

Husqvarna Group Sustainability Report 2015

The full Sustainability report 2015 has been published on the web site http://www.husqvarnagroup.com/en/sustainability_achievements. This pdf is a copy of the 2015 sustainability report pages published on the web site.

Sustainability is becoming more and more integrated in Husqvarna Group's processes, and sustainability achievements are reported in the Annual Report 2015. Apart from a sustainability section on pages 30-34, other sections with relevant information are strategy, brands and markets, risk management as well as corporate governance.

Strategy and analysis

Letter from the CEO



Kai Wärn, President and CEO

A year of progress

Husqvarna Group's products are enabling performance in nature and its business has significant impact on the environment and on society. Thus, sustainability is being integrated into our operations because we regard it as a prerequisite for conducting profitable and responsible business, now and in the future.

During the year, top management has been involved in refining our sustainability strategy. We added divisional sustainability goals to embed sustainability into the new organizational structure. The next step is to develop Group-common sustainability goals which we plan to have finalized by mid-year 2016.

Naturally, we aim at objectives and goals that are both measurable and inspirational and that are driving our contribution to getting a more sustainable world and yet feels feasible to achieve. In parallel, we have continued executing on actions related to previously defined goals.

The Group has the greatest environmental and social impact through innovating and manufacturing high quality products that help consumers and end-customers enhance their local environments. This is where we can make the biggest difference, and this is where we are – and for many years have been – focusing our ambitions. Across our offering, we are focusing is on creating ergonomic and more energy-efficient products. A growing number of our products have lower fuel consumption and CO₂ emissions compared to previous product generations, such as our handheld construction products, our robotic mowers and our battery-powered range of lawn mowers, blowers, trimmers and chainsaws. We want to make more end-customers aware of the advantages with battery-powered products, such as less noise and no emissions during use – advantages suitable for products being used in urban areas.

Husqvarna Group is also continuously improving its petrol-powered products. Husqvarna's professional chainsaws have AutoTune™ with micro-processor control to regulate the flow of the fuel to the engine, optimizing performance and minimizing exhaust emissions. The X-TORQ® engine technology, reduces fuel consumption for two-stroke engines by up to 20 percent and exhaust emissions by 60 to 75 percent compared to a conventional engine.;

Connectivity will be part of changing the future and how we care for green spaces. With the help of connectivity, operators get guidance on how to perform tasks while staying on top of health and

safety. It alert technicians about maintenance needs before there is a need for service, information that can be shared with a dealer to enable fast and accurate support. Husqvarna Fleet Services™ also allow landscaping management companies to plan and drive their businesses in a much more efficient way. In 2016 Gardena launches its new smart system for garden use. The Gardena smart sensor collects live data on soil moisture, outdoor temperatures and light intensity, making it easier for gardeners not only to plan when to mow or water their lawns and plants, but also to adapt to all weather conditions, thus making sure water is used as efficiently as possible.

To further enhance the benefits the Group can deliver the benefit of the Group, we must also understand our impacts and bring value right along the value chain. The Group aim to improve working conditions in the supply chain, provide a safe and attractive workplace for employees, realize shared objectives for our business partners, dealers and retailers, reduce negative impacts from our operations, and contribute to dealing with the challenges facing society. Through this holistic approach, Husqvarna Group can also deliver long-term investment returns for shareholders.

At every level of the organization, we are putting the processes in place to ensure that our operations are conducted sustainably. We strive to be a company that acts responsibly in respect of people, products and processes along our value chain. Husqvarna Group is a signatory to the UN Global Compact's ten principles on human rights, labor, environment and anticorruption. We will continue our dedicated work to promote good workplaces, reduce negative operational environmental impacts and ensure responsible sourcing and good business ethics.

With a century of experience from innovating products that are caring for green spaces, we are prepared to continue pushing the industry in an ergonomic and sustainable way. I am also proud to say that our Group is prepared to embed sustainability in all aspects of conducting our business. Caring for all dimensions – economic, environmental, social and governance - might not be easy, but we are confident that we are on a path to contributing to a more sustainable society.

Stockholm, March 2016

*Kai Wärn,
President and CEO*

Integrating sustainability into our strategy

Husqvarna Group's products are enabling performance in nature and its business has significant impact on the environment and on society. Sustainability is integrated into our operations because it is regarded as a prerequisite for conducting profitable and responsible business.

When integrating sustainability into our strategy, we have taken the following steps:

Drivers and megatrends

Understanding future stakeholder expectations is critical to develop a resilient, long-term strategy. An important part of understanding future customer requirements and the business landscape has been to assess the impacts of the megatrends shaping our world, such as climate change, urbanization and globalization on society. *More about our strategy can be found in the Annual Report 2015.*

Anchoring the sustainability strategy

Based on the materiality analysis and analyzing the Group's impacts at every phase of our value chain, our sustainability strategy is focused on three main pillars. Within these areas sustainability objectives, targets and action plans will be developed in 2016.

Strong culture

Culture is considered an important building block for Husqvarna Group to reach the 2020 market leadership position. During the year, numerous culture dialogs were held in the Group around our key behaviors; Seek the customers point of view, Demonstrate collaboration and Maintain focus and simplicity. The starting point for these dialogs was to realize that change starts with me and by asking the question "What can I do?"

Objectives and achievements 2015

The management of Husqvarna Group has identified both long- and short-term objectives to measure progress towards becoming a more sustainable company. New objectives will be developed during 2016.

Develop environmentally sound products Objectives 2013-2015

- Develop and implement a roadmap for phasing out hazardous chemicals and substances in products and processes.
- Implement and apply the concept of environmental design in the product creation process.

Achievements 2015

- New IT-tool has been developed to improve the communication with suppliers regarding hazardous chemicals.
- RML - Restricted Material List has been updated with more hazardous substances.
- Achievements have been made, e.g. phasing out DEHP, but work remains.
- Staff in R & D and procurement trained regarding hazardous chemical substances in materials and components.
- The Construction division has started to train suppliers regarding hazardous chemical substances and chemical regulations.

More efficient use of energy and input materials Objectives 2013-2015

- Reduce energy consumption by 10 percent per produced equivalent unit and/or added value at production sites.
- Reduce carbon dioxide emissions per ton kilometer from transportation of goods.
- Implement and maintain ISO 14001 on production facilities with more than 100 employees. The goal is 100 percent, baseline 2012: 88 percent.

Achievements 2015

- Total energy consumption reduction of 2,4 percent (Year 2014: 2,9%), thanks to energy conservation initiatives. Baseline 2012: 379 291 MWh, year 2015: 370 307 MWh. Energy intensity reduction of 17,0 percent per net sales (Year 2014: 7,8%). Baseline 2012: 12,7 MWh/SEKm, year 2015: 10,5 MWh/SEKm.
- Transportation of goods – data is missing.
- 92 percent (Year 2014: 92%) of production facilities with more than 100 employees were certified. Baseline 2012: 88 percent.

Select suppliers that operate in a responsible manner Objectives 2013-2015

- Implement a unified program for risk mapping, supplier evaluation and supplier selection based on Husqvarna Group's Code of Conduct.

Achievements 2015

- Training in Environmental, Health and Safety for selected suppliers in China
- Number of Full Supplier Sustainability Audits (FSSA) conducted in Asia 2013: 7, 2014: 9, 2015: 4
- Number of follow up FSSA visits (re-audits) conducted in Asia 2015: 15

Reduce workplace accidents to zero

Objectives 2013-2015

- Reduce number of accidents (measured in lost days) per million hours worked. Baseline 2012:5.1.
- Implement a unified health and safety management system within the Group.

Achievements 2015

- The lost workday accident rate improved to 3.3 (3.8).
- Continued implementation of a unified health and safety management system at all production and warehouse facilities.

Contribute to the professional development of each employee

Objectives 2013-2015

- 80 percent of employees should undergo a performance review. Baseline 2012:67 percent.
- Employee Satisfaction Index target 85, as measured in the yearly employee survey. Baseline 2012:82.

Achievements 2015

- Stayed at 69 percent (69).
- Employee Satisfaction Index stayed at 84 (84).

Ensure employee adherence to the Code of Conduct

Objectives 2013-2015

- 100 percent of managers in tier 1-3 to attend web-based training in the Group's Code of Conduct.
- 100 percent of purchase and sales personnel (i.e. tier 4 or corresponding to the level of key account managers and above) to attend web-based training in Husqvarna Group's Code of Conduct.
- Include Code of Conduct in the induction program for all new employees.

Achievements 2015

- Web-based training rolled out to 100% of managers in tier 1-4, with 80% of these having completed the training in 2015.
- Additional personnel (within Sales, Sourcing, Customer Service, etc.) trained based on needs identified by the divisions.
- In the United States and Canada, all salaried new hires regardless of division are enrolled in the online training.
- Code of Conduct included in induction programs.

*Contribute to the development of communities
Objectives 2013-2015*

- Two community engagement projects per year at production facilities with more than 100 employees.
- Information on community engagement projects and contributions to be gathered at Group level.

Achievements 2015

- Several local community engagement projects started, among them supporting refugees in Europe.
- Data and stories from biggest sites collected and shared.

Organizational profile

3- 8 Husqvarna Group is a world-leading producer of outdoor power products for garden, park and forest care. Products include chainsaws, trimmers, robotic lawn mowers and ride-on lawn mowers. The Group is also the European leader in garden watering products and a world leader in cutting equipment and diamond tools for the construction and stone industries. The Group's products and solutions are sold under brands including Husqvarna, Gardena, McCulloch, Poulan Pro, Weed Eater, Flymo, Zenoah and Diamant Boart via dealers and retailers to consumers and professionals in more than 100 countries. Net sales in 2015 amounted to SEK 36 billion and the Group has more than 13,000 employees in 40 countries. The largest hubs are based in Sweden, Germany, the U.S., China and Japan. The Group is a public company, listed as Husqvarna AB on Nasdaq Stockholm.

9 [Read more in the Annual Report 2015 at page 6](#)

10 The data provided above indicate the average number of employees over a twelve-month period. Due to the nature of our business and its seasonal variations in sales, the share of temporary to permanent employees is approximately 20 percent. The Group's workforce is comparatively larger at the end of the year; higher during the first quarter and at the beginning of the second quarter when manufacturing of garden products is at its highest production period.

* Due to reporting system limitations, only regions and gender are reported on.

[Read more in the Annual Report 2015, page 71, note 4](#)

11 Collective bargaining agreements

40 percent of total employees are covered by collective bargaining agreements.

As outlined in the [Code of Conduct](#), all employees are free to exercise the right to form, join or refrain from joining unions or similar organizations, as well as to bargain collectively or individually.

In countries where no independent labor unions exist, such as the U.S. and China, several forums for employer-employee relations have been established, such as work councils, consultations and environment and safety committees.

In several countries, e.g. Germany and Sweden, all employees except Group Management are covered by collective agreements. In accordance with Swedish law, two employee representatives and two deputies are members of the Board, providing employee input to the Board's decision-making.

12 Organization's supply chain

Husqvarna Group's supply chain spans some 2,300 direct suppliers and approximately 35%

of our suppliers are based in low-cost countries. approximately 150 of our largest suppliers cover about 65 percent of the Group's purchasing spend.

Through a specific program (EXCITE), the Group has close ties with the 150 largest suppliers, covering about 65 percent of the Group's purchasing spend. During the year, one supplier day for the EXCITE suppliers was arranged in München and one in Shanghai. Important topics at the supplier days are the Group's Code of Conduct and the importance of sustainability.

Husqvarna Group's Code of Conduct and Supplier Code of Business Ethics outlines our expectations of suppliers to ensure that universal standards for doing good business are in place. The Code addresses concrete actions within labor, human rights, product safety, environmental and ethical business practices. Suppliers are also required to follow the Restricted Materials List. Staff from Husqvarna Group has arranged training sessions for suppliers in chemical legislations, such as REACH and RoHS.

Sustainability risk assessments are made as one part of the Supplier Quality Assurance (SQA) process. The purpose is to identify potential risk suppliers from a sustainability perspective. During 2015, supplier sustainability audits were focused to suppliers in China. We completed four full sustainability audits on high-risk suppliers. Additionally, 15 high-risk suppliers were revisited. These audits verify that improvements, even though some suppliers show limited progress, are made by the suppliers on how the environment and the working conditions are handled.

13 Significant changes during the reporting period

During the year, one production facility was acquired in the U.S., and one closed in Shanghai, China.

No material changes affecting share capital structure were made. Nor were there any bigger supplier relocations.

14 Precautionary approach or principle

As described in the [Environmental policy](#), the Group applies the precautionary principle and takes action to prevent or mitigate injury or harm to human health or the environment. The Code of Conduct, policies, guidelines and a strong corporate culture provide a foundation for a sound business environment.

15 External economic, environmental and social charters, principles and initiatives

Husqvarna Group is signatory of the UN Global Compact. The Group also find the Carbon Disclosure Project (CDP) important and response to its survey.

16 Membership in organizations

Husqvarna Group is represented in EGMF (European Garden Machinery Federation) and OPEI (Outdoor Power Equipment Institute) where we take part in committees and working groups.

Through these organizations, we respond on inquiries and public consultations from the European Union (EU) and the U.S Environmental Protection Agency (EPA) Our memberships in these organizations is considered as being of strategic importance.

The Group refrains from involvements that are considered to be political.

Identified Material Aspects and Boundaries

- 17- The Sustainability report covers the Husqvarna Group, including wholly and majority-owned subsidiaries, and joint-ventures, where the Group owns 75 percent or more of the capital.
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- 23 Environmental 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 limitations in the reporting system.

Social data, including health and safety reflect all employees working in the production facilities and employees in most supporting operations.

Environmental data: Each production facility has one or more Environmental, Health and Safety managers (EHS), and they collect and report environmental as well as health and safety data into Group-wide reporting systems.

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 People & Organization department.

No material restatements were made for this year's report.

Stakeholder engagement

24-27 Stakeholder dialog

Listening to and learning from our stakeholders enables us to meet expectations and improve conditions for long-term business success. Dialogue with employees, investors, end-customers, trade partners and suppliers is ongoing on many levels throughout our global operations. The responsibility for maintaining dialogs with representatives from the local community is handled on local level. Operations also cooperate with various non-governmental organizations, while shareholder dialogs take place on the Group level.

Our most important stakeholders – shareholders, retailers, employees and potential employees — contributed to our strategy development during the year by providing input for identifying and prioritizing sustainability topics relevant to our business.

Stakeholder	Dialog in 2015	Key issues	How Husqvarna Group addressed the issue
Shareholders, -investors and analysts	<ul style="list-style-type: none"> • Annual General Meeting • One-on-one meetings with investors and analysts • Seminars with the investment community 	<ul style="list-style-type: none"> • Long-term strategy • Profitability • Corporate governance • Sustainable operations 	<ul style="list-style-type: none"> • Developed divisional strategies -Strengthened sustainability • Code of Conduct further implemented in operations • Participated in seminars on human rights
Employees	<ul style="list-style-type: none"> • Management meetings • Annual employee team survey • Performance reviews • Team meetings • Unions and work councils 	<ul style="list-style-type: none"> • Fair compensation • Career opportunities • Talent attraction and retention • Good environmental practices • Sustainability • Safe and healthy workplace 	<ul style="list-style-type: none"> • Top Management Meeting focusing on the divisional strategies, culture and sustainability • Internal audits • More modules in the new leadership training program • Held union negotiations • Code of Conduct training
Potential - employees	<ul style="list-style-type: none"> • Career fairs and events at selected universities • Trainee program • Summer internships • Internships • Social media 	<ul style="list-style-type: none"> • Career opportunities • Safe and healthy - workplace 	<ul style="list-style-type: none"> • Offered internships • Offered internship to members of AIESEC • Offered summer jobs • Second global trainee program <ul style="list-style-type: none"> • Offered a special course together with Jönköping University
Suppliers	<ul style="list-style-type: none"> • Large supplier 	<ul style="list-style-type: none"> • Quality 	<ul style="list-style-type: none"> • Signed supplier agreements

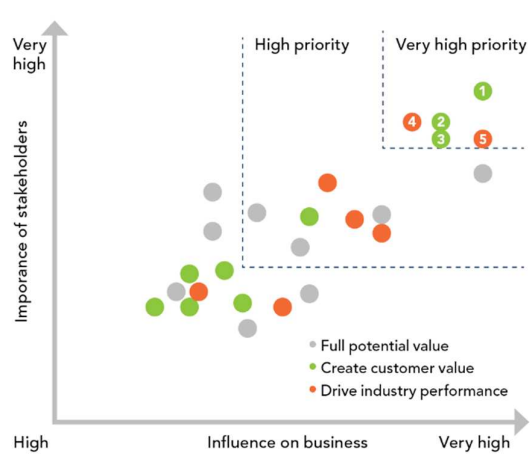
	<p>meetings via the Excite program</p> <p>Local supplier meetings and training</p> <ul style="list-style-type: none"> • Audits at selected suppliers 	<ul style="list-style-type: none"> • Fair compensation • Environment, Health and Safety (EHS) performance 	<ul style="list-style-type: none"> • New manual for supplier sustainability requirements • Updated Restricted Materials List • Trained suppliers in the Business Code of Ethics • Trained internal quality auditors in Environment, Health and Safety (EHS) • Monitored and evaluated supplier EHS performance
Trade partners	<ul style="list-style-type: none"> • Regular meetings and conferences • Training program for dealers (Husqvarna Academy) 	<ul style="list-style-type: none"> • High-quality products • Innovative products • Delivery on time • Increased sales • Environmental performance 	<ul style="list-style-type: none"> • Innovation of product performance • Continued focus on quality in delivery
End-customers	<ul style="list-style-type: none"> • Focus groups <ul style="list-style-type: none"> • Qualitative research • Quantitative research • One on one interaction with end customers in their environment • Field tests- beta tests • Social media 	<ul style="list-style-type: none"> • Top 5 criteria: Built to last for years, Value for money, Safe, Comfortable to hold and Robust 	<ul style="list-style-type: none"> • Continued focus on high quality • Launched more battery products • A common Customer Relationship Management system covering several countries as well as Construction
Society (non-governmental and governmental organizations), media	<ul style="list-style-type: none"> • UN initiatives • Trade and industry organizations • Local communities • Community engagement 	<ul style="list-style-type: none"> • Transparency • Risk and crisis management • Environmental performance • Carbon footprint • Legal compliance • Profitability • Human rights 	<ul style="list-style-type: none"> • Signatory of UN Global Compact • Reported to the Carbon Disclosure Project (CDP) • Participation in trade and industry organization forums • Meetings held with local communities around production facilities • Involved in several local community engagement projects

Materiality analysis

Based on our product lifecycle analysis, megatrends and competitor analyses, stakeholder dialogue, surveys and internal workshops, certain topics emerged as most important to our stakeholders' perception of the Group.

The most relevant topics were: energy and water-efficient products (1), customer health and safety (2), sustainable product portfolio (3), sustainable and efficient operations (4) as well as talent attraction and retention (5).

Responsibility for focusing on these prioritized topics rests with each division.



A number of other issues -- anti-competitive behavior, anti-corruption and supply chain management -- have the potential to influence stakeholders' trust if we do not manage them adequately. Primary responsibility for these topics lies within Group staff functions.

We validate the materiality assessment on a continuous basis.

Our most material topics of strategic importance

Profitable growth

Energy and water-efficient products (1),

Customer health and safety (2),

Sustainable product portfolio (3),

Sustainable and efficient operations (4)

Talent attraction and retention (5)

Instill stakeholder trust:

Anti-competitive behavior,

Anti-corruption

Supply chain management

Relevant GRI aspects

EC Economic performance

EN Products and services

PR Customer health and safety

EN Products and services, Materials, PR Labelling

EN Emissions, Energy, Water, Effluents and waste. Transport.

HR Non-discrimination and Freedom of Association and Collective Bargaining, Grievance mechanisms for human rights.

LA Employment, Labor management relations, OHS, Training & education, Equal remuneration, Diversity & equal opportunity

SO Anti-competitive behavior

SO Anti-Corruption, Grievance mechanisms

HR Supplier Human Rights Assessment,

EN Supplier Environmental Assessment,

LA Supplier Assessment for Labor practices.

Reports Profile

- 28- This is Husqvarna Group's 6th Sustainability Report. The report summarizes the Group's
33 2015 sustainability initiatives and performance. The Sustainability report has been prepared using GRI G4 as a guiding document. Contents of this report have not been reviewed by a third party. There is no applicable sector supplement for Husqvarna.

Husqvarna Group's previous Sustainability Report covered the calendar year 2014 and was published in March 2015 in conjunction with the Annual Report. Husqvarna Group's next Sustainability Report will be published at husqvarnagroup.com in Spring 2017.

Contact Jonas Willaredt, VP Sustainability Affairs, and Cathrine Stjärnekull, Corporate Communications Manager for more information.

Governance

- 34 [Read more in the Corporate Governance Report](#)

Ethics and Integrity

- 56 Read more about our organization's values:

[Code of Conduct](#)

[Supplier Code of Business Ethics](#)

Economic

- EC1 [Read more in Sustainability Performance](#)

- EC3 [Read more in the Annual Report 2015, note 20](#)

Aspect: Materials

EN1

Purchased raw material, used in own production:

steel:	88 374 t
aluminum:	764 t
magnesium:	1 121 t
plastic:	18 441 t

Due to restraints in the reporting system, the Group cannot provide specific information on renewable and non-renewable materials.

Aspect: Energy

EN3 **Year 2015**

Total energy consumption: 370 307 MWh

Direct energy: 110 420 MWh

stationary fuel: 110 420 MWh

Indirect energy: 259 887 MWh

electricity: 231 973 MWh

district heating: 24 597 MWh

cooling: 0 MWh

steam: 3 317 MWh

Renewable electricity purchased: 15 350 MWh (7% from total electricity 231 973 MWh)

EN5 **Year 2015**

Energy intensity per net sales: 10,2 MWh/SEKm

Aligned with what we report in EN3 (stationary fuel, electricity, district heating, cooling and steam).

EN6 Reduction of energy consumption

Year 2015

Energy savings due to energy conservation initiatives: 5 326 MWh

Aspect: Emissions

EN15 Greenhouse gas emissions (scope 1)

Year 2015

Total Scope 1 emissions: 33 656 tCO₂e

Scope as previously reported before (stationary fuel consumption, refilled refrigerants and product testing).

EN16 Indirect GHG emissions (scope 2)

Year 2015

Total Scope 2 emissions: 131 565 tCO₂e

Scope as previously reported before (purchased electricity, district heating/steam and cooling).

EN17	Other Indirect GHG emissions (scope 3)	
	Year 2015	
	Emissions from business travels (air transport):	8 778 tCO ₂ e
	Emissions car rental (Avis stands for approx. 73% of spend):	147 tCO ₂ e

EN18	Year 2015	
	4,6 metric tons of CO ₂ emissions per net sales (tCO ₂ e/SEKm)	
	Aligned with what we report in EN15 and EN16 (Scope 1 + Scope 2 emissions).	

EN19	Reduction of Greenhouse gases (GHG) emissions (Scope 1 + 2)	
	Year 2015	
	Total GHG emission reductions (Scope 1 + Scope 2):	1 815 tCO₂e
	Scope 1 GHG emission reductions:	1 611 tCO ₂ e
	Scope 2 GHG emission reductions:	204 tCO ₂ e

Aspects: Effluents and Waste

EN22	Year 2015	
	Total water discharge:	1 482 003 m³
	Total municipal discharge:	491 325 m ³
	Cooling water to municipal recipient:	20 075 m ³
	Process water to municipal recipient:	142 744 m ³
	Sanitary water to municipal recipient:	313 920 m ³
	Storm water to municipal recipient:	14 586 m ³
	Total recipient discharge:	990 678 m³
	Cooling water to recipient:	661 764 m ³
	Process water to recipient:	23,7 m ³
	Sanitary water to recipient:	0 m ³
	Storm water to recipient:	328 890 m ³

Aspect: Products and Services

EN27	Extent of impact mitigation of environmental impacts of products and services	
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The Group's products have the greatest environmental impact when used. It is difficult to measure the product's total environmental impact because it depends on how much they are used. A professional user, for example, uses the products to a greater extent than a consumer. To develop more energy-efficient products is a priority. For chainsaws, trimmers, leaf blowers, robotic mowers, battery-powered lawn mowers and power cutters, for example, the latest product generations have less fuel consumption and carbon emissions.

Battery products have significantly lower environmental impact throughout their life cycle compared to petrol-powered products. Husqvarna Group is also working to improve the environmental impact of the petrol-powered products. Husqvarna professional chainsaws are equipped with AutoTune™, where a computer chip regulates the fuel flow to optimize performance and minimize exhaust emissions. With the help of X-TORQ® technology, fuel consumption of two-stroke engines reduces with up to 20 percent and exhaust emissions by 60 to 75 percent.

Aspect: Supplier Environmental Assessment

EN33 Actual and potential negative environmental impacts in the supply chain and actions taken

Significant environmental non-conformities identified during Full Supplier Sustainability Audits (FSSA) found were e.g. no EIA permit and no firefighting permit. Chemical storage and waste management are also identified as having actual and potential negative impacts.

Suppliers are requested to ensure corrective actions. No supplier has been terminated due to the results of the assessment.

Social

Labor practices

Aspect: Employment

LA1 Employee turnover 2015

Permanent

Country	Total number of people	Voluntary staff turn-over 2015, number	Voluntary staff turn-over 2015, %	In-Voluntary staff turn-over, number	In-voluntary staff turn-over, %
Sweden	1 960	237	12,1%		0,8%
Germany	1 577	39	2,5%	7	0,4%
China	1173	76	6%	386	32,9%
US	4 229	613	14,5%	443	10,5%

Japan	350	12	3,4%	3	0,9%
TOTAL	9 289	977	10,5%	854	9,2%

LA2 The benefit package Husqvarna Group offers to its employees differ between countries, due to laws and collective agreements. Differences are also based on whether the employee is regular or a temporary, full-time or part-time, the length of the employment as well as tier. Below, benefits in the three bigger countries; Germany, Sweden, and the US are shown.

In Germany, health care, disability and invalidity coverage as well as parental leave are mandatory by law. Retirement provision is provided to full-time regular employees, but not for temporary employees.

In Sweden, all employees have access to health care insurances, parental leave, pension plans (tjänstepension), occupational disease insurance (arbetsskadeförsäkring), as well as wellness grants (friskvårdsbidrag). Additional salary during parental leave is based on the length of the employment.

A variable pay program ("KPI"), which is measured on Productivity, Quality and Cash-flow is given to employees based on their presence. Based on tiers, some managers instead get access to STI (Short Term Incentive) programs, and/or LTI (long-term incentive) programs, stock ownership as well as life insurances.

Permanent employees can decide to change salary for other payments (lönevaxling) such as cost for fertility program (IVF) and eye surgery, a possibility which is not open to temporary employees.

In the US, Husqvarna Group offers all full-time, regular employees a complete benefit package; medical coverage, dental coverage, vision coverage, life insurance, short & long term disability, 401k, Employee Assistance Program, Education Assistance and Business Travel.

Full-time, temporary/seasonal employees are offered medical coverage, 401k, and Employee Assistance Program.

Aspect: Occupational Health and Safety

LA6 Injury Rate (IR) – 8.3*

Lost Workday Injury Rate (LWIR) – 3.3*

Fatalities – 0

**injuries per million hours worked*

The reporting of injuries are tracked per division, not per region or gender:

Husqvarna Division: 3,3 injury rate/million hours

Gardena Division: 14,5 injury rate/million hours

Consumer Brand Division: 11,8 injury rate/million hours

Construction Division: 8,2 injury rate/million hours

Supplier assessment for labor practices

Aspect: Supplier Assessment for Labour Practices

LA14 Husqvarna Group has 2,300 suppliers. The 150 largest suppliers account for around 65 percent of the Group's purchasing spend. Through a specific program, the Group has

close ties with these suppliers.

During 2015, 4 Full Supplier Sustainability Audits were conducted on suppliers in China.

In 2014, there were 9 full supplier audits and during 2013 there were 7. During 2015, 15 follow-up FSSA visits conducted in Asia, where improvements were seen on öabot practices

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- LA15 In 2015, the Group identified one supplier using two under-aged workers. This was a breach of our Code of Conduct. The supplier was immediately informed verbally and in writing. The supplier took immediate action and ensured that this would not be repeated.
- Suppliers are requested to ensure corrective actions to all identified non-conformities. So far, no supplier has been terminated due to results of the assessment.
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Aspect: Labor Practices and Grievance Mechanisms

- LA16 As it is likely that an employee may not feel comfortable with using standard grievance possibilities in existing reporting lines, Husqvarna Group has engaged an external service provider for operating a grievance mechanism (internally referred to as the AlertLine). The AlertLine can be accessed world-wide (24h) through telephone and email. The AlertLine report is reviewed (i) quarterly by the Board of Directors' Audit Committee; and (ii) annually by the Board of Directors of Husqvarna, which also include two employee representatives and two deputy employee representatives.

Employees are informed about the existence of the AlertLine through internal communication, a reference in the Code of Conduct and in online and physical trainings.

In 2015, a total of 86 internal labor practice compliance reports were logged, whereof 78 were in North America, 4 in Europe and 4 in Rest of the World.

Of the reported cases in North America, 5 related to alcohol or substance abuse, 22 to improper employment or disciplinary action, 4 to sexual harassment, 7 to threats and physical violence, 15 to workplace harassment, 6 to workplace health or safety violation and 19 to miscellaneous. Of the reported cases in Europe, 3 related to unfair employment practices and 1 to sexual harassment. In Rest of the World, 1 of the reported cases related to unfair employment practices, 1 to workplace practice and 2 to miscellaneous.

Of the reported cases, 6 were substantiated, 11 partially substantiated, 68 unsubstantiated and 1 is still being investigated.

Human Rights

Aspect: Non-Discrimination

- HR3 No of incidents of discrimination and corrective actions taken
- In 2015, a total of 7 discrimination compliance reports were logged. All of these cases were in North America. Of the reported cases, 1 were substantiated, 1 partially substantiated and 5 unsubstantiated. For the substantiated case, a formal warning for termination of employment has been issued to the faulty party. The partially substantiated case has been solved through additional training of the faulty party.
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Aspect: Freedom of Association and collective bargaining

- HR4 Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated – and measures taken
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The Group has not identified any facility that does not have the right to exercise freedom of association and/or collective bargaining.

During the Full Supplier Sustainability Audits, no supplier has been identified to have violated the right to exercise freedom of association and collective bargaining.

Aspect: Human rights Grievance Systems

HR12 No of grievances about human rights impacts filed, addressed and resolved through formal grievance mechanisms

There have been no human rights related grievances reported through the Alertline or through internal auditing procedures.

Society

Aspect: Anti-Corruption

SO4 In 2014 and 2015, 100% of managers in tiers one through four globally received the online Code of Conduct training, with additional personnel (within Sales, Sourcing, Customer Service, etc.) trained based on needs identified by the divisions. In the United States and Canada, all salaried new hires regardless of division are enrolled in the online training. The overall completion rate for the online training is approximately 80%.

Husqvarna Group has implemented firm and detailed intra-group policies regarding non-acceptance of corruption. A lot of emphasis has been put to safeguard compliance with these policies throughout the entire value chain (i.e. in relationships with the Group's suppliers and customers) by way of incorporating relevant clauses in written contracts as well as highlighting such matters e.g. during Supplier Days held by the Group. Internal procedures such as signing memorandums, approval forms and "grand-parent-rules" have also been issued to govern obedience to these rules.

In addition to the web-based Code of Conduct training, the Group's Legal Affairs team are continuously training the various organizations in its policies against corruption.

The main intra-group bodies for governance of compliance in this respect are the Board of Directors' Audit Committee, Internal Audit and Legal Affairs.

Corruption and bribery exist in markets where the Group conducts business, however, the majority of production and sales operations are located in countries with a lower risk for corruption, as defined by Transparency International. Corruption and bribery are not tolerated in any form.

To strengthen the Group's anti-corruption measures, the Group has close interaction with its suppliers, strengthened training in the Code in general but also where deemed necessary, the Group has translated the Code into applicable local languages, established a whistleblower function, appointed a Compliance Officer and is providing regular training for local management, employees and suppliers in countries where the risk is deemed to be higher.

Aspect: Anti-competitive behavior

SO7 Husqvarna Group has a long and prestigious history characterized by honesty and fairness in dealing with business partners and stakeholders. The Group is determined to keep it that way and is accordingly committed to supporting fair competition by prohibiting discussions or agreements with competitors concerning pricing or market sharing.

In 2015, Husqvarna Group became subject to 2 cases of investigation by Competition

Authorities. Both of these are pending.

Product Responsibility

Aspect: Customer Health and Safety

PR1	The Group is committed to offering products and services with a high regard for quality and safety. Continuous improvements are instrumental for all product categories, and products undergo safety assessments to ensure compliance towards safety regulations.
PR2	In 2015, the Committee on Product Safety convened 12 times, treating 10 cases related to product safety and liability. 4 of these resulted in preventative rework and 2 in product service recalls. Control plans with suppliers and quality reviews and revalidation audits of existing products help ensure both safety and quality during use. One way to measure quality is to follow the service call rate, which was improved during the year.

Aspect: Product and Service labeling

PR3	Product safety is central to our offering and user manuals, web sites and product labeling follow legislations and contains instructions on when and how our power products are used in a safe way. During the year, the Group has not received any penalties for wrong labeling.
	The Group is committed to offering products and services with a high regard for quality and safety. Continuous improvements are instrumental for all product categories, and products undergo safety assessments to ensure compliance towards safety regulations.
	In 2015, the Committee on Product Safety convened 12 times, treating 10 cases related to product safety and liability. 4 of these resulted in preventative rework and 2 in product service recalls. Control plans with suppliers and quality reviews and revalidation audits of existing products help ensure both safety and quality during use.
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Sustainability performance

Economic, SEKm	GRI G4	2015	2014	2013	2012
Group net sales	EC1	36,170	32,838	30,307	30,834
Operating costs (materials and services)	EC1	26,897	24,607	22,916	22,830
Employee salaries	EC1	4,508	4,157	3,758	4,016
Social security costs and pension plans	EC1	1,133	957	917	968
Payment to state and municipality (taxes)	EC1	252	231	394	431
Credit institutions (interest)	EC1	344	325	428	500

Sustainability performance

Shareholders (dividends)	EC1	945	859	859	859
Total economic value	EC1	9,273	8,231	7,391	8,004
Economic value retained	EC1	2,091	1,702	1,035	1,230

Environmental	GRI G4	2015	2014	2013	2012
Production facilities with installed environmental management systems ISO 14001, % (A)		92	92	92	89
Raw material in own production, steel, tonnes	EN1	88,374	104,613	101,081	108,100
Raw material in own production, plastic, tonnes	EN1	18,441	18,284	16,133	15,337
Raw material in own production, aluminum, tonnes	EN1	764	733	570	609
Raw material in own production, magnesium, tonnes	EN1	1,121	1,146	842	1,220
Direct energy use (B, MWh)	EN3	110,420	122,271	122,378	124,586
Indirect energy use, MWh	EN4	259,887	246,277	259,165	254,705
Energy use, MWh	EN3 + EN4	370,307	368,548	381,543	379,291
Water consumed, m3	EN8	1,284,539	1,318,148	1,262,018	1,346,433
CO2 emissions, tonnes (total energy)	EN16	165,221	166,592	168,617	170,295
- direct energy, tonnes		33,656	40,825	38,162	44,141
- indirect energy, tonnes		131,565	125,767	130,455	126,154
CO2 emissions (personal air transport), thousand tonnes	EN17	8.8	7.8	6.8	5.8
Waste, tonnes	EN23	30,955	30,131	26,931	30,042

Social	GRI G4	2015	2014	2013	2012
Workforce (average number of employees)	LA1	13,672	14,337	14,156	15,429
Employees turnover voluntary		10.5	7.1	6.5	-
Accidents per million hours worked	LA7	3.3	3.8	4.5	5.1
Fatalities at production facilities, absolute number	LA7	0	0	0	0
Performance reviews, %	LA11	69	69	64	67
- white collar, %		86	87	85	84
- blue collar, %		55	54	47	53
Proportion of women, % of employees	LA12	35	36	36	37
Proportion of women in management positions, tier 1-3, % managers (C)	LA13	24	12	15	13
Proportion of women on the Board of Directors (D, %)	LA13	38	33	38 (G)	33

A) Production facilities with more than 100 employees.

B) Consists almost entirely of natural gas.

Sustainability performance

C) The US does not report on gender.

D) Employee representatives are excluded.

E) In 2011, personal air transport was not completely covered due to a change of travel agency.

F) Enhanced reporting procedures in 2012 revealed that the figure for 2011 is overstated.

G) As of July 2013.