and build our business at the same time. Battery-based products are the key.

KW: Decoupling emissions from growth is indeed a big deal. There is a beyond-petrol frontier for most applications. We know that petrol products will be needed for some time to come though. Battery technology isn't there yet for all applications; products for forest management professionals being one example. As we develop new generations of platforms, most will be replaced with battery solutions. We have already taken the decision not to further develop petrol-based hedge trimmer platforms.

On developing Sustainovate 2025

PH: We are already thinking beyond 2020 targets. Through Sustainovate 2025, we are adopting a bolder approach, addressing opportunities in which we can contribute most to transformation. With a focus on

opportunities—carbon, circular and people—instead of five challenges, we are more specific and ambitious. We also know that employees want to work for a company that demonstrates commitment through actions, that creates a workplace that allows employees to grow professionally, and engages them in ways that make a difference. That's why we're raising our ambition on engaging with customers and employees.

KW: We are also sharpening our aspirations in line with what the latest science says needs to be done to limit temperature increase to 1.5 C. With circular economy, we are exploring an area that promises to have a future impact on delivering both on our customer experience and smart use of resources.

At the same time, we will continue to work on meeting expectations for performance in our other sustainability impacts and ensure that our practices reflect our commitment to the ten principles of the UN Global Compact.

The true impact of Sustainovate still lies ahead of us, but awareness levels are changing fast. When we started in 2015, we stretched our ambition level. Today, we not only see the urgency of transformation, we know that the business case is there to deliver on it.

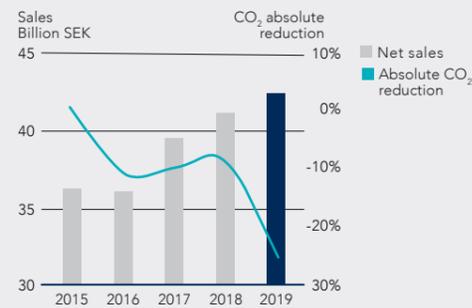


Strategic milestones

We are embracing best practice and integrating sustainability more deeply into the business. In 2019, our support for the UN's Sustainable Development Goals continued and we prepared for the launch of Sustainovate 2025.

CASE / Decoupling CO2 from business growth 2015–2019

We want to dramatically cut our CO2 emissions, while our company continues to grow. Through Sustainovate, we are proving that it is possible to decouple business growth from our emissions. Measuring progress against our sales growth is one way to keep track. Year on year, our performance shows that our CO2 target – which includes emissions from suppliers, manufacturing, transport and product use—is deeply connected to our business goals. It also shows it is possible to aim for market leadership and be a sustainability leader, too.



Over the last four years, we have reduced our absolute CO2 emissions by 25 percent while increasing sales by 17 percent.



CASE / Pioneering spirit

Communicating about who we are and what we stand for as an employer is an important part of delivering an inspiring employee experience. In 2019 we launched our Employee Value Proposition—Built by Pioneers—a Group-wide framework that tells the story about us.

The framework is targeted both at our current team and potential employees. 'Built by Pioneers' highlights that we are passionate about our work, proud of our history and curious about the future. It describes how our global, diverse and open environment makes us strong.

We know that the people we seek to attract and retain want to make a lasting difference through their work and want to work for a company that is serious about sustainability. Communicating and living our EVP will help build a thriving company, drive our sustainability aims and create opportunities for employee engagement in our Sustainovate 2025 targets.

CASE / Sustainovate 2025

In 2019, Husqvarna Group took further steps to define the next phase of Sustainovate to 2025. Our year-long strategy process involved key internal and external stakeholders and led to new board-approved sustainability targets.

Five challenges have guided us in integrating sustainability deeper into the business to 2020. Sustainovate 2025 and its three opportunities will

pick up where the 2020 goals left off, with a higher level of ambition and a more focused mission—Sustainovate 2025 defines how the Group will lead a sector shift to step-change efficiency and smarter resource use. To learn more, see p. 48.



INTERVIEW / Chris Sengura Thriving in a new culture

People from all over the world work at Husqvarna's Laichingen factory. Chris Sengura, one of our best forklift operators, is among them. He tells us his story and offers the Group

some advice on how we can better support new employees of all cultures into our workforce.

How can we improve at integrating new employees?

"It's all about the team and taking the time to support one another. My manager saw I had the ability to work with forklifts, which are complicated machines, but I didn't have an operator's license. I have been in Germany since 2015, and my level of German was a barrier to getting it. My manager helped me become qualified and I got a license only a year after coming to Germany."

What do you like most about your job and what challenges have you experienced?

"It isn't easy being in a new country and workplace, with a new language, a new culture and new routines. Getting a practical ramp-up helped me see how everything works, like learning safety procedures and clear instructions for how to load trucks. I appreciated the fact that people around me were patient as I learned."

"My colleagues are the best part of the job. They're great to work with and I like my manager."

What are your future ambitions?

"I feel at home here. I want to learn the language better and I'd like to advance to be an operational leader, if I get the chance. Hopefully, I'll be at Laichingen for a long time."



Where we can reduce negative impacts of our operations

Where we can positively impact customers and our value chain

Where we can positively impact society at large

Supporting change to 2030

The UN's Sustainable Development Goals (SDGs) are a 17-point plan for ending extreme poverty, fighting inequality and injustice and protecting the planet up to 2030. Achieving the SDGs requires significant effort at all levels of society, not least in business, which has a critical role to play as a change agent. Our biggest contributions to the goals lie in reducing the negative impacts of operations, contributing to positive change along the value chain and engaging in society at large.

Impacts along the value chain

A value chain perspective helps us to better understand the impacts we have on people and the planet and to maximize the value we bring. It also helps us to pinpoint the relationships we need to strengthen in order to deliver that value. Here is how we see our greatest impacts.



	PRODUCT & SERVICES DEVELOPMENT	SOURCING	MANUFACTURING	TRANSPORTATION	CUSTOMER INTERACTION	CUSTOMER USE	END OF LIFE
Our impacts	Energy efficiency, low-carbon solutions, a focus on safety and smarter materials use are core R&D priorities. More than half of our R&D investments—SEK 1,720m—support the Sustainovate agenda.	The Group sources goods and components from 2,000 companies. Sustainovate calls on 172 of our most strategic suppliers, representing some 70 percent of our purchasing spend, to generate change and reduce supply chain risks.	With 13,000 employees in 40 countries, our impacts span across social, economic and environmental areas. Our decisions in this phase set the tone for action in the entire value chain. Our direct CO ₂ footprint of 2 percent is small and mostly from electricity use in manufacturing.	About 1 percent of our CO ₂ footprint arises from transport—primarily from road, sea and air freight. Product packaging and manufacturing location can positively influence our CO ₂ impact in this area.	Our products sell via 25,000 dealers and retailers in 100 countries and through online channels. We aim to increase our sales of products that go further than local emissions and safety standards.	Almost 85 percent of a petrol-powered product's CO ₂ impact occurs during use. Our ability to influence this phase depends on product development, battery technology and harnessing new digital opportunities for productivity gains.	Our long-term vision is to turn the end of our products' life into the beginning of a new cycle. This requires a framework that few companies can achieve alone.

	PRODUCT & SERVICES DEVELOPMENT	SOURCING	MANUFACTURING	TRANSPORTATION	CUSTOMER INTERACTION	CUSTOMER USE	END OF LIFE
Our approach	<ul style="list-style-type: none"> Devise more energy- and water-efficient products Develop low-carbon business models Develop features for customer health and safety Improve material use and recyclability. 	<ul style="list-style-type: none"> Promote supplier-enabled innovation Conduct due diligence of battery and electric component suppliers Use energy-efficient suppliers and sustainability auditing Pursue ethical business practices. 	<ul style="list-style-type: none"> Focus on efficient operations Attract and retain the best talent Ensure health, safety and wellbeing Pursue ethical business practices. 	<ul style="list-style-type: none"> Reduce air freight Enhance logistics efficiency Optimize packaging. 	<ul style="list-style-type: none"> Promote our most sustainable products and services Ensure long-term financial performance Promote personal protective equipment. 	<ul style="list-style-type: none"> Develop low-carbon products and services Deliver solutions for customer health and safety Collect data on use-phase impacts. 	<ul style="list-style-type: none"> Use more recyclable material in products Develop sustainable products and services Follow regulatory change Promote circular-economy thinking and engage with other companies.

	PRODUCT & SERVICES DEVELOPMENT	SOURCING	MANUFACTURING	TRANSPORTATION	CUSTOMER INTERACTION	CUSTOMER USE	END OF LIFE
The difference we make	Pushing low-carbon alternatives and innovating in safety and materials use makes us more competitive and reduces impacts such as waste and energy use. Meeting ambitious regulations in one market shines a light on future needs in others.	A partnership approach helps us to achieve climate and supplier targets and deliver cost savings. We encourage suppliers to share our sustainability ambitions and help us reduce impacts and deepen supply-chain transparency.	As a trusted brand and market leader, we attract the right competencies. Producing products efficiently and close to market allows significant cost and CO ₂ savings. Employees gain career opportunities and local communities benefit from jobs and economic stability.	Shifting to more sustainable transport and reducing air freight are important ways we can support society's striving to reduce CO ₂ emissions through our purchasing choices. Optimizing logistics can cut costs significantly.	Battery technologies enable consumers to support low-carbon electricity. Disclosing our environmental and social impacts helps dealers and retailers to meet customer expectations. Sales targets for protective equipment and water-efficient products promote safety and efficiency.	Energy-efficient products save customers money. Battery and robotics support the transition to low-carbon economy. Focusing on safe solutions enhances personal security. Our product guarantees, spare parts and fleet-management services extend product life and improve efficiency.	We participate in electrical equipment and battery recycling schemes in North America and Europe. Our products are largely made of steel and plastic, both of which are recyclable. We are exploring how to use more recycled plastic to bring us closer to a circular value chain and reduce waste.

Degree of our influence





Chapter 3/

Our challenges

Innovation that brings people and nature closer together. This is the heart of Sustainovate. Founded on five challenges, Sustainovate covers the areas where we aim to make a difference to 2020.





Carbon

Our challenges — Carbon



Carbon target drives change across the life cycle

We have proven that we can reduce CO₂ and build our business at the same time. Battery-based products are the key. Progress against our target depends on engaging consumers with the most attractive, low-carbon alternatives.

We seek to reduce CO₂ by addressing touchpoints along our value chain—with suppliers, at operations, and during transportation and product use. Our target is to achieve a CO₂ intensity reduction of 10 percent in 2020, compared to 2015 emissions levels. Overall, we have exceeded the target by a wide margin every year since 2016.

Value for customers delivers CO₂ reductions

We are progressing thanks largely to CO₂ reductions in product use. Considerable opportunities exist to achieve further reductions in this phase. Most of our products are petrol-powered and the shift to battery-powered and robotics products will continue for at least another decade. In motorized products, about 28 percent of our business is currently represented by battery-powered, robotics and corded products—from 11 percent in 2015.

Our approach to reducing impacts of petrol and preparing for the transition are threefold: shifting towards battery-powered and robotic products, devel-

oping new business models, and promoting the most energy-efficient petrol-powered products. The greatest CO₂ reductions will occur beyond 2020 as we expand our portfolio of battery-powered products and invest further in robotics and connected technologies. Taking the long view is an important for product development, and our Science-based target (SBT) to 2035 helps keep us on track (p.21).

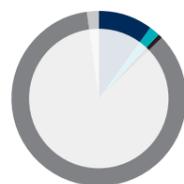
Progress across the value chain

While CO₂ performance for product use and manufacturing have exceeded expectations, reductions in the supplier sub-target have lagged. The absence of a common way of measuring CO₂ among suppliers has been a barrier to realizing the target (p.21). This year, we partnered with the Carbon Disclosure Project (CDP) Supply Chain program to engage suppliers in measuring and disclosing their CO₂ emissions. The effects of these efforts will be seen in 2020. By reducing CO₂ by 34 percent in transportation, we also achieved an expected outcome in the transport sub-target.

Exiting certain petrol-powered products

In 2019, we exited from certain lower price-point consumer segments and products, including petrol-powered walk-behind lawn mowers and garden tractors. This decision reflected our commitment to position the Group in a low-carbon economy and has positively impacted the target outcome in 2019.

CO₂ emissions in the value chain



- Suppliers, 10%
- Manufacturing, 2%
- Transportation, 1%
- Product use, 85%
- Other 2%

Our product life-cycle assessments confirm that our greatest CO₂ impact occurs during the use of our products.

Carbon target

10% CO₂ emissions intensity reduction across the value chain

-10%
2020 carbon target

-45%
2019 status
ON TRACK

2019 Highlights

- In motorized products, 28 percent of the business is represented by battery-powered, robotic and electrical products—from 11 percent in 2015
- 58 percent of electricity used in operations derives from renewable sources
- More than half of the R&D spend of SEK 1,720m was directed to battery and robotic technologies
- Exited low-margin petrol-powered product segments in North America.

	Sub-target	2019 status	How we are getting there
Product use ON TRACK	-10%	-44%	Optimize product efficiency and increase share of battery and robotics
Strategic suppliers Additional effort required	-10%	-	Engage suppliers to disclose and reduce their CO ₂ emissions. Drive improvements and share best practice
Manufacturing ON TRACK	-30%	-67%	Purchase and install renewable energy and improve energy efficiency
Transportation ON TRACK	-10%	-34%	Reduce air freight, optimize distribution and packaging

Our challenges — Carbon

Our approach to managing CO₂

Our carbon challenge covers our emissions footprint across our value chain, from suppliers and operations to transportation and product use. Our four related sub-targets are formulated as snapshots of the current year's performance, not as accumulated targets.

Divisions drive targets through their own initiatives, relevant to their business context. Heads of sourcing, manufacturing, transportation and product development own their respective share of the target and initiatives. We report progress as CO₂ emissions intensity, tailored to each aspect of the value chain. When emissions are

aggregated on Group level, it is reported as per value added.*

For products, we measure CO₂ emissions during the product's lifetime, normalized to net sales. In manufacturing, energy consumed at factories, warehouses, R&D centers and offices is measured, also normalized to net sales and calculated for each division. The target is supported by the Husqvarna Operating System, which underlines the importance of energy efficiency and reduced waste.

In transport, CO₂ emissions are tracked per tons shipped, to report how we reduce our impact, relative to increased

sales. Progress is reported to Group Management on a quarterly basis. Cross-divisional networks for CO₂, technology and suppliers regularly convene with responsible managers from every division to share best practice and identify barriers to realizing the challenge.



* Value added equates to EBITDA, salaries, social and pension costs.

Win-win for customers and the business

Providing our customers with battery-powered options, robotics and connected solutions will position us for the transition to a low-carbon energy mix and dramatically reduce our CO₂ emissions.

We are transitioning to an offering designed for a low-carbon energy mix. This is thanks to the market uptake of battery and automated options driven by step-change advances in battery capabilities. We also see a leveling of demand for petrol-powered products.

Growth in battery-powered and robotics products has continued as expected and we see double-digit growth in annual sales (CAGR). Today, most products with engines below 40cc have battery alternatives. We offer seven interchangeable battery types that fit for 30 different products. In 2019, we met the milestone of 2 million sold robotic lawn mowers.

We also have 300,000 connected products. Solutions like Carbon Footprint Calculator in Husqvarna Fleet Services collect data from devices. This helps customers—and us—to optimize product use and develop carbon-lean business models.

We can push this changing market dynamic further by promoting the consumer and environmental benefits of low-carbon alternatives.

Innovation leadership

More than half of our R&D spend of 1,720m SEK supports our Sustainovate aims. Our decision to establish a battery competence center in 2019 on Group level is bringing together the technology know-how across our divisions and applications. The center promises to deliver solutions to market faster, to be more cost efficient and to anchor our technology and sustainability leadership position.

Efficiency improvements for petrol products are strongly connected to local regulation. In our products, we have decreased fuel consumption by between 15-20 percent versus comparable products on the market. For some ride-on mowers, for example, we are increasing the use of electronic fuel-injection (EFI) technology, which reduces consumption by approximately 10 percent.

Ride-on mowers are a priority area for innovation because they have only been petrol powered. As a first step, 2020 will see product launches like our hybrid rider, which combines diesel fuel and battery options.

Entering a fossil-free frontier

Petrol-powered products still represent more than 70 percent of our motorized products. But as technology allows for more sustainable alternatives, our attention is shifting away from petrol-powered solutions.

In 2019 we exited from certain consumer segments and products, such as petrol-powered walk-behind lawn mowers and garden lawn tractors in North America.

Our efforts to achieve the carbon target supports our business aims of high growth in robotic lawn mowers, watering systems, and solutions for light construction. However, there may be areas that pose barriers to our sustainability aims. We aim to expand in emerging markets, and petrol-powered products are preferred in these markets. Our challenge is to develop products in line with our sustainability aims, and we need to deliver them at the right price-point.

CO₂ emissions intensity from product use



CO₂ emissions intensity from product use were reduced by 44% between 2015 and 2019.

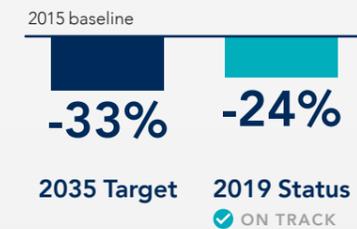
Percentage of sales of battery and electrical products



Approximately 28% of total sales of motorized products are battery-powered, electrical and robotics products compared to approximately 11% in 2015.

Science-based target

33 % absolute CO₂ reduction from product use by 2035.



The Group's Science-based target (SBT) will guide us over the next 15 years to cut the CO₂ that is emitted from our products when they are being used, no matter how much we grow our business. Working closely with product management, we are submitting a new, more ambitious SBT, which will be in place in 2020 and which reflects our commitment to reducing our fair share of CO₂, in line with society's ambition to limit a temperature rise of 1.5 °C.



Tools for you

We are helping customers take the leap to the sharing economy—making borrowed tools from neighbors a thing of the past. 'Tools for you' is a next-generation tools-for-hire concept rolled out in 13 selected sites in France, Germany, the U.S. and Sweden. The unmanned, connected toolsheds enable garden enthusiasts pay-per-use access to our battery-powered tools and provides dealers with a convenient way to attract customers. Our App facilitates the process, from booking, to payment and electronically unlocking the locker. The concept will expand globally over the next few years.



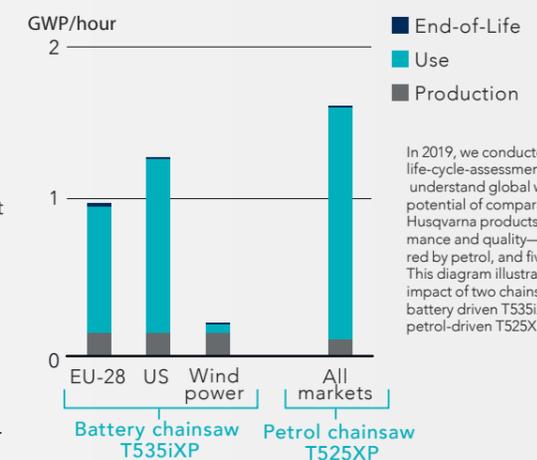
At the cutting edge

Husqvarna Construction has a stated ambition to be leader in battery technologies in its sector. Reflecting this ambition, Husqvarna Construction launched its K 535i Power cutter for professional use, designed for low vibration and low weight, it is raising the bar on high performance and disc speed. The cutter also brings the freedom of being off-grid. Being battery-powered, users can cut away without worrying about emissions. Since its launch in early 2019, the power cutter has been a sales success, achieving 35 percent over sales forecast.

The transition to low-carbon energy systems

Battery technology is the key to transitioning to low-carbon energy systems. It enables users of tools to connect to electricity deriving from renewable sources instead of using petrol to power their products. Renewable energy is the fastest growing energy source in the U.S. (IEA), but the share of renewables is larger in the European energy mix. The impact of our products is therefore less in Europe than, for example, in the U.S. When the energy mix is solely based on renewables like wind power, the potential CO₂ savings of battery products is remarkable.

The climate impact of petrol vs. battery-powered chainsaws



In 2019, we conducted product life-cycle-assessments to better understand global warming potential of comparable Husqvarna products in performance and quality—five powered by petrol, and five electrical. This diagram illustrates the CO₂ impact of two chainsaws, the battery driven T535iXP and the petrol-driven T525XP.



Increased transparency of supplier CO₂ impacts

Husqvarna Group is enlisting the CDP Supply Chain program to improve our insight and capabilities in helping suppliers to reduce their CO₂ emissions.

We have outperformed the Group carbon target every year, but have battled to achieve one key challenge: to reach our sub-target of reducing the CO₂ impact among suppliers by 10 percent.

Today, many of our suppliers are located in regions dependent on carbon-intensive electricity, such as China and Eastern Europe. Current electricity pricing may not reflect suppliers' true environmental impacts. Energy efficiency is not always a priority for them, or renewable electricity is not always a viable option. We are one of many customers for most suppliers. This can make it complex to calculate our own CO₂ impacts with them.

To achieve the supplier target, we need to better understand emissions in a comparable way throughout our supply chain and to ensure

that suppliers understand that doing business with us is also contingent on reducing CO₂.

As of 2019, we are engaging suppliers to provide us with systematic data on our upstream CO₂ emissions through the CDP Supply Chain program. CDP (formerly the Carbon Disclosure Project) is the world's most respected CO₂ emissions information hub for investors.

This year, 39 of 60 suppliers responded to our request to disclose their emissions. Some 90 percent of them had reductions targets and 10 of them had science-based targets in place.

Through the CDP, we are accessing more reliable data, as well as working more proactively with suppliers on disclosure and partnering with them on solutions. We are the first Swedish company to engage in the program.

Shifting gears in transport

Our target to reduce CO₂ emissions from transportation extends to inbound and outbound transport via road, rail, ocean and air as well as freight between our own facilities.

In 2019, we reduced CO₂ intensity in transport by 34 percent. We include all transport over which we have the greatest CO₂ impact and where we have access to data. This spans all our air and ocean freight and a small share of road and rail transport.

On the ground solutions

The most effective way for us to limit CO₂ emissions from transport is to drastically lower use of air freight. In 2018, we committed to limiting just-in-time air freight for some customers.

In 2019, absolute CO₂ emissions from air freight were reduced with 27 percent in comparison with baseline 2015. This was achieved despite increased demand for our products and, at times, last-minute delivery requirements. We remain intent on shifting away from air freight as much as possible. To that end, Husqvarna Division has introduced an internal pricing mechanism for air freight. This has generated 220,000

SEK in funds that will be reinvested in other carbon reduction initiatives.

We also decided to integrate rail as a transport option from Asia to Europe. Although the decision has minimal impact on CO₂ emissions (less than 0.1 percent), it is an important pilot in the shift to rail. It is several times cheaper and cut CO₂ emissions 25-fold per ton shipped.

Smart packaging delivers CO₂ savings

With our Group-wide initiative Husqvarna Improved Print Packaging Opportunity (HiPPO), we are rethinking our packaging solutions and product design to improve transport volume efficiency. Through this initiative, we achieve size-able cost savings and a CO₂ reduction of 20–30 percent. HiPPO solutions are in place for blowers, trimmers and chainsaws in some markets.

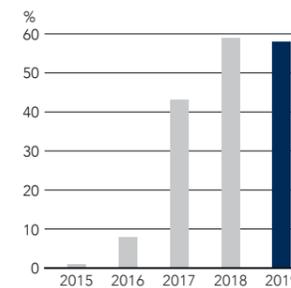


Fifteen of our sites in Europe only procure renewable electricity.

Rethinking manufacturing

Today, more than half of all of the electricity we procure for our plants, warehouses and offices comes from renewable sources.

Share of renewable electricity



The Group's use of renewable electricity rose to 58% compared to 1% in 2015.

Our aim to reduce CO₂ in manufacturing has led to sizeable efficiencies and has driven the shift to renewables. Although emissions from manufacturing represent about two percent of our total CO₂ footprint, action here has not only reduced CO₂ emissions, but has also lowered costs and engaged the organization in Sustainovate.

Exceeded the target

In 2019, Husqvarna Group operated 30 production facilities, of which 20 were in Europe, four in the U.S., three in China, one each in Brazil, Japan and Australia. Some are located in fossil-fuel intensive regions. We aim to limit CO₂ impacts primarily by purchasing renewable electricity as it becomes available, continuously reducing our own electricity use, and investments in efficient production equipment.

Through these activities, we have achieved a 67 percent reduction in CO₂ intensity since 2015, well beyond our initial target of 30 percent. Total energy consumption has also been reduced by 16 percent since 2015, while our sales have increased by 17 percent.

Going renewable

Today, 58 percent of the electricity we purchase derives from renewable energy sources. Fifteen of our sites in Europe only procure renewable electricity. This share will continue to grow as renewable options increase in North America and Asia. Some 14 sites globally have yet to secure agreements to purchase renewable energy.

Solar-power capabilities are up and running in Nashville, U.S., Husqvarna in Sweden, as well as Changzhou in China, substantially reducing CO₂ emissions and making us at least partly independent from local power grids. In Nashville solar power supplies 30 percent of its electricity consumption, corresponding to the annual electricity needs of 90 U.S. households. Fully functional, the Changzhou panels will also cover 30 percent of its needs (1.4 MW). In the Husqvarna Construction factory in Ath, Belgium, we will be installing wind power in 2022.

Manufacturing equipment

Every year, we make investments in property and production equipment in our factories valued at SEK 1,577m. This machinery is often energy intensive and can be in use for as long as two decades. That's why energy use is an important criteria in the choice of equipment. In 2019, investment decisions in Germany, Bulgaria and the U.S. (Columbia, SC) underlined how we are emphasizing energy efficiency in our investment decisions and shifting away from using CO₂ as a cooling agent (p. 24).

Hunting for energy treasures

Energy audits—we call them energy treasure hunts—are an important way to identify and eliminate energy-intensive practices in operations. In this way, we are better able to influence behavior.

CO₂ emissions intensity from transportation



CO₂ emissions intensity from transportation was reduced by 34% between 2015 and 2019.

CO₂ emissions intensity from manufacturing



CO₂ emissions intensity from manufacturing was reduced by 67% between 2015 and 2019.



HUSQVARNA DIVISION /

Sunny outlook in Changzhou

Supporting sustainable growth is a top priority for our factory in Changzhou, China. In 2019 the plant installed 16,000 m2 of rooftop solar panels. These now provide 1.4 megawatts of green energy, meeting 37 percent of its total electricity need, and also generate renewable electricity for the national grid. Chengyi Hu, Plant Manager at Husqvarna Changzhou, explains the project.

What made Changzhou turn to solar power?

“Switching from coal-based electricity allows us to grow and at the same time reduce our CO2 emissions. By using solar power, we can reduce our CO2 emissions and save around €17,500 annually on energy costs.”

What are the main environmental benefits?

“In their 25-year lifetime the panels will help us to avoid more than 12,000 tons of coal consumption. This will reduce our CO2 emissions by close to 28,900 tons and our sulfur dioxide emissions by 18 tons. It’s the equivalent of planting up to 736,000 trees or the

electricity consumption of 587 families over 25 years.”

How would you describe the project?

“Our partner Asia Clean Capital has both invested in and built the solar park on our roof and it strongly supports our company vision. That’s a great combination. We see our support of the project as a demonstration of our accountability, our willingness to act, and our respect for the environment.”

What insights have you gained?

“Everyone at Changzhou is inspired by it—especially the fact that surplus energy is fed into the

national grid. Our vision is to achieve a learning and happy factory that is green, lean, flexible and smart, and the solar park helps us to achieve that. It’s about choosing energy from the sun to move into a new era.”

What are the next steps?

“We are working on retrieving energy from petrol-product testing, reducing energy use by installing insulation covers on injection machines and we are also looking for new places to install solar panels in our work towards becoming a green plant.”

Chengyi Hu, plant manager at the Changzhou, China Husqvarna factory, overlooks the solar panels on our factory rooftop.



Understanding the long-term impacts of climate change

In 2019, we joined the list of supporters of the Taskforce on Climate-related Financial Disclosures (TCFD) and took our first steps to disclosing our impacts according to the TCFD framework.

Reporting according to the TCFD framework gives financial markets the tools to evaluate and respond to climate-change risks. Identifying risks associated with climate change and managing them more methodically helps us to counter the business risks. The risks arise across our value chain.

Business operations

We expect carbon emissions regulations to intensify, leading in the long term to zero-emissions requirements. We have begun the transition to zero-emission products, reducing our vulnerability to tighter legislation. In electronic components, we are exposed to the risk of supply disruption. The growing use of lithium-ion batteries also demands greater transparency on human rights and environmental risks along the value chain.

Manufacturing

Our production facilities, and those of our suppliers, face risks including work stoppages, water scarcity and natural disasters. We seek to mitigate these risks by avoiding operations in flood zones, through proactive maintenance and by establishing business continuity plans.

Transport

We rely on air, road, rail and ship transport, some of which are carbon-intensive. We foresee higher costs and levies for fossil-fuel based transport, especially air freight. Increased local production in North America and Europe helps to reduce transport dependency.

Customer use

Dry weather can suppress demand for lawn mowers and tractors, but can also stimulate purchases of watering products. Chainsaw demand tends to spike after storms. Our demand forecasting system helps us to get the right products to market, not only by season but also by weather conditions.

GARDENA /

Heuchlingen plant expansion delivers transport savings

With a Euro 15 million investment, Gardena is strengthening its production capacity in Heuchlingen, currently one of the most modern plastics processing facilities in Germany. Our objective is to reduce energy use even as production increases. The 5,000 m2 expansion in production space will be equipped with seven energy-efficient machines to replace the existing two in production, increasing capacity by 10 percent.

The plant processes about 13,500 tons of plastic by injection molding every year and products are also partially assembled there. It will run entirely on renewable electricity sourced through the local power grid.

The expansion will enable us to streamline our internal production logistics. We will cease use of external warehouses, saving around 1,000 truck journeys of 40 kilometers each, which will significantly alleviate strain on local roads and save around 43 tons of CO2 emissions annually.

Jobs will also be created at the site, in addition to the 300 employees currently working there. Gardena is already the largest employer in Heuchlingen.



Aerial view of Gardena's Heuchlingen plant in Germany.

CONSTRUCTION /

Laser-sharp focus on energy efficient investments

Reducing carbon intensity was a core consideration when designing the diamond tool production line for our new assembly operation in Ruse, Bulgaria, in 2019.

In the past, Husqvarna Construction has used CO2 laser welders in the manufacture of diamond tools. However, CO2 lasers are inefficient at converting electrical energy into light energy for welding processes. Higher electricity consumption resulting from this inefficiency contributes to higher carbon intensity in the welding process.

“At Ruse, we opted for fibre optic lasers because they are more energy-efficient. They reduce carbon intensity fivefold,” explains Warren Owens, Manufacturing Strategy Manager for Diamond Tools at Husqvarna Construction. “Fibre-optic lasers are more eco-friendly and provide an improved beam quality for the welding process. For us, it is a win-win.”



Stronger together with engaged teams

We deliver value to our employees by creating an attractive workplace, providing opportunities for them grow and enabling teams to focus on their priorities. Our Team Challenge tells us how we are measuring up to their expectations.

Our teams are among the Group's most important stakeholders and their skills, energy and commitment are vital to our long-term objectives. We aim to be the best place to work by providing an environment where people thrive. Every year we ask our employees to give us feedback on how we are delivering on these aims.

Feedback guides our progress

The Net Promoter Score (NPS) indicates how likely employees are to recommend working at Husqvarna Group. The results in our annual survey allow us to determine whether we are achieving this. The Team Challenge objective is to exceed the industry benchmark. The score of +8 in 2019 was slightly below the industry benchmark of +9 and we need to redouble our efforts to achieve the 2020 target.

More than 91 percent—almost 12,000 employees—responded to the 2019 survey. Input came from people at all levels of the Group, from factories to offices. The benchmark is based on an 82 percent response rate.

Focused survey

In 2019, results indicated an above-average share of engaged employees. Feedback on team efficiency—how teams are able to focus on their priorities—remained positive. Small down-shifts were noted in employee energy levels and goal clarity. These issues are being addressed through team activities, cascading divisional 2025 strategies and strengthened goal setting. Teams continued to work to improve their work environment, with 90 percent of teams registering actions plans in response to the 2018 survey. So far, 89 percent of these actions have been completed.

Survey outcomes in recent years reflect our journey to close organizational gaps, to become efficient and create more value. In turn, the NPS survey indicates some longstanding improvements in how the Group is viewed as an employer.

When we began measuring in 2015, performance was below the benchmark. The score of +8 in 2019 was below our score of +11 in 2018. Factors such as organizational changes in 2019, and a lower financial result are possible factors likely to account for this reduction.

Informed by the survey

Based on these survey insights, we are raising the bar in areas like performance and development dialogue and team efficiency, as well as in leadership, especially at mid-management levels.

In 2019, we defined our Group Employer Value Proposition (EVP) to reinforce a common view of the value that we aim to create for employees. Sustainability engagement is a driver for young employees especially and their involvement in Sustainovate 2025 will be a tangible way to realize EVP messages.

Strength through diversity

A global organization requires a diverse workforce from both a cultural and a gender standpoint. The gender balance remained unchanged in 2019, with female representation of 34 percent. This figure was 25 (22) percent at senior levels (tiers 1-3). Female representation among top managers is on par with the industry benchmark, but we need to work harder to raise gender diversity in other tiers.

In 2019, 13 young professionals took part in our trainee program. In 2020, the trainee program will have dual criteria to attract the best talent while maintaining parity between male and female participants.

Diversity is a core aspect of the People Opportunity in Sustainovate 2025. A diversity action plan will be charted in 2020 to support these aspirations (p. 48).

Changes in our organization

Our teams comprise some 13,000 people across 40 countries, three divisions and a range of functions. The company is continually changing as it grows and shifts strategic focus. In light of this, we are ramping up resources within technology leadership, adding 300 new competencies in the last five years. Software, electronics & IoT are some examples. We are also increasing competencies in solutions sales, e-commerce and digitization. Meanwhile, production automation is reducing the need for some positions in our factories.

Following a reorganisation of the Consumer Brands Division in 2019, Gardena Division and Group functions gained some 40 new staff members. The closures of the McRae plant in Georgia, U.S., and the factory in Valmadrera, Italy, affected respectively approximately 1,000 and 81 employees.

Next steps

In 2020, Team Challenge priorities will be:

- Increasing leadership capabilities through training and a revised leadership model
- Strengthening development dialogue
- Developing a Group diversity strategy and executing it as part of Sustainovate 2025.

The target

Achieve a Net Promoter Score (NPS) equal to or better than the peer group.



2019 highlights

- 91 percent (approx. 12,000 employees) responded to the 2019 Team Survey
- Since 2015, some 142 managers have taken part in leadership training, 56 of them in 2019
- Defined our Group Employee Value Proposition.



The score of +8 in 2019 was slightly below the industry benchmark of +9.

Our approach to managing teams

Divisional-level initiatives will deliver the Team Challenge. Our approach is also guided by Group-wide strategic and financial priorities, the Code of Conduct and key behaviours (p. 3). At Group level, shared services provide a common approach to communication, ethics and how we evaluate performance. The People & Organization management team has quarterly meetings on Team Challenge initiatives at Group and local levels.

Objectives in 2019 included establishing a performance culture in which customer focus, collaboration, simplicity and personal accountability define who we are and how we operate.

Alignment across divisions, technology enablement and engagement is contributing to achieving this.



Impacts along the supply chain

Third-party audits strengthen our ability to understand and reduce sustainability risks in the supply chain. Close partnerships with suppliers also spur progress towards more sustainable solutions. Both approaches strongly emphasize our 170 strategic suppliers.

Our Supplier Challenge addresses the 170 largest strategic suppliers from our total supplier base of around 2,000. These suppliers account for 70 percent of our purchasing spend. Working closely with them creates competitive advantages and opportunities for lasting impact. Using our purchasing spend as leverage, we can insist on greater transparency and drive shared initiatives that reflect our sustainability goals.

As of mid-2019, all our supply-chain audits are conducted by third-party auditors. The advantages of this approach are twofold: These experts are well-placed to communicate insight to local purchasing teams and their audits findings are not influenced by other financial priorities.

Backing up words with actions

Our supplier target stipulates that all strategic suppliers are to be audited at least once by 2020 against the Supplier Code of Business Ethics. These audits are conducted either through in-person audits or through a third-party online assessment and they cover compliance to expectations regarding the environment, labor practices, human rights and business ethics. Of 172 strategic suppliers, 144 have been audited since 2015—30 certified through the online assessment and 114 through onsite audits. In 2018 we were at 96 suppliers audited. We are well-positioned to achieve the target in 2020.

Based on our learnings since launching the target, we see that suppliers are open to improving their practices and we have pinpointed areas where we can work together to limit potential risks and improve working conditions. The greatest challenges regarding transparency lie in understanding environmental and human rights risks beyond the direct supplier, particularly at suppliers of raw materials used for electronic components, diamond cutters and batteries (see box).

Audited suppliers must be approved for us to realize our target. Two suppliers did not pass initial audits in 2019 and were subject to remedial actions. One of the six that did not pass audits in 2018 was recertified together with three suppliers from previous years, after taking corrective action.

Some 56 strategic suppliers operate in China, Taiwan, Vietnam, Brazil and India which are countries that pose higher non-compliance risks. Our growing supplier

base in Asia for Gardena and Construction products requires greater attention to sustainability risks such as environmental protection, workplace safety and fire safety. Group purchasers working in these areas are trained to identify potential areas of concern.

Moving forward, we need to raise our bar on integrating sustainability deeper in purchasing decisions as well as considerations such as quality, delivery, risk and cost.

Transparency on minerals of concern

Electric and battery-powered products are crucial to our market leadership ambitions. They also help to deliver the low-carbon solutions promised in Sustainovate.

Yet some raw materials and minerals used in electronics, batteries and diamond-cutting tools present sustainability risks that we need to understand and manage better. Cobalt, which is used in lithium batteries, as well metals tantalum, tin, tungsten and gold (or 3TG) also pose environmental and human rights risks in places like China and the Democratic Republic of Congo (DRC).

The DRC, in particular, is a key provider of 3TG and cobalt (used in electronic components and lithium batteries) and industrial diamonds. Mining of these minerals in the DRC is linked to armed conflict and human rights abuses. As for all companies, without the ability to track the source of commodities like cobalt and diamonds beyond our direct suppliers, we cannot avoid conflict minerals.

Improved transparency on cobalt was a focus for 2019. In lithium sourcing, we conducted risk assessments on three suppliers, of which two were able to provide traceability. We are terminating our agreement with the third supplier. During 2020 a due diligence study will be initiated on conflict minerals and cobalt to gain better insight of our supply chain and improve our documentation.

The target

Audit and approve 70 percent of purchasing spend from strategic suppliers, based on sustainability performance.

70%
2020 target

51%
2019 progress
ON TRACK

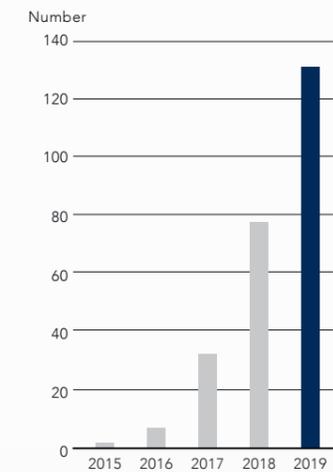
How we are getting there

- Secure contractual agreements
- Conduct sustainability risk assessments and third-party audits
- Know-how transfer and capacity building
- Supplier development and business integration.

2019 highlights

- Since 2015, 144 supplier sustainability audits were conducted in Asia, Europe and North and South America
- 131 strategic suppliers were audited and approved
- No zero-tolerance issues were uncovered in supplier audits
- Updated the Supplier Code of Business Ethics.

Total audited and certified suppliers



131 suppliers have been audited and certified as meeting our expectations since 2015.

Our approach to managing suppliers

Our three divisional purchasing organizations are largely responsible for our responsible-sourcing program. This helps us integrate sustainability priorities better into purchasing decisions. This decentralized model reduces risk, ensures transparency and, by leveraging our purchasing spend, it encourages positive change among suppliers.

Local sourcing staff at each production facility are trained in the Supplier Code of Business Ethics and in how to monitor, align and communicate on how suppliers meet expectations. New purchasing team members receive training on the Code on-site and through audits. Third-

party auditors contribute sustainability expertise and audits and an online auditing platform.

The Supplier Code of Business Ethics, reviewed and updated in 2019, covers legal compliance, fairness in business relations, respect for the individual, fair employment conditions, child labor, the environment, health and safety and fire prevention. All suppliers of direct materials and services must confirm that they fully comply with the Code. If non-compliance is detected, suppliers are required to submit corrective actions within two weeks. Husqvarna Group treats child and forced labor with zero

tolerance. Although no breaches in the Code were uncovered in 2019, one supplier was discontinued due to non-compliance on sub-supplier transparency (see sidebar).

Cases of serious non-compliance must be resolved within three months, with periodic monitoring of progress. Terminating the supplier is the last resort and none were terminated in 2019.





A safety-first mindset

Stronger practices and processes lie at the center of our safety performance. Step-by-step we are embedding the culture that's necessary to reduce accidents and incidents further in 2020.

The two targets in our Safety Challenge—workplace and product safety—reflect our strong commitment to protecting employees, partners and customers.

Workplace target

Our workplace safety target is to reduce injuries in operations by 40 percent in 2020 compared to 2015. In 2019, the total recordable incident rate (TRIR) was 5.75 (5.2) per million hours worked. Despite encouraging performance across the organization since 2015, a series of incidents at two facilities affected the incident rate (TRIR) this year (see box). Fortunately, incident severity has decreased. Further work is required in 2020 to scale back the rate to 5.0 and achieve our target.

Occupational Health and Safety (OHS) focuses primarily on staff in factories, warehouses and service centers. There, employees are exposed to risks arising in line production, handling materials, operating tools and equipment, and when using forklifts. We try to minimize these risks by engaging employees to proactively identify and report risks. In 2019, 636 risk observations and 930 near miss cases were reported. We are also building a safety mindset to embed heightened awareness of our way of working.

At some facilities, we pilot tested an IA-system, an OH&S reporting and management system. The pilot was successful and we will launch it to all Husqvarna Group facilities in 2020. The IA-system allows us to better manage incident reporting, help us to identify workplace hazards, root causes and preventive actions. This approach will help us to shape safety culture built on proactively detecting hazards to involving all employees.

2019, our work focused on several core areas:

- Creating an ISO 45001-based OHS management system, with roll-out to continue in 2020
- Launch of a new Group OH&S Policy
- Implementing a Group-wide reporting system for incidents
- Conducting Group and local audits. 120 OHS internal audits were performed, 15 by third parties
- Improving networking within divisions and regions.

Towards a zero-accident mindset

Husqvarna Group recorded no fatalities in 2019, but regrettably a number of accidents incurred lost time. Some 154 (150) injuries required medical treatment, 116 (91) of which necessitated days away from work or restricted duties. Our logistics operations, an area of particular concern, recorded 46 (30) incidents which necessitated days away from work or restricted duties.

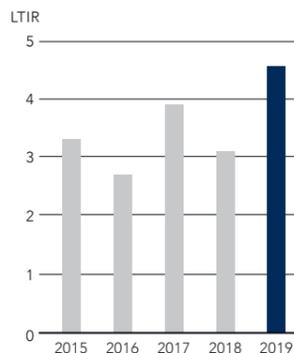
In 2020, priorities include:

- Increase preventative action reporting and risk observations
- Involve more people in internal audits to exchange best practice
- Roll out our OHS incident management system.

Safety for seasonal employees

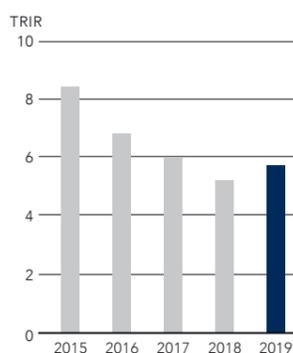
Some of our sites rely on seasonal workers during peak production seasons. Indeed, almost half of our factory positions are filled by temporary employees. Staff rotation makes safety awareness, accountability and effective routines essential. In 2019 a sharp increase in safety incidents at two warehouses in Europe highlighted these challenges. We are working hard to establish a more robust safety culture at these plants through measures including language training, closer screening of job candidates' qualifications and ensuring full engagement of all team members.

Lost Time Incident Rate million hours worked (LTIR)



The higher LTIR in 2019 is due to an increase in incidents at two warehouses in Europe.

Total Recordable Incident Rate per million hours worked (TRIR)



We have reduced the TRIR by 31% between 2015 and 2019.

Workplace safety

Reduce our injury rate in operations by 40 percent

-40% 2020 target

-31% 2019 status

● ADDITIONAL EFFORT NEEDED

How we are getting there

- Advance and mature our safety culture
- Lead via management commitment, clear processes and action
- Involve and engage all employees and partners
- Proactively anticipate and prevent incidents.

2019 highlights

- Implemented an ISO 45001-based OHS management system
- Launched a new Occupational, Health and Safety policy
- 120 OHS internal audits performed, 15 by a third party.

Product safety

Reduce safety incidents in new products by 35 percent, compared to 2016

-38% 2020 target

-77% 2019 status

✓ ON TRACK

How we are getting there

- Product innovation and design improvement
- Improve incident information and root cause analysis.

2019 highlights

- General decrease in volumes of products historically involved in incidents
- Raised levels of communication to end-customers on prevention and risks
- Sales of protective equipment worldwide represented 1.3 percent of global sales compared to 0.2 percent in 2015.

Our approach to managing workplace safety

Safety is coordinated at divisional level with support from Group functions and covers all manufacturing, office, warehouse and service sites. Each division contributes its share to the Group's incident reduction target.

Every site has safety professionals who handle preventive measures and corrective actions. Local managing directors and line management own their safety policy, define priorities, set targets, ensure implementation and evaluate progress against Group benchmarks. Most sites apply ten common standards that address risk areas such as equipment operation, warehouse safety, chemicals handling and protective equipment use. Incidents and progress are reviewed weekly and monthly. Management teams

regularly tour factories to talk with workers, inspect operations and review measures.

Performance is reported monthly to divisional management and Group functions. Serious incidents are escalated to Group level within eight hours and a recommended action plan is implemented across all sites.

The OHS Network collectively identifies risks and shares ideas on how to reduce impacts. It meets monthly.

The OHS management system currently being implemented across the company is aligned with ISO 45001. It is part of the Husqvarna Operating System (HOS), our standardized, hands-on approach for all manufacturing operations.

OHS audits are key to sharing information and best prac-

tice. Group OHS inspections, external and internal audits and self-assessments help us to remain proactive, prevent accidents, raise awareness and engage management. We conducted eight (ten) Group OHS Inspections during 2019 and all sites will be audited over three years.

Safety management systems and ISO 45001 certification are acquired at site, country or regional level. At present, 22 (25) production sites have ISO 14001 certification and 1 is certified to ISO 45001. Health and safety training and coaching is ongoing throughout the Group, and 4,343 employees underwent OHS training.



Shared learning for **product** safety

Our product safety challenge aims to promote a Group-wide way of working for sharing information and actively reducing incidents involving our products during use.

Our product safety target is to reduce new product incidents by 35 percent compared to 2016. Our product safety metric accounts for the number of injuries or property damage cases involving new products since 2016. Due to lack of comparable data across markets, the target itself is measured on incident reports from North America.

With an outcome of 77 percent less incidents, we are on track to deliver on the target. In 2019, 11 (11) incidents were reported, involving five products released in 2018 and six products released in 2019. This brings our annual result down from 94 cases to 22 cases. In 2019, none of these involved serious injury or major recalls. One reason for this year's outcome is due to a decrease in sales volume over the past two years.

Influencing industry standards

Ensuring safety is central to our offering. When used improperly, some of our products can cause injury to both users and bystanders. The introduction of new technologies—such as fire hazards of overheated lithium ion batteries—can pose new risks, too. Product development, clear instruction manuals and information sharing are priorities we do in addition to regulatory compliance in order to enhance our customers' experience and reduce these risks.

One case in point is brush cutters, equipment that uses various blades to trim weeds and small trees not

accessible by lawn mower. If a user were to stumble, the blades may pose a hazard, a problem that exists no matter the brand of brush cutter. To address the issue industry wide, we are taking the lead to update ISO standards on brush cutters, which is expected to be in place by 2022.

An extra layer of protection

Equipping workers with the right clothing and accessories such as gloves, eye wear, and helmets has a big role to play in raising the bar on safety-first thinking there. Husqvarna Division is actively promoting its line of protective equipment in these markets. It has a goal to increase the share of sales deriving from product-safety technology and protective equipment to 2 percent of total global net sales to the end of 2020, from 0.2 in 2015. Sales of protective equipment has grown in double-digits every year since 2015 and now represents 1.3 percent of global sales. We have seen slightly rising sales in emerging markets—a region with a disproportionate number of accidents in the workplace—largely due to offering a more local needs-based assortment and through tailored marketing campaigns.

Among our priorities in 2019 were to focus on key product categories to improve processes to manage safety, a shift away from tracking incidents as stated in our target. This work will continue in 2020.

Our approach to product safety

Our approach to product safety is threefold.

1. On an ongoing basis, we introduce product features and corrective actions that prevent accidents or reduce their severity in all products
2. We raise awareness of the importance of safety to users and bystanders through product information at point of sale and online
3. We help improve industry performance by actively taking part in the development of safety standards across our sector.

This challenge is anchored in our Product Safety Policy that sets our internal rules and guides us to better understand root causes of incidents. As outlined in the policy, every product category manager must inform the Group Committee on Product Safety (COPS) upon concern for a product manufactured or supplied by us. COPS is a network of divisional experts that collates data and measures progress on safety performance on Group level. It also shares know-how on incidents, best practice and upcoming legislation across divisions. It informs Group Management and the Board of Directors on an as-needed basis of relevant product safety mat-

ters, depending on the matter's significance and financial and reputational impact. COPS covers actual or potential incidents involving personal injury or major property damage as well as market intervention procedure such as service bulletins, rework or recalls. COPS convened four quarterly meetings and three ad hoc meetings in order to manage 16 cases.

Each product category manager carries the responsibility for implementing improvements in design, manufacturing process and product information and ensuring that we meet local regulatory requirements.

Safety from **the sky**

Robotic mowers that navigate with extreme precision using satellite technology are improving workplace safety at several Swedish airports.

The Husqvarna Autonomous Operation solution marks a breakthrough in autonomous connected products and for occupational safety. The system enables robotic mowers to navigate using Husqvarna's new EPOS technology, a high-precision positioning system based on navigation satellites.

The ability of EPOS-controlled mowers to operate anytime and at an accuracy of 2-3 centimeters makes them ideally suited for environments associated with high personnel risk, such as airports.

"The automated and computerized control of machines using Husqvarna Autonomous Operation increases operational safety by minimizing the risk of human error," says Adam Tengblad, Director of Autonomous Systems at Husqvarna Division.

In Sweden, Husqvarna Autonomous Operation is being tested at Jönköping, Bromma and Örnsköldsvik airports using Husqvarna's new hybrid Rider lawnmowers.

When in autonomous operation, the system uses cameras, radar and ultrasonic technology to be able to analyze objects and avoid collisions. An operator can



Soon at an airport near you
The Husqvarna Autonomous Operation uses our hybrid rider lawnmower, cameras and satellite technology to keep airport grass trimmed without endangering airport workers' safety.

override and maneuver the system at any time by remote control, providing an extra safety layer.

We have also invested in Norwegian Yeti Snow Technology, a supplier of management systems for self-operated snow removal machines designed specifically for airports. This opens up the possibility for combined field operation offerings to airports worldwide.



Breathe **easy**

This year, Husqvarna Construction launched a series of products that takes dust out of cutting. Exposure to dust at a construction site can have lasting impact on the health and well-being of workers. Especially cutting through concrete can cause a bellow of dust that over time can impact workers' lungs, eyes and allergies. The K770 Drycut and K770 VAC is a light-weight power cutter for dry cutting. Engineered by Husqvarna, the equipment's fan and strong airflow delivers a cutting-edge way to effectively remove dust and transport it to the attached reusable bag.

Thriving communities

Through our product offering and engaged employees, we can make a difference in the communities where our consumers live and where we have a presence.

The aim of the Community Challenge is to explore ways our products and people can support local communities. The challenge target highlights examples that reflect these objectives on the ground.

Three themes that make a difference

This challenge supports local operations to build partnerships aligned under three common themes; improving biodiversity; promoting healthier lifestyles; and supporting communities to be more resilient during and after natural disasters.

The first two themes are grounded on Sustainovate's purpose—using our technology and know-how to connect people with nature. We are a significant employer in communities where our operations are located and we are inspired by our consumers, who live for the outdoors. Our focus is therefore to work with conservation organizations and local communi-

ties, and support efforts to preserve biodiversity in fields, forests and urban environments.

The third theme reflects our ambition to build capabilities within our organization that support communities and organizations in times of natural disaster. This includes deploying our expertise, products and resources.

We love living cities

To raise levels of awareness on the role of parks for improving the lives of urban populations, in 2015, we established Living City, a dialogue forum to convene industry thought leaders, academics and landscaping companies and journalists. This year, the international Living City conference was held in Gothenburg. Since 2015, we have held 30 related local events and four international conferences to raise awareness on the role of parks.



A plan to safeguard green urban spaces

Are our cities getting greener? Husqvarna is helping decision-makers to answer these questions with a new initiative that tracks green space development in 100 of the world's most important cities.

In 2019 we launched the Husqvarna Urban Green Space Index, or HUGSI for short, to rank cities' overall greenness. HUGSI uses AI-powered data from satellites to monitor the proportion and health of green spaces in cities across the globe. Ranked cities are drawn from members of C40, the network of the world's megacities committed to addressing climate change. HUGSI analyzes the data and turns it into a range of urban green-space metrics that measure cities' ability to connect people with nature. The ambition is to raise awareness among decision-makers on the importance of safeguarding and improving maintenance of parks.

The HUGSI 2019 index—a ranking on the cities' overall greenness scores—provides green insights on 98 cities in 51 countries. Durban in South Africa topped the rankings, with the highest percentage of urban green space. Second was Rio de Janeiro in Brazil and third was Austin in the U.S. state of Texas. "Parks are the lungs of our cities, improving air quality, managing rainwater and contributing to people's physical and mental health. With more people sharing urban areas, it is vital to safeguard these areas and to ensure that green space per capita is not jeopardized," says Anders Johanson, Husqvarna Group CTO.

For more information visit www.hugsi.green



Engagement on the ground

We want to protect biodiversity, promote healthier lifestyles and create more resilient communities. Here are some ways we have engaged since 2016.

DARK BLUE / Financial support of Non-government organizations' initiatives

Ulm, Germany, 2017-2019: In its second year, Gardena is helping UNICEF provide access to drinking water for more than 100,000 people in 100 countries.

Niger, Africa, 2019: Gardena matched Ulm community donations and provided 200,000 Euros UNICEF project for building a water supply for the community of Gomozo.

TURQUOISE / Our products roles in emergency relief, protecting biodiversity

Camp Fires, California, 2018: Firefighters accessed chainsaws and brush-cutters and with our dealer, we air dropped parts close to the fires.

Estonia, 2018: A forest fire struck the outskirts of Tallinn in June, threatening the capital city. Seven Husqvarna colleagues aided local fire brigades in extinguishing the fire.

Texas, 2017: We assisted communities in clean-up efforts following Hurricane Harvey. Managers also coordinated post-storm deliveries and guided users on safe saw usage.

Xiamen, China, 2016: Local Husqvarna representatives supplied manpower and equipment to clear up roads and infrastructure following typhoon Meranti.

Southwest Italy, 2016: Following an earthquake, we donated chainsaws and power cutters to local Fire Department and Rescue Teams.

South Carolina, 2016: In the wake of Hurricane Matthew, we formed a task force to support supply of Husqvarna chainsaws. Husqvarna staff helped clear roads.

South Africa, 2016: In a rhino-dehorning campaign, we support veterinarians with battery-powered chainsaws and leaf blowers that cool de-stress rhinos.

ORANGE / Promoting the role of parks in people's healthier lifestyles.

Charlotte NC, 2019: Husqvarna volunteers cut back brush, cleaned up landscapes and improved infrastructure for Habitat for humanity, Shining hope farms, and the Carolina waterfowl rescue.

Poland, 2019: Improved Warsaw orphanage park, and provided tools and water system.

Lauttasaari, Finland, 2019: Husqvarna volunteers donated time and equipment to improve surroundings of Police and Veterans summer homes.

Malaysia, 2019: 20 Husqvarna volunteers joined the Swedish embassy to go plogging—combining jogging and picking up garbage along the way.

Gothenburg, Sweden, 2019: We hosted the global Living City event to highlight how smart parks can contribute to more sustainable cities.

Stockholm, Sweden, 2019: Employees supported local Scout teams to clean up parks on Ekerö island.

Hamburg, Germany, 2018: Convening 170 city planners and NGOs from 23 countries, we explored solutions to reduce urban noise and enhance the value of trees.

Wyong, NSW, Australia, 2017: 60 employees, and local NGOs restored vegetation and improved water ways in a local national park.

Beijing, China, 2017: Three seminars convened local authorities and organizations on improving air quality and quality of life.

Stockholm, Sweden, 2016: 160 journalists, industry thought-leaders, academics, and landscapers gathered at Silent City, to highlight the role of urban parks to 2030.



Chapter 4/

Integrating sustainability

By placing Sustainovate at the heart of what we do, we're shaping a company that's built to last.

A foundation of integrity

Our Code of Conduct and Group Policies reflect our commitment to the highest standards of integrity. Every employee and business partner in every country where we do business is expected to comply with the code.



In line with our aim to uphold the principles of the UN Global Compact and the OECD Guidelines for Multinational Enterprises, we have zero tolerance for non-compliance with our Code of Conduct.

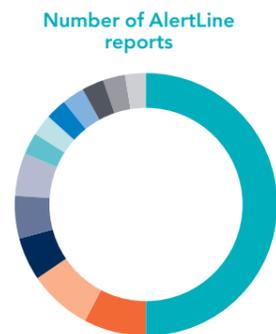
We base our approach to managing anti-corruption and integrity issues on three principles: prevention, detection and remediation.

The President and CEO, Group Management and Divisional Presidents are responsible for ensuring that business activities are conducted with integrity and aligned with the Code of Conduct. The Compliance Forum—comprising the Group General Counsel, VP Compliance and Integrity, Regional Compliance Officers and the Heads of People & Organization and Internal Audit—oversees the Group Compliance Program.

The Compliance Forum also ensures that the Audit Committee receives quarterly compliance reports and updates that identify and address concerns.

Reporting compliance concerns

Any employee who witnesses or experiences questionable behavior is required to speak up and ask questions of his or her manager or local People & Organization function. If an employee is not comfortable speaking locally, he or she can report concerns via several channels. In regions where the risk of corruption is perceived to be higher, internal control and audit activities and third-party due diligence also help to identify non-compliance risks.



- Discrimination or harassment, 50%
- Conflict of interest, 8%
- Embezzlement, 8%
- Misconduct or inappropriate behavior, 5.5%
- Substance abuse, 5.5%
- Theft, 5.5%
- Accounting and auditing matters, 2.5%
- Environment, health and safety, 2.5%
- Labor issues, 2.5%
- Other, 2.5%
- Time abuse, 2.5%
- Violation of policy, 2.5%
- Violence or threat, 2.5%

The total number of AlertLine reports broken down per category, primarily based on U.S. calls. A total of 38 reports were recorded, the majority of which related to Code of Conduct non-compliances.

Managing anti-corruption

Husqvarna Group has zero tolerance of corruption and bribery and expects all Group companies to implement and monitor preventive procedures. Related actions taken under the direction of the VP Compliance and Integrity in 2019 include:

- Adoption of a Group third-party due diligence policy and initial implementation and roll-out of a vendor-supported platform to conduct and track compliance due diligence (including a sanctions review) on third-parties including agents, distributors, suppliers and acquisition targets.

- Launch of an online Code of Conduct training course. More than 2,500 employees globally took the course in 2019 and some 900 employees also received live Code of Conduct training.
- Implementation of a compliance program benchmarking study, supported by compliance industry expert Ethisphere. This identified program gaps and issued recommendations for improvement.
- Adoption of additional Group policies to include anti-harassment, social media, and export controls and trade sanctions.

Managing sustainability risks

The Group applies the precautionary principle to prevent and reduce the risk of harm to people and the environment arising from the impact of our operations and products.

Responsibility for addressing long-term material risks follows the Group's delegation procedure and flows from the Board to the President and CEO and on to divisional presidents.

Husqvarna Group is exposed to non-financial risks in product development, production and the supply chain, as well as regulatory and brand management risks. These risks relate to chemicals, climate change, health and safety, transparency, human rights, security, and potential environmental liabilities upstream in the supply chain and arising

from the purchase or sale of land or production facilities. The risks also include the impact on revenue of events such as unseasonal weather patterns.

Using an updated materiality analysis, the Group has also mapped short-term and long-term business impacts of sustainability risks along the value chain. The Husqvarna Group 2019 Annual Report includes an outline of how the Group manages these risks. The Internal Audit function continually evaluates and improves the effectiveness of governance processes, risk management and internal control. Operations are also subject to external review and monitoring by the Swedish Financial Supervisory Authority and Nasdaq Stockholm.

AlertLine

The Group operates a worldwide toll-free hotline to which employees can report compliance concerns either by phone or online. Phone calls can be made in a variety of languages and are fielded in the first instance by our third-party service provider. Calls are automatically logged in the AlertLine system, which tracks and monitors compliance cases. Concerns can be reported online at husqvarna-group.ethicspoint.com, where information fields be completed at the discretion of the reporter.

When making an online or phone report, the individual receives a unique reporting log-in ID that enables him or her to use AlertLine to discover when the report has been closed and if the concerns were "substantiated or unsubstantiated".

Compliance e-mail system

Employees and stakeholders can email concerns to compliance@husqvarnagroup.com. Emails are received by the General Counsel and VP Compliance & Integrity and are logged in AlertLine.

Ad-hoc complaints and discovered matters

In some cases, concerns are reported directly to managers or via local People & Organization. They may also be discovered by a manager in the course of business activities or identified during audits. The individuals concerned are responsible for logging the details in AlertLine according to Husqvarna Group's guidelines for compliance investigation and reporting. If a misconduct allegation is substantiated, appropriate actions are taken. These may include disciplinary measures or

dismissal. Investigated compliance matters are reported quarterly to the Audit Committee and annually to the Board. In severe cases, or if senior managers are involved, the Audit Committee and the Board are informed immediately.

In 2019, 38 (58) misconduct reports were recorded worldwide in AlertLine. Of those, nine cases were substantiated and five were partially substantiated, leading to disciplinary action or modifications to existing HR policies and procedures. (See chart.)

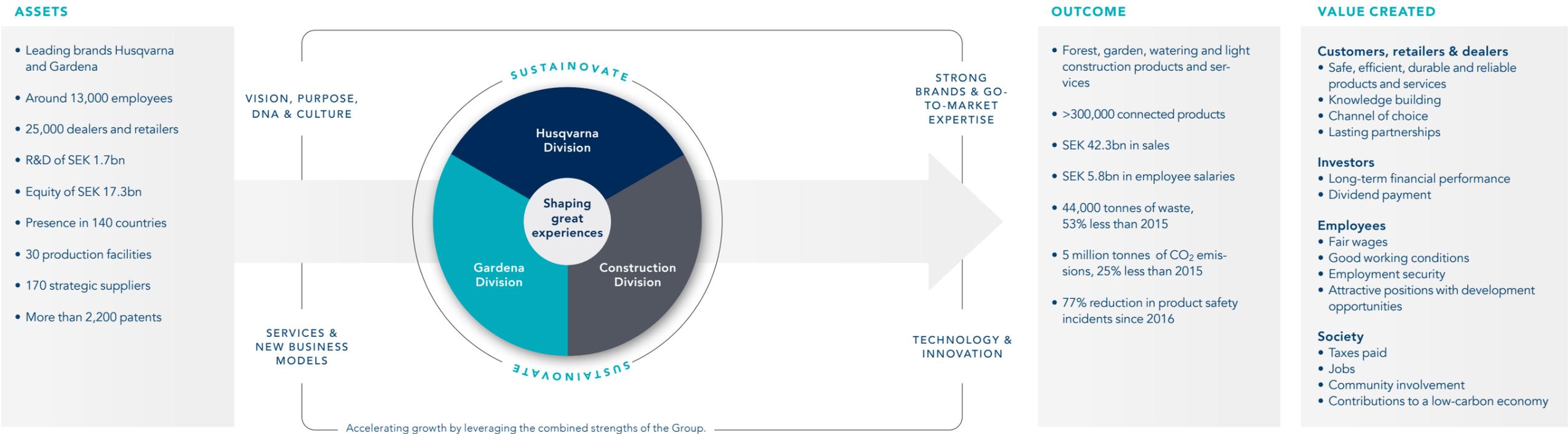
Risk-based approach

In 2019 the Chief Compliance Officer conducted a global risk assessment and identified compliance-related risks in several areas:

1. Anti-corruption and bribery – the Husqvarna Group Code of Conduct prohibits such behavior but a potential risk exists that third-parties (agents, distributors and suppliers) may engage in misconduct without our knowledge
2. Competition law and anti-trust
3. International trade compliance and sanctions.

The risks were scored according to multiple factors relating to impact, severity and likelihood of occurrence. Recommendations and mitigation steps were offered to assist the Group in either eliminating, reducing or monitoring the risk type and level. The risk assessment formed the basis for identifying and measuring compliance program objectives for the year.

Creating sustainable value



- ASSETS**
- Leading brands Husqvarna and Gardena
 - Around 13,000 employees
 - 25,000 dealers and retailers
 - R&D of SEK 1.7bn
 - Equity of SEK 17.3bn
 - Presence in 140 countries
 - 30 production facilities
 - 170 strategic suppliers
 - More than 2,200 patents

- OUTCOME**
- Forest, garden, watering and light construction products and services
 - >300,000 connected products
 - SEK 42.3bn in sales
 - SEK 5.8bn in employee salaries
 - 44,000 tonnes of waste, 53% less than 2015
 - 5 million tonnes of CO₂ emissions, 25% less than 2015
 - 77% reduction in product safety incidents since 2016

- VALUE CREATED**
- Customers, retailers & dealers**
- Safe, efficient, durable and reliable products and services
 - Knowledge building
 - Channel of choice
 - Lasting partnerships
- Investors**
- Long-term financial performance
 - Dividend payment
- Employees**
- Fair wages
 - Good working conditions
 - Employment security
 - Attractive positions with development opportunities
- Society**
- Taxes paid
 - Jobs
 - Community involvement
 - Contributions to a low-carbon economy

Assets: The building blocks for a sustainable business

Strong brands, approximately 13,000 employees and expertise in user-focused product development and patents are the Group's most important assets. Long-term share-holders also provide the Group with the flexibility to focus on sustainable profitable growth and to invest in innovation and acquisitions.

As an integrated part of achieving operational efficiency, the Group optimizes the use of raw materials and components in production, which primarily comprise plastics, steel, aluminum and energy. This allows effective management of fluctuations in the price of and access to raw materials and components.

Strong relationships play an important role in the Group's business model. Approximately 170 of some 2,000 suppliers are considered strategic to the business. More than 25,000 dealers and retailers represent Husqvarna and Gardena brands across 140 countries, delivering added value to professionals and consumers alike.

The Group's strengths

Profitable growth, while reducing the Group's impacts on the environment is the Group's approach to generating stakeholder value. It is founded on innovation, the Sustainovate program, leveraging the Group's strong brands, global distribution and efficiencies of scale to create differentiated products and solutions tailored to end-customer segments.

This is achieved by investing in strategic growth areas, such as robotic lawnmowers, battery-powered products and smart garden solutions, as well as continuing to develop a winning core offering and piloting new business models. The Group also maintains competitiveness through flexible, cost-efficient product manufacturing that can be easily adjusted to fluctuating seasonal demand while always meeting customer expectations on quality and safety. Husqvarna Group utilizes the multiple strengths in the Group to ensure progress:

- Vision, purpose, DNA and culture — These contribute to engage the teams. A foundation of a shared vision and core purpose, shared behaviors and important policies such as the Code of Conduct underscore how every employee can contribute to building a results-oriented and long-term successful company.

- Leading brands and go-to-market expertise —The divisions can benefit from the Group's extensive experience in creating leading brands and successfully implementing market strategies.
- Technology and innovation—Innovation and technology development are part of Husqvarna Group's DNA. The Group's divisions can take advantage of Group-wide resources, including strategic partnerships, in key areas such as robotics and battery technology, software development and artificial intelligence (AI).
- Services and new business models—A key element in Husqvarna Group's strategy is an enhanced focus on services and solutions. The Group's growing share of connected products and users is creating opportunities for new business models. The divisions can leverage the strength in a strong pool of knowledge and experience within the Group. One such example is Husqvarna Fleet Services, a system and service offering that is shared across the Husqvarna and Construction divisions.
- Sustainovate—Sustainability provides an outside-in perspective and the Sustainovate program is the way the Group integrates sustainability across its business and engages the organization. It allows the Group to better address market dynamics and societal challenges and understand key stakeholders better.

Outcome: Sustainable profitable growth

Through innovation, energy-efficient operations and engaged and dedicated teams, the Group is growing its business while reducing, in relative terms, CO₂ emissions and waste across the value chain. Products in a wide range of categories are tailored to customers' demands for efficiency, quality, durability and safety across markets, resulting in great customer experiences.

Value created for key stakeholder groups

The focus on profitable growth delivers opportunities for efficient and innovative products and services that generate economic, environmental and societal value. Key stakeholder groups such as customers, investors, employees and society stand to benefit from this approach. It also generates income that is reinvested in the company through research and development of new innovative products and services as well as other market leadership activities.

The Group's business model is built on a strategy that aims to achieve industry-leading growth and profitability by focusing on customer experience, services and solutions, battery and robotic technology and a winning core offering. Husqvarna Group believes focused sustainability initiatives are crucial for long-term market leadership and value creation.

Turning Sustainovate into reality

Sustainovate is our Group-wide approach for integrating sustainability throughout the business. It is an essential part of our business model.

Our sustainability efforts start at the top, with our Board of Directors. The People and Sustainability Committee—formerly the Remuneration Committee—oversees the Group’s efforts within sustainability and talent management. It has responsibility for preparing recommendations on targets for Board approval, tracking Sustainovate’s progress, remuneration for Board and senior management, reviewing reporting and monitoring the sustainability agenda.

The company is a highly decentralized organization, yet we set our sustainability priorities and targets at Group level. Different policies, procedures and a materiality process support this approach. The Gardena, Husqvarna and Construction divisions drive the work of meeting Group targets and also have specific goals and initiatives relevant to their operations.

A Sustainability Core Team with representatives from every division and core functions shares best practice, evaluates progress and reports quarterly to Group Management on Sustainovate’s progress.

Cross-functional accountability

Group Management is accountable for Sustainovate. The Vice President Business Assurance reports to the Senior VP Group Operations Development, who is a member of Group Management. The VP Business

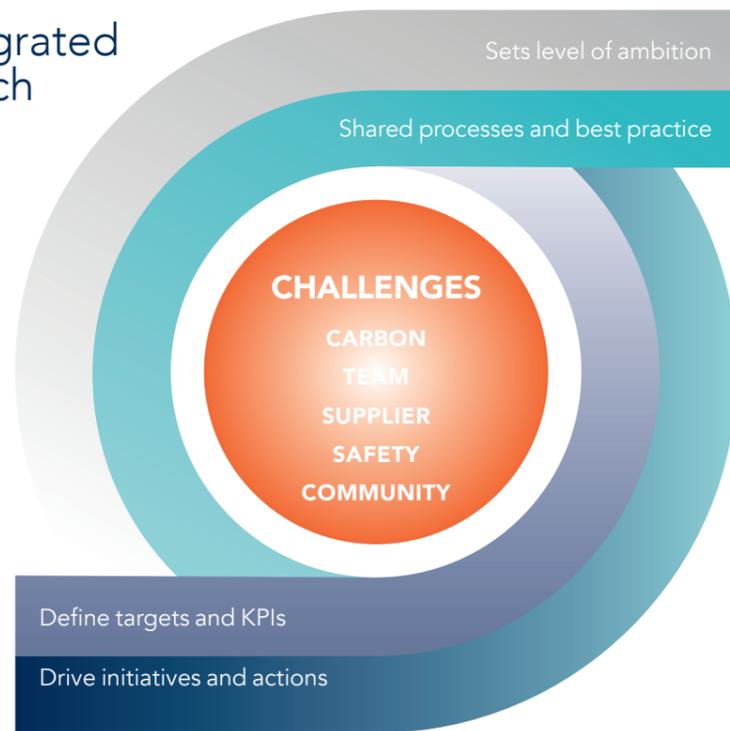
Assurance and his sustainability team are responsible for keeping pace with the sustainability agenda, shaping and promoting Sustainovate, developing procedures and standards, coaching and challenging divisional activities, and engaging with external stakeholders such as investors and NGOs. The sustainability team met the Board on three occasions in 2019 to inform on risks and seek approval for Sustainovate 2025. Divisional representatives in the core team are accountable to their Division Vice Presidents, all of whom are members of Group Management.

Our control systems identify critical processes and management responsibilities across the organization. For example, at production facilities, plant managers have overall responsibility for operational environment health and for collecting and reporting EHS data into Group reporting systems on a quarterly basis.

People and Organization is similarly organized. This Group function defines the agenda, sets overarching priority areas, shares best practice and aligns practices and processes. Human resource management, divisional targets and actions are set at local and divisional levels.

In operations, the Group has developed its own management system, the Husqvarna Operating System (HOS).

An integrated approach



Divisions

- Set relevant targets and KPIs
- Engage with product development, sales organization, HR and operations
- Integrate initiatives into business plans
- Report progress on goals to Divisional Presidents

Group

- Reports and trains Board on risks, risk management and Sustainovate
- Sets priorities, aspirations and aligns targets
- Aligns processes and shares best practice
- Tracks progress quarterly through the Core Team
- Monitors the sustainability agenda and engages with investors and NGOs
- Reports progress annually

Sustainovate 2020 is the Group’s approach to integrating sustainability throughout the business. A materiality process conducted in 2015 led to the adoption of overarching priorities, targets and aspirations that were set at Group level. Each division responded with initiatives that contribute to achieving these objectives. Networks of experts representing Group functions support the divisions. The Sustainability Forum evaluates progress and reports quarterly to Group Management and externally every 12 months.

Managing risks and opportunities

We have a systemized way of managing sustainability risks and opportunities, rooted in clear policies, a Group-wide management system and activities to monitor the effectiveness of our approach.

POLICY & PROCEDURES	ADDRESSES THE FOLLOWING RISKS	MANAGEMENT SYSTEM	MONITORING THE EFFECTIVENESS OF THE POLICY	OUT-COME IN 2019
Code of Conduct	<ul style="list-style-type: none"> • Human and labor rights • Discrimination • Corruption, bribery 	<ul style="list-style-type: none"> • Husqvarna Operating System • Diversity Action plan (to come in 2020) 	<ul style="list-style-type: none"> • Third-party Alertline • Email system 	See p. 38
Environmental policy	<ul style="list-style-type: none"> • Climate change risks in operations • Emissions to air, land and water • Water use • Hazardous waste 	<ul style="list-style-type: none"> • Husqvarna Operating System • ISO14001:2015 at 80% of factories • ISO 50001 at some facilities 	<ul style="list-style-type: none"> • Audits managed at local and regional levels. • Monthly performance reports on energy use • Quarterly performance reports on waste • Yearly performance reports on other environmental aspects. 	See p. 54
Occupational health & safety policy (updated in 2019)	<ul style="list-style-type: none"> • Workplace health and safety hazards 	<ul style="list-style-type: none"> • Husqvarna Operating system, OHSAS 18001 and ISO45001 	<ul style="list-style-type: none"> • Audits managed at local and regional levels • Monthly performance reports on KPIs and incidents 	See p.31 See p. 54
Supplier Code of Business Ethics (updated in 2019)	<ul style="list-style-type: none"> • Human rights non-compliances • Environment non-compliances • Labor rights non-compliances • Corruption and bribery 	N/A	<ul style="list-style-type: none"> • Alertline • Third-party and internal audits • Sustainability reporting 	See p. 29
Product safety policy	<ul style="list-style-type: none"> • Personal injury or property damage due to product use, misuse or malfunction of the products. 	<ul style="list-style-type: none"> • Risk assessments at product development (ISO 12100, ISO 31000, FMEA) • Lessons learned in Product development projects • ISO 9001 in manufacturing 	<ul style="list-style-type: none"> • Committee On Product Safety (COPS) meet quarterly and on an ad hoc basis as required 	4 quarterly meetings and 3 Ad Hoc meetings held handling 16 cases



Chapter 5/

Sustainovate 2025

The need for sustainable solutions has never been greater or more pressing. Building on the creativity of our teams, we are pioneering pathways for step-change efficiency and smarter resource use.

It's a material world

Materiality is the point at which a sustainability topic becomes relevant to our ability to create value. A comprehensive materiality analysis informed Sustainovate 2025 and our future approach to sustainability.

Sustainability is all about building a strong and profitable company for the future and delivering lasting financial, social and environmental value for our customers, employees, investors and society. We used an inclusive approach to determine the sustainability topics most relevant to our ability to create value to 2025 and beyond, engaging every division and internal and external stakeholders over a four-month period ending in 2019.

We defined material topics as issues that substantively:

- Reflect our significant economic, environmental and social impacts
- Influence our ability to create lasting value, build trust and reduce risks
- Influence stakeholders' perception of our performance and our ability to deliver value for them.

360-degree conversation

Our materiality process structured the conversation about what is most relevant for the Group. Through a three-step analysis, we developed a common view on how topics are interconnected, the importance of staying ahead of stakeholder priorities and how topics influence business resilience to 2025.

More than 30 people, including members of Group management, internal experts with insights into key stakeholder groups, representatives of Group and Divisional functions were directly involved. The outcome was presented to the Board and Group Management and it laid the foundation for the 2025 strategy process. The process comprised the following steps:

Outside-in perspective—Members of Group Management were interviewed on the strategic relevance of a changing societal landscape as presented in the 'Megatrends shaping our world' (p.4).

This was the same starting point that was used to develop our five-year business plan. It helped us identify potential topics of relevance.

Ranking topics—Representatives from each division weighted the importance of 21 topics, all of which are relevant to equipping us for changes in society. The outcome of each division's rankings was fed into a Group-level assessment.

Validate the outcome—People from both divisions and the Group interviewed stakeholder representatives. We carried out a quantitative survey among employees to validate our internal prioritization. This deepened our insights.

Topic prioritization

All of the topics have a role to play in our approach to sustainability, but in different ways. Our analysis of the topics informed the strategy and our approach to sustainability, and guided us on our level of ambition for addressing the topics.

- **Leadership topics**—Three topics relating to the product offering and delivering value; innovation and technology, a sustainable product offering, and product efficiency. They have the greatest impacts on stakeholder expectations and are most relevant to our ability to create value, especially for customers. They are central to delivering market leadership due to their role in helping to transform the Group. They represent the core of Sustainovate 2025 and have been assigned ambitious, stretch targets.
- **Strategic enablers**—Long-term financial performance and talent attraction are important strategic priorities that have an integral and supportive role to play in the success of Sustainovate 2025.
- **Trust builders**—For six topics, expectations are high among stakeholders for action and control. If not managed responsibly, they may potentially erode our ability to create value.

The content in the 2019 Sustainovate Progress Report reflects a materiality assessment conducted in 2015 that lay the foundation of Sustainovate 2020. This analysis resulted in 14 topics prioritized against their impact on the Group's ability to create value. For more information, see the 2018 Sustainovate Progress Report p. 38.

In spring 2019, we conducted an email survey to gauge the priorities and expectations of our employees. The survey captured the priorities of 100 employees, selected from every region and representing all functions. In total, 73 percent of the respondents agreed or strongly agreed that sustainability influenced how they see Husqvarna Group as an employer. Sixty-eight percent stated that they feel they are able to contribute to our sustainability ambitions. The three top topics they would like to see prioritized within the Group are

1. *Developing innovative and sustainable solutions for customers*
2. *Developing employee competencies*
3. *Products made from sustainable materials*

» **As an employee, it's important that I know what I can bring and get out of my job, what development opportunities I will get, what technology advantages the company offers and if its way of working is up-to-date.**«

Stakeholder: Employee

» **You can create value for us by remaining a successful company over time. That means being a good employer, having a product offering that customers want and that you play a constructive role in society.**«

Stakeholder: Investor

» **The next step for the Group must be to focus on change that has impact. You have to understand the trade-off between short-term financial impact and the sustainability agenda.**«

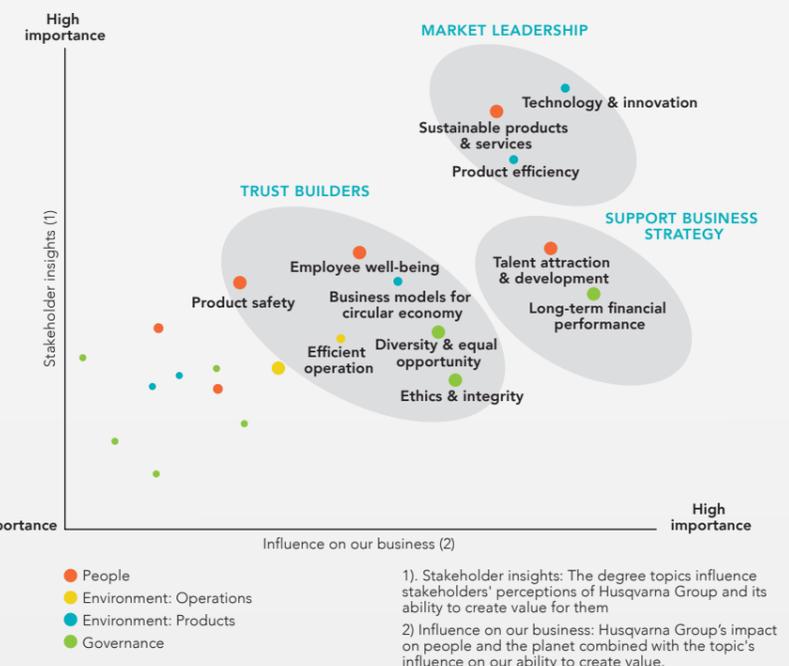
Stakeholder: Partner

These topics include responsible supply chain, ethics and integrity, employee well-being, efficient operations, diversity and product safety. They are topics where we will continuously improve our performance and report on our progress in meeting expectations.

- **Topics on the rise**—The sustainability agenda is a moving target. We have four topics that are evolving particularly fast. Depending on their potential role in value creation, we will monitor and address these topics in a timely manner. The topics include circular economy, talent attraction, product recyclability, diversity and equal opportunity. The transformational nature of the circular economy requires that we act decisively in Sustainovate 2025 to ensure we are well positioned in this area.

Our most material topics

Husqvarna Group's materiality process engaged every division as well as internal and external stakeholders in identifying how potentially relevant topics impact Husqvarna's ability to create lasting value. Materiality is the point at which a sustainability topic becomes relevant in these contexts. Prioritization was validated through deep-dive interviews with representatives of key stakeholder groups and approved by Group Management.



SUSTAINOVATE 2025

Solutions fit for the future

We are challenging ourselves and inspiring others to transform our industry. Through the creativity of our teams, we are pioneering solutions for step-change efficiency and smarter use of resources. By placing Sustainovate at the heart of what we do, we are shaping a company that is built to last.

In 2019, we set the course for our Sustainovate journey beyond 2020. We began with an inclusive materiality mapping and analysis of how we see society evolving to 2030. In-depth research was done in key areas relating to climate change, resource scarcity and sustainability risks. The outcome was three 'opportunities' to deliver value in an era of transformation. Approved by the Board this year, Sustainovate 2025 will begin its rollout in 2020.

While targets to 2020 focused on integrating sustainability deeper into the business across five areas, Sustainovate 2025 addresses three opportunities for change. These include transformation to a low-carbon economy, pioneering ways to deliver great value to customers through circular economy solutions, and inspiring and engaging customers and employees in our efforts.

Sustainovate's overall ambition is to trigger creativity, energy and pride across the company. It's aims

highlight opportunities that leadership in sustainability brings and have strongly influenced the 2025 business strategy. This further underlines how the sustainability agenda is business-critical for us.

Ambitious targets for 2025

Our three aspirations explain the difference we intend to make within Carbon, Circular and People. The three targets show if and when these aspirations have been achieved.

Our new target of a 35 percent CO₂ reduction across the value chain is an absolute reduction target rather than a carbon-intensity reduction, which was how we defined our 2020 target. Its baseline year continues to be 2015. It is in line with the latest science and reflects what needs to be done to limit a global temperature increase to 1.5°C.

Circular and People targets will use 2020 as our baseline.

Reduce CO₂ emissions by
35%
across our value chain

Carbon

Drive the transition to low-carbon solutions.

We are transitioning to low-carbon solutions in every aspect of our products' lifecycle—and in ways that benefit customers and deliver value to our bottom line. But the transition the world needs is to a zero-carbon economy. Battery technology and robotics have a significant role in delivering this. With stronger cooperation with suppliers, leaner manufacturing and smarter product design, we are preventing hundreds of thousands of tons of CO₂ from entering our atmosphere every year. At the same time, we are doing our part to tackle the greatest challenge of our time.

Launch
50
circular innovations

Circular

Rethink and redesign for a resource-smart customer experience.

We are rethinking our business models and the way we enhance our customers' experience. We are reevaluating how our customers get their jobs done more effectively through solutions and services such as sharing. We are making smarter use of the materials that comprise our products. That's why we are finding ways to reduce the use of natural materials and plastic. We are also extending product lifecycles through reuse, resale, repair, and easy recycling for less waste. In short, a circular approach is looping the customer's end-to-end journey and bringing resource-lean innovation to the heart of how we deliver value.

Empower
5m
customers and colleagues to make sustainable choices

People

Inspire actions that make a lasting difference.

We want to be a company that others look to for leadership, and there is no better way to build trust than making a difference together. This rests on bringing out the passion, drive and creativity of our customers and teams. We are scaling up our impact by inspiring our customers to opt for the most sustainable choice, and triggering their imagination on the difference that they can make. We will inspire our teams by partnering with others and giving them the tools to be our agents of change.



Chapter 6/

About this report

The 2019 Sustainovate Progress Report presents our approach to integrating sustainability into our business. The report is framed around five challenges that are most relevant to the Group's ability to create economic, social and environmental value for our stakeholders.

About this report

We have applied the Global Reporting Initiative (GRI) sustainability reporting guidelines as a guide in the production of this report. The GRI Index leads readers to information on relevant indicators, as defined by the GRI standards.

In the report, we outline why sustainability is relevant to our business, our priorities and response. It sets out the ways in which we are measuring progress and details our approach to managing sustainability issues. Based on our materiality analysis, Sustainovate encompasses the sustainability issues most relevant to the Group and our value chain.

Where relevant, the report also highlights how the Group's priorities reflect our commitment to the UN Global Compact's ten principles. The report therefore also serves as our Communication on Progress.

Boundary of the report

Unless otherwise indicated, standard disclosures include all operations that can potentially affect Group performance. Data has been collected over the 2019 calendar year. This report covers some 13,000 employees at year-end, including both office and factory workers and seasonal employees. Data encompasses 29 production facilities of which 19 are in Europe, five in the U.S., three in China, and one each in Brazil and Japan in addition to two R&D centers. Historical data have also been adjusted when it has been found to be incorrect, to improve quality of indicators. Wherever possible, the Group reports on its performance indicators covering the last five years. 2015 was defined as the baseline for Challenge targets with the exception of product safety, which uses 2016 data as a baseline. Health and safety statistics are based on local definitions in terms of what constitutes a workplace injury and a lost day due to injury. The company's previous sustainability report was published in March 2019.

In accordance with the Swedish Annual Accounts Act chapter 6, §11, Husqvarna Group has chosen to establish the statutory sustainability report as a report separated from the Annual Report. The required information in accordance with the Annual Accounts Act constitutes part of the Board of Director's report and is incorporated in this document.

This report has been submitted to the auditor at the same time as the Husqvarna Group's Annual Report. Information about our business and financial performance is provided in our annual report.

External assurance

The sustainability report has been reviewed by an assurance provider to ensure that it meets information requirements of Sweden's legislation on sustainability reporting.

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GRI Index

GRI Index

AR = Husqvarna Group Annual Report 2019

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103-1, 103-2, 103-3	Management approach	18-25, 47
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305-3	Other indirect greenhouse gas emissions (Scope 3)	54
305-4	GHG emissions intensity	54

GRI 306: Effluents and waste		
103-1, 103-2, 103-3	Management approach	Waste is not deemed a material topic, and therefore no DMA is included in the report.
306-2	Total weight of waste by type and disposal method	55

GRI 308: Supplier environmental assessment		
103-1, 103-2, 103-3	Management approach	28-29, 47
308-1	New suppliers screened using environmental criteria	29
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401-1	New employee hires and employee turnover	54

GRI 403: Occupational health and safety		
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403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	30-31, 54

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GRI 405: Diversity and equal opportunity		
103-1, 103-2, 103-3	Management approach	26-27, 47
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GRI 408: Child labor		
103-1, 103-2, 103-3	Management approach	28-29, 47
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GRI 409: Forced or compulsory labor		
103-1, 103-2, 103-3	Management approach	28-29, 47
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	28

GRI 414: Supplier social assessment		
103-1, 103-2, 103-3	Management approach	28-29, 47
414-2	Negative social impacts in the supply chain and actions taken	28-29

GRI Disclosures

Economic indicators

Indicator	Unit	2019	2018	2017	2016	2015	
201-1	Generated direct economic value						
	Group Net Sales	SEKm	42 277	41 085	39 394	35 980	36 170
	Distributed direct economic value						
	Operating costs (materials and services)	SEKm	30 450	29 416	28 186	26 277	27 009
	Employee salaries	SEKm	5 833	5 712	5 121	4 680	4 508
	Social security costs and pensions plans	SEKm	1 314	1 336	1 187	1 059	1 021
	Payments to states and municipalities (taxes)	SEKm	811	970	431	280	252
	Credit institutions (interest)	SEKm	568	509	500	422	344
	Shareholders (dividends)	SEKm	1 287	1 286	1 114	946	945
	Economic value retained	SEKm	2014	1 856	2 855	2 318	2 091

Social indicators

Indicator	Unit	2019	2018	2017	2016	2015	
401-1	Employee turnover voluntary	%	9.6	9.1	9.1	7.8	10.5
403-2	Lost time incident rate per million hours worked	LTIR	4.3	3.1	3.9	2.7	3.3
403-2	Total recordable incident rate per million hours worked	TRIR	5.8	5.2	6.0	6.8	8.4
403-2	Fatal workplace accidents involving employees	No	0	0	0	0	0
404-3	Performance reviews of white collar	%	89	84	87	86	86
405-1	Proportion of female employees						
	in total workforce	%	34	34	34	33	35
	in senior management positions (tiers 1-3)	%	25	22	24	22	24
	in the Executive Board	%	38	38	38	38	38
	Net Promotor Score (NPS)	NPS	8	11	10	1	-5

Environmental indicators

Indicator	Unit	2019	2018	2017	2016	2015	
308-2; 414-2	Full supplier sustainability audits	No	48	51	27	15	2

Indicator	Unit	2019	2018	2017	2016	2015	
302-1	Renewable electricity as a percentage of total electricity	%	58	59	43	8	1
302-1	Renewable energy as a percentage of total energy	%	36	36	26	5	0
305-1	Direct CO ₂ emissions (Scope 1)	tCO ₂ e	29 929	28 498	33 494	34 890	42 875
305-2	Indirect CO ₂ emissions (Scope 2)	tCO ₂ e	46 856	51 035	79 175	108 756	122 552
305-3	CO ₂ emissions from transportation	tCO ₂ e	41 459	48 634	51 806	46 575	46 296
305-3	CO ₂ emissions from business travel	tCO ₂ e	9 810	12 350	13 250	9 009	8 168
305-4	CO ₂ emissions intensity (Scope 1 and Scope 2)	tCO ₂ e/ SEKm VA	5.7	7.3	9.9	14.2	17.4

Previously published data on these pages has been reviewed and some minor corrections (<10%) were made. CO₂ emissions have been calculated in accordance to the Greenhouse Gas Protocol (GHG Protocol).

302-1 – Energy consumption within the organization	Unit	2019	2018	2017	2016	2015
Total energy used	MWh	327 419	368 821	383 664	383 361	388 361
Direct energy	MWh	97 573	116 289	119 792	119 423	126 096
Indirect energy	MWh	229 846	252 532	263 871	263 938	262 264

303-1 – Water consumed	Unit	2019	2018	2017	2016	2015
Total water consumed	m ³	805 832	881 058	1 258 008	1 234 005	1 291 638
Ground water	m ³	146 287	222 443	204 934	188 063	183 584
Surface water**	m ³	156 364	194 863	553 275	554 690	623 906
Purchased water	m ³	503 181	463 752	499 798	491 252	484 148

306-2 – Waste	Unit	2019	2018	2017	2016	2015
Total waste*	Tonnes	44 018	54 366	55 592	56 264	67 478
Non-hazardous recycled waste	Tonnes	35 067	44 027	45 182	46 228	57 305
Non-hazardous non-recycled waste	Tonnes	5 496	7 678	7 613	7 164	7 366
Hazardous recycled waste	Tonnes	280	345	467	437	540
Hazardous non-recycled waste	Tonnes	3 174	2 316	2 329	2 435	2 267

* Improved data quality
** Includes harvested rainwater

Auditor's report on the statutory sustainability report

To the general meeting of the shareholders of Husqvarna AB (publ), corporate, identity number 556000-5331.

Engagement and responsibility

It is the Board of Directors who is responsible for the statutory sustainability report for the year 2019 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination of the statutory sustainability report has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's report on the statutory sustainability report. This means that our examination of the statutory sustainability report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Opinion

A statutory sustainability report has been prepared.

Stockholm February 27, 2020

Ernst & Young AB
Hamish Mabon
Authorized Public Accountant



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