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Global leader in outdoor products

The Husqvarna Group is the world's largest producer of outdoor power products including chainsaws, trimmers, lawn mowers and garden tractors. The Group is also the European leader in consumer watering products and one of the world leaders in cutting equipment and diamond tools for the construction and stone industries. The product offering includes products for both consumers and professional users. The Group's products are sold via dealers and retailers in more than 100 countries.

Husqvarna was founded in 1689. The head office is located in Stockholm, and the share is listed on the NASDAQ OMX Stockholm exchange.

Net sales in 2011 amounted to SEK 30 billion, and the average number of employees was approximately 15,700.



About this report

Husqvarna Group's Sustainability Report 2011 applies the Global Reporting Initiative (GRI) G3.1 Sustainability Reporting, and summarizes the Group's 2011 sustainability performance, ie. our initiatives to promote environmental, social and economic impacts.

The Sustainability report is part of Husqvarna Group's annual reporting and should therefore be viewed together with our annual report. In several cases, the sustainability report gives an overview, while the annual report provides in-depth information on corporate governance, structure, nature of ownership and legal form, subsidiaries, as well as changes regarding size, structure, financial performance and ownership during 2011. Two production facilities have been closed down during the year, and they are therefore not included in this report.

Unless otherwise stated, all data has been collected over the calendar year 2011 and covers the Husqvarna Group, including wholly and majority-owned subsidiaries, as well as joint-ventures, where the Group owns 75 percent or more of the capital.

Environmental data as well as health and safety data is collected for production facilities and for warehouses larger than 5,000 m². Administration and sales, as well as smaller warehouses are excluded due to restraints in the reporting system. Social data, except health and safety, covers the whole Group.

This is a level C report. It has been approved by Group Management. It has not been subject to assurance by an external part.

The Husqvarna Group's previous sustainability report covered the calendar year 2010 and was published in fall 2011. The Husqvarna Group's next sustainability report will be published on www.husqvarnagroup.com in spring 2013.

Report Application Level	C	C+	B	B+	A	A+
Standard Disclosures						
G3 Profile Disclosures	Report on 1.1, 2.1-2.10, 3.1-3.8, 3.10-3.12, 4.1-4.4, 4.14-4.15		Report on all criteria listed for Level C plus: 1.2, 3.9, 3.13, 4.5-4.13, 4.16-4.17		Same as requirement for Level B	
G3 Management Approach Disclosures	Not Required		Management Approach Disclosures for each Indicator Category		Management Approach Disclosures for each Indicator Category	
G3 Performance Indicators & Sector Supplement Performance Indicators	Report on a minimum of 10 Performance Indicators, at least one from each of Economic, Social and Environmental.		Report on a minimum of 20 Performance Indicators, at least one from each of Economic, Environmental, Human rights, Labor, Society, Product responsibility.		Report on each core G3 and Sector Supplement* Indicator with due regard to the Materiality principle.	
		Report Externally Assured		Report Externally Assured		Report Externally Assured

Letter from the CEO

Husqvarna Group's sustainability approach is based on economic, environmental and social performance. We strive to improve our processes across a wide front. Our overriding focus is on profitability, environmentally sound products, and responsible business conduct.



2011 was a challenging year for the Husqvarna Group, as we were hit by production disturbances in one of our main factories. Despite this, the Group maintained its global leadership position in forest and garden products and our efforts to improve our sustainability performance are constantly ongoing.

As the newly appointed President and CEO, I am proud of heading a company that creates jobs across the globe, adding to the economic prosperity of thousands of families. And that every day, our products make people's gardening, forestry and construction easier in more than 100 countries.

I am also proud of the Group's long history of innovation. During the past years, this has led to development of products and technologies with a lower environmental impact than their predecessors. Lately, we have had an increasing focus on more

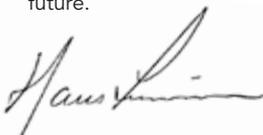
energy-efficient products. We are developing battery products, which demand an active approach towards energy efficiency, and we use the latest battery technology. One highlight is our robotic lawn mower, Automower®, that showed record sales during 2011. It not only offers peace of mind, it also offers several environmental advantages such as low noise levels, no direct emissions and low energy consumption during use.

Acting as a socially responsible company is also high on our agenda. We have programs for reducing workplace accidents, try to contribute to the development of each employee and act as a responsible corporate citizen. Our managers have been trained in Husqvarna Group's Code of Conduct. They are now training their teams and informing their business relations.

During 2011, the Husqvarna Group continued to strengthen its internal

conditions for processing sustainability work. Environmental management systems are now implemented in 89 percent of the Group's production facilities with more than 100 employees. The goal is that all production facilities with more than 100 employees should be ISO 14001 certified.

We also created a more solid structure for sustainability enhancements at the Group level, by establishing a Sustainability Council with members bringing broad expertise from various parts of the Group, and by establishing a sustainability working group. We are convinced this will help steer our corporation onto an even more sustainable path in the future.



Hans Linnarson,
President and CEO

"Environmental management systems are now implemented in 89 percent of the Group's production facilities with more than 100 employees. The goal is that all production facilities with more than 100 employees should be ISO 14001 certified."



Our sustainability objectives

The Group strives towards the following long-term objectives:

- Develop environmentally sound products
- Use energy and materials efficiently
- Select suppliers that operate responsibly
- Reduce workplace accidents
- Contribute to the development of each employee
- Be a responsible corporate citizen
- Ensure employee compliance with Husqvarna Group's policies

Guiding policies

Husqvarna Group's sustainability and social responsibility practices are primarily guided by the Code of Conduct, the Environmental Policy as well as by a number of additional internal policies.

The *Code of Conduct*, adopted by the Board of Directors in 2008, applies to all employees and regulates the business principles applicable when dealing with business partners and stakeholders, respect for human rights, fair working conditions, the environment and workplace safety. Those rights are to be respected in the Group's operations throughout the world. The Code is available on the corporate website in English and to all employees in 13 languages on the intranet. The basic principles are also promoted to business partners, suppliers, dealers,

subcontractors and consultants, who should adopt and follow the principles of the Code of Conduct.

In order to promote internal compliance with the Code of Conduct, the Group has a global whistleblower function. Potential violations of law and internal policies can be reported anonymously by employees and other people via e-mail or telephone.

The *Environmental policy*, adopted in 2009, applies to the entire Group, as well as to suppliers and other contractors. The Environmental policy describes the

objectives and focus of the strategic environmental work, the importance of constant improvements and of reducing environmental impact from the Group's processes and products. The policy is available both on the intranet and on the corporate website.

A number of additional *internal policies*, available on the intranet, regulate specific aspects of sustainability in greater detail such as dealing with anti-corruption, financial reporting, insider information, labor, product safety, product quality and purchasing.

Are we doing the right things?

The Husqvarna Group has defined its main stakeholders as follows; shareholders, employees, suppliers, trade partners, end-users and members of society. Constructive dialogue with our stakeholders adds value to our sustainability management and help us prioritize among our issues.

An open and continuous dialogue helps the Group gain an understanding of stakeholders' expectations and raises employee commitment, thus improving long-term conditions for successful business. Dialogues are conducted on the local level, with trade partners, end-users and local society, while dialogues with shareholders take place at Group level.

We also prioritize issues through different methods of assessing our major impacts on

society, the economy and the environment. Key among these is life-cycle assessment, used to determine the environmental impacts of our products in different stages of their life cycle – from product creation, material and production, to use and recycling of materials and disposal.

We focus on the sustainability issues that are most material to the Group and our stakeholders. By materiality, we mean the issues most critical from a sustainability

perspective. These issues are weighed in terms of their importance and relevance to our stakeholders. In determining materiality, we also rely on GRI's sustainability reporting guidelines for guidance. The indicators reported and analyzed are considered to be relevant and material to the Group and its stakeholders, and reporting on these indicators facilitate benchmarking with other companies.

Stakeholder	Dialogue in 2011	Key issues	How the issues are addressed
Shareholders, investors and analysts	<ul style="list-style-type: none"> – One-on-one meetings – Surveys and questionnaires – Annual General Meeting 	<ul style="list-style-type: none"> – Profitability – Corporate governance – Sustainable operations 	<ul style="list-style-type: none"> – Strengthen brands – Broad product offering – Launch of pricing organization – Continue improving processes – Corporate governance structure – Strengthening the environmental position – Code of Conduct implemented in operations and by suppliers – Carbon Disclosure Project
Employees	<ul style="list-style-type: none"> – Annual employee satisfaction survey – Performance reviews – Meetings with managers – Unions 	<ul style="list-style-type: none"> – Safe and healthy workplace – Fair compensation – Career opportunities – Gender diversity – Talent attraction and retention – Good environmental practice 	<ul style="list-style-type: none"> – Safety@work program – Environmental policy – Environmental management systems ISO 14001 – Health and Safety Management System OHSAS 18001 – Internal audits – Trainings
Potential employees	<ul style="list-style-type: none"> – Meet students at selected universities – Closer interaction with students – Strengthen youth's interest in the industry 	<ul style="list-style-type: none"> – Job opportunities – Fair compensation 	<ul style="list-style-type: none"> – Local participation at job fairs – Internship to members of the AIESEC organization – Participation in the Swedish industry organization Teknikföretagen's campaign offering internships to students
Suppliers	<ul style="list-style-type: none"> – Local supplier meetings – Supplier assessment 	<ul style="list-style-type: none"> – Fair compensation – Good cooperation – Environment, health and safety performance – Continuous improvements 	<ul style="list-style-type: none"> – Supplier agreements – Suppliers training in the Code of Conduct – Monitor and evaluate supplier's environmental, health and safety performance – Restricted Material List
Trade partners	<ul style="list-style-type: none"> – Regular meetings and conferences – Online trainings 	<ul style="list-style-type: none"> – High-quality products – Innovative products – Environmental performance – Delivery on time 	<ul style="list-style-type: none"> – Policy for product safety – Innovation of product performance
End-users	<ul style="list-style-type: none"> – Focus groups – Field tests – Social media 	<ul style="list-style-type: none"> – Quality products – Safe products – Environmental performance 	<ul style="list-style-type: none"> – CRM system implemented globally – Use of social media
Society (non-governmental and governmental organizations), media	<ul style="list-style-type: none"> – Meetings – Phone calls – Participation in trade and industry organizations' forums 	<ul style="list-style-type: none"> – Community relations – Human rights – Transparency – Risk and crisis management – Financial performance – Environmental performance – Use of resources – Carbon footprint – Legal compliance 	<ul style="list-style-type: none"> – Local initiatives – Personal engagement – Compliance policy and function – Various efficiency programs

Some stakeholder dialogues 2011

Employees

The Husqvarna Group conducts annual employee satisfaction surveys to improve working conditions and Group efficiency. Results are followed-up and acted upon at a local level where managers and team leaders use the results as a team development tool throughout the year. In 2011, approximately 10,045 (4,900) employees were invited to take part in the survey, which was translated in 11 languages. The response rate was 86 percent (86).

In accordance with Swedish law, two employee representatives and two deputies are members of the Board. They provide employee input into the Board's decision-making.

The Group meets potential employees at career fairs and at selected universities, and by offering internship to members of the AIESEC organization.

Trade partners

The Group has ongoing dialogues with trade partners and their feedback is collected at regular meetings and conferences. This forms vital input to products launched in the coming years. As an example, region 1 (Germany, Austria, Switzerland and Slovenia)

met more than 3,500 trade customers, retailers as well as dealers, when preparing for the upcoming season 2012. Dealers were gathered at one big event, while 25 local events were arranged for the 2,200 retailers.

There is a special education program for dealers, called the Husqvarna Academy.

The Group also answers surveys from major customers, mainly regarding its environmental performance.

End-users

The end-users' perspective on product development is vital for the Group's success, and end-user input is used in the product development, collected through focus groups and field tests. End-user feedback is also collected at service desks and stored for future developments of our offerings.

A CRM system, used in the U.S since 2005, is from 2009 being implemented globally, in order to store and share customers' feedback in a systematic way.

The Group also communicates with end-users via social media, e.g. Facebook.

Society

The Husqvarna Group participates in groups sponsored by trade organizations and in

industry organizations, such as Svenskt Näringsliv, Teknikföretagen, SNS, EGMF (European Garden Machinery Federation) and OPEI (The Outdoor Power Equipment Institute).

Each company is responsible for maintaining dialogues with representatives from the local community. Local operations cooperate and engage with various non-governmental organizations.

Below are a few examples:

- Husqvarna Professional Products, Inc was honored for their community service and volunteerism in Charlotte, the U.S, for volunteerism efforts with groups like Habitat for Humanity, Salvation Army and Hinds feet Farm.
- In Germany, employees helped handi-capped people organize a summer festivity. The company also arranged a recycling campaign of old mobile phones and donated money to NABU, a German NGO for Nature Conservation.
- Husqvarna AB in Sweden provided funds to local sports organizations, mainly to young people.

Awards and recognitions

The Husqvarna Group again qualified for the FTSE4Good index, which brings together world-leading companies in terms of environmental, social and governance practices. In the latest rating, the Group received an overall score of 97 out of 100, measured on by issues such as environmental management, human and labor rights and corporate governance.

Among 500 manufacturing companies in the area, the Kawagoe production facility in Japan was, for the second consecutive year, rewarded by the local authorities for the high quality of its health and safety activities since April 2007, employee involvement in health and safety activities and implementation of consistent kaizen circle activities.

Husqvarna was honored for its community service and volunteerism in Charlotte, North Carolina, the U.S Community collaboration with groups like Habitat for Humanity, Salvation Army, and Hinds Feet Farm earned Husqvarna the 2011 Mayor's International Community Awards, in the large company category.

Gardena received two red dot awards for product design.



Proud health and safety committee members at the Kawagoe facility, Japan.

Sustainability governance

Sustainability organization and governance

The Husqvarna Group's corporate responsibility follows the Group's delegation of authority, from the shareholders to the Board of Directors, from the Board of Directors to the President and CEO, and from the President and CEO to the business units.

The Board of Directors approved the Group's Code of Conduct in 2008. Group Management is responsible for policies and guidelines related to the Code of Conduct. These are published on the intranet, available to all employees.

A Sustainability Council has been established, its members bringing a broad expertise from various parts of the company; Legal Affairs, Environmental Affairs, Research and Development, Purchase, Manufacturing, Human Resources and Communications. The chairman of the Sustainability Council is secretary of the Board and member of Group Management. Two more members of the Sustainability Council are part of Group Management. The council has three to four meetings per year. The summer meeting focuses on long-term strategic sustainability issues, and the President and CEO is invited to this meeting.

The Sustainability Council is supported by a working group. Two members of the working group are also members of the Sustainability Council.

At the production facilities, the direct responsibility for issues relating to the environment, health and safety (EHS) issues rests with the production facility manager. Each production facility has an appointed EHS coordinator, and they collect and report environmental as well as health and safety data into Group-wide reporting systems. Figures are compiled and verified annually.

HR managers in each country report employee data into the Group's accounting system. This data covers the entire Group; production facilities, warehouses, sales

organizations as well as other staff. Figures are compiled and verified annually by the Human Resources department.

Legal Affairs is handling questions related to the Code of Conduct, compliance reporting and investigation (including whistleblowing) and updating the compliance policy.

Please see the web site or the Corporate Governance report in the Annual Report 2011.

Controlling and monitoring

The Group's own control systems include segregation of duties in critical processes and defined management responsibilities with regard to internal control. The Group has a separate Internal Audit unit that continuously evaluates and improves the effectiveness of the governance processes, risk management and internal control.

In addition to the company's auditors, the company's operations are subject to external reviews and monitoring by, among others, the Swedish Financial Supervisory Authority and the NASDAQ OMX Stockholm.

Risk and risk management

The business is exposed to a number of risks with the potential of greater or lesser material impact on the Group. The responsibility for long-term and overall management of strategic risks follows the Group's delegation scheme, from the Board to the President, and from the President to the business units.

From an owner perspective, sustainability initiatives are assumed to help increase the value of the company by leveraging opportunities and managing risks from a financial, social and environmental perspective. The Group applies the precautionary principle, and takes such precautions as are needed to prevent, hinder or mitigate the activity or action causing injury or harm to human health or the environment.

Risks related to health, safety and the environment can arise at the production facilities. The general environmental risks related to the Group's operations include changes in customer or legal requirement for products, generating and handling emissions and waste, and potential environmental liabilities in connection with acquisition of land or production facilities. In case of acquisition or closing down, environmental risk assessments are always conducted by qualified experts.

Being a global corporation with production in several countries, the risk for non-compliance increase. The Code of Conduct, internal policies and guidelines, and the people process provide a foundation for a sound business environment. In high risk countries, Husqvarna strengthen its efforts by conducting additional internal audits and by having compliance officers.

Suppliers of direct materials undergo an evaluation before they get approved. The requirements include compliance with the Husqvarna Group's Code of Conduct and the Restricted Materials List (RML). Husqvarna regularly monitors suppliers' quality and environmental work.

Demand for the Group's products is depending on the weather and all unexpected or unusual weather conditions affect sales either adversely or positively. Already today, business is affected by unexpected or unusual weather conditions in specific areas or regions. Climate change could also have an impact on energy costs. The Group's production facilities are not situated in areas considered being a risk when it comes to flooding. A risk for water shortage, which would affect the Group's production facilities, might be larger.

For a thorough description of the most significant risks, please see the Annual Report 2011.

Economic responsibility

Being a global leader in outdoor power products, with more than 15,000 employees in 42 countries, and products sold via dealers and retailers in more than 100 countries, the Group contributes to economic development in a number of local communities.

Highlights in 2011

- Sales of Automower®, the robotic lawn mower reached all time high. It is near silent, produces no direct emissions during use and consumes very little energy.
- The first Sustainability Report following the GRI guidelines was published.

Distribution of economic value

The economic value that the Group creates by selling products and services benefits a number of stakeholders; employees in the form of wages and other benefits, suppliers in the form of payments for delivered goods and services, customers and end-users in the form of high-quality products and services, the society (state and municipalities) in the form of tax payments, and shareholders in the form of dividends and share appreciation.

The Group's operations have both a direct and indirect impact on stakeholders. Indirect impact occurs when income earned by these stakeholders in turn circulates transactions throughout their economies. A certain proportion stays in the Group to secure long-term value creation through investments, product development and marketing.

The Husqvarna Group's total added value in 2011 amounted to SEK 7,859m (9,014).

Employees

Manufacturing is located close to the end-customers, mainly in Europe but also in the Americas and in Asia. As a principle, employees are to be remunerated at levels no less than local minimum wage based on legally stipulated working hours. Additionally, each operational unit is responsible for providing its employees with all mandatory benefits to which they are entitled (i.e. pensions, medical and social insurance). In some countries or at some sites, the benefits offered are in excess of the mandatory provisions. In 2011, wages totaled SEK 3,904m (4,080) while social security costs and pension plans amounted to SEK 1,029 (1,108).

The Group recruits employees and managers mainly from within the local communities, and the workforce reflects the local recruitment base. As much as 99.9 percent (99.9) of the total workforce and 93 percent (93) of managers are locally employed.

Suppliers

The single largest expenditure item for the Group is components, corresponding to 39 percent of sales. The Group purchases a growing share of components from low-cost

countries, mainly from Asia. In 2011, the share was approximately 30 percent (26).

The Group puts emphasis on ensuring the same high environmental and labor practices along the value chain. The Group's Code of Conduct and the Environmental Policy applies to suppliers and other contractors.

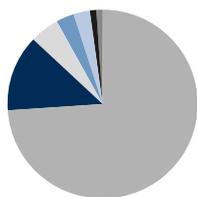
Society

The Husqvarna Group contributes to economic development within the regions where it operates, through wages, payments to pension funds and social security, and payment of taxes, social costs and other duties. In 2011, the Group paid SEK 413m (503) to governments in taxes globally. When setting up a new facility, the Group creates value benefits like new jobs, technology and knowledge transfer, as well as improved social and environmental standards in the local community. When relocating or closing operations, the Group strives to handle such organizational changes responsibly.

The Husqvarna Group does not receive governmental financial assistance at the Group level. However, the Swedish and other governments are present via shareholder representation of state-owned pension funds.

Community investment is managed locally and not collated at Group level.

Cost distribution by stakeholder, 2011



- Cost of materials and services, 74%
- Salaries, 13%
- Investments, R&D, marketing, etc., 5%
- Employer contributions, 3%
- Dividends, 3%
- Taxes, 1%
- Interest, 1%

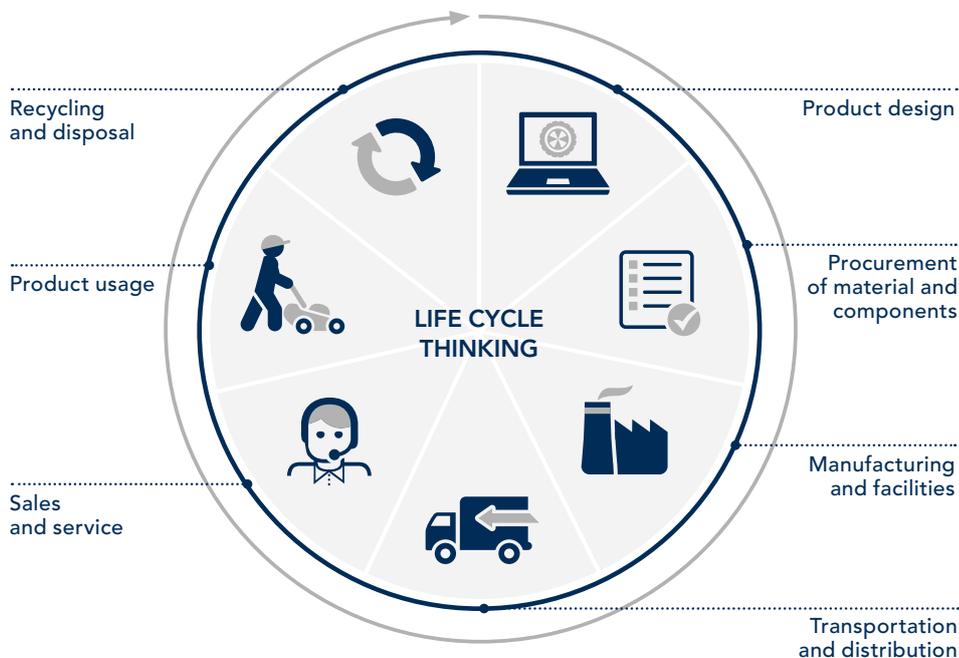
Value added, SEKm

Stakeholder		2011	2010 ¹
Customers	Group net sales	30,357	32,240
Suppliers	Cost of materials and services	-22,498	-23,226
	Value added	7,859	9,014
Distributed to stakeholders			
Employees	Salaries	3,904	4,080
	Employer contributions	1,029	1,108
State and municipality	Taxes	413	503
Credit institutions	Interest	404	394
Shareholders	Dividends	859	574
Total		6,609	6,458

¹⁾ Figures restated.

Environmental responsibility

The Husqvarna Group strives to produce products in a responsible way, with limited environmental impact. Reducing the Group's impact on the environment is an ongoing task, and applies to all activities, operations and products.



Life Cycle Thinking

Life Cycle Thinking is extending beyond the focus on the manufacturing site so that environmental impact over the product's entire life cycle is taken into account. Life Cycle Thinking helps us continuously improve the environmental aspects of our products and processes in every phase of the product life cycle, from raw material sourcing till the end of life of the product. Life Cycle Thinking seeks to identify possible improvements to products in the form of lower environmental impacts and reduced use of resources across all life cycle stages. This begins with raw material extraction and conversion, then manufacturing and distribution, through to use and/or consumption. It ends with recycling of materials and disposal.

Highlights in 2011

- General environmental criteria established for the product development process.
- Basic requirements and methods further developed for Environmental, Health and Safety assessment of suppliers of direct materials.
- Third-party audits conducted on all ISO 14001 certified production facilities with good results.
- Risk and Compliance Desktop Assessments conducted at all production facilities in order to develop an Environmental Risk and Compliance Profile for each facility, focusing on risks such as soil and groundwater contamination, permits and applicable regulations.
- Environmental Site Assessments, phase 1, conducted at selected production facilities. No serious deficiencies noted.

Environmental impact

The Group assesses relevant environmental aspects in an effort to limit the significant environmental impact of its products, operations and activities at every stage of the life cycle – from product creation, procurement of material and production, to use and recycling of materials and disposal. The environmental impact of the Group's products

varies throughout their life cycle, but is usually greatest during usage. A key priority in the Group's environmental responsibility is thus to improve the environmental performance of products during usage.

Product design

Products are continuously improved to meet customer demands for quality, cost and efficiency, while also meeting safety and environmental requirements. Environmental initiatives in product creation focus on developing products with the right performance combined with improvements relating to energy consumption, exhaust emissions, safety, ergonomics, recycling and efficient service. The product creation process provides a structure and creates conditions for integrating environmental aspects into the development of products. During 2011, requirements for Design for Environment have been developed to improve the development of environmentally sound products.

The Group's products are subject to international, national, and regional restrictions and regulations, primarily in terms of materials (e.g REACH, RoHS and WEEE), emissions (e.g EPA and EU regulations) and noise (e.g EU regulations). The

Group is actively working to ensure legal compliance, to follow the development of new regulations and are prepared to make necessary adjustments to meet future requirements.

Environmentally sound products

There is an increasing focus on creating more energy-efficient products. However, with many different kinds of products in several product categories, and an energy consumption varying with how often and for how long time the products are in use, it is difficult to collect performance data regarding the energy reduction during the products' life cycles. Below a few initiatives, where energy-efficiency has been improved:

- Battery tools, which demand an active approach towards energy efficiency, are developed. The Group also uses the latest battery technology with Li-Ion batteries.
- Husqvarna has developed the Automower® Solar Hybrid robotic mower, driven by both solar cells and batteries, which reduces energy consumption and extends the lifetime of the batteries.
- In 2004, the world's first large professional chainsaw with a low-emission engine based on the ground-breaking X-TORQ technology was introduced. X-TORQ has

since been introduced on several handheld products for professional users as well as homeowners. Without sacrificing engine power, the X-TORQ engine reduces emissions of NOx and HC with up to 75 percent compared to a traditional two-stroke engine. Fuel consumption is also reduced with up to 20 percent. The improved fuel efficiency is achieved by letting a cushion of fresh air push exhaust fumes from the engine's exhaust chamber before the next ignition of air/fuel-mix takes place.

– The fully automatic carburetor setting was first introduced on the Husqvarna chainsaw 575XP in 2008. Compensating for variations in fuel quality, altitude, temperature and clogged air filter, the AutoTune electronics gives the user optimal engine performance at all times. With an increased possibility to run on ethanol-blend fuels, this also have a positive impact on the consumption of fossil fuel.

Procurement of material

The Group's Restricted Materials List (RML) covers chemical substances in products and is a guide when selecting materials. The RML

includes different legal requirements, such as the EU directives REACH and RoHS. The Group maintains a dialogue with suppliers of materials and products, and regularly monitors chemical content in accordance with the requirements. In compliance with these directives, the Group modifies appropriate products and phases out hazardous substances in cooperation with suppliers.

The Group also monitors supplier compliance of the Code of Conduct and has started to implement procedures for supplier environmental, health and safety audits.

Production facilities and warehouses

In 2011, the Group's 38 production facilities were based in 15 countries, with a majority in Europe and the U.S. All production facilities are situated in industrial areas. Some of them are located close to areas with special environmental protection and at these facilities special precautions are made.

As a general internal requirement, all production facilities with more than 100 employees shall implement an environmental management system according to ISO 14001. During 2011, two more factories

were certified, thus 89 percent (81) of the production facilities with more than 100 employees were certified.

The Group's most significant environmental aspects include raw materials, use of water and chemicals, energy consumption, emissions to air and water, as well as waste recycling. These aspects are closely related to the level of production activity, and increased production will often result in higher figures. Another reason for rising figures is a more accurate and precise reporting system.

Local initiatives are made in environmental areas significant for each site, such as improving energy efficiency by modernizing heating, ventilation and changing compressed air systems to high-efficiency units, as well as installing to high-efficiency lightning systems with motion sensors.

During the year, Risk and Compliance Desktop Assessments in the form of a written survey and interviews were made on all production facilities. The purpose was to develop an Environmental Risk and Compliance Profile for each production facility, focusing on historical risks regarding soil and groundwater contamination,

Key environmental ratios	2011	2010
Emissions of carbon dioxide, tons ¹	178,417	169,041
of which employees' air travel, tons	1,615	5,852
CO ₂ emissions (kg) per added value (kSEK) ^{2,5}	40,00	39,13
Energy consumption (kWh) per added value (kSEK) ⁵	92,85	87,19
CO ₂ emissions per equivalent unit, kg/equivalent unit ²	12,5	10,6
Energy consumption per equivalent unit, kWh/equivalent unit	29	24
Number of serious environmental incidents	1	1
Plants with environmental management systems, % ^{3, 4}	89	81

¹ Data for 2010 has been recalculated and is not comparable with previous reports.

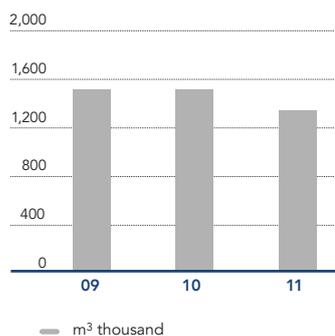
² Not including CO₂ emissions from employees' air travel.

³ According to ISO 14001.

⁴ Plants with more than 100 employees.

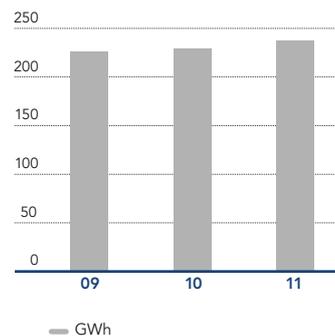
⁵ Added value is defined as the difference between total manufacturing cost (e.g. salary cost) and cost for direct material minus tooling costs.

Water consumption

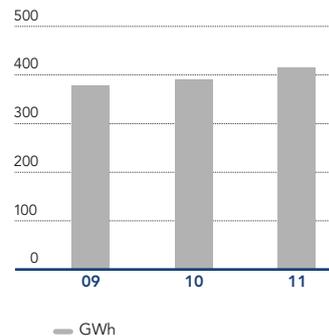


The majority of water consumption is from municipal water plants. Some sites are using surface water for cooling and ground water for production.

Electricity purchased



Energy consumption¹



¹ Stationary fuel for heating, district heating and purchased electricity.

environmental permits and applicable regulations. The production facilities were then graded and a risk evaluation was made. No sites with a significant environmental risk or risk for non-compliance were identified.

The Group has during the year paid environmental remediation costs of SEK 31m, which relate to a former U.S-production site, no longer owned by Husqvarna Group, but where there is a contractual duty to remediate the site.

On two selected production facilities, a Phase 1 Environmental Site Assessments (ESA) were made, without finding any serious deficiencies.

Transportation

The environmental impact from transportation of material and goods is monitored on a quarterly basis. The monitoring includes the majority of transportation that Husqvarna is responsible for and covers transportation by air, sea and land.

Also internal transportation (company cars, forklift etc.) is monitored by the factories as well as business travels by air.

Suppliers

Suppliers of direct materials undergo an evaluation before they are approved. The requirements include compliance with Husqvarna's Code of Conduct and Husqvarna Restricted Material List (RML). Husqvarna conducts regular audits of suppliers' quality and environmental work.

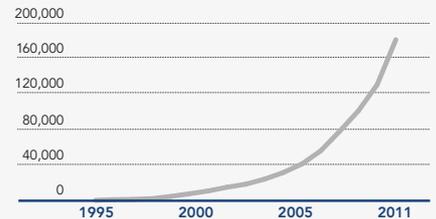


Husqvarna Automower® sales

Sales of the robotic lawn mower, Automower®, continued to show strong growth. It offers several environmental advantages; low noise levels, no direct emissions and low energy consumption during use.

Husqvarna Automower®

Accumulated number of units sold



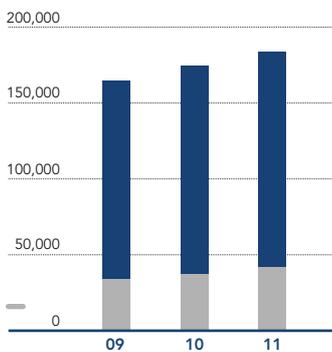
Reports to the Carbon Disclosure Project

The Carbon Disclosure Project (CDP) is an independent non-profit organization, supported by hundreds of investors from all over the world. The CDP gathers information from companies and organizations about their climate impact, what it means for their

operations and what measures are taken to prevent a negative climate impact.

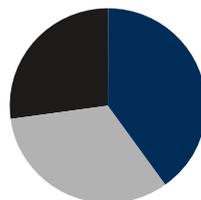
The Group has been reporting to the CDP since 2008. Reporting of emissions of Green House Gases (GHG) comply with CDP recommendations and conversion factors taken from the Greenhouse Gas Protocol are applied.

CO₂ Emissions from manufacturing and warehouses



- Indirect ghg emissions (district heating+electricity+product testing), Metrics tons CO₂
- Direct GHG emissions (stationary fuel consumption+refilled refrigerant), Metrics tons CO₂

Percent CO₂ emissions per mode, 2011



- Air, 40%
- Boat, 33%
- Truck, 27%

Approximation of the total average CO₂ emissions per shipment. All transport companies are not included in the survey.

Recycling of non-hazardous and hazardous waste	2011	2010
Non hazardous recycled waste (tons):	24,974	32,704
Hazardous waste, non recycled (tons):	672	464
Hazardous waste, recycled (tons):	1,735	388
Non hazardous non recycled waste (tons):	7,210	7,162

Social responsibility

The Group's social responsibility includes employee development, workplace, health and safety, as well as acting responsibly in the communities where we operate.

Highlights in 2011

- Implementation of renewed Performance Review process; expanded skills development and cascading targets.
- Development of and pilot project for Coaching for Performance program to support and strengthen Performance Review process.
- A web-based, four-hour long introduction program for new managers was launched. It covers the Group's processes; Communication, HR, Legal and Finance.

Responsible workplace

The average number of employees during 2011 was 15,698 (15,888 at year-end). Due to seasonal variations in the Group's sales, the number of temporary employees in production varies throughout the year. It starts growing at the end of the year, is usually higher during the first quarter and at the beginning of the second quarter when the manufacture of garden products is highest, before it falls again. In a typical year, the average proportion of temporary employees is slightly more than 20 percent.

The Group has own operations in 42 countries. 99.9 percent of the workforce is locally employed. The Group works proactively to increase internal recruitment and job mobility. Vacant management positions and specialized appointments are advertised internally on the intranet as well as in external channels.

Reduce accidents

The Group has the ambition to reduce workplace accidents toward zero in all facilities and is working with various local programs. In the U.S., the health and safety work is supported by the Safety@Work program.

The Kawagoe facility, Japan, has worked successfully with another local health and safety program since 2007.

The objective with these programs is to create a working climate that prioritizes safety and makes safety part of the daily work.

The number of accidents per million hours worked was 11.2 in 2011. Due to restraints in the reporting system, figures are available for approximately 90 percent of the people working in the production facilities. People working in administrations and in sales are excluded.

At the end of the year, three mock OSHA audits were made on three large production facilities in the U.S. These audits are thoroughly conducted and focus on health and safety management and on safety practices.

Diversity and equality

As established in the Code of Conduct, the Husqvarna Group does not discriminate on individual characteristics such as gender, race, religion, age, disability, sexual orientation, nationality, social or ethnic origin, citizenship, union affiliation or political opinions. Physical, psychological, sexual or verbal harassment against any colleague or business partner will not be tolerated. In 2011, eight incidents on discrimination or harassments were reported to the Husqvarna Group Management. Following an investigation, six of these did not lead to any disciplinary actions whilst two resulted in disciplinary measures.

Diversity is essential to the Husqvarna Group. The Group has a male-dominated workforce and in an effort to create a workplace that attracts women, a diversity project was introduced in the United States and Europe in 2010 and it continued in 2011.

When presenting candidates for a position, the aim is to present both male and females.

Career opportunities

Motivated and skilled employees are critical for the Group's success. To this end, the Group promotes an attitude characterized by tolerance and respect, and strives to provide a working environment that fosters development and offers opportunities for individual development. Fundamental and overall principles for personnel relations are described in the People Process, designed to support leaders in recruitment and selection, performance evaluation, career development and remuneration.

The Group's process for talent management evaluates, develops and ensures access to future managers through both succession and mobility planning. Four different Group-wide leadership development programs are offered yearly. The Next Level Leader program is designed for the management level directly under senior management, the Leader program is designed for levels further out in the organization and the customized Project Leader training program is designed for developing project management skills. Manager Essentials, a training program for new managers, was launched during the year. It guides new managers in the Group's processes within HR, legal, finance and communication. The Leadership Academy delivered according to plan, with more than 150 participants.

The large number of seasonal employees generates a relatively large employee turnover, which means that a large number of new employees are trained at the beginning of each new season.

Average no of employees	2011	2010
Europe	6,575	6,449
North America	6,189	5,403
Rest of the world	2,934	3,102
Total	15,698	14,954
of whom white-collar, %	35	39
of whom blue-collar, %	65	61

In 2010, the Group launched a lean program for continuous improvements in all production facilities, the Husqvarna Operating System (HOS). Employees in the production facilities are covered by extensive trainings and workshop sessions. During 2011, more than 1,500 (368) HOS workshops were held in 25 production facilities covering different lean topics. More than 100 employees are now qualified

trainers for standardized work, problem solving and operating systems.

Performance review

In 2011, 82 percent (65 percent in 2009) of the white collar employees received a performance review, which is the formal conversation between the manager and the employee. It covers the previous year's performance, defines new objectives for the

coming year, creates an action plan for the employee's development and serves as a forum for discussing career interests. A follow-up meeting six months later checks the progress of the plan. The goal is that all white collar employees should get a performance review.

Husqvarna Group in society

Respect for human rights

Respecting each individual's fundamental rights, irrespective of that person's culture or background, is of utmost importance to the Husqvarna Group. The Group recognizes the expectations to participate in and promote the protection of human rights that comes with operating as a global corporation.

The backbone in implementing and integrating the Husqvarna Group's perspective on human rights into the daily business operations is the Husqvarna Group Code of Conduct. All employees are obliged to observe and comply with the Code of Conduct. In 2009 and 2010, the Husqvarna Group Legal Affairs trained the top 800 managers in the Code of Conduct with the ultimate goal to have the respective country officers expand the Code of Conduct training to the employees in each country. The extended training program which covered all key policies was successfully completed in 2011. Consequently, approximately 90 percent of all employees have participated in at least thirty minutes of training in the Code of Conduct. The Husqvarna Group will make the training program permanent and, further, aims at including the purchase and sales personnel holding the positions as key account managers or higher. In 2012, the Husqvarna Group will also make the Code of Conduct training part of the mandatory orientation program to all new employees.

Supply chain management

Ensuring a, in all respects, high standard of the suppliers to the Group constitute a main task for the Husqvarna Group Global Purchasing, with support from i.a. the Husqvarna Group Environmental Affairs and the Husqvarna Group Legal Affairs. All contracts to be entered into with suppliers refer to the Husqvarna Group Code of Conduct which, as evident from above, incorporates the Husqvarna Group's concerns for human rights.

Specifically targeted suppliers, to a large extent located in Asia, have been trained in the Husqvarna Group Code of Conduct.

As a part of the continuous dialogue with the suppliers of the Husqvarna Group, a supplier sustainability self declaration survey was carried out for the first time in 2010. The self declaration survey was answered by 86 of the Husqvarna Group's largest suppliers of material – each supplying the Husqvarna Group with material for a value of more than SEK 20m per year. The supplier sustainability self declaration survey contained questions on the Husqvarna Group's Code of Conduct, including questions on human rights such as the right to exercise freedom of association, collective bargaining and child labor as well as questions related to the Husqvarna Group's environmental requirements. The survey results indicated that the suppliers to a large extent follow the Husqvarna Group's Code of Conduct.

The Husqvarna Group intends to repeat the supplier sustainability self declaration survey. Further, the Husqvarna Group intends to conduct in-depth pilot audits of certain suppliers, preferably in China and/or the U.S, during 2012 in order to verify the responses of the self declarations. Should these in-depth pilot audits prove to be valuable for the Husqvarna Group, an increase in the number of in-depth audits can be expected in the future.

The Husqvarna Group neither tolerates underage labor nor allows illegal or forced labor in its own operations or in the operations of any supplier or other party with whom the Group cooperates. The minimum employment age is 15 years, or the lawful age for working in the country in question. Asia is commonly identified as a region implying higher risk for the exploitation of underage labor. In order to clearly express the Husqvarna Group's position in that respect, the reference to the Code of Conduct in all supplier contracts coupled with training of suppliers has been deemed valuable. The Husqvarna Group has great expectations for the intended in-depth supplier audits to further underscore the importance hereof. No incidents involving underage, illegal or forced labor were brought to the attention of Group Management in 2011. It may also be stressed that no incidents of violations involving rights of indigenous people or grievances related to

human rights has been reported to the Group Management in 2011.

Fair trade, competition and political stands

Having an ethical approach in ordinary business activities is crucial for the Husqvarna Group. The Husqvarna Group has a long and prestigious history, always characterized by honesty and fairness. The Husqvarna Group is determined to keep it that way and accordingly commits to supporting fair competition and prohibits discussions or agreements with competitors concerning pricing or market sharing. There have been no legal actions for anti-competitive behavior in 2011.

The Husqvarna Group has been made aware of the higher risk of corruption which may follow from diversifying manufacturing and entering into low-cost countries. In order to strengthen the Husqvarna Group's anti-corruption measures, the Husqvarna Group has therefore taken actions in Asia by way of appointing a compliance officer, translating the Code of Conduct into applicable local languages, offering a local whistle-blowing function and providing regular training for the local management, employees and suppliers. As the Husqvarna Group's purchase and sales organizations have been identified as being more exposed to face corruption than the rest of the organizations, the Husqvarna Group intends



to strengthen the training in the Code of Conduct for said organizations.

The Husqvarna Group observes strict neutrality with regard to political parties and candidates and, consequently, does not provide monetary or other contributions or resources to political parties or institutions.

During 2011, the Husqvarna Group has not been subject to any significant non-compliance to legal requirements causing substantial financial risk for the Husqvarna Group and no significant non-monetary sanctions have been imposed on the Husqvarna Group.

Product responsibility

The Group applies a tool for identifying possible risks for failures, evaluating their consequences and ranking proposed measures for avoiding failures. The Husqvarna Group's Committee on Product Safety handled eleven matters during 2011, where machines were recalled from the market or reworked prior to delivery to customers. Ensuring safety and quality involves preparing control plans with the suppliers and performing quality reviews and revalidation audits of existing products.

By using labeling and providing user manuals, the Group provides customers with information. The Group strives to exceed legal requirements regarding customer safety. Additionally, environmental declarations for some handheld products have been prepared. These declarations include specifications of materials, fuel consumption, type of fuel, emissions, noise levels, vibrations and packaging. They also indicate compliance with international standards and regulations when appropriate. Potential non-compliance, disputes or items that pose a material financial risk are to be reported to Group Management. There have been no such significant items brought to the attention of Group Management in 2011.

FOCUS Technical improvements to improve sustainable development



The Husqvarna Group has sold two of the company's top modern, remote-controlled demolition robots to the company in charge of the cleaning of the fourth reactor at the Fukushima nuclear power plant. An extensive rescue work is ongoing after the reactor's failure in March 2011.

Robotic technology plays an important part, as radiation levels still are very high. The robots will be used in

the heavy demolition work such as tearing down concrete constructions and dealing with contaminated materials.

The Group's Japanese organization has trained the construction company's personnel in how to use the robots. The clean-up at Fukushima is expected to continue for many years.

CONTACTS For environmental questions, please contact **Jonas Willaredt**, Vice President Environmental Affairs and for other questions regarding this report, please contact **Cathrine Stjärnekull**, Corporate Communications Manager.

Sustainability performance

Summary

GRI indicator ¹	Economic, SEK million	2011	2010
EC1	Group net sales	30,357	32,240
EC1	Operating costs (materials and services)	22,498	23,226
EC1	Employee salaries and employee contributions	4,933	5,188
EC1	Payments to state and municipality (taxes) ⁵	413	503
EC1	Credit institutions (interest)	404	394
EC1	Shareholders (dividends)	859	574
EC1	Economic value retained	1,250	2,355
GRI indicator ¹	Environmental	2011	2010
	Production facilities with installed environmental management systems, % ^{2,3}	89	81
	Serious environmental incidents, absolute number	1	1
EN1	Raw material, Steel, tons	103,139	104,561
EN1	Raw material, Plastic, tons	15,833	15,560
EN1	Raw material, Aluminum, tons	692	651
EN1	Raw material, Magnesium, tons	1,160	832
EN3	Direct energy use, MWh ⁴	145,878	128,847
EN4	Indirect energy use, MWh	268,208	260,808
EN3+EN4	Energy use, MWh	414,000	389,655
EN8	Water purchased, m ³ thousand,	1,322,872	1,493,515
EN16	CO ₂ emissions, tons (total energy)	178,417	169,041
	– direct energy	35,039	31,087
	– indirect energy	143,378	137,956
EN17	CO ₂ emissions (transport)	1,615	5,852
EN22	Waste, tons	34,591	40,719
GRI Indicator ¹	Social	2011	2010
LA1	Workforce (average no employees)	15,698	14,954
LA7	Accidents per million hours worked	11.2	–
LA7	Fatalities at production facilities, absolute number	0	0
LA12	Performance reviews among white-collar employees, %	82	NA
LA13	Proportion of women, % of employees	35	35
LA13	Proportion of women in management positions, tier 1–3, % managers	11	12
	Proportion of women in the Board of Directors	33	33

¹ According to GRI guidelines, www.globalreporting.org.

² According to ISO 14001.

³ Production facilities with more than 100 employees.

⁴ Consists almost entirely of natural gas.



www.husqvarnagroup.com/en/corporate-responsibility
For more information

Head office Husqvarna AB (publ) • Mailing address: Box 7454, SE-103 92 Stockholm
Visiting address: Regeringsgatan 28 • Telephone: +46 8-738 94 00 • www.husqvarnagroup.com

Registered office Husqvarna AB (publ) Jönköping • Mailing address: SE-561 82 Huskvarna
Visiting address: Drottninggatan 2 • Telephone: +46 36-14 65 00 • Telefax: 036-14 68 10