Sustainovate Progress Report 2022

Husqvarna Group

Contents

This report in a nutshell

Adopted by Group Management and approved by the Board, our three Sustainovate opportunities – Carbon, Circular and People – combine our innovation capability with our commitment to sustainability.

   This 2022 Sustainovate Progress Report is a sister document to the Husqvarna Group Annual Report. It shows how we are integrating sustainability deeper into our business and across our value chain. The report is third-party assured to be in accordance to the Global Reporting Initiative's (GRI) sustainability reporting framework 2021.

Thanks for reading! Please let us know what you think of this report. Contact us at sustainability@husqvarnagroup.com

About Husqvarna Group

Founded in 1689, Husqvarna Group is a world-leading provider of innovative products and solutions for forest, park and garden care. The range includes robotic mowers, chainsaws, trimmers, ride-on mowers and watering solutions. We are also a leader in equipment and diamond tools for the light construction and natural stone processing industries. Our products and solutions are mainly sold under the global Husqvarna and Gardena brands.

Net sales SEKbn	Sales in number of countries	Employees	Production sites
54	+100	14k	32

Sales distribution

35% North America

51% Europe

14% Rest of the world
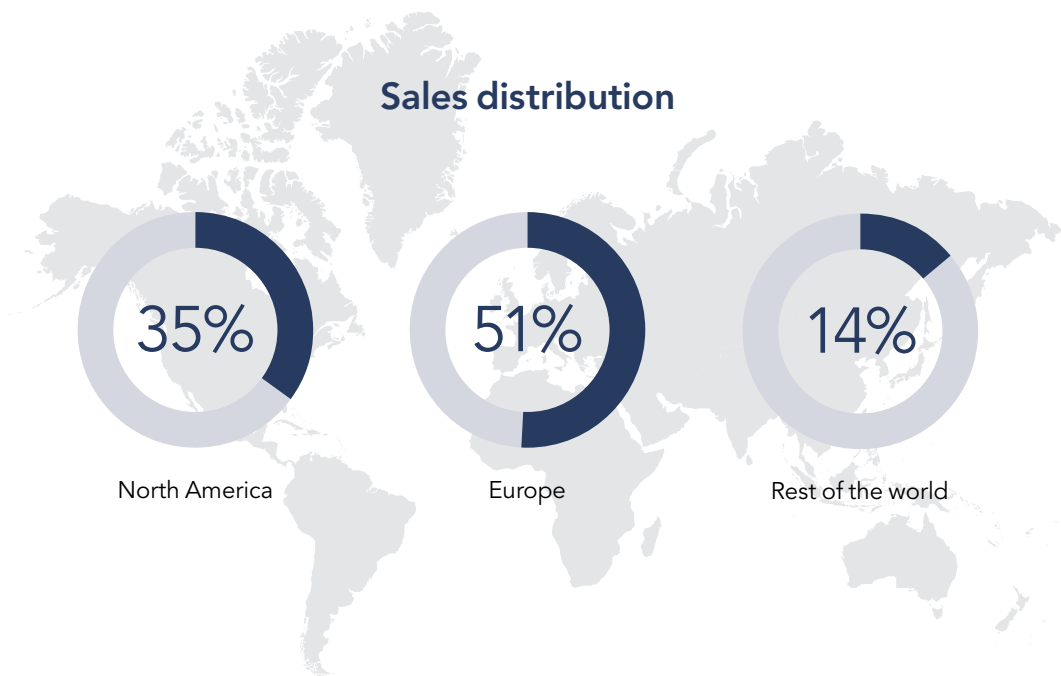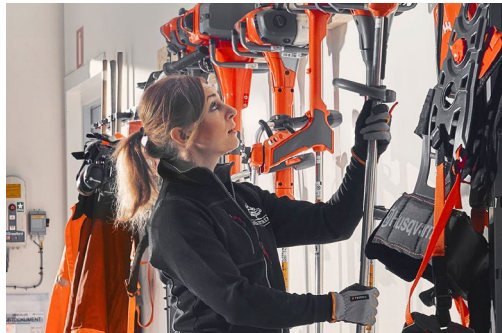
Share of Group net sales*

Husqvarna Forest & Garden Division

A leader in forest and garden products and services for professionals and consumers. The global market leader in robotic mowers.

59%

Share of Group net sales*

Gardena Division

A leader in residential watering products, garden hand tools and smart garden systems for passionate gardeners. Global leader in smart watering solutions.

25%

Share of Group net sales*

Husqvarna Construction Division

A leader in equipment and diamond tools for the light construction and natural-stone processing industries.

15%

* The divisions' share of Group net sales add up to less than 100 percent due to other Group items.

SUSTAINOVATE

At the heart of our strategy lies Sustainovate, our approach for integrating sustainability deeper into our business and across our value chain. With Sustainovate, we are combining our leading innovation capability with our commitment to sustainability.

Through Sustainovate, we are rethinking how our products can be used more efficiently, producing them with resource-smart materials and we are powering them with non-fossil fuel alternatives. We are pioneering solutions that help customers make more sustainable choices every day. And we are scaling our positive impacts by influencing and inspiring others beyond our operations.

Our targets for the year-end of 2025 serve as a guide for measuring the difference we make.

Carbon
Drive the transition to low-carbon solutions

-32%
Absolute reduction in CO_2

Target
Reduce our absolute CO_2 emissions by -35% across our value chain.*

Circular
Rethink and redesign for a resource-smart customer experience

10
Innovations approved so far

Target
Launch 50 circular innovations.

People
Inspire actions that make a lasting difference

572k
Reached so far

Target
Empower 5 million customers and colleagues to make sustainable choices.

* Compared to 2015

CEO statement: Creating sustainable value

Husqvarna Group is a company that thrives on transformation. This capability has never been more important as we lead our industry into low-carbon, resource-smart solutions. We are building an ever stronger Group by capturing new opportunities that strengthen our position.

Two years into Sustainovate 2025, which is our strategic approach of combining sustainability and innovation, and we have seen good progress this year.

In some cases, it is visible in the numbers, such as our -32% reduction in CO_2 emissions since 2015 across our value chain. Our progress can also be measured in the launches of innovative products like the Husqvarna CEORA™, our autonomous professional lawncare solution, and Husqvarna Construction's PACE battery system; which are disrupting markets for professional users. Or, it is seen through the customers, organizations and suppliers we have influenced to make more sustainable choices. Whether in the data, the solutions, or the partnerships, these are all essential contributors to our ambition to lead the industry in low-carbon, resource-smart solutions.

At the same time, 2022 has been overshadowed by major global events. The continued effects of the pandemic and the outbreak of a tragic war in Ukraine have had a devastating impact on human lives and were followed by economic turbulence. These are

powerful reminders that our success rides on striking a balance between managing the long-term view and being responsive to a fast-changing landscape in a responsible way.

Leading our industry

We aim to lead by setting high and long-term ambitions and delivering solutions to complex challenges, like resource scarcity and transformation to net-zero emissions. This benefits our customers, investors, society, and employees, all of whom value our leadership ambition.

That is why Sustainovate lies at the heart of our strategy. Through Sustainovate and its three targets for Carbon, Circular and People, we are taking on global challenges of our time, and are addressing them through our pioneering spirit and innovation capability. This mindset creates lasting value by generating financial returns for our shareholders and contributing to a more sustainable society. Simply put, this is sustainable value creation.

Climate action

Summarizing 2022, our CO_2 footprint reduction is at -32% and we are on track to deliver on our Science-based target of a -35% CO_2 reduction across our value chain between 2015 and 2025.

Our efforts to transform our business continue. Our ambitions include increasing our share of electrified motorized products to 67% by 2026 from 34% today. Although demand for electrical and autonomous products is growing, supply-chain disruptions impacted our ability to deliver electrical products according to plan this year.

This fall, we announced that we are accelerating our efforts to shift to a low-carbon offering and will increase R&D investments in autonomous mowers, battery, smart watering and professional product segments. This investment is a meaningful step even beyond our 2025 Carbon target.

Husqvarna Group

"We create sustainable value by contributing to society with solutions that tackle climate change and resource scarcity, all while consistently delivering returns to our shareholders."

Triggering change for circular solutions

With ten approved and 19 nominated circular innovations and a growing funnel of great ideas, we are also on track to launch 50 solutions for a resource-smart customer experience by 2025. Launched this year, Gardena's EcoLine of gardening tools made with recycled materials is a great example of how a new mindset and methods can speed up the development of more sustainable solutions. It also encapsulates the intention of our circular opportunity: to encourage us to rethink how we design our products and transition to more sustainable materials like recycled plastics.

Engaging people in sustainable choices

2022 is the first year of reporting on the People target to empower five million customers and colleagues to make sustainable choices. We see a growing understanding of the need to shift away from both fossil-fuel solutions and primary raw materials and there is an increasing willingness to

pay for more sustainable choices. This is a start, but we need to broaden our offering, deepen engagement and continue to build partnerships to make the impact we want.

To make this difference, we need to empower our teams. In 2022, we launched our sustainability e-learning program to raise awareness about how we can engage in solutions for future generations and for our business. To date, over 2,000 employees have taken the course.

Lastly, I want to reiterate how grateful we are to all our colleagues, customers, suppliers and partners who play such a big part in our Sustainovate journey. We're looking forward to driving our next phase of Sustainovate together.

Pavel Hajman
Acting CEO

Sadly, our dear colleague and CEO Henric Andersson passed away in February 2023. Over the last two years of driving Sustainovate, he led the Group with the conviction that sustainability action is simply the right thing to do and it must always begin in the business strategy. In this report, we pay tribute to his vision and are grateful for his leadership.

Impacts, opportunities and risks

The business landscape is changing in pace with growing impacts of climate change, an ever-interconnected world, concerns about resource scarcity and demographic shifts. They all have implications on people's well-being and society's transition to a low-carbon economy. They also positively and negatively impact the way we do business, are a source of new opportunities and help us understand how we see our role in society.
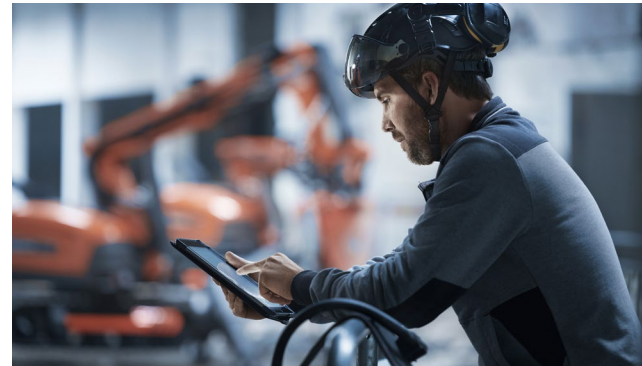
The energy transformation

Through the Paris Agreement, the world made a commitment to limit a temperature increase to 1.5⁰C while energy needs are on the rise. Regulation, carbon pricing and sustainable financing are all instruments that reinforce our business case for a low-carbon offering.

- We have the technology and drive to develop and scale solutions that allow customers to use renewable energy
- Bans on fossil-fuel powered products grow the market for electric solutions
- Products that go beyond efficiency standards give a competitive advantage
- A slow shift to a renewable electricity grid impacts the outcome of our CO_2 emission reduction targets
- Bigger demand for electrification affects access to essential materials and components.

Speed of technology

Data-driven services promote a sharing mindset that consumes fewer resources and extends the product life. Breakthrough technologies help product development, manufacturing and efforts to shift away from a CO_2-intensive grid.

- Data brings user insights, supports productivity, efficiency, safety and can help protect resources and biodiversity
- Evolving battery technology opens opportunities to replace fossil fuel-based applications
- Digitalization enables product sharing
- Digitalized manufacturing and innovation raise quality, shorten time-to-market and affect operational efficiency
- Exposure to cyber risks and threats to security increase need for action for our products and in our operations.

Shifting purchasing behavior

More and more, delivering a customer experience means providing high performance, affordability and convenience along with a focus on sustainability. Competition for resources can amplify this trend.

- Awareness of climate change, human rights, resource limits and biodiversity loss raises demand for more sustainable solutions
- Stakeholders expect us to meet high human rights and environmental standards, especially in the supply chain
- Interest in sharing products instead of ownership provides opportunities for circular business models
- Growing market segments such as e-commerce and developing markets pose new challenges for innovation for sustainable solutions.

Urban environments

Urban environments consume more than 75% of the world's resources. At the same time, we are facing challenges in air pollution, climate change, the loss of both green spaces, biodiversity and social equity.

- More green spaces are needed as cities expand, driving public-sector procurement and connecting urbanites with nature through gardening
- Changing customer demographics increases demand for innovation in ergonomics and safety
- Urban sprawl into green zones adds pressure on land; affecting biodiversity and food production.

Sustainovate performance

We have moved the needle across all three 2025 targets – Carbon, Circular and People. We are disrupting our sectors; gaining recognition for our commitment and innovating products that deliver on our ambition to lead in low-carbon, resource-smart solutions.

To further accelerate our contribution to the shift to a low-carbon economy, we are investing in more sustainable solutions that deliver customer value, like new business models, autonomous mowers, battery and professional solutions.

We are also drilling into the details of our plan. We need to engage more customers, consumers and stakeholders in our efforts and build strategic partnerships. This will help us strike a balance between short and long term, introduce meaningful innovation and create a ripple effect for sustainable choices across our value chain.

Absolute progress

We are decoupling CO_2 emissions from business growth. With a -32% reduction of CO_2 since 2015, we are on the right trajectory to reach our 2025 target, despite supply chain challenges impacting battery products and robotics.

Key events

- 34% of motorized products sold are electrical products, a lower share than 2021. Demand for electrical products is growing, but supply barriers limited our capacity to deliver them, especially for robotic mowers

- In 2022 the supplier response rate for the CDP supply chain program increased to 65% compared to 53% in 2021. 139 suppliers responded to the CDP climate disclosure requirements and we engaged 214 suppliers

- We signed two sustainability-linked revolving credit facilities, one for SEK 5bn and one for SEK 2bn

- We are integrating CO_2 forecasting processes to guide our Group transition to low-carbon solutions

Next steps

- Refocus our business portfolio to introduce more sustainable products with higher growth and profitability potential

- Review our ambition and outlook beyond 2025, including net-zero commitments

- Seek additional green financing alternatives and provide disclosures to give investors the information they need to follow our journey

-32%
Absolute reduction in CO_2 emissions so far

Our 2025 Science-based target

Carbon

Reduce absolute CO_2 emissions by -35% across our value chain*

The value we create

The transition the world needs is to a zero-carbon economy. We are shifting to low-carbon solutions throughout our products' lifecycle and in ways that benefit customers and deliver value to the bottom line.

Battery technology, robotics and product design have a significant role to play in making this a reality. As does stronger cooperation with suppliers, leaner manufacturing and smarter logistics. This is how we contribute to tackling the greatest challenge of our time.
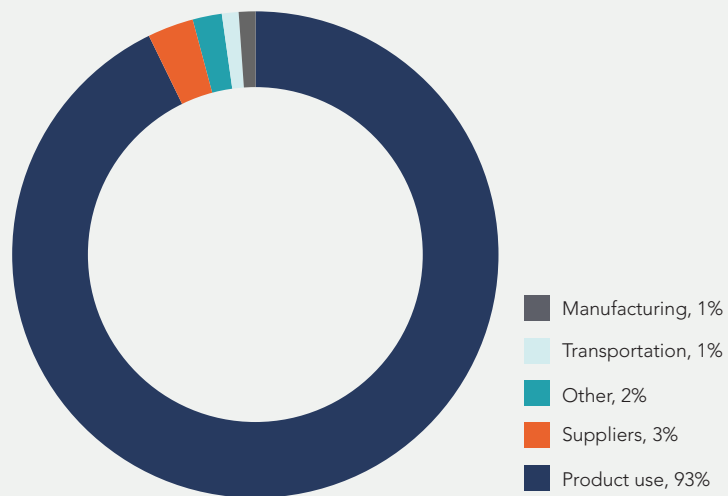
*Compared to 2015

Carbon

CO$_2$ emissions in the value chain

According to the Group's carbon footprint, our greatest impact occurs during the use of our products.

Transportation
Manufacturing, 1%

Transportation, 1%

Other

Suppliers, 3%

Suppliers

An approach with three scopes

Our 2025 carbon target is an absolute target. It reflects total CO$_2$ emissions reductions across the value chain, from suppliers and operations to transportation and product use. We do not account for carbon offsetting in reporting against the target.

Divisions drive the target through initiatives relevant to their business context. Heads of sourcing, manufacturing, transportation, product development within divisions all contribute. Cross-divisional networks within technology and sourcing convene regularly to share best practices.

We report progress on the target as per Scope 1, 2 and 3 in accordance with the GHG Protocol.

Scope 1 and 2

In operations, energy consumed is measured, calculated and managed site-by-site and reported to the Group. This includes factories, R&D centers and warehouses larger than 5,000 m^2 as well as offices adjacent to manufacturing facilities.

Scope 3

- For product use, CO$_2$ emissions are calculated over the products' projected lifetime

- Supplier Scope 1 and 2 emissions data is included as Scope 3 emissions, drawn from CDP supply-chain disclosures. In cases where suppliers do not report their CO$_2$ emissions, emissions are extrapolated from CDP data

- In transport, we include all transport the Group pays for – through which we have the most significant CO$_2$ impact – and where we have access to data. This spans all air and ocean freight as well as a share of road and rail transport.

Emissions are aggregated on Group level and progress is reported to Group Management and externally every quarter.

Our Science-based target

Our carbon target is science based and approved by the Science Based Targets initiative (SBTi). It reflects our commitment to reducing our fair share of CO$_2$ in line with society's ambition to limit a temperature rise to 1.5°C.

The SBTi requires us to account for emissions that occur beyond our own operations and when products are in use.

We have also put a stake in the ground, whereby we commit to net-zero emissions across our value chain by 2050 at the latest. This year, we completed an assessment as per SBTi Net Zero Standard to evaluate our path forward.

Scope 1, 2 and 3

Scope 1 are direct emissions caused by operating our manufacturing machinery, vehicles, and heating our buildings.
Scope 2 are indirect emissions created by producing energy that we buy.
Scope 3 are indirect emissions that occur either when our products are used, or from energy consumed by our suppliers and emissions from transporting our products.

Carbon

Scope 3:
Leading in low-carbon products

We want to lead the industry in low-carbon solutions and are developing a systematic path for electrification to deliver on this aim. We use CO_2 forecasting aligned with sales volumes to affirm that we are on track with our target.

We aim to increase the share of electrical motorized products to two thirds within the next five years. To achieve the target, we need to ramp up our pace. Today, 34% of our motorized products are electrified, compared to 37% in 2021 and 11% in 2015. Demand for battery, corded and autonomous products is growing, but the share of electrified products fell in 2022. This is due to major disturbances in our supply chain that limited our capacity to deliver them.

To accelerate our efforts, we are investing in product development, supply chain resilience and sales of electrified products.

Electrical products
With the launch of the CEORA™ autonomous lawn mower and PACE system this year, we are disrupting professional sectors in ways that support the transition and bring value to both our customers and our business. In 2022 we added products to our electrified portfolio and extended our strategic partnership with the 'Power for All' alliance (p. 25).

We are prioritizing sustainability criteria and electrification earlier in product development processes, and our Group battery competence center is helping us take the lead in relevant battery innovation.

Fossil fuel-powered products
We are in the process of repositioning our business and exiting low-margin petrol-powered consumer segments. To that end, we announced this year that McCulloch-branded products will be discontinued by 2022 (p. 12).

Yet there are applications within professional product segments where the limited energy density of batteries is still a barrier for electrification. Here, we are upgrading larger petrol chainsaws with investments in new engine technologies. We are also developing product and technology roadmaps and are introducing new low-carbon solutions that will replace fossil-fuel products as the technology evolves.

Percentage of sales of electrified products
Approximately 34% percent of total sales of motorized products are electrical products compared to approximately 11% in 2015.
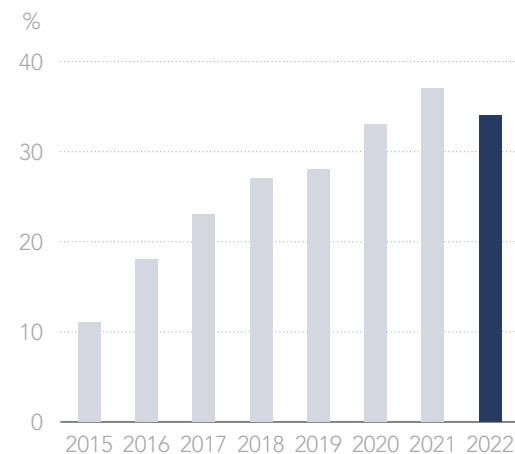
CO_2 emissions from product use
CO_2 emissions from product use were reduced by 31% between 2015 and 2022.
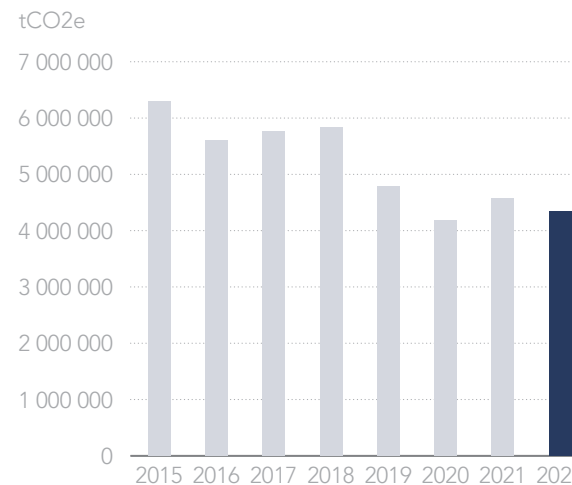
The shift towards low carbon

We are raising the bar on innovative solutions and we are finding new applications for these great ideas. And as battery solutions emerge, we are leaving some fossil-fuel powered products behind.

A walk in the solar park

Solar parks grow by more than 22% worldwide every year. They are huge expanses of land that need upkeep, and not only for access and esthetics. Being free from high grass and brush also plays a big part in optimizing energy generation of the panels.

Together with Alight – a Swedish solar energy developer – and the Swedish University of Agricultural Sciences our innovation team has piloted a systems solution this yearaimed at maintaining grounds through autonomous mowers. The national innovation agency Vinnova is supporting the initiative with a SEK 4m grant.

The pilot shows that we can increase energy production and help ensure that the parks remain a safe haven for insects and other wildlife. Full-scale launch is planned for 2025.

Entering a new era

In 2023, Gardena Division will transition to an offering free from fossil-fuel powered products. We'll be subsequently ceasing production and sales of McCulloch branded products that include fossil-fuel powered hand-held products such as chainsaws, lawn trimmers and leaf blowers.

This exit allows Gardena to focus entirely on building the market for more future-focused electric and cordless-powered gardening tools.

Go with the E-flow

Husqvarna Construction's new range of electric dust extractors raises productivity while extracting dust generated from construction equipment. Our E-flow technology optimizes airspeed throughout the filter-saturation process, which can reduce energy consumption up to 30%. This calculation is based on inhouse tests conducted in a laboratory environment where we measured currents at nominal voltage for DE 110 H and DE 120 H models, when the E-flow is activated without restrictions in the system. The power is calculated based on voltage and compared with power consumption at full flow, without restrictions.

Decoupling CO_2 from business growth

Husqvarna Group aims to significantly cut CO_2 emissions while profitably growing the business.

Tracking sales growth together with our absolute CO_2 emissions reduction demonstrates how we deliver on this objective.

CO_2 reductions – including Scope 3 emissions from supplier manufacturing, transport and product use – are deeply connected to the mix of electric vs fossil-fuel powered products and the energy mix where electrical products are used.

Our plan to electrify two-thirds of motorized equipment as well as each country's shift to a renewable electricity grid will further decouple climate impacts from our business growth and contribute to achieving our carbon target.

Decoupling CO_2 from business growth

Over the last eight years, we have reduced our absolute CO_2 emissions by 32% while increasing sales by 49%.

Net sales
Absolute CO_2 reduction along the value chain
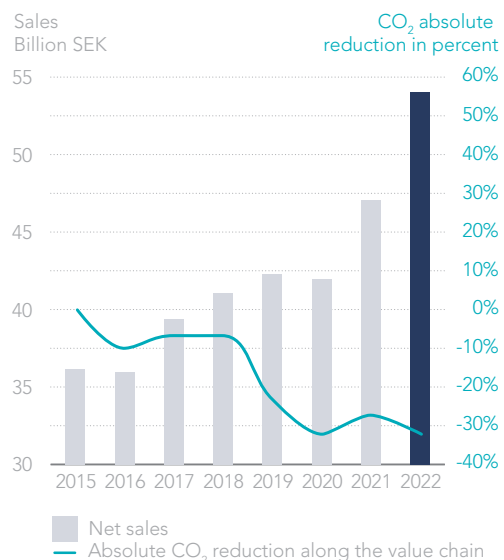
Milestone moment for mowing

Husqvarna CEORA™ is a battery-driven, professional autonomous solution for large-scale lawns like football fields and golf courses. CEORA™ is expected to revolutionize an industry dominated by heavy, conventional fossil-fuel powered mowers. And we are doing it by optimizing time and resource-consuming tasks.

A lifecycle assessment conducted this year shows a CO_2 emissions reduction by as much as 83% during the machine's lifecycle, compared to a diesel-driven Husqvarna P 525DX ride-on mower. The greatest difference in CO_2 reductions is seen during the use phase. Here, the climate impact is primarily due to electricity consumption for the battery-driven CEORA™ and fuel use for the fossil fuel-powered product.

Our life-cycle assessment

The third-party LCA is based on a 30-week cutting season and two football pitches (16,000 sqm) of average grass length. CEORA is powered by an EU electricity-grid mix and Husqvarna P 525DX is powered by standard diesel.

The assessment has also been reviewed by Research Institute of Sweden (RISE).

The graph indicates the LCA result in global warming potential per season (kg CO2e/season)

kg CO$_2$e /season

End-of-life
Use
Production
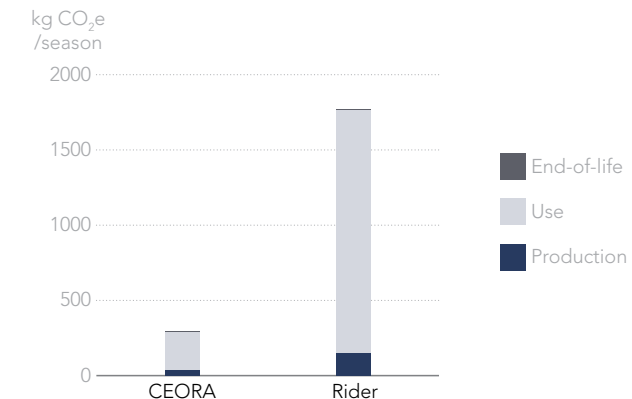
Carbon

Cutting emissions across three scopes

Scope 1 & 2: Own operations

Energy efficiency matters to our carbon commitment even though emissions from manufacturing represent about one percent of our total CO_2 footprint.

We are cutting CO_2 emissions through more efficient production, driving electric vehicles, or by heating buildings with renewable energy sources. We are committed to using renewable energy despite its higher cost.

The Group operates 32 (28) production facilities, of which 19 (17) are located in Europe, five in the U.S., four in China, and one each in Brazil, Japan, India and Australia. When we secure renewable energy sources in our operations, we are also ensuring long-term resilience in times of energy insecurity.

Share of renewable electricity

Today, 84% of our electricity derives from renewable sources, compared to 43% in 2017.

%
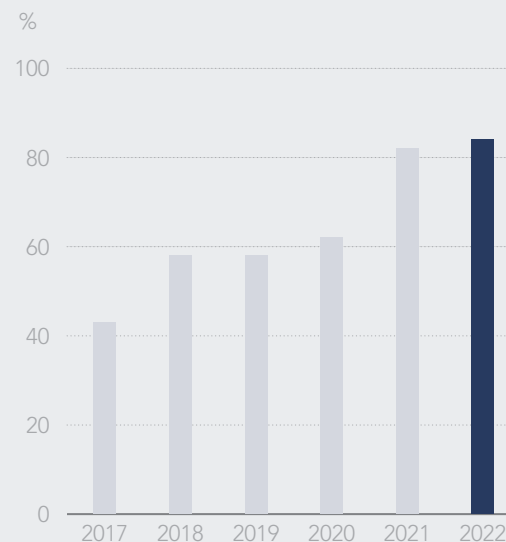
Absolute CO_2 emissions from manufacturing

CO_2 emissions from operations were reduced by 75% between 2015 and 2022.

tCO2e

Carbon
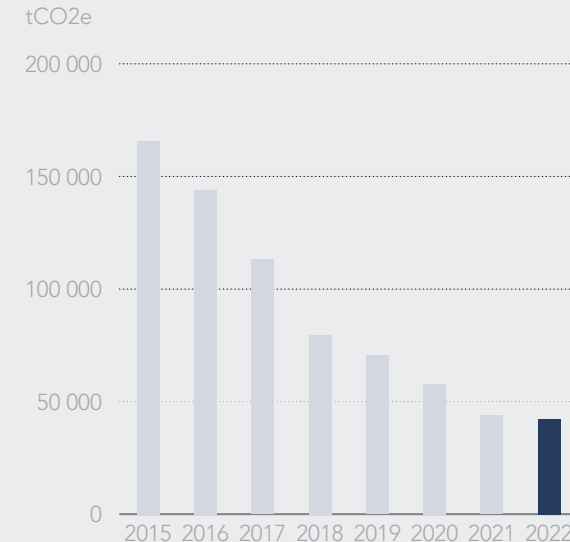
Scope 3: Suppliers

At 3%, suppliers represent the second-largest share of our total CO_2 footprint. Since their actions are beyond our direct control and they deliver goods for a large clientele, it is also the most challenging part of our target to measure.

In 2022, 139 (106) of 214 selected key suppliers have disclosed their emissions through the CDP supply chain program. Some 60% of our respondents have reduction initiatives in place and 60% had targets, compared to 66% and 59% respectively in 2021. We have initiatives ongoing with approximately ten strategic suppliers to reduce their CO_2 and share best practices.

We request suppliers to measure and report CO_2 emissions to the CDP; identify actions to cut emissions; and set reduction targets. We follow up throughout the CDP disclosure cycle. As next steps, we are collaborating with strategic suppliers in CO_2 reduction initiatives.

Absolute CO_2 emissions from suppliers

CO_2 emissions from suppliers were reduced by 34% between 2015 and 2022.
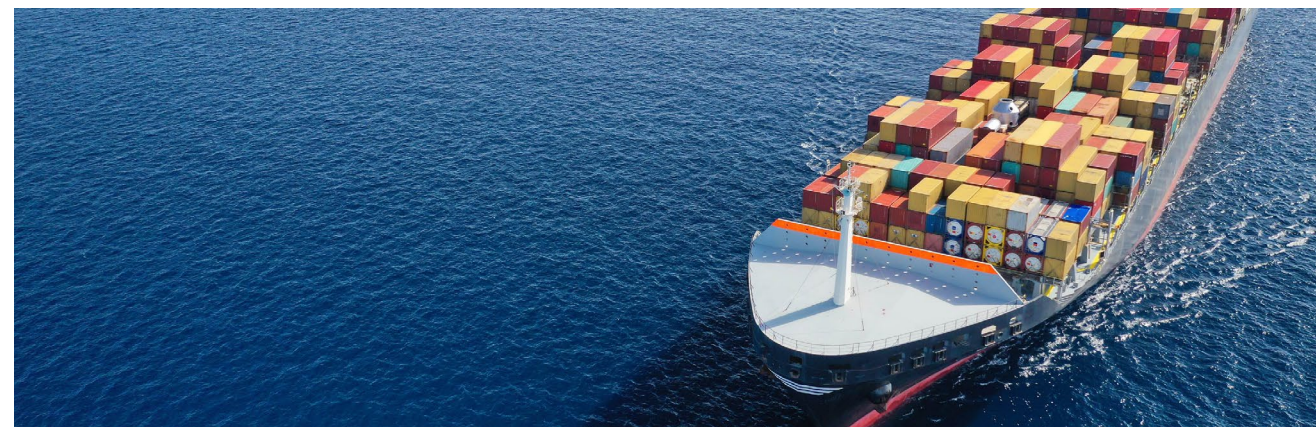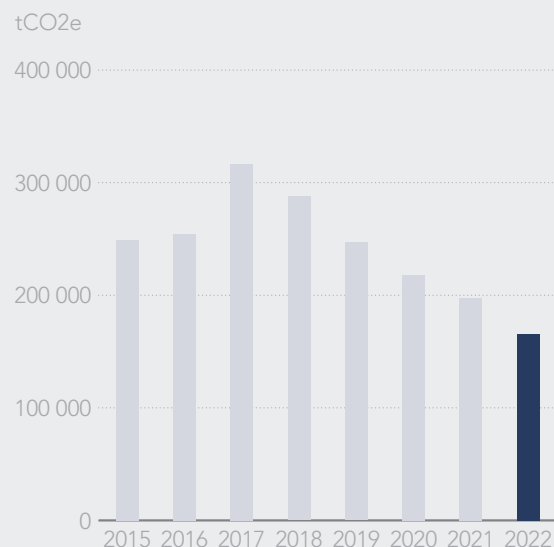
tCO2e

Scope 3: Transport

CO_2 emissions from transport was lower this year compared to 2021, as logistics was still affected by supply chain challenges brought on by the Covid logistics crisis. Our efforts to accelerate the shift to sea and road from air cargo and improve logistics will continue in 2023.

The share of air cargo increased slightly to 29% from 24% in 2015, while ocean transport represented 22% and road, 49%, compared to 14% and 62% in 2015.

We require new logistics providers to monitor and control CO_2 emissions in their tendering process, thereby widening the scope of our target measurement.

Absolute CO_2 emissions from transportation

CO_2 emissions from transportation were reduced by 10% between 2015 and 2022.

tCO2e

Carbon

Energy-lean operations

Across warehouses, offices and production plants, we are delivering on our aim for 100% renewable electricity and getting recognition for engaging suppliers.

Warehouse goes robotic

In partnership with Swedish third-party logistics provider PostNord and real estate owner Infrahubs, we cut the ribbon on our 45,000 kvm, fully automated spare-parts warehouse in Södra Stigamo, Sweden. Served by 45 robots and built according to silver certification of the Swedish Green Building Council, the site is 30% more energy efficient and we are saving 20% in district heating compared to our previous solution.

   Next up? As of 2023, one of three trucks serving our manufacturing facility and warehouses in the region will be electric. It has a load capacity of up to 44 tonnes and will reduce local transport emissions by approximately 80%.
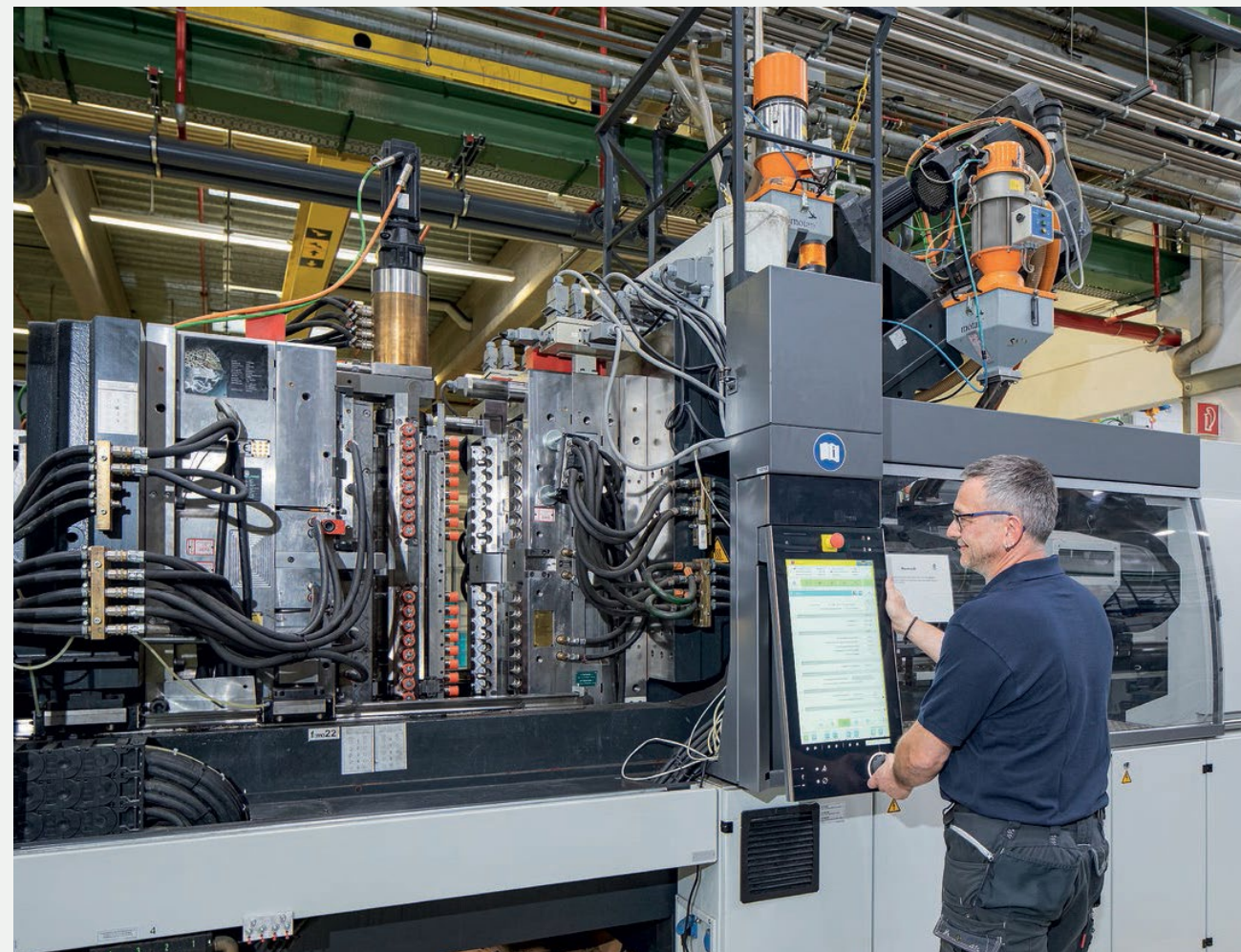
Re-heat

Gardena Division production sites are recovering heat generated from their own operations. Facilities in Heuchlingen, Germany, and Vrbno in the Czech Republic are reusing heat from compressors and cooling devices. Our Trinec plant in the Czech Republic has installed a flue gas heat exchanger that uses residual energy from the furnace and feeds it into an application for degreasing metals. These initiatives deliver an annual saving of approximately 1,800 MWh of energy or 230 tonnes CO_2 emissions, depending on production activities.

A positive spiral

The circular opportunity combines our passion for circularity with our innovation capabilities. Through this opportunity, we can better understand and launch ideas that help the Group and our customers use fewer non-renewable materials and resources to get the job done. Thanks to a robust process and the support of a team of circularity experts and business leaders, our target has generated a larger funnel of ideas that deliver on our strict criteria and that are attractive to customers.

Key events

- We approved ten innovations and currently have 19 nominees remaining in our innovation funnel

- We have seen increased revenue streams in circular solutions. These include digitalized solutions, products as services and products made from recycled plastic

- We organized three circulation innovation challenges to engage internal teams in our journey

Next steps

- A further increase in the funnel of candidates

- Align circular innovation criteria to reflect upcoming ISO standards on circularity and the EU Taxonomy

- Introduce design guidelines and activities for more sustainable solutions earlier in product design

10

Innovations launched so far

Our 2025 target

Circular

Launch **50** circular innovations

The value we create

Rethink and redesign for a resource-smart customer experience.

A circular approach puts smarter use of resources in sharp focus. It helps us re-evaluate how customers can be more productive, use less water and energy and adopt habits like sharing. In short, a circular approach loops the customer's end-to-end journey and brings resource-lean thinking to the heart of delivering value.

The 5 R's of circularity

For us, a circular innovation is a great idea that reduces the need to extract materials, closes loops in our economy and keeps products and materials in use.

Reduce
Create solutions that consume less natural resources and material.

Reuse
Maximize the use of products by sharing or extending their lifetime.

Repair
Fix products and maintain their functionality in ways that extend their lifetime.

Remanufacture
Update products or reuse parts from discarded products in new units.

Recycle
Use recycled materials in products and design them so that they can be easily recycled.

How we deliver on the target

Our target addresses resource impacts across our value chain, from suppliers and operations to product use and end-of-life. Finding ways to integrate concepts into existing business processes and securing the right competence are central to realizing this opportunity.

Each division engages its organization to identify candidates for the target. Group-wide activities and tools to support divisions include:

- Defining criteria and governance structure on the scope of circular innovations
- Third party, high-level sustainability assessments for each candidate
- Group-wide initiatives that build partnerships for innovation.

We evaluate innovations based on the sustainability value the circular improvements deliver - the 5 R's - as well as the novelty of the value proposition and their business potential. These benefits may not be made at the expense of other material sustainability aspects. For innovations to be nominated as relevant to the target, they need to have proof-of-concept with a paying customer.

The Circular Innovation Committee consists of Group and Division representatives and an external advisor. They evaluate and guide innovations through gateposts for nomination and approval. The committee meets every quarter.

Circular

Shaping new business models

The path to bringing circularity into our core business will be a long one. At the same time, the market is gaining momentum and with it, the business case for widening our offering of resource-smart solutions.

We are gaining a deeper understanding of how to tackle the complexity of transitioning to more circular business models. We ramped up resources dedicated to circular innovations, held workshops with design teams and we organized internal circular innovation challenges to engage more colleagues in our journey. We are also introducing guidelines and activities to bring in sustainable design principles earlier in innovation processes.

Digital solutions
Digitalization provides greater traceability, helps us extend the product's lifespan, optimizes product efficiency, improves resource efficiency during use and provides insights to R&D efforts. This year, we reached 3.6 million connected devices in products such as autonomous mowers and smart-watering systems, from 2.8 devices in 2021. Our aim is to double the number of connected devices to 6 million in five years.

We are collaborating with customer segments to introduce connected services for Husqvarna Construction products that will support customer sustainability targets.

Product as a service
We continue to explore circular business models, to provide access to products rather than owning them. The turnover from Smart lawn services in

Germany tripled since its launch in 2021. This is a service where the customer pay per m² lawn, while we take care of everything, from installation, maintenance to remote monitoring.

Lease Plus is our new service offering where residential customers can lease robotic lawn mowers for a three or five-year period (p. 21). We also see a growing market for leasing in collaboration with rental customers, which is likely to expand further in the near future.

Smart material choices
In launching the Gardena EcoLine of gardening tools made with recycled materials, we are setting sustainability criteria and investing in growing knowledge in R&D, manufacturing and sourcing.

We are rethinking product and packaging design and transitioning to recycled plastic wherever possible. We have therefore invested in injection molding equipment with the long-term ambition to shift to recycled plastics across the company.

This also helps us meet upcoming EU legislation for digital product passports that will track the origin of components and raw materials used in consumer goods. This will push the agenda on sustainable materials further and increase our ability to secure recycled material in economically viable ways.

Circular

In the innovation funnel

The circular target opens our eyes to a changing business landscape. This year, the list of innovations expanded and captured the imagination of the market.
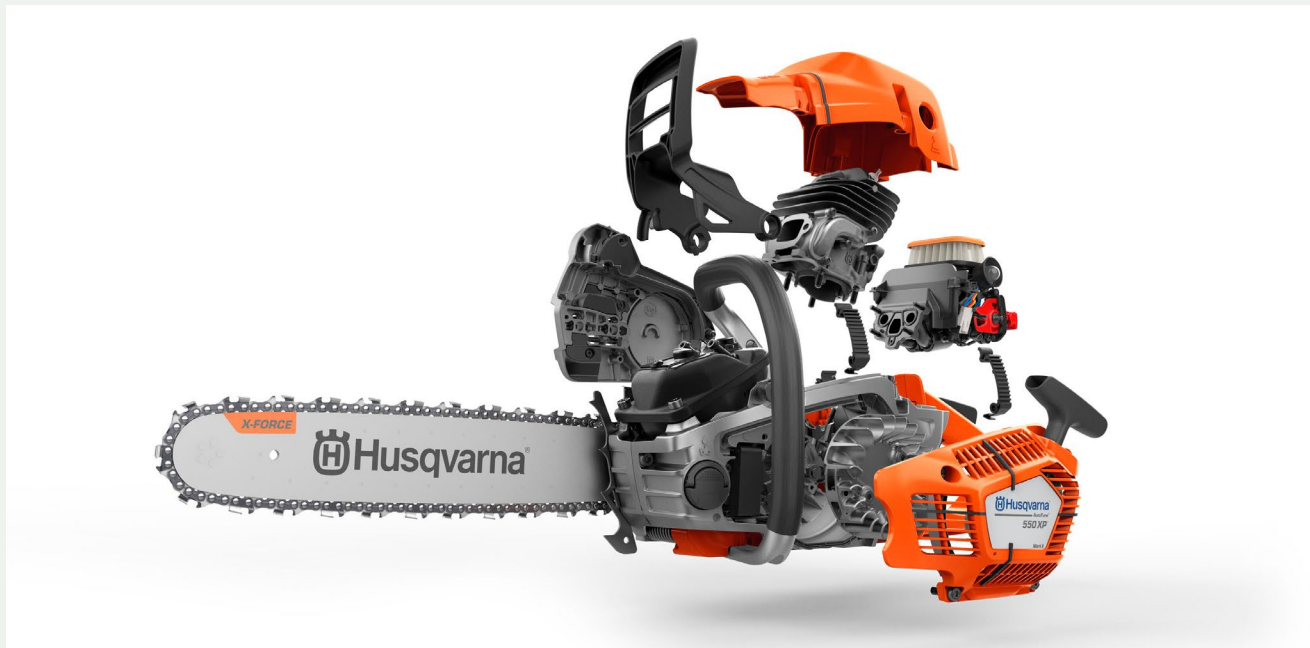
ReSpare

Husqvarna Forest & Garden customers want robust, reliable products that can be used season after season. By working with servicing dealers, we can stretch the life of frequently used machines such as tillers, chainsaws and brush cutters by making used and old parts available to more customers.

In 2022, we piloted ReSpare in South Africa, Poland and Brazil. Currently free of charge, ReSpare is an online platform that allows dealers to tap into parts at fellow dealers in their market to get necessary parts to service technicians that need them. In South Africa, the platform is also used to trade used machines.

The pilot - with over 60 dealers taking part - shows a win-win-win for all partners. The dealer earns income by rotating parts that are sitting in storage. The servicing dealer can meet client needs better. Customers can extend the life of their machines at lower cost. The circular upsides? We estimate that we can increase the lifetime expectancy of a chainsaw by between 10 and 20% and reduce the amount of material used per working hour.

Our aim is to tap into the parts inventory of some 5,000 dealers and make 100,000 transactions by 2025.

A product with multiple lives

Husqvarna Construction introduced a take back and refurbishment program offered for used large machines like demolition robots, wall and flat saws to enable a second - or even a third - life.

We piloted a buy-back framework to systematically assess and recondition used machines. It allows us to calculate their value based on model, condition, running time and service history. By refurbishing, we have the potential to double the lifetime of a demolition robot, while delivering the same functionality. With a second refurbishment, we can even add a few more years of use.

Service centres in Sweden, Germany, France, the UK, Italy and Spain are taking part in the pilot.

Circular

Wrap up

Product by product, we are moving away from materials such as PVC plastic and towards cardboard-based packaging solutions. On store shelves in 2023, Husqvarna Construction's diamond tools are now packaged in cartons that are designed to be recyclable and also meet high expectations for protecting the product.

Gardena is already packaging spare parts and accessories in recyclable cartons for many products, and moving away from packaging made in part with plastics. Approximately 7% of Gardena's current packaging is made of plastic. We have actions in place to reduce plastic in packaging by 10% by 2025.

A new lease on life

Lease Plus is our latest reuse and repair solution for lawn care. Across nine countries in Northern Europe, Husqvarna provides robotic lawn mowers to consumers for a three or five year leasing period where we maintain and store the machines when not in use.

After the leasing period has expired, the robotic lawn mowers return to the retailer and are sold as a used product to a new customer. Rough estimates point a prolonged lifetime of about 25-50%.

EcoLine garden hose

With Gardena-branded products, we have begun the journey to shift away from plastics made from primary raw materials. Recycled will be the material of choice for new and updated product series wherever possible.

Gardena sources enough garden hose to wrap around the equator three times. Shifting away from plastic material in hoses will go a long way in reducing our impact.

Launching in 2023, the new Gardena EcoLine hose will be made with 65% recycled Thermo Plastic Elastomer (TPE), the rest will comprise of synthetic rubber. Mostly sourced from household waste, the TPE is also free of phthalates and other harmful substances.

EcoLine hoses maintain the same quality, lifetime and design as traditional hoses and have a 30-year warranty.

Nudging for change

As a cornerstone of Sustainovate, our aim is to grow sales of more sustainable products. This includes our electrical offering, products made with more recycled material and other circular solutions. In this first year of measuring progress on the People target, we are not yet where we need to be and must double down to achieve the 5m mark that is our target. But making sustainable choices starts in our own organization. Diversity in our teams brings new perspectives and experiences that support us in our quest for more sustainable solutions.

Key events

- Successful launches of EcoLine, CEORA™ and PACE system. This is thanks to raising consumer awareness on how their choices can make a difference and demonstrating that sustainable products deliver both financial and sustainability value

- Extended strategic partnerships with Power for All Alliance, HUGSI (p. 25), as well as academic institutions and UNICEF

- Over 2,000 colleagues took part in our sustainability e-learning course

- Diversity & Inclusion: We increased the share of senior female managers by 4 %

Next steps

- Create partnerships with rental agencies, start-ups and industry organizations that can trigger change in the industry, the marketplace and for green spaces

- Continue to build the market for autonomous solutions in North America

- Improve sustainability messaging in customer interactions

- Focus on young female leaders

572k

Customers and colleagues reached so far

Our 2025 target

People

Empower **5 million** customers and colleagues to make sustainable choices

The value we create

There is no better way to build trust than to make a difference together. Our approach rests on bringing out the passion, drive and curiosity of our teams and those of our customers. We can maximize positive impact by encouraging customers to opt for the most sustainable choice and by helping them to envision the difference they can make. We inspire through partnerships with others and by giving our teams the tools to be change agents.

"Modern, relevant and informative, giving insight into what the company is doing and what we can do through our respective roles. A big thumbs up from me!"

– Employee feedback on the course

Raising awareness through e-learning

With pioneering spirit as our mantra, we want to empower our teams to make a difference, both in their daily choices and the decisions that they make at work.

We developed a one-hour e-learning sustainability course as part of our 'Curious by Nature' learning management system. Its purpose is to engage our teams in sustainability and trigger conversations on the actions everyone can take to tackle climate change and other sustainability challenges. Launched in 2022 and available in nine languages, over 2,000 office employees have taken the course so far. It will be rolled out among production workers in 2023. We are also holding in-person sessions to raise the knowledge bar on sustainability, including with sales teams and managers.

An approach that triggers change

The People opportunity aims to raise awareness and build capacity across five areas:

- Building the market for more sustainable solutions and encouraging consumers and customers to adopt more sustainable options
- Internal awareness programs
- Building partnerships for green urban environments
- Our diversity and inclusion program
- Engagement in crisis relief during natural disasters and emergencies.

We measure progress on our target of empowering five million people in three ways. It primarily reflects sales volumes of products and solutions that we proactively market as more sustainable - battery products, autonomous and efficient watering solutions. They should be third-party verified as more sustainable through such means as life-cycle analysis. Each division integrates their priorities into their business plan and progress is measured and reported to Group management on a quarterly basis.

Reaching our ambition is not only about extending our reach through sales. Our success also rides to a large degree on initiatives, campaigns and partnerships that trigger a ripple effect in the market.

Secondly, we count the number of employees that have taken sustainability training.

Also, sustainable choices must begin within our own organization. We aim to create a culture built on continuous learning and shaping inclusive teams that are diverse, engaged in the agenda and have agency to make a change.

Engaging others for a ripple effect

The Group engages employees, customers and communities through:

- Husqvarna Group partnerships and engagement
- Our Sustainovator ambassador program (p. 37)
- Division-specific activities to engage employees and partners
- Internal social media on Sustainovate to highlight success stories and celebrate Sustainovate heroes
- Training programs.

Promoting the right choice

Surveys show that especially in Europe, consumers and customers have a growing interest in more sustainable solutions. We also see an expanding market, where willingness to pay is high among the engaged. But, the potential has not yet translated to critical purchasing mass.

Setting the PACE

Powerful. Agile. Cordless. Electric. So much more becomes possible with high power. The Husqvarna PACE 94 V battery system delivers performance for professionals on the go. Machines using the system, such as the award-winning K 1 PACE power cutter, bring value for users in terms of enhanced ergonomics and performance equivalent to fossil-fuel powered equipment, with all operator convenience of a battery machine.

The introduction of the DE 120 H PACE dust extractor and the DM 1 PACE drill motor will open even more possibilities for this fast-growing battery system.

Dripping with benefits

By ticking many benefit boxes we can build a strong market case and are better able to help safeguard one of the Earth's precious resources. With the 2023 launch of Gardena's Micro-Drip-System for garden watering, we are highlighting how the system is easy and accurate, saving money, time and water.

The Micro-Drip-System has a big role to play in keeping plants healthy and improving harvests. By transporting water directly to where it's needed most, the system helps consumers save water for a range of green spaces and thereby cuts costs and the automatic water control frees up time for other tasks.

For our consumers and for Gardena, a love for gardening and care for the environment are synonymous.

In Orbit

Orbit's intelligent water management solutions contribute to resource-efficient gardens, parks and farms by reducing water consumption and saving money.

Orbit's B-hyve® technology adjusts water management to site conditions such as slope, soil type, sun and shade levels, and adapts to current weather feeds. By skipping unnecessary irrigation cycles and saving the corresponding irrigation amounts, B-hyve® has helped save over 150 billion litres of water worldwide this year. It is the smarter, cheaper and greener way to irrigate. Orbit was added to the Gardena portfolio in 2021.

People
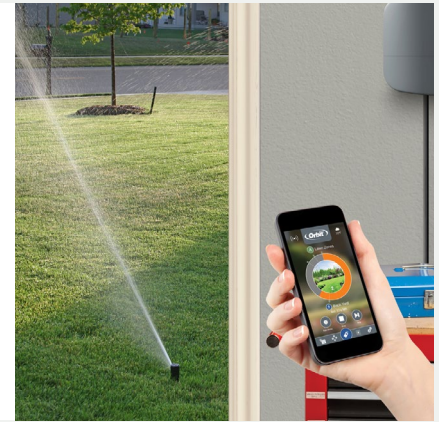
Partnerships for change

Building partnerships helps create a ripple effect, tap into competencies that we lack in-house and gives us an opportunity to use our skills and products to make a difference.

Support for Ukraine

With 21 colleagues based in Ukraine, the war has hit home to us as an organization. We want to support efforts there.

So far, Ukraine's emergency services and the Ministry of Reintegration and Occupied Territories have received 445 chainsaws, 60 generators and 60 power cutters from our local warehouses. As there is a shortage of electricity, generators are crucial to securing power to essential infra-structures like hospitals. Group Crisis Management Teams are working on providing equipment support.

In addition, the Group has donated SEK 5m to UNICEF to support families impacted by the crisis. The Group is also assisting our displaced Ukrainian employees and their families.

HUGSI.green

Husqvarna Urban Green Space Index – Quantifying the greenness of global cities.

www.hugsi.green

Husqvarna Group

'Power for All' Alliance: One battery fits all

We're working across our industry to help consumers make more sustainable choices. Since 2020, co-founders Gardena Division and Bosch have been collaborating through the 'Power for All' Alliance to enable consumers to share the same battery for products and tasks around the home. The initiative is expanding to become one of the world's largest cross-brand battery alliances for consumers. This year, Husqvarna Forest & Garden joined the ten other global brands in the initiative.

The Alliance is based on a common 18V battery system. We expect that the installed base of batteries will surpass 25 million in 2023.
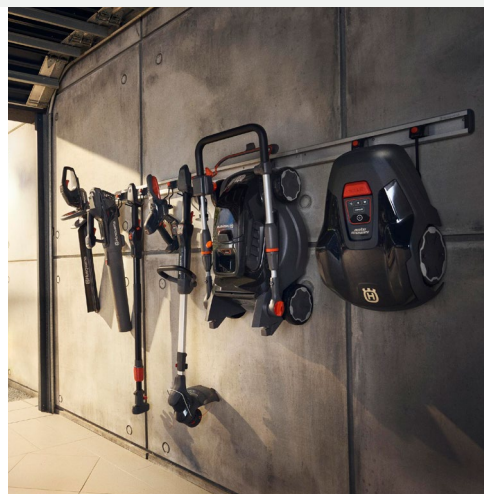
Green city challenge

Dutch cities are considered among the greenest in Europe. In a collaboration with Sweco - the architecture and engineering consultancy - and NL Greenlabel, we are challenging them to be even greener.

In its second year, Groene Stad Challenge shares data and best practice and builds a platform to engage citi-zens and organizations in greening their cities. Some 125 Dutch municipalities are taking part in the three-year challenge.

To guide them, the initiative helps share best practice. Through the Husqvarna Green Space Index (HUGSI) , we provide insights into how green spaces can be optimized to safeguard bio-diversity and provide all citizens with access to parks and green spaces. Our partners also provide analysis of each city's potential, and pinpoint areas that can be converted into green spaces and green roofs. With our yearly updates, they can track their progress.
See more at HUGSI.green

Our differences are our strengths

For us, diversity in perspectives and experience drives innovation and problem-solving. That's why creating a culture that celebrates differences is a strategic priority.

We are in the second year of delivering on our Diversity and Inclusion (D&I) strategy. Our aim is to support leaders in finding, promoting and developing outstanding people from diverse talent pools.

We aim to achieve greater diversity in the broadest sense of the word. This includes encouraging differences across a range of perspectives: age, race, ethnicity, gender, sexual orientation, cultural identity, disability, and overall life experiences.

While our strategy's first year focused on raising awareness, this year, it's on building greater capacity, introducing activities, workshops and bringing in the right tools to equip team leaders to make decisions free from bias. We also created a system to measure progress group-wide. Our internal survey tells us that awareness of diversity is growing, but we also need to raise the bar in terms of gender balance among middle managers.

How we measure our progress

- Diversity in our teams: Measuring gender balance in leadership. We increased the share of female leaders by 4% to 30% this year

- Inclusive leadership and culture: Surveying employee perceptions of D&I and measuring the share of employees who have received training Their perception of Husqvarna performance increased slightly by 1 point from 2021. We will begin to track training in 2023

- External validation: We measure performance annually using the Bloomberg GEI (Gender Equality Index) to keep pace with expectations and commit to a year-on-year increase of our D&I score. In its second year, we improved our standing by 21 points compared to 2021

This year, we were also ranked 177 out of 850 companies on the FT Diversity Leaders 2022 and were among the top 10 diversity leaders in Sweden.This ranking is based on an independent survey of more than 100,000 employees, human resources, and recruitment experts across countries and sectors.

We are not yet where we need to be to deliver on our aim. Next year, we will build on our talent review cycles with a sharp focus on supporting young female potential. We will also update the remuneration policy.

Share of female employees in sr. management positions

Currently 30% of senior managers are women, up from 26% in 2021. The overall share of women in our workforce was 34% (32%) in 2022.

%
40
30
20
10
0
2018   2019   2020   2021   2022
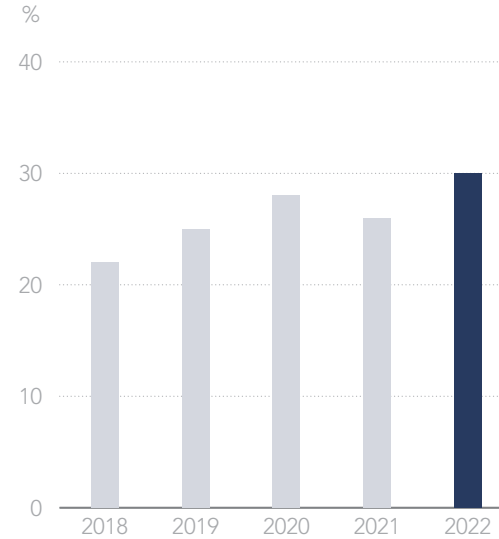
Average number of employees (full-time equivalents)

Asia Pacific

Latin America 2%

Asia   North America

North America 25%

Europe, Middle East and Africa 61%

Europe

Responsible business

Creating a strong company fit for the future relies on the ingenuity andcourage of our people, forward-thinking leadership and integrating sustainability throughout our processes and in our priorities. This year, we worked to strengthen our culture and build on our pioneering spirit.

Spanning across our organization and along the value chain, we are committed to protecting people in our organization and among our suppliers and ensuring the safety of our products. High ethical stand-ards, clear accountability and good governance are linchpins to creating a responsible company that is built to last.

Husqvarna Group

Our future of work

We aim to be a company where people thrive and contribute to realizing their full potential. Our employee survey rates us on that ambition.

Every year we ask employees through Our Voice engagement survey to provide feedback on how we are delivering on our objective to be an outstanding place to work. Engagement in our 2022 survey remained high, despite the Covid pandemic. We received a 79% response rate and collected some 6,700 comments. The survey was available for all employees, both working in offices and in operations.

This year's survey indicates that we have maintained steady and above-benchmark scores for employee satisfaction, despite uncertainties in the global environment. Areas for improvement include how feedback is given and communication and collaboration. The highest scores relate to the understanding of what we should focus on and how employees contribute to the success of Husqvarna Group. Questions relating to sustainability received an encouraging score of 75 of 100 possible points.

Attracting and retaining our people
Creating a platform to attract and retain great talent is at the top of our agenda. Our group-wide recruitment policy, process and platform will help enable an unbiased recruitment and a diverse candidate list. Current refinements aim to create a seamless candidate experience, encourage internal mobility and ensure equal handling of internal and external applicants.

A learning cultures
In 2022 we began to deliver on our learning strategy and roadmap and rolled out a first wave of Curious by Nature, our company-wide learning platform in Australia, Brazil, New Zealand and Sweden. This effort supports the capability shifts we need to make as a

Employee turnover (voluntary)
Employee turnover: 9.4%
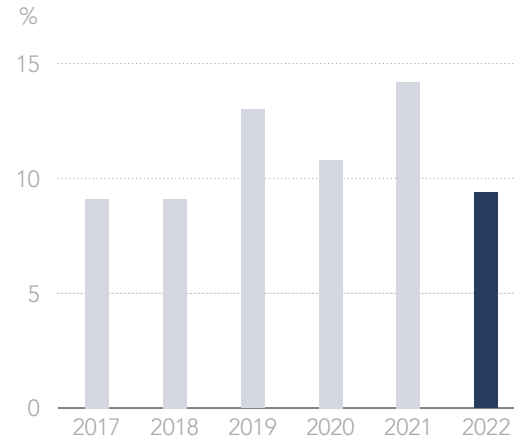
Employee satisfaction ranking (eSat)
Our score of 77 in 2022 was slightly above the industry benchmark of 75. (0 = Industry benchmark)
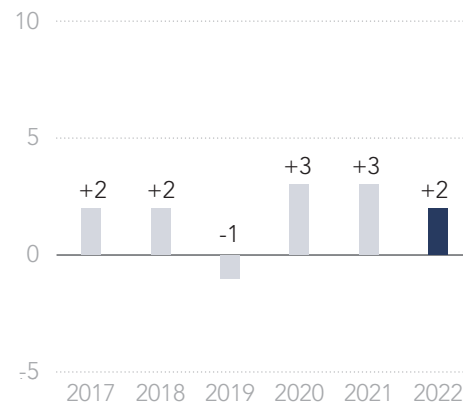
Group and is a response to employee input that learning and competence development is key to their growth and performance. In 2023, we will continue to roll out Curious by Nature in two additional waves in order to meet learning needs of 8,000 employees.

Managing change
Husqvarna Group is building on the pandemic's lessons and is testing a flexible hybrid model of working that outline both benefits and requirements.

A Group framework for hybrid working includes criteria for employee financial support, guidelines to build country frameworks, workshop material for hybrid working, remote office ergonomic checklists and leadership and travel guidelines. Country deployment is ongoing. Following a period of testing, we are in the process of evaluating the framework to determine the types of iterations that are required to support business and individual needs.

As part of our 2022 "Future of Work" engagement survey, 78% of its respondents communicated that our hybrid way of working has a positive impact both on well-being and work-life balance.

Our teams have met the 2020's business challenges head on and with great determination. The economic downturn has heightened requirements on managers and employees alike to simultaneously protect financial results, advance in key strategic areas and seize opportunities presented by these changing circumstances.

Husqvarna Division has been reshaped to focus more on customer centricity and speed. Renamed Husqvarna Forest & Garden Division, it is reorganized into four customer-focused business units.

As part of our acceleration program that was announced this fall, we communicated that approximately 1,000 positions will be affected by our shift to a low-carbon offering.

In the Group as a whole, continued work to identify female leaders is ongoing, by focusing on promoting young female managers as well as staying on course to reach our other D&I ambitions.

Key events

- Launched Curious by Nature, the group-wide online learning strategy and platform

- Rolled out short-term incentive information and compensation benchmark data in Workday data system

- Included CO_2 target performance into the Long-term Incentive 2022 (LTI) program

- Defined the Husqvarna Group Culture Code through a bottom up, co-creative process

- Integrated Sustainovate, diversity and inclusion into our culture and employer brand

Next steps

- Develop the Husqvarna Group Leadership Framework

- Further develop organizational practices to support hybrid working, including governance, physical workplaces, digital solutions, leadership and well-being

- Embed principles of D&I into talent acquisition processes

- Implement basic compensation (salary) in Workday data system and conduct salary review pre-study

- Strengthen Total Rewards and Global Mobility functions

Our approach

The Group People & Organization (P&O) drive our agenda to uphold a sustainable way of working. The management team meet bi-weekly to align on common approaches and share best practices.

Responsible sourcing as standard

Our responsible sourcing program provides transparency on how suppliers live up to our expectations for the environment, workers rights and business ethics, as defined in our Supplier Code of Business Ethics and Code of Conduct.

We have three 2025 responsible sourcing objectives – conduct supplier sustainability assessments, reduce supplier CO_2, and ensure chemical compliance.

We engage at-risk suppliers to report on their performance through Ecovadis, a third-party assessment provider. Our aim is to assess and approve these suppliers every third year and all new suppliers deemed at risk also need to undergo a sustainability assessment. This strengthens our ability to understand, be transparent about and reduce these risks. It ensures comparability among suppliers and peers and helps us improve supply-chain performance.

We assessed less suppliers this year than 2021 due to supply chain challenges brought on by Covid. In 2022, 41 (83) suppliers completed Ecovadis assessments and received a score. They were selected because their operations or location pose higher risk to non-compliance and represent a material share of our purchasing spend.

For all suppliers with medium to low scores, we work on corrective actions and re-assess them the following year. This applied to the 26 (50) suppliers that received these assessment scores in 2022

and they will be re-assessed in 2023. Engaging with suppliers – particularly those among high-risk countries that are often smaller-sized - is key to increasing transparency and we recognize the need to improve in this area.

We also see an increasing need for transparency and understanding risks beyond our direct suppliers. This is not limited, but also relates to procurement of raw materials used for electronic components, diamond tools and batteries.

Integration into sourcing processes
By integrating sustainability deeper into purchasing decisions in each division, we can better ensure that sustainability is equal to priorities such as quality, delivery, risk and cost. Steps towards this objective includes setting minimum requirements at Group level and increasing resources within purchasing departments in every division. We also held mandatory training for commodity managers on the Supplier Code of Business Ethics, to equip them with the know-how to identify sustainability risks. All sourcing commodity managers were trained in 2021.

Key events

- Piloted a due diligence program among Gardena's two largest licensees and conducted 10 onsite audits

- Revisited our assessment process of onboarding new suppliers or in contract renewals

- More extensive assessments of supplier performance on divisional level

Next steps

- Increase supplier's response rate in the Ecovadis assessment tool

- Host capacity-building webinars on critical sustainability topics for suppliers

- Reassess the suppliers' scope for conflict minerals and capacity building among them

- Prepare for upcoming EU legislation such as CSDDD

Our approach

- 1,678 (1,691) suppliers must confirm in writing that they comply with our codes

- 41 (83) of 249 (237) at-risk suppliers were assessed and scored. To date, 21 of these required corrective action

- 21 (38) of assessed suppliers operate in China, Taiwan, Malaysia, Vietnam and Brazil, countries with a higher risk of non-compliance with our Code

- No onsite audits were performed.

Ecovadis score distribution

In 2022, 41 respondents from 249 required at-risk suppliers completed the Ecovadis assessment. Of the respondents, 56% (46) were rated as medium scorers, and another 7% (14%) were rated as low scorers. We request corrective actions and we will reassess them in 2023.
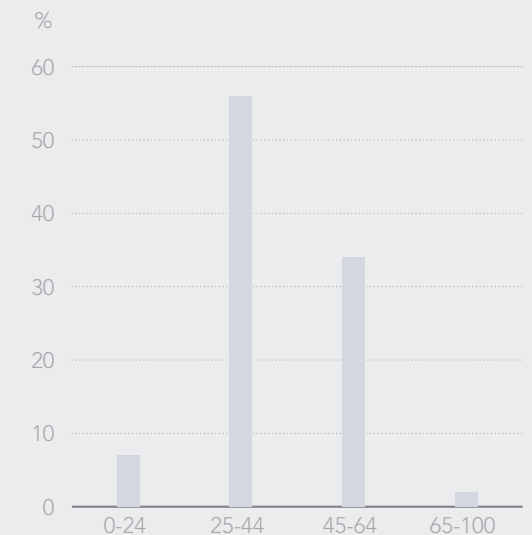
We have made progress towards this aim. As of 2022, all new at-risk suppliers must submit data in the Ecovadis assessment tool or agree to onsite audits.

The Supplier Code of Business Ethics
Our Code covers legal compliance, fairness in business relations, respect for the individual, fair employment conditions, eradicating child labor, the environment, health and safety and fire prevention. If a non-compliance to our code is uncovered, suppliers are required to submit corrective actions.

We treat child and forced labor as zero tolerance issues. Cases of other serious non-compliances must be resolved within three months, with periodic monitoring of progress. Terminating the supplier is the last resort. None were terminated in 2022.

Understanding minerals of concern

Electrical and battery-powered products are crucial to our market leadership ambitions and to delivering the low-carbon solutions we promise. Some raw materials and minerals used in electronics and lithium-ion batteries present environmental and human rights risks that we must fully understand and reduce.

Some countries pose higher risks due to sourcing minerals of concern. Tracking sourced materials like cobalt, tantalum, tin, tungsten and gold (or 3TG), beyond our direct suppliers helps us avoid unintentional and indirect complicity in harmful actions to people or the environment. Suppliers use cobalt and 3TG to produce lithium-ion batteries, and there are higher risks in regions such as China and the Democratic Republic of Congo (DRC), the latter being of particular concern for conflict minerals.

Focus to 2025
To 2025, we will focus on reassessing the scope of our at-risk suppliers through a due diligence program. Secondly, we will engage more directly in the process for supplier follow-ups. Thirdly, through capacity building for suppliers, we aim to help them understand transparency needs and how they can engage more.

Due diligence process
We have a conflict mineral due diligence program to help us scope where our suppliers source their minerals. We thereby voluntarily meet future EU regulation and OECD guidelines for transparency. Conflict minerals are also addressed in our Supplier Code of Business Ethics.

As of 2021, we require direct suppliers to report in Conflict Mineral and Extended Mineral Reporting templates, providing documentation on their smelters and the origins of minerals.

A third party facilitates data collection, aligned with the Responsible Minerals Initiative, which produces an overview of mineral supply chains and their impact on local economies and communities.

In 2022, cobalt use in the production of diamond tools was reduced to 2.4%, compared to 5% in 2021. Identified replacements are more easily traceable and we can better assure that they are responsibly managed. In addition, our battery competence center is investigating possibilities to secure batteries from less at-risk vendors, including European suppliers.

Health and safety

With our new Occupational Health & Safety (OHS) management system, we are developing our capacity to work more proactively on safety, strengthening our incident investigation process and engaging employees in building a safety mindset.

This year, we accelerated roll-out of our OHS incident management system across all manufacturing sites. We also launched a communications program to support implementation, to increase transparency on safety outcomes and to underline the importance of preventing risks.

Safety at every level

In line with the Group's OHS policy, we appointed contact people throughout our organization to define priorities, set targets, ensure implementation and evaluate progress.

Major sites have safety professionals to manage preventive measures and corrective actions. Management teams regularly visit manufacturing sites and performance is reported monthly to functional and divisional management. OHS and environmental networks identify risks, monitor progress, review incidents and share corrective actions monthly. Group Safety performance has been reviewed by Group management and we have introduced an action plan across all sites following that meeting.

We are saddened to report that one serious incident that required hospital care occurred at a U.S. site. Although an incident investigation is ongoing, preliminary learnings have been shared across the organization to ensure that it does not re-occur. Our intention is to audit all sites over a three year period. Since 2019, seven sites have been audited, none of the audits were conducted in 2022. Five sites have ISO 45001 certification.

Battery safety training

A growing priority is to develop safety measures for lithium-ion batteries in testing, production, logistics, service centers, and at dealers. To that end, we released a safety training module to raise awareness among our dealers.

Key events

- Implemented our OHS incident management system in manufacturing sites

- Launched a communications program at our manufacturing sites

- 7,403 (7,077) risk observations and 1,134 (1,199) near-miss cases were reported

Next steps

- Complete roll out of the OHS management system to service centers and warehouses in 2023, and the rest of the organization in 2024

- Set OHS target to 2025 (physical safety) and a safety challenge

- Conduct internal safety audits for our sites

- Assess psychological safety across our operations and propose a group-wide approach

Lost time incident rate million hours worked (LTIR)

Our LTIR increased by 23% compared to 2018 and decreased by 14% compared to 2021. Based on 1,000,000 hours worked*

LTIR chart: 2018, 2019, 2020, 2021, 2022
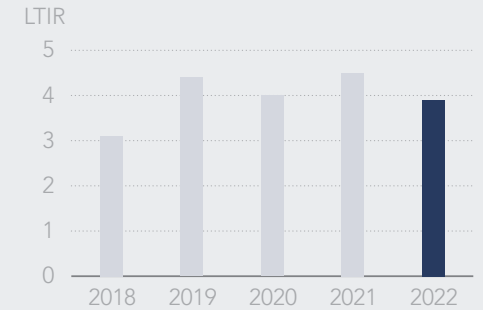
Total recordable incident rate per million hours worked (TRIR)

Our TRIR decreased by 13% compared to 2018 and by 20% compared to 2021. Based on 1,000,000 hours worked.*

TRIR chart: 2018, 2019, 2020, 2021, 2022
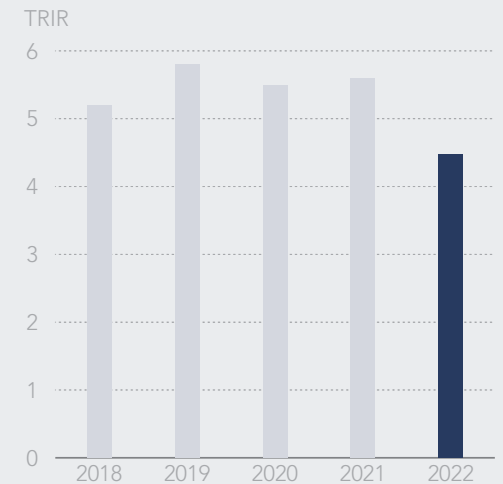
*Sites of Golina and Zagorov (Poland), ORBIT (US), and Heger (Germany) are not included, or some 450 employees

Product safety

Our safety process helps us live up to high expectations of customers and colleagues.

Safety is a hallmark of our brands. Products like chainsaws, mowers and power cutters must be reliable and operated by informed users. By continuously innovating and providing our customers with resources, we can help avoid both injury and property damage.

Threefold approach
In addition to ensuring that products comply to existing and upcoming regulations, we have a threefold approach.

1. We innovate and design features that assist operators
2. We raise safety awareness for users and bystanders through product literature and other media
3. We take part in developing standards, such as IEC and ANSI standards that apply to forest and garden equipment

Strengthened divisional capacity
Should a safety concern arise, we assess risks and manage actions through each division. This helps us quickly get to its root cause and determine the appropriate action plan. Updated in 2022, our policy and process assign a gatekeeper role within each division with responsibility for assessing and addressing potential concerns.

If actions are deemed necessary, we follow regulations and procedures within the countries we do business. Actions may include a stop of sales or a product recall.

Key events

- Revised governance structure and updated the Group policy to strengthen divisional capacity
- Some 200 colleagues took part in awareness training on product compliance, quality and safety
- Increased engagement in development of standards and regulation, especially relating to circular economy and new battery regulation

Next steps

- Awareness training will continue
- Expand our product compliance audit program

Our approach

Following a risk assessment, serious suspected concerns may be escalated to the Group Committee on Product Safety (COPS). COPS is a Group level advisory body that is tasked to ensure a proactive and consistent approach to product safety, as well to indicate where necessary actions can be taken. COPS convened multiple quarterly follow-ups and ad hoc meetings during 2022.

A culture of integrity

The Code of Conduct, Supplier Code of Business Ethics and other Group Policies are the foundation for the integrity of our company, for how we relate to one another and our business partners.

Our compliance program operates on a three-year planning cycle, which is updated annually. This year, we continued our risk and program assessment processes to review our evolving organization with a growing number of distributors and agents and associated emerging risks as well as to meet upcoming regulations.

Anti-trust risks were identified as a priority in our work in 2022. We collaborated with external counsel to create the right tools to help us better mitigate country-specific anti-trust risks, to address incidents and to train our employees. We also focused on planning enhancements to the Group's Anti-bribery Anti-corruption program.

Training
Employee training covered anti-trust, data privacy issues and new EU whistle-blower regulations. In addition, awareness-raising activities addressed anti-corruption and fraud resilience, trade compliance, data privacy, our whistleblower program and our Code of Conduct. We have conducted both online and in-person training, including for specific functions such as finance, sales, marketing and purchasing.

Compliance Ambassador program
Our Compliance Ambassadors increase awareness of our program at local levels. Colleagues from functions such as finance, legal and people and organization from select countries take part. These ambassadors help us foster our culture of integrity and are a sounding board for ethical concerns, in addition to raising awareness for group-wide communications campaigns and training program testing assistance.

Reporting concerns through Alertline
We operate a worldwide toll-free hotline to which employees can report compliance concerns either by phone or online. Reports are fielded foremost by our third-party service provider and are automatically logged in the AlertLine system, which tracks and monitors compliance cases.

2022 saw an increase in employee concerns reported through Alertline with 69 compared to 53 in 2021. The reported issues are summarized in the chart. Most discrimination or harassment cases originated from U.S. plants and warehouses, where consolidation and staffing changes caused greater employee conflict.

We updated our whistleblower program this year and aligned it with new EU regulations. These regulations generally stipulate that companies establish local channels to receive, investigate and resolve concerns if a local channel is a reporter's preference.

Key events
- Continued assessment of the compliance program
- Focus on enhancements to compliance, governance, including implementation of an EU Whistleblower policy
- Implemented local EU whistleblower channels
- Enhanced trade sanctions clearance processes

Next steps
- Enhance compliance governance and launch refreshed Code of Conduct
- Fine-tune training content
- Require select third parties to certify compliance to our Code of Conduct and our Supplier Code of Business Ethics

Number of AlertLine reports
In 2022, 69 misconduct reports were recorded worldwide in AlertLine. Of these, 5 cases were substantiated and 6 were partially substantiated, leading to disciplinary action or modifications to existing HR policies and procedures.

- Discrimination or harassment, 30,43%
- Other, 26,09%
- Conflict of interest, 10,14%
- Misconduct or inappropriate behaviour, 10,14%
- Labour issues, 5,8%
- Accounting and auditing matters, 10,14%
- Embezzlement, 2,9%
- Violence or threat, 2,9%
- Environmental protection, health or safety law, 1,45%
- Falsification of contracts, reports or records, 1,45%
- Substance abuse, 1,45%
- Time abuse, 1,45%
- Violation of policy, 1,45%

Integration & impacts

We maximize value for the long-term when sustainability is systematically integrated into the heart of business - at the right level of ambition, at the right time, through the right processes and with the engagement of the right people.

This year, integration has taken a tangible step forward. We've reinforced the link between finance and sustainability in preparation for coming regulatory expectations in the EU. We are also building deeper knowledge across the organization. But we know that it is only the beginning of a long journey.

Business model

Our business model is designed to deliver lasting value while continuously reducing our negative impacts on the environment and people.

1. ASSETS

- Leading brands Husqvarna and Gardena
- Approximately 14,000 employees
- 25,000 dealers and retailers in 100 countries
- R&D spend: SEK 2.2 bn
- Equity of SEK 24 bn
- Employees in 41 countries
- 32 factories
- 3350 patents

2.

VISION, PURPOSE, KEY BEHAVIOR & CULTURE

SHAPING GREAT EXPERIENCES

Husqvarna Forest & Garden Division

Sustainovate

Gardena Division

Husqvarna Construction Division

SHAPING GREAT EXPERIENCES

STRONG BRANDS & GO-TO-MARKET EXPERTISE

SERVICES & NEW BUSINESS MODELS

TECHNOLOGY & INNOVATION
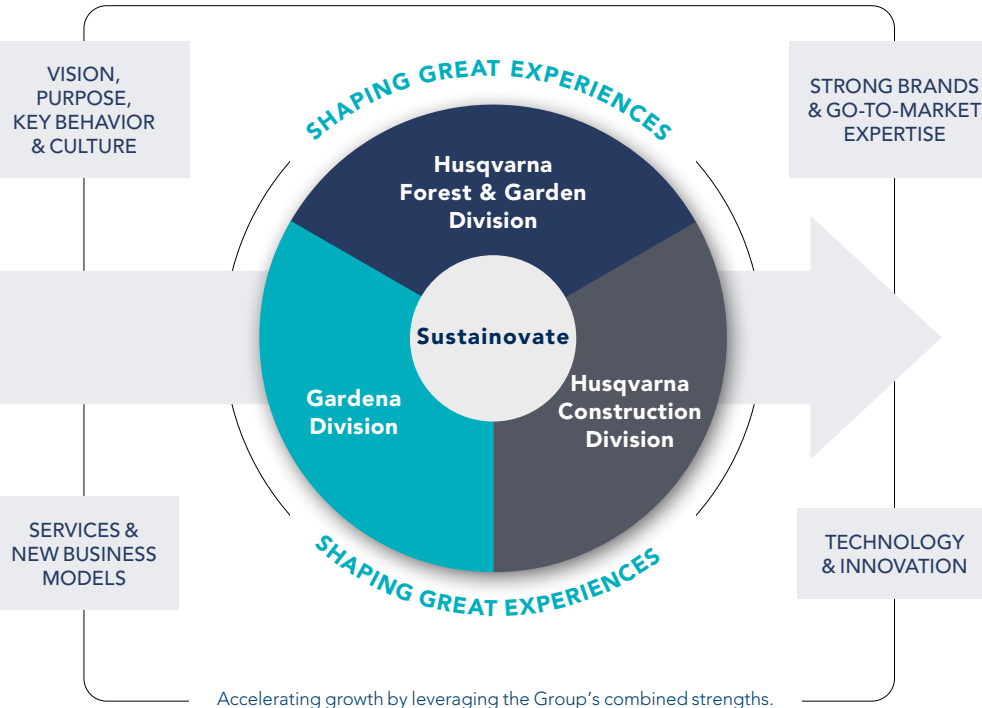
Accelerating growth by leveraging the Group's combined strengths.

3. OUTCOME

- 3.6.m users on connected devices
- SEK 54 bn of net sales
- Operating income SEK 4.9 bn, excluding items affecting comparability
- SEK 7.5 bn in employee salaries
- 41,000 tonnes of waste, 25% less than in 2018
- 4,5 m tonnes of CO_2 emissions, 32% less than in 2015

4. VALUE CREATED

Customers, retailers & dealers
- Low-carbon, resource-smart, safe, reliable products and services
- Greater customer experience
- Channel of choice
- Lasting partnerships

Investors
- Long-term financial performance
- Dividends

Employees
- Fair wages
- Good working conditions
- Employment security
- Attractive positions with development opportunities

Society
- Taxes paid
- Jobs
- Community involvement
- Lead the shift to a low carbon, resource-smart solutions

Assets: the building blocks for a sustainable business

Strong brands, employees and expertise in user-focused product development and patents are the Group's most important assets. Investors support efforts to invest in innovation and acquisitions. We optimize use of raw materials and components and have a flexible manufacturing structure that can adjust to seasonal demand.

The Group's strengths

With Sustainovate, we integrate sustainability and enable sustainable value creation. Investing in strategic growth areas are success factors: electrification, autonomous and smart watering solutions as well as professional sectors. Key elements of our business model are our vision, purpose, key behaviors, culture and policies, innovation and technology development. In addition, we have a strategic focus on services and new business models like connected products.

Outcome: Sustainable profitable growth

Increased sales across categories and markets of products reknown for efficiency, quality, durability, and safety. The Group is growing its business while reducing, in absolute terms, CO_2 emissions and waste. Engaged, diverse and dedicated teams working in safe and dynamic workplaces help ensure reduced accidents and improved well-being and productivity.

Value created for key stakeholders

Long-term profitable growth allows focus on innovation of efficient, functional products and services that generate economic, environmental, and societal value. Key stakeholder groups such as customers, investors, employees, and society all benefit from this approach.

Integration top down & bottom up

By integrating sustainability throughout our business, we make our commitment stick and maximize the value we create. We have made progress in integration for key functions, but know that to keep pace with growing expectations, we need greater focus.

Tone from the top

Our sustainability efforts start with our Board of Directors and the People & Sustainability and Audit Committees. They prepare recommendations on targets for Board approval and track Sustainovate's progress. They also review reporting and monitor non-financial risks and opportunities.

Group Management is accountable for delivering on Sustainovate. A core team at Group level coordinates the strategy, target, capabilities and reporting. It reports to Senior VP Strategy & Innovation and met the Board on three occasions in 2022 to inform on risks, upcoming regulation and Sustainovate progress. Control systems, processes and accountability are in place to align our organization.

Merging financial and non-financial disclosures

We're reinforcing the link between finance, risk and sustainability by engaging teams in disclosures for EU Taxonomy and the TCFD. We benchmarked practices with other sustainability leaders and conducted joint training on coming regulation. Sustainability is included as criteria in evaluation of investments and acquisitions.

Decentralized approach

The cross-divisional Sustainability Network, comprising of representatives from each division and

Group core functions, share best practice and evaluate progress. They are accountable to presidents or vice presidents of their respective division. These experts support divisions in strategy execution.

Some 80 Sustainovators – from 35 at the 2021 launch – from across the organization shape initiatives and apply them to local operations. This year, we held 12 Sustainovator gatherings.

Cross-functional accountability

We set sustainability priorities and targets at Group level and functions such as People and Organization, sustainability, product safety and Health and Safety coordinate actions across the company. At production facilities, plant managers have overall responsibility for operational environment, health & safety (EHS) and for collecting and reporting data to Group on a quarterly basis.

Key events

- Sustainability risks and Sustainovate outcomes were on the Board agenda three times

- Group Management reviewed updates quarterly on the status of Sustainovate targets

- Carbon target outcomes now represent 10% of long-term incentive plans among selected leaders

Next steps

To help us meet expectations for coming EU CSRD and CSDDD legislation, and improve medium and long-term decision-making we will:

- Integrate scenario planning in strategy work

- Develop a process for double materiality, owned at Board level

- Automate CO_2 data collection to meet legislation and better understand our impacts

- More systematically embed sustainability criteria in investment processes

Delivering on Sustainovate

Each division defines initiatives that contribute to Group-wide targets. A Group core team evaluates progress and reports to Group Management and externally every quarter.

Shared processes and best practice
Sets level of ambition

OPPORTUNITIES

CARBON
CIRCULAR
PEOPLE

Define targets and KPIs
Drive initiatives and actions
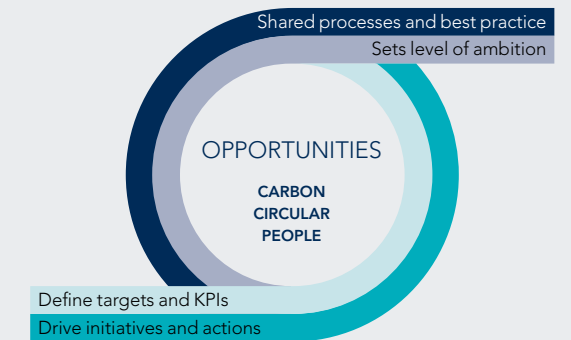
Divisional responsibilities

- Drive Sustainovate targets and set relevant initiatives and KPIs
- Integrate initiatives into business plans
- Engage with all relevant functions e.g., product development, sales organization, purchasing and people and organization
- Execute and report progress to divisional presidents.

Group responsibilities

- Set ambitions, strategy and targets
- Support execution and report on progress to Group management, BoD and external stakeholders
- Monitor the sustainability agenda and engage with investors and NGOs.

Sharp focus on what's most relevant

A materiality analysis guides our strategic direction and how we integrate sustainability in our business. It also sets the foundation for this sustainability report.

Materiality is the point at which a sustainability topic becomes most relevant to our ability to create value. Our most material topics are 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 ability to deliver value to them to 2025.

In 2022, a light internal review was made of the materiality assessment that was updated in 2021 to see how priorities are evolving, particularly focusing on understanding expectations and the Group's impacts on people and the planet.

Through our assessment, we gained a common view on how topics are interconnected, the importance of staying ahead of stakeholder priorities and how topics influence business resilience.

Our 2021 assessment update
Approximately 360 people, including Group Management, representatives from stakeholder groups and employees were involved in the 2021 validation process. The outcome was part of our review of the Sustainovate strategy, as well as future iterations of the business strategy, integration and

stakeholder dialogue. The process comprised the following steps:

- **The world in 2030** – We reviewed research on sustainability impacts across six macrotrends. Six members of Group management provided strategic relevance of a changing societal landscape to 2030. (p.7).
- **Stakeholder deep-dive interviews and surveys** – We interviewed 20 representatives of stakeholder groups, and 329 employees took part in a survey. They helped us better understand how they see the future, and the topics that influence our ability to create value for them.
- **Ranking and weighting of topics**: Based on learnings from the interviews and survey, 22 topic weightings were revised.
- **Strategize** – the outcome of the process helps ensure that we are on track with Sustainovate.

Our most material topics

1) Stakeholder insights: The degree topics influence stakeholders' perceptions of Husqvarna Group and its ability to create value for them

2) Influence on our business: Husqvarna Group's impact on people and the planet combined with the topic's influence on our ability to create value.
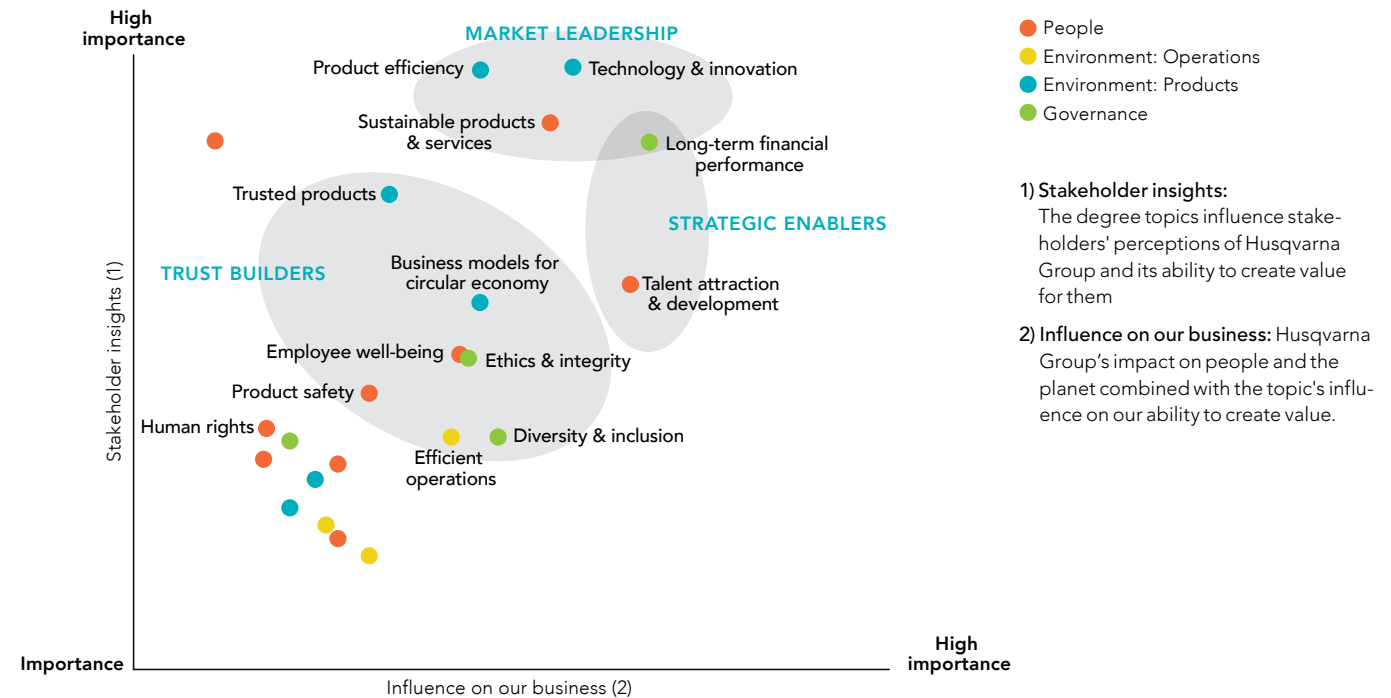
The materiality assessment

There were slight changes this year. The four topics that were deemed as most relevant to market leadership continued to rise in importance. Especially with the reorganization within Forest & Garden and introduction of new products, we see a rise in the importance of biodiversity, which was added to our list of topics. Acceptance for circular models is slowly moving upwards, but not yet central to market leadership. Product quality and trusted products have shot up as stakeholder priorities.

Impacts along the value chain

A value chain perspective helps us better understand the impacts we have on people and the planet and to maximize the value we bring. It also helps us 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**	**Operations & Manufacturing**
Our impacts	Energy efficiency, low-carbon solutions, a focus on safety and smarter materials use are core R&D priorities. This year, SEK 2.2 bn was invested in R&D, a large share of this in new product innovation and efficiency.	The Group sources goods and components from some 1,678 companies.	With the Group's 14,400 employees in 41 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 one percent is small and mostly from electricity use in manufacturing.
Our approach	• Devise more energy- and water-efficient products • Develop low-carbon business models • Develop features for customer health and safety • Improve material use and recyclability	• Promote supplier-enabled innovation • Conduct due diligence of battery and electric component suppliers • Use energy-efficient suppliers and sustainability auditing • Pursue ethical business practices and ensure compliance to our Supplier Code of Conduct	• Focus on efficient operations • Attract and retain the best talent across operations • Ensure health, safety and wellbeing • Pursue ethical business practices
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.
Degree of our influence	HIGH	MEDIUM	HIGH

	Transportation	Customer interaction	Customer use	End of life
Our impacts	About 1% 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. Promoting and increasing sales of the most sustainable option in terms of circularity, safe and low-carbon solutions is crucial to our approach.	Approximately 90% 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.
Our approach	• Reduce air freight • Enhance logistics efficiency • Optimize packaging • Increase share of local product assembly	• Promote the benefits of our most sustainable products and services and sustainable choices • Raise awareness of the importance of personal protective equipment	• Develop low-carbon products and services • Deliver solutions for customer health and safety • In digitalized services, keep users informed on impacts of their use • Collect data on use-phase impacts	• Use more recyclable material in products • Develop sustainable products and services • Follow regulatory change • Promote circular-economy thinking and engage with other companies
The difference we make	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 tap into 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 solutions. Safe solutions enhance personal security and irrigation systems improve water consumption. 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	LOW	HIGH	LOW	LOW

Alignment to EU Taxonomy

Disclosing on the EU Taxonomy increases transparency on the share of our business that helps in the transition to a low-carbon economy.

The EU Taxonomy is a classification system intended to encourage investments in sustainable projects and activities. By aligning definitions and providing this classification system, it gives companies, investors and policymakers a common view of the economic activities that can be considered environmentally sustainable.

Currently, 23% (25%) of our turnover is eligible and aligned for the Taxonomy. The aligned activities make a substantial contribution to the first of the Taxonomy's six objectives: climate change mitigation. The aligned activities meet three Taxonomy requirements:

1. They contribute to climate change mitigation: They relate to products where electrification has replaced fossil fuels as their source of power and thereby support the transition to a renewable energy system.

2. They 'Do No Significant Harm' to any of the other five environmental objectives. This includes stipulation that activities comply with the technical screening criteria developed by the EU Technical Expert Group.*

3. They meet 'Minimum Safeguards' based on the precautionary principle to ensure fair competition and to prevent bribery and corruption (p. 34), sound taxation policies and actions that protect human rights (p. 30 for suppliers) .

We will seek green financing and improve disclosures to give investors information needed to follow our journey and compare outcomes. To this end, we will develop our Taxonomy disclosures in pace with clarifications on requirements and its expanding scope.

*In regards to the 'Do No Significant Harm' criteria on Pollution: Some products comprise of chemicals that have been approved for use, when no technical alternative is commercially viable. Through the Husqvarna Restricted Material List (RML), we comply with relevant EU regulation relating to substances used in our products. We also report deviations in the EU SCIP database. We deem our products to be of essential use to society, particularly, to our customers' transition to low-carbon solutions.

Accounting principles

We applied accounting principles EU Taxonomy article 8 (2020/852) to disclose the degree our turnover, CapEx and OpEx meet Taxonomy requirements.

Disclosure requirements for 2022 are limited to activities that are within the scope of two of six Taxonomy objectives: climate change mitigation and climate change adaptation. To this end, we include motorized products considered electrified – including both corded and battery products as well as digitalized products, as they are deemed Taxonomy-eligible as per 3.6 – Manufacture of other low carbon technologies, that substantially contribute to "climate change mitigation".

An economic activity can significantly contribute to more than one environmental goal and we assess the Group only contributes to one environmental goal per economic activity. Due to the fact that we structure cost reporting in order to separate costs per activity, we are reducing the risk of double accounting of key data.

Turnover: Turnover has been calculated as the share of net turnover derived from products or services, including intangibles associated with Taxonomy-eligible economic activities divided by net turnover. Turnover is calculated according to International Accounting Standard (IAS) 1. This sum represents the share of net turnover deriving from products and services associated with economic activities that contribute to mitigating climate change.

CapEx: We include additions to tangible and intangible assets considered before depreciation, amortization and any re-measurements. Eligible CapEx estimates are based on our R&D budget for robotics and including a share of other R&D spend corresponding to the share of Net Sales of electric motorized equipment. We also account for investments such as property, plant and equipment as well as intangible assets relating to electrified and digitalized products. Total CapEx has been accounted as Capital Expenditure in Cash flow (MSEK 2344) plus New, Modified and Remeasurement leases (MSEK 850) as per Note 13 in the Annual Report.

OpEx: OpEx covers direct non-capitalized costs that relate to research and development, but also maintenance and repair, and other direct expenditures. We do not collate R&D costs dedicated for electrification. Thus, the ratio of this spend is estimated as equal to the share of our Taxonomy-eligible turnover. Operational Expenditures related to maintenance and repairs have not been possible to extract.

For detailed information on Taxonomy disclosures, see tables on p.55-57.

Share of turnover	Share of CapEx	Share of OpEx
Eligible: **23**%	Eligible: **44**%	Eligible: **23**%
Aligned: **23**%	Aligned: **18**%	Aligned: **23**%

Climate change impacts over time

We assess climate change risk from the perspectives of physical and transitional risks. The former result from extreme weather events, and the latter are outcomes from the transition to a low-carbon economy. Both risk types exist along our value chain. Here's how we are addressing them.

Product and Service Development
Transitional risks: The shift to battery reduces vulnerability to stricter emissions legislation, particularly regarding our fossil fuel-powered products.

Sourcing
Transitional risks. Rising demand for electronic components, especially battery cells and computer chips, as more industries shift to low-carbon solutions. We are re-engineering products to enable use of a wider range of components.

Manufacturing
Physical risks: Frequency and impact of natural disasters. We have 18 manufacturing sites and warehouses deemed "exposed to climate risk" due to snow loading, floods and hail. Their insured value is SEK 33bn. Risk exposure by wildfires was evaluated in 2022 and considered low. We have business continuity plans in place and avoid new operations in high-risk zones.

Transportation
Transitional risks: Higher costs for fossil-fuel-based transport, especially air freight. Lack of sea containers may increase CO_2-intensive air freight. Shortening the supply chain in North America and Europe reduces transport needs.

Customer interaction
Physical risks: Adverse or positive sales outcomes. Dry weather can reduce demand for lawn mowers and tractors but can stimulate demand for watering products. Droughts may result in water bans, which affects watering product sales. Demand for chainsaws increases after storms and during cold winters. Flexible production can adjust at short notice to meet demand.

End-of-life/product recycling
Transitional risks: Product take-back regulation may increase disposal premiums and product redesign for recyclability. Our 2025 target to launch 50 circular innovations includes increasing recycled plastics in products.

The Task Force on Climate-Related Financial Disclosures (TCFD) is a set of recommendations on reporting the risks and opportunities posed by climate change, including disclosures relating to governance, strategy, risk management, metrics and targets. For more information on our TCFD reporting see the Annual Report p. 42.

Temperature changes and how they can affect the lawn and garden industry

To raise our understanding of medium term climate risks, we conducted a study in 2020 on how increases in temperature and precipitation can potentially affect grass growth and the lawn and garden industry. These findings inform our assessment of climate risks.

We analyzed predicted changes in rainfall and temperature in France, using the assumption that consumers may purchase less lawn equipment if the weather is too hot and dry for grass to grow.

Using the UN's International Panel of Climate Change (IPCC) 2014 findings, we calculated a severe and an average scenario for temperature risks to 2030. A third party developed a data model using regional climate statistics to simulate changes in precipitation and temperature critical for grass growth compared with today.

The study's results indicate that summer and early autumn months in France are likely to be characterized by slightly lower grass growth than today due to reduced rainfall. Reduced growth during this period will partially be counter-balanced by increased growth in late autumn and early spring due to warmer weather. This means we will need to adjust to meet demand at different times of the year. The Group has now built a methodology that can be applied to future studies for other key markets.

Managing risks

With policies as our starting point, we evaluate and monitor risks and are transparent about outcomes

Sustainability risks relate to ethics and integrity, climate change, health and safety, transparency, human rights, security and chemicals use and other environmental liabilities either upstream in the supply chain or arising from the purchase or sale of land or production facilities. In operations, risks arise within product development, production, as well as regulatory and brand management. See more in the 2022 Annual Report.

Precautionary principle

Applying the precautionary principle helps us adopt preventative measures when these risks are difficult to ascertain, but the stakes are high. We apply this principle to stay ahead of risks that can happen because of actions in our operations and products. This mindset is reflected in the Group's Environmental Policy, and Supplier Code of Business Ethics. Through our materiality asssessment, we mapped short and long-term sustainability impacts along the value chain (p. 39).

Responsibility for addressing strategic risks follows a delegation procedure and flows from the Board to the CEO and to divisional presidents. The Internal Audit function evaluates and improves the effectiveness of our 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.

Ethics and integrity

Global Risk Assessments are also the cornerstone of compliance. A 2021 risk assessment identified regulatory and non-regulatory risks together with mitigation recommendations, several of which advise reducing bribery and corruption potential, especially in third-party relationships (p. 34).

Policy & procedures	Addresses the following risks and impacts	Management system & programs	How we monitor the effectiveness of the policy	Page reference
Code of Conduct Note: The Code reflects international guidelines such as the OECD Guidelines of multi-national enterprizes.	• Human and labor rights • Discrimination • Corruption, bribery • Third-Party Misconduct Export Controls/Trade Sanctions /Anti-trust	• The Compliance program • Diversity and inclusion program	• Third-party Alertline • Email system • The Compliance Forum reports to the Audit Committee • Discrimination: One Voice employee engagement survey	p.26 p. 34
Environmental policy Note: The Security and loss prevention policy protects our value chain from negative impacts of natural disasters.	• Climate change risks in operations • Emissions to air, land and water • Water use • Hazardous waste	• Husqvarna Operating System • ISO 14001:2015 at 57% of factories • ISO 50001 at some facilities	• 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	p.14 p.51
Occupational health & safety policy	• Workplace health and safety hazards	• Husqvarna Operating system • ISO 45001	• Audits managed at local and regional levels • Monthly performance reports on KPIs and incidents	p. 32
Supplier Code of Business Ethics	• Human rights non-compliances • Environment non-compliances • Labor rights non-compliances • Corruption, bribery and anti-trust	• EcoVadis supplier assessment tool • For the Carbon target, CDP Supply Chain program	• Alertline for distributors • 10 onsite audits for two Gardena licensees • 41 of 249 at-risk suppliers were assessed and scored via Ecovadis • 139 suppliers responded to the CDP climate disclosure requirements	p.30 p. 34
Product safety policy	• Personal injury or property damage due to product use, misuse or malfunction of the products	• Risk assessments at product development (ISO 12100, ISO 31000, FMEA) • Lessons learned in product development projects • ISO 9001 in manufacturing	• Committee On Product Safety COPS convened quarterly and multiple follow-up meetings in 2022	p.33

About this report

This progress report presents 2022 performance on Sustainovate and our approach to integrating sustainability into our business.

It is framed around three opportunities that are most relevant to the Group's ability to contribute to the shift to a low-carbon, resource-smart society. We also present the ways in which we seek to be a responsible company, how we apply the precautionary principle and our approach to managing sustainability risks.

About this report

Based on a materiality analysis that was updated in 2021 and reviewed in 2022, Sustainovate encompasses the impacts most relevant to the Group and to our value chain.

Husqvarna Group has reported in accordance with the GRI Standards for the period January 1, 2022 to December 31, 2022. No Sector standards are yet applicable to the Group. Where relevant, the report also highlights how the Group's priorities and governance reflect our commitment to the UN Global Compact's ten principles.

Boundary of the report

Unless otherwise indicated, standard disclosures include all operations that can potentially affect Group performance. Data has been collected over the 2022 calendar year.

This report covers some 14,400 employees at year-end, including both office and factory workers. Data encompasses 32 (28) production facilities, of which 19 (17) are located in Europe, five in the U.S., four in China, and one each in Brazil, Japan, India and Australia. Unless otherwise indicated, acquisitions made during 2021 and 2020 are integrated in the scope of data collection. Historical data has also been adjusted when it has been found to be incorrect, or to improve data quality.

The GRI Index leads readers to relevant indicators, as defined by the GRI universal standards 2021. Wherever possible, the Group reports on indicators covering the last five years. For the 2025 circular and people targets, 2020 serves as our baseline. 2015 is the baseline for the Carbon reduction target, as this was the first year we reported on CO_2 emissions reductions.

Health and safety statistics are based on local definitions in terms of what constitutes a workplace injury and a lost day due to injury.

Our previous sustainability report was published in March 2022.

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 as defined by the Annual Accounts Act constitutes part of the Board of Director's report and is incorporated in this document. The Board and Group management have reviewed this report. Group management has also reviewed the Group's materiality assessment.

External assurance

This report has been submitted to the auditor at the same time as Husqvarna Group's Annual Report. Information about our business and financial performance is provided in our Annual Report. Husqvarna's financial auditor KPMG has conducted third-party assurance of this 2022 progress report.

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GRI Index

General Indicators

GRI 2: General Disclosures 2021	Reference (page)*	Requirement(s) omitted	Reason	Explanation
2-1 Organizational details	p. 14, p. 45, AR p. 34			
2-2 Entities included in the organization's sustainability reporting	p. 45, AR p.103			
2-3 Reporting period, frequency and contact point	p. 45			
2-4 Restatements of information	p. 45, p. 51, p. 52, p. 53			
2-5 External assurance	p. 45, p. 56			
2-6 Activities, value chain and other business relationships	p. 3, p. 39, p. 45, AR p. 38			
2-7 Employees	p. 50, AR p. 68	bii, biii, biv, bv, c, d and e	Information unavailable	Not collated on Group level. In place by 2024
2-8 Workers who are not employees	-	a, b, c	Information unavailable	Not collated on Group level. In place by 2024
2-9 Governance structure and composition	AR: p. 48 and p. 56	ci, cvi	Not applicable	Only shareholders and employees are represented in the Board,
2-10 Nomination and selection of the highest governance body	AR p.48			
2-11 Chair of the highest governance body	AR p. 55			
2-12 Role of the highest governance body in overseeing the management of impacts	p. 37, AR: p. 50 and 51	bi	Information unavailable	To be developed to align with CSDDD. In place by 2025
2-13 Delegation of responsibility for managing impacts	p. 37			
2-14 Role of the highest governance body in sustainability reporting	p. 45			
2-15 Conflicts of interest	p. 34, AR p. 55-56 and 106			
2-16 Communication of critical concerns	p. 34			
2-17 Collective knowledge of the highest governance body	p. 37			
2-18 Evaluation of the performance of the highest governance body	AR: p. 41 and p. 51			
2-19 Remuneration policies	AR p. 29 and p. 40			
2-20 Process to determine remuneration	AR 40			
2-21 Annual total compensation ratio	-	a, b, c	Information unavailable	Not collated on Group level. In place in 2024.
2-22 Statement on sustainable development strategy	p. 5			
2-23 Policy commitments	p. 43, Online: Sustainability governance			
2-24 Embedding policy commitments	p. 30, p. 34, p. 43			
2-25 Processes to remediate negative impacts	p. 34, p. 39-40, p. 43			
2-26 Mechanisms for seeking advice and raising concerns	p. 34			
2-27 Compliance with laws and regulations	AR: p. 39 and p. 34			
2-28 Membership associations	-	a	Information unavailable	Not collated on Group level
2-29 Approach to stakeholder engagement	p. 23, p. 28, p. 38			
2-30 Collective bargaining agreements	-	a, b	Information unavailable/ incomplete	Not collated on Group level. In place in 2024

*Unless otherwise indicated, page references direct readers to disclosures in this 2022 Sustainovate report.
Page references prefixed with AR indicate disclosures in the 2022 Annual report.

GRI Index

Material topics

GRI 3: Material Topics 2021	Reference (page)	Requirement(s) omitted	Reason	Explanation
3-1 Process to determine material topics	p. 38			
3-2 List of material topics	p. 38			

Economic performance

GRI 3: Material Topics 2021				
3-3 Management of material topics	p. 38-40			
GRI 201: Economic Performance 2016				
201-1 Direct economic value generated and distributed	p. 36			
201-2 Financial implications and other risks and opportunities due to climate change	p. 42			

Energy

GRI 3: Material Topics 2021				
3-3 Management of material topics	p. 10, p. 14, p. 38-39			
GRI 302: Energy 2016				
302-1 Energy consumption within the organization	p. 53			

Emissions

GRI 3: Material Topics 2021				
3-3 Management of material topics	p. 10, p. 14, p. 38-40, p. 43			
GRI 305: Emissions 2016				
305-1 Direct (Scope 1) GHG emissions	p. 53			
305-2 Energy indirect (Scope 2) GHG emissions	p. 53			
305-3 Other indirect (Scope 3) GHG emissions	p. 53			
305-4 GHG emissions intensity	p. 53			
305-5 Reduction of GHG emissions	p. 53			

Waste

GRI 3: Material Topics 2021				
3-3 Management of material topics	p. 37, p. 38-40, p. 43			
GRI 306: Waste 2020				
306-2 Management of significant waste-related impacts	p. 53			

GRI Index

Supplier environmental assessment

GRI 3: Material Topics 2021	Reference (page)	Requirement(s) omitted	Reason	Explanation
3-3 Management of material topics	p. 30, p. 38-40, p. 43			
GRI 308: Supplier Environmental Assessment 2016				
308-1 New suppliers that were screened using environmental criteria	p. 30			
308-2 Negative environmental impacts in the supply chain and actions taken	p. 15			

Employment

GRI 3: Material Topics 2021				
3-3 Management of material topics	p. 28, p. 38, p. 39, p. 43			
GRI 401: Employment 2016				
401-1 New employee hires and employee turnover	p. 52	a, b	Information unavailable	Not broken down by region or age. In place in 2024.

Occupational health and safety

GRI 3: Material Topics 2021				
3-3 Management of material topics	p. 32, p. 38, p. 43			
GRI 403: Occupational Health and Safety 2018				
403-1 Occupational health and safety management system	p. 32			
403-2 Hazard identification, risk assessment, and incident investigation	p. 32	c	Information unavailable	Not collated on Group level. In place in 2024.
403-3 Occupational health services	-	a	Information unavailable	Not collated on Group level. In place in 2024.
403-4 Worker participation, consultation, and communication on occupational health and safety	p. 32	b	Information unavailable	Not collated on Group level. In place in 2024.
403-5 Worker training on occupational health and safety	-			
403-6 Promotion of worker health	p. 28-29	a, b	Information unavailable	Not collated on Group level. In place in 2024
403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	p. 30-31			
403-9 Work-related injuries	p. 32	a, b, c, d, f, g	Information unavailable	Not collated on Group level. In place by 2024.

Training and education

GRI 3: Material Topics 2021				
3-3 Management of material topics	p. 29, p.34			
GRI 404: Training and Education 2016				
404-3 Percentage of employees receiving regular performance and career development reviews	p. 52	a	Information unavailable	Not broken down by gender and employee category. In place in 2024.

GRI Index

Diversity and equal opportunity

GRI 3: Material Topics 2021	Reference (page)	Requirement(s) omitted	Reason	Explanation
3-3 Management of material topics	p. 26, p. 38, p. 43			
GRI 405: Diversity and Equal Opportunity 2016				
405-1 Diversity of governance bodies and employees	p. 26, AR p. 55-57	aiii, biii	Information unavailable	Not collated on Group level. In place in 2024

Non-discrimination

GRI 3: Material Topics 2021				
3-3 Management of material topics	p. 34, p. 43			
GRI 406: Non-discrimination 2016				
406-1 Incidents of discrimination and corrective actions taken	p. 34			

Child labor

GRI 3: Material Topics 2021				
3-3 Management of material topics	p. 30, p. 43			
GRI 408: Child Labor 2016				
408-1 Operations and suppliers at significant risk for incidents of child labor	p. 30			

Forced or compulsory labor

GRI 3: Material Topics 2021				
3-3 Management of material topics	p. 30, p. 43			
GRI 409: Forced or Compulsory Labor 2016				
409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	p. 30			

Supplier social assessment

GRI 3: Material Topics 2021				
3-3 Management of material topics	p. 30, p. 39, p. 43			
GRI 414: Supplier Social Assessment 2016				
414-1 New suppliers that were screened using social criteria	p. 30			
414-2 Negative social impacts in the supply chain and actions taken	p. 30			

GRI Disclosures

General Indicators

GRI Indicator	2022			2021			2020		
Average number of employees (full-time equivalents)	Men	Women	Total	Men	Women	Total	Men	Women	Total
Sweden	1 840	636	2 476	1 710	561	2 272	1 618	516	2 135
Germany	1 530	807	2 337	1 380	739	2 119	1 263	661	1 925
Czech Republic	498	566	1 063	600	727	1 326	427	495	921
UK	319	109	428	301	93	394	297	91	388
Poland	408	239	647	270	204	474	155	133	288
Rest of Europe	1 325	519	1 844	1 381	489	1 870	1 092	530	1 622
Total Europe	**5 918**	**2 876**	**8 795**	**5 642**	**2 813**	**8 455**	**4 853**	**2 427**	**7 279**
China	616	311	926	642	301	943	516	252	768
Japan	246	39	285	265	42	306	277	56	333
Rest of Asia/Pacifc	294	106	400	279	84	364	227	92	320
Total Asia/Pacifc	**1 156**	**455**	**1 611**	**1 186**	**427**	**1 613**	**1 020**	**400**	**1 421**
US	2 384	1 079	3 463	2 309	987	3 295	2 033	1 166	3 199
Canada	79	50	129	89	45	134	78	62	140
Total North America	**2 463**	**1 129**	**3 592**	**2 397**	**1 032**	**3 429**	**2 111**	**1 228**	**3 339**
Brazil	117	78	255	158	67	226	140	58	199
Rest of Latin America	67	29	96	59	24	83	56	18	75
Total of Latin America	**244**	**107**	**351**	**217**	**91**	**309**	**196**	**77**	**273**
Other markets	42	25	67	42	26	67	36	27	62
Total	**9 823**	**4 593**	**14 416**	**9 484**	**4 389**	**13 873**	**8 216**	**4 159**	**12 374**

GRI Disclosures

Economic Indicators

GRI Indicator		Unit	2022	2021	2020	2019	2018
201-1	**Generated direct economic value**						
	Group Net sales	SEKm	54 037	47 059	41 943	42 277	41 085
	Distributed direct economic value						
	Operating costs (materials and services)	SEKm	38 373	31 999	29 090	29 135	29 416
	Employee salaries	SEKm	7 530	6 425	5 803	5 833	5 712
	Social security costs and pensions plans	SEKm	1 958	1 506	1 389	1 314	1 336
	Payments to states and municipalities (taxes)	SEKm	2 318	198	291	811	970
	Credit institutions (interest)	SEKm	461	252	339	568	509
	Shareholders (dividends)	SEKm	1 711	1 375	1 288	1 287	1 286
	Economic value retained	SEKm	1 686	5 303	3 743	3 329	1 856

GRI Disclosures

Social indicators

GRI Indicator		Unit	2022	2021	2020	2019	2018
401-1	Employee turnover voluntary	%	9.4	14.2	10.8	13.0	9.1
	Female employees	%	14.6	15.1	12.4	15.5	-
	Male employees	%	13.5	13.7	10.0	11.6	-
	Total number of new employee hires	No	4 594	3 823	2 554 [1]	2 509 [1]	-
	Female employees	No	1 524	1 377	956 [1]	944 [1]	-
	Male employees	No	3 066	2 401	1 590 [1]	1 550 [1]	-

[1] As of 2022 also including rehires

GRI Indicator		Unit	2022	2021	2020	2019	2018
403-9	Fatal workplace accidents involving employees	No	0	0	0	0	0
	High-consequence workplace injuries	No	1	0	0	-	-
	Lost time incident rate	LTIR	3,9	4,5	4,0	4,4	3,1
	Total recordable incident rate	TRIR	4,7	5,6	5,5	5,8	5,2
	Total hours worked	No	27 968 585	28 448 255	26 899 380	27 064 974	29 070 090

GRI Indicator		Unit	2022	2021	2020	2019	2018
404-3	Performance reviews [1]	%	91	84	78	89	84

[1] Include only office workers.

GRI Indicator		Unit	2022	2021	2020	2019	2018
405-1	Proportion of female employees						
	in total workforce	%	32	32	34	34	34
	in senior management positions	%	30	26	28	25	22
	in the Executive Board	%	33	33	38	38	38

GRI Indicator		Unit	2022	2021	2020	2019	2018
N/A	Net Promotor Score [1]	NPS	-	-	-	8	11
	Employee Satisfaction Index [2]	eSAT	77	77	77	-	-

[1] Due to adoption of new employee satisfaction indicator (eSAT), from 2020 Net Promoter Score (NPS) will not be disclosed anymore.

[2] In 2020 new employee satisfaction indicator (eSAT) was adopted to better reflect engagement.

GRI Disclosures

Environmental indicators

GRI Indicator		Unit	2022	2021	2020	2019	2018	2017	2016	2015
302-1	Total energy consumption	MWh	308 600	324 459	294 451	326 057	367 240	383 649	383 348	388 348
	Electricity renewable	MWh	167 582	174 244	122 667	119 062	131 657	100 947	17 602	1 305
	Electricity non-renewable	MWh	31 043	37 102	73 584	85 045	92 388	133 958	215 877	233 046
	Natural gas	MWh	70 611	71 666	61 899	84 484	99 796	102 608	100 617	106 931
	District heating	MWh	26 011	28 858	24 652	25 739	28 488	27 678	27 728	24 597
	Steam	MWh	0	0	0	0	0	1 288	2 731	3 317
	Other fuels	MWh	13 352	12 589	11 649	11 727	14 911	17 170	18 793	19 153
	Renewable electricity as a percentage of total electricity	%	84	82	62	58	58	43	8	1

GRI Indicator		Unit	2022	2021	2020	2019	2018	2017	2016	2015
305-1	Direct CO_2 emissions (Scope 1) [3]	tCO2e	22 468	19 773 [4]	17 647 [4]	24 259 [4]	28 589	33 957	35 202	43 275
305-2	Indirect CO_2 emissions (Scope 2) [2,3]	tCO2e	19 796	23 980	40 178	46 156	51 035	79 175	108 756	122 552
305-3	CO_2 emissions from product use (Scope 3) [3]	tCO2e	4 337 131	4 578 407 [5]	4 182 124 [5]	4 795 164 [5]	5 833 908 [5]	5 765 625 [5]	5 610 540 [5]	6 296 442 [5]
305-3	CO_2 emissions from suppliers (Scope 3) [3]	tCO2e	165 224	197 948	218 044	246 842	287 677	316 909	254 047	249 212
305-3	CO_2 emissions from transportation (Scope 3) [3]	tCO2e	46 002	57 113 [1]	40 857 [1]	44 198 [1]	58 662 [1]	54 865 [1]	51 304 [1]	51 047 [1]
305-3	CO_2 emissions from business travel (Scope 3) [3]	tCO2e	4 774	1 419 [4]	1 740	9 810	12 350	13 250	9 009	8 168
305-4	CO_2 emissions intensity (Scope 1 and 2) [3]	tCO2e/SEKm VA	2,7	2,7 [1]	4,3 [1]	5,6	7,3	9,9	14,2	17,4
305-4	CO_2 emissions intensity (Scope 1, 2 and 3) [3]	tCO2e/SEKm VA	298	316	349	411	589	563	615	727

[1] Restated figures due to exchnage of emission factors and data improvements.
[2] Scope 2 CO_2 emissions disclosed with market-based method.
[3] CO_2 emissions disclosed in accordance with GHG Protocol.
[4] Restated figure due to error in previously disclosed figure.
[5] Restated figures due to data improvements and acquisitions.

GRI Disclosures

GRI Indicator*		Unit	2022	2021	2020	2019	2018	2017	2016	2015
N/A	Total water consumed*	M3	728 981	732 592	701 463	774 586	881 058	1 258 008	1 234 005	1 291 638
	Ground water	M3	157 357	218 688	160 348	165 651	222 443	204 934	188 063	183 584
	Surface water [1]	M3	143 865	146 185	146 755	156 364	194 863	553 275	554 690	623 906
	Purchased water	M3	427 760	367 719	394 360	452 571	463 752	499 798	491 252	484 148

1) Including harvested rainwater.

*2020 and 2021 acquisitions Orbit and Blastrac are partially included.

GRI Indicator		Unit	2022	2021	2020	2019	2018	2017	2016	2015
306-2	Total waste*	Tonnes	40 979	39 319	37 580	44 018	54 366	55 592	56 264	67 478
	Non-hazardous recycled waste	Tonnes	32 724	30 516	28 997	35 067	44 027	45 182	46 228	57 305
	Non-hazardous non-recycled waste	Tonnes	4 198	5 038	5 063	5 496	7 678	7 613	7 164	7 366
	Hazardous recycled waste	Tonnes	353	449	250	280	345	467	437	540
	Hazardous non-recycled waste	Tonnes	3 704	3 315	3 270	3 174	2 316	2 329	2 435	2 267

*2020 and 2021 acquisitions Orbit and Blastrac are partially included.

GRI Indicator		Unit	2022	2021	2020	2019	2018	2017	2016	2015
308-2; 414-2	Audited and approved suppliers [1]	No	41	83 [2]	37	54	45	25	5	2

1) Include on-site supplier sustainability audits and Ecovadis assessments.

2) Restated figure due to error in previously disclosed figure.

EU Taxonomy

Proportion of turnover from products or services associated with Taxonomy-aligned economic activities - disclosure covering year 2022

Economic activities (1)	Code(s) (2)	Absolute turnover (3)	Proportion of turnover (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of turnover, year N (18)	Taxonomy-aligned proportion of turnover, year N-1 (19)	Category (enabling activity or) (20)	Category '(transitional activity)' (21)
						Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')								
		mSEK	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percent	Percent	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
Manufacture of other low carbon technologies	3.6	12183	23%	100%						Y	Y	Y	Y	Y	Y	Y	23%		E	
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		12183	23%														23%			
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activites)																				
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activites) (A.2)		0	0%																	
Total (A.1+A.2)		**12183**	**23%**														**23%**			
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																				
Turnover of Taxonomy-non-eligible activities (B)		41854	77%																	
Total (A+B)		**54037**	**100%**																	

EU Taxonomy

Proportion of CapEx from products or services associated with Taxonomy-aligned economic activites - disclosure covering year 2022

Economic activities (1)	Code(s) (2)	Absolute CapEx (3)	Proportion of CapEx (4)	Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')							Taxono-my-aligned proportion of CapEx, year N (18)	Taxono-my-aligned proportion of CapEx, year N-1 (19)	Category (enabling activity or) (20)	Category '(transitional activity)' (21)
				Climate change miti-gation (5)	Climate change ad-aptation (6)	Water and marine re-sources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosys-tems (10)	Climate change miti-gation (11)	Climate change adaptation (12)	Water and marine re-sources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosys-tems (16)	Minimum safeguards (17)				
		mSEK	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percent	Percent	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Tax-onomy-aligned)																				
Manufacture of other low carbon technologies	3.6	581	18%	100%						Y	Y	Y	Y	Y		Y	18%		E	
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		581	18%														18%			
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activites)																				
Acquisition and ownership of buildings	7.7	671 [1]	21%																	
Transport by motorbikes, passenger cars and light commercial vehicles	6.5	139 [1]	4%																	
CapEx of Taxonomy-eligible but not environ-mentally sustainable activities (not Taxono-my-aligned activites) (A.2)		810	26%																	
Total (A.1+A.2)		**1391**	**44%**														**18%**			
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																				
CapEx of Taxonomy-non-eligible activities (B)		1803	56%																	
Total (A+B)		**3194** [2]	**100%**																	

[1] The activity might very be Taxonomy aligned but sufficient documentation on Taxonomy alignment have not been received at the time of publishing of this report. The DNSH evidence is pending our suppliers for these activities.

[2] Total CapEx have been accounted as Capital Expenditure in Cash flow (2344 mSEK) plus New, Modified and Remeasurement leases (850mSEK) as per Note 13 in AR

EU Taxonomy

Proportion of OpEx from products or services associated with Taxonomy-aligned economic activites - disclosure covering year 2022

Economic activities (1)	Code(s) (2)	Absolute OpEx (3)	Proportion of OpEx (4)	Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')						Minimum safeguards (17)	Taxonomy-aligned proportion of OpEx, year N (18)	Taxonomy-aligned proportion of OpEx, year N-1 (19)	Category (enabling activity or) (20)	Category ('transitional activity)' (21)
				Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)					
		mSEK	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percent	Percent	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
Manufacture of other low carbon technologies	3.6	409	23%	100%						Y	Y	Y	Y	Y	Y	Y	23%		E	
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		409	23%														23%			
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activites)																				
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activites) (A.2)		0	0%																	
Total (A.1+A.2)		**409**	**23%**														**23%**			
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																				
OpEx of Taxonomy-non-eligible activities (B)		1343	77%																	
Total (A+B)		**1752 [1]**	**100%**																	

[1] Operational Expenditures related to maintenance and repairs have not been possible to extract. OpEx is based on R&D expenses.

Auditor´s limited review

Auditor's Limited Assurance Report on Husqvarna ABs Sustainability Report and statement regarding the Statutory Sustainability Report
   To Husqvarna AB (publ), Corp. id. 556000-5331

Introduction

We have been engaged by the Board of Directors and the Executive Management of Husqvarna AB to undertake a limited assurance engagement of Husqvarna ABs Sustainability Report for the year 2022. Husqvarna AB has defined the scope of the Sustainability Report on pages 45-49 in this document, the Statutory Sustainability Report is defined on page 45.

Responsibilities of the Board of Directors and the Executive Management

The Board of Directors and the Executive Management are responsible for the preparation of the Sustainability Report including the Statutory Sustainability Report in accordance with applicable criteria and the Annual Accounts Act respectively. The criteria are defined on page 45 in the Sustainability Report, and are part of the Sustainability Reporting Guidelines published by GRI (The Global Reporting Initiative), that are applicable to the Sustainability Report, as well as the accounting and calculation principles that the Company has developed. This responsibility also includes the internal control relevant to the preparation of a Sustainability Report that is free from material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the Sustainability Report based on the limited assurance procedures we have performed and to express an opinion regarding the Statutory Sustainability Report. Our responsibility is limited to the historical information reported and thus does not include future-oriented information.

We conducted our limited assurance engagement in accordance with ISAE 3000 (Revised) Assurance engagements other than audits or reviews of financial information. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report, and applying analytical and other limited assurance procedures. Our examination regarding the Statutory Sustainability Report has been conducted in accordance with FAR:s accounting standard RevR12 The auditor's opinion regarding the Statutory Sustainability Report. A limited assurance engagement and an examination according to RevR 12 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.

The firm applies International Standard on Quality Control 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent of Husqvarna AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

The limited assurance procedures performed and the examination according to RevR 12 do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. The conclusion based on a limited assurance engagement and an examination according to RevR 12 does not provide the same level of assurance as a conclusion based on an audit.

Our procedures are based on the criteria defined by the Board of Directors and the Executive Management as described above. We consider these criteria suitable for the preparation of the Sustainability Report.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our conclusions below.

Conclusions

Based on the limited assurance procedures performed, nothing has come to our attention that causes us to believe that the Sustainability Report is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and the Executive Management.

A Statutory Sustainability Report has been prepared.

Stockholm, March 10, 2023

KPMG AB

Joakim Thilstedt
Authorized Public Accountant

Torbjörn Westman
Expert Member of FAR

Husqvarna Group