

Corporate Governance Report 2011

Husqvarna AB is a publicly traded company listed on the NASDAQ OMX Stockholm. Husqvarna applies the Swedish Code of Corporate Governance and presents its Corporate Governance Report 2011, in this section. The report was prepared by the company's Board of Directors and has been reviewed by the company's auditors. The review for 2011 did not result in any deviations from the code.

Husqvarna's corporate governance is based on external and internal regulatory frameworks, including Husqvarna AB's Articles of Association, the Swedish Companies Act, the NASDAQ OMX Stockholm Rule Book for Issuers, the Swedish Code of Corporate Governance, other applicable Swedish and foreign legislation and regulations, as well as internal codes, policies and guidelines.

Shareholders

Husqvarna's shares have been traded on the NASDAQ OMX Stockholm since June 2006. At year-end 2011, Husqvarna's share capital amounted to SEK 1,153m, represented by 129,460,339 A-shares and 446,883,439 B-shares, each with a par value of SEK 2.

Series A-shares carry one vote and series B-shares carry one tenth of a vote. According to the Articles of Association, holders of series A-shares are entitled to request conversion of series A-shares to series B-shares.

In 2011, 5,294,748 series A-shares were converted to an equivalent number of series B-shares.

At December 31, 2011, the number of shareholders was 65,291 (66,041). Of the total number of shares, foreign shareholders accounted for approximately 19 (19) percent. At the end of the year, 87 (90) percent of the total shares were owned by legal entities, 13 (10) percent by private individuals representing 90,5 (91) percent and 9,5 (9) percent, respectively, of the total number of votes. Investor AB is the single largest shareholder, with a holding of about 17 (16) percent of the capital and approximately 30 (31) percent of the votes as of December 31, 2011. Measured by the number of votes, LE Lundbergföretagen is the second-largest owner, with a holding of about 7 (5) percent of the capital and approximately 22 (16) percent of the votes as of December 31, 2011.

For further information on share and shareholders, see page 98.

Annual General Meeting

The Annual General Meeting (AGM) must be held within six months of the close of the fiscal year. All shareholders who are listed in the share registry on the record date, and who

have notified the company of their participation in due time, are entitled to participate in the AGM and cast votes based on their total shareholding. Shareholders who are personally unable to attend may be represented by a proxy with a power of attorney.

The AGM was held in Jönköping, Sweden on May 4, 2011. The AGM was attended by about 530 shareholders, personally or by proxy, representing about 66 percent of the votes in the company and approximately 48 percent of the share capital. The meeting was also attended by the Board of Directors, members of Group Management and the external auditor.

The resolutions passed by the meeting included the following:

- Adoption of the income statements and balance sheets for 2010, the dividend and discharge of liability for the Board of Directors and the President.
- Reelection of Lars Westerberg, Peggy Bruzelius, Robert F. Connolly, Börje Ekholm, Magdalena Gerger, Tom Johnstone, Ulla Litzén, Ulf Lundahl, Anders Moberg and Magnus Yngen. Lars Westerberg was elected Chairman of the Board.
- The Chairman will be paid a fee of SEK 1,650,000, and each AGM-elected member not employed by the company will be paid SEK 475,000. The Chairman of the Audit Committee will be paid SEK 175,000 and each of the Committee's two members will be paid SEK 75,000. The Chairman of the Remuneration Committee will be paid SEK 100,000 and each of the Committee's two members will be paid SEK 50,000.
- Auditors will be paid as invoices are approved.
- Principles of remuneration to senior executives.
- A performance-based incentive program for 2011, LTI 2011 (long-term incentive).
- Rules for the appointment and work of the Nomination Committee.
- Authorization for the Board to repurchase and transfer own shares. For further information, see the Report by the Board of Directors, page 28.
- Authorization for the Board to make resolutions concerning new share issues paid for by contribution in kind to enable

acquisitions paid for with own shares. For further information, see the Report by the Board of Directors, page 28.

- Amendment of the Articles of Association relating to the election period for auditors. The term of office for the Auditors is four years up to and including the Annual General Meeting after the appointment of the Auditor.

Annual General Meeting 2012

The 2012 AGM will be held on March 28, 2012 at 4 p.m. at the Auditorium, School of Education and Communication in Jönköping, Sweden.

For proposals to the AGM 2012, see page 51.

Nomination process

Board members

The process of nominating Board members whose names will be proposed for election at the 2012 AGM is conducted in accordance with the nomination process that was adopted at the 2011 AGM.

Husqvarna's Nomination Committee shall comprise representatives from each of the four largest shareholders, as measured by votes, as well as the Chairman of the Board. The ownership structure on August 31, 2011 is used to determine the largest shareholders, as measured by votes. The names of the four shareholder representatives must be published no later than six months prior to the AGM. The Nomination Committee has a term of office until the date on which a new Nomination Committee is appointed. If the group of major shareholders changes during the nomination process, the composition of the Nomination Committee may be changed accordingly.

The composition of the Nomination Committee was announced on Husqvarna's website and by press release on September 22, 2011. The 2012 Nomination Committee held six meetings, and communicated by telephone on several occasions. Nomination Committee duties included evaluation of the Board's work, competence and composition, as well as the independence of the members. The Nomination Committee also considered other criteria such as the background, experience and diversity of Board members. The Chairman of the Board presented the Board's evaluation to the Nomination Committee.

The Nomination Committee for the 2012 AGM comprises:

- Petra Hedengran (Chairman), nominated by Investor AB
- Claes Boustedt, nominated by LE Lundbergföretagen AB
- Ramsay Brufer, nominated by Alecia Mutual Pension Insurance
- Jan Andersson, nominated by Swedbank Robur Funds
- Lars Westerberg, Chairman of Husqvarna's Board.

The Nomination Committee's assignment is to produce proposals for the following matters, which will be presented to the 2012 AGM for resolution:

- AGM Chairman,
- Board members,
- Chairman of the Board,
- Board fees and remuneration for Committee work allocated to each member,
- Auditor's fee,
- Nomination Committee for the 2013 AGM.

The Nomination Committee's proposals as well as a report on its work will be published not later than in connection with the notice of the 2012 AGM.

Members do not receive fees or remuneration for their work on the Nomination Committee.

Board of Directors

Name		Nationality	Independence ¹	Attendance 2011			Authorized fees, total in SEK ²	Holdings, number of A-shares ³	Holdings, number of B-shares ³
				Board meetings	Audit Committee	Remuneration Committee			
Lars Westerberg	Board Chairman Committee member	SE	Yes/Yes	13/13		5/5	1,700,000	0	270,000
Magnus Yngen ⁴		SE	No/Yes	5/9			0	–	–
Peggy Bruzelius	Committee member	SE	Yes/Yes	12/13	7/7		550,000	2,925	9,750
Robert F. Connolly		U.S	Yes/Yes	12/13			475,000	800	1,000
Börje Ekholm	Committee Chairman	U.S/SE	Yes/No	13/13	7/7		650,000	54,200	44,000
Magdalena Gerger		SE	Yes/Yes	12/13			475,000	0	3,100
Tom Johnstone	Committee Chairman	U.K	Yes/Yes	12/13		5/5	575,000	990	4,800
Ulla Litzén		SE	Yes/Yes	12/13			475,000	0	10,000
Ulf Lundahl	Committee member	SE	Yes/No	13/13	7/7		550,000	1,125	3,750
Anders Moberg	Committee member	SE	Yes/Yes	12/13		5/5	525,000	180	600
Johan Ihrman	Employee representative	SE	–	13/13			–	0	0
Annika Ögren	Employee representative	SE	–	11/13			–	0	0
Fredrik Lilliestielke	Employee representative		–	13/13			–	0	150
Carita Spångberg	Employee representative	SE	–	13/13			–	0	0
Total				13	7	5	5,975,000	60,220	347,150

¹ Refers to independence in relation to the company and management, and independence in relation to major shareholders.

² It was resolved at the AGM 2011 that the previous Board remuneration partly paid in synthetic shares should not be renewed. However, Board members are expected to engage themselves financially in Husqvarna by acquiring Husqvarna shares within a period of five years, corresponding to one year's Board fee.

³ Refers to December 31, 2011 and includes related parties.

⁴ Resigned from the Board on August 29, 2011.

Board of Directors

Composition of the Board

Husqvarna's Board of Directors shall consist of no less than five and no more than ten members, with no more than three deputies, all of whom are elected by the AGM for a period of one year. Swedish employee representative organizations also appoint two representatives, with two deputies.

In 2011, up to and including August 28, Husqvarna's Board consisted of ten members elected by the AGM, including the President and CEO. Due to the departure of Magnus Yngen from the company as per August 29, the Board consisted of nine members for the remainder of the year.

Board members possess extensive competence and experience in areas such as industrial commerce, financial expertise, sales and marketing of consumer goods as well as a broad knowledge of the retail business and manufacturing.

Independence of the Board

The Board is deemed to comply with the independence requirements of the Swedish Code of Corporate Governance. Board members are not employed by the Group with the exception of the period Magnus Yngen held the position of President and CEO.

The Nomination Committee's assessment as to whether each proposed member fulfills the independence requirement will be announced in conjunction with the Nomination Committee submitting its proposals to the AGM.

See page 48 for a presentation of the Board of Directors and Auditors.

Rules of procedures and written instructions

The Board has established rules of procedures that are reviewed once a year or when necessary. These rules involve allocation of tasks between the Board and the President, detailed instructions for the President, other corporate functions concerning matters requiring the Board's approval, and the financial reports and other information to be submitted to the Board.

Board activities in 2011

In 2011, the Board held nine scheduled and four extraordinary meetings, three of which

were held in Stockholm, two in Huskvarna, one in the U.S and seven were held by telephone. Three of the extraordinary meetings related to the release of the President and CEO from service and appointment of an acting President and CEO.

The Board regularly addresses such strategic matters as Husqvarna's operations and orientation, potential acquisitions and review of recent acquisitions, all investments in excess of SEK 50m and changes in credit terms and conditions for major customers. Investments are followed up at least once annually. The year-end report and the annual report are dealt with at the beginning of the year, as are the matters to be presented at the AGM. Late in the year, the budget for the following year and the Group's long-term plan were addressed. Each quarter, the quarterly results are reviewed and interim reports approved for release. The Committees' work between meetings is also reported during each scheduled Board meeting. Current legal disputes as well as compliance matters are reviewed on a quarterly basis.

All meetings follow a preapproved agenda, which, along with documentation for each item on the agenda, is sent to all Board members around one week before the meeting. Each Board meeting commences with the President reviewing the Group's earnings and the current business environment, including key business environment factors that may affect the Group's performance. Husqvarna Group's CFO thereafter accounts for the Group's financial position. Members of corporate management or the Board's Committees report on any open items from previous Board meetings or present plans and businesses. In addition to the information provided in connection with Board meetings, the President sends a monthly report to Board members and is in continuous contact with the Chairman of the Board.

Assessment of the Board's work

The Chairman of the Board is responsible for assessing the Board's work including the efforts of individual members. This is done on an annual basis pursuant to an established process. The assessments focus on such factors as the availability of and requirements

for specific expertise, the quality of the Board material, working environment of the Board and Board effectiveness. An independent assessment of the Chairman's work is also conducted, which is headed by the Chairman of the Remuneration Committee. This assessment also comprises the documentation on which the Nomination Committee can propose Board members and remuneration levels.

Audit Committee

In 2011, the Audit Committee comprised Board members Börje Ekholm, who is also the Chairman of the Committee, Peggy Bruzelius and Ulf Lundahl.

The CFO, the General Counsel and the Head of Internal Audit, who is also the secretary of the Audit Committee, as well as the Group's auditors, attend the Audit Committee meetings.

After each meeting, the Audit Committee presents a report to the entire Board. Minutes are taken for each Committee meeting and the minutes are available to all Board members and the auditors.

No fewer than three meetings are held each year. The Audit Committee convened seven times in 2011.

Auditor

Auditing company is PricewaterhouseCoopers (PwC), reelected at the 2010 AGM for a period of four years, headed by Anders Lundin (Auditor in charge).

Remuneration Committee

In 2011, the Remuneration Committee comprised Board members Tom Johnstone, who is also the Committee's chairman, Anders Moberg and Lars Westerberg. Husqvarna Group's Head of Group Staff HR, Lars Worsoe-Petersen, was secretary of the Committee until October 15 when he was replaced by his successor, Per Ericson. No fewer than two meetings must be held each year. The Remuneration Committee convened five times in 2011.

After each meeting, the Remuneration Committee presents a report to the entire Board. Minutes are taken for each Committee meeting and the minutes are available to all Board members and auditors.

Board of directors Agenda items 2011

February

- Report from the Auditors.
- Approval of the Year-end report and the Annual Report.
- Approval of the allocation and distribution of matching shares for the LTI program.
- Revised dividend policy.
- STI targets for 2011.
- Proposals to the AGM:
 - Summons to the AGM;
 - Guidelines for remuneration of Group Management;
 - Changes to the Articles of Association;
 - LTI program for 2011;
 - Repurchases and transfers of the Company's own shares;
 - Authorization to the Board to issue new shares;
 - Board report according to the Companies Act;
 - Dividend.
- Strategy for Construction Business Area.
- Factory closure in Spain.
- Production plans and manufacturing actions.
- Approval of real estate sale in the U.S. Lease for new warehouse in Germany.
- Performance review of CEO and GM members.

April (by telephone)

- Approval of the January–March Interim Report.
- Production disruptions in the U.S.

May

- Group Quality update.
- Category Lawnmower strategy and investments.
- MTN prospectus and program.

- Production disruptions in the U.S.
- Authorization to sign for the Company.
- Adoption of Rules of Procedure.
- Election of Members to the Board's Committees.
- Board Meetings in 2012.
- Approval of repurchase of shares.

May (Board trip to the U.S)

- Recovery plan due to production disruptions.
- Authorization to sign for the Company.
- Category Ride-on strategy.
- Policy approvals.
- New GM member.

June (extraordinary meeting by telephone)

- Relieve CEO Magnus Yngen from work duties and appoint Hans Linnarson as acting President and CEO.

July

- Approval of January–June Interim Report.

August (two extraordinary meetings per telephone)

- Terminate Magnus Yngen's employment.
- Extend Hans Linnarson as acting President and CEO until further notice.
- Authorization to sign for the Company.

September

- Review of the Company's strategy.
- Profit warning for Q3.
- Approval of divestment of real estate and of shares in subsidiaries.
- Reduction and restructuring of the Company's loans.
- New GM members.

October

- Approval of January–September Interim Report.
- Authorization to sign for the Company.
- Organization changes.

December

- 2012 budget and business plans.
- Appointment of Hans Linnarson as President and CEO.
- Approval of remuneration to the President and CEO and Group Management for 2012.
- HR policy updates.
- Approval of criteria and targets for 2012 Short-Term Incentive plan.
- Divestment of dormant subsidiaries.
- Update on IT projects.
- Approval of credit limits.
- Approval of revised Financial Policy.
- Authorization levels for captive insurance companies.
- Production investments.
- Annual investment follow-up.

December extraordinary meeting by phone

- Sale of real estate.
- Authorization to sign for the Company.
- Company strategy discussion.

The 2011 Annual Report was approved at a scheduled meeting on February 23, 2012.

Remuneration Committee Agenda items 2011

February

- Principles for remuneration for Group Management.
- Short term incentive (STI) 2010 result.
- Long term incentive (LTI), LTI 2008 result.
- Proposal of new LTI 2011 program.
- Review of targets for STI 2011.
- Review of current pension plan and pension age.
- Review of final solution for company car paid via salary exchange.
- Evaluation of result of STI and LTI programs (new rule Swedish Code of Corporate Governance).
- Review of correlation between value creation and share price.

May

- Long term incentive (LTI) programs:
 - Report on internal assessment of programs among participants;
 - Target setting for LTI 2011;
 - Nominee list.
- Value creation as performance measure for short-term incentive (STI) plan discussed.
- Pension age for members of Group Management based in Sweden.
- Remuneration to new member of Group Management.

June

- Remuneration to acting President and Chief Executive Officer.

October

- STI policy revision.
- Group Management separation principles.
- Additional STI plan in 2012 instead of new LTI program in 2012.
- Remuneration to new members of Group Management.

November

- Remuneration to Group Management in 2012.
- STI performance measures and targets for 2012.
- Additional STI 2012 performance measures, targets and participants.
- Remuneration to new member of Group Management.
- Remuneration to Board employee representative.

Audit committee Agenda items 2011

February

- Auditors' report on auditing of year-end accounts.
- Draft of Annual Report and the Year-end report 2010.
- Internal audits in Canada and Japan.
- Internal audit plan for 2011.

April, three meetings

- Draft of January–March 2011 Interim Report.
- External audit plan 2011.
- Internal audits in U.S and Sweden.
- First quarter result and discussions about profit warning.

July

- Draft of January–June 2011 Interim Report.
- Report from external audit in U.S.

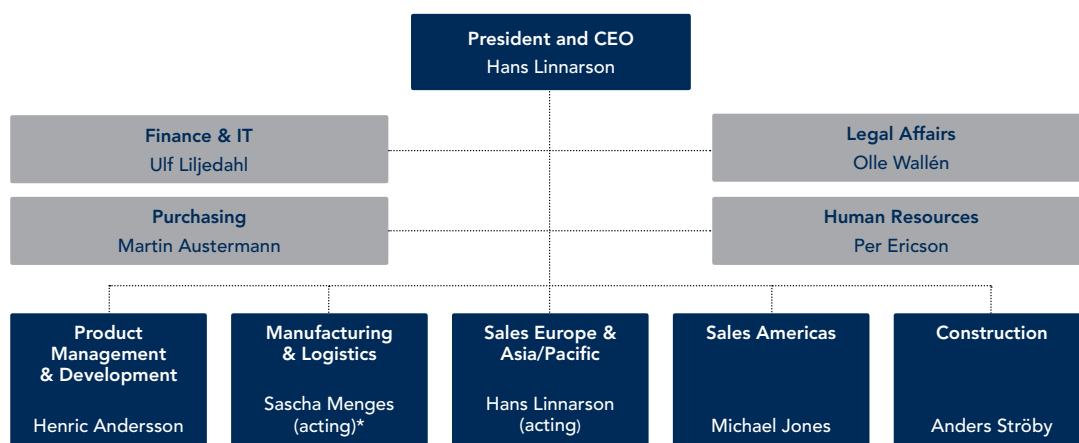
October

- Draft of January–September 2011 Interim Report.
- Internal audits in Greece, Belgium, Bulgaria and Czech Republic.
- Strategies for the Group's long-term financing.

November

- Report by auditors on hard-close audit as of September 30, 2011.
- Result of risk analysis regarding financial reporting.
- Internal audits in the U.S, Brazil and Argentina.

Organization as of January 1, 2012



For information on members of Group Management, see page 50.

*As of February 7, 2012, appointed Head of Manufacturing & Logistics.

Group management and structure

The organization encompasses five business units and four Group staff functions.

President and Group Management

Group Management comprises the President and CEO, the heads of the five business units, and the heads of the four Group staffs.

The President and CEO is appointed by the Board and is responsible for the ongoing management of the company in accordance with the Board's guidelines and instructions. These instructions include responsibility for financial reporting, preparation of information and input for decisions, and ensuring that commitments, agreements and other legal documents do not conflict with Swedish or foreign legislation or ordinances, including competition regulations. The President and CEO shall also ensure compliance with goals, policies and strategic plans, as well as updating these when necessary. The President and CEO appoints all members of Group Management.

The heads of the business units are responsible for the revenues, costs and use of capital in their respective operations. Overall management of the business areas is exercised through the quarterly meetings convened to review operations. In addition to the President and CEO, who directs the meetings, the heads of business units participate along with relevant representatives from the units.

Group staff functions are responsible for coordination of general issues of importance to the Group, development of policies and guidelines, and support for the business units that apply them. The tasks of the staffs include consolidation and reporting of financial results, financing, risk management, legal matters, personnel matters, internal communication as well as external communication with media and the capital market. From November 1, 2011, Group Purchasing was added, being responsible for purchasing strategies, evaluation of suppliers, negotiation of contacts and follow-up of suppliers performance.

Group Management holds monthly meetings to review the previous month's

results, update forecasts and plans, and discuss strategic issues. In addition, weekly meetings are held by telephone.

Internal Boards

As support for the President and CEO and Group Management, Husqvarna has established internal Boards in the following areas:

The Global Purchasing Council (GPC) is a decision-making forum that coordinates the Group's purchasing globally and among the business units. The GPC ensures transparency in the purchasing process as well as uniformity in terms of working methods, purchasing tools, contracts and processes throughout the organization.

The Group Staff Council, which consists of four heads of staff, regularly convenes and primarily decides on administrative, policy and personnel issues, as well as pensions.

The Finance Board is an internal Board which ensures that the financial policy authorized by the Board of Directors is communicated and complied with throughout the Group. This policy includes guidelines for the organization and management of the Group's financial operations, permissible risk exposure, levels of risk, and the reporting thereof. The Finance Board comprises the President, the CFO and the Head of Group Treasury.

The Sustainability Council, an internal decision-making body, comprises representatives from departments such as Research and Development, Purchasing, Manufacturing, Communications, Environmental Affairs, Human Resources and Legal Affairs. The Council was established to ensure that Husqvarna's operations are conducted in a responsible manner in order to achieve development that is economically, socially and ecologically sustainable. The Council's responsibilities includes all the Group's activities and processes, and is aimed at creating long-term value for shareholders, employees and other stakeholders who affect or are affected by the Group's operations.

Remuneration to the Board and senior executives

The following principles for remuneration to senior executives of the Husqvarna Group were approved at the 2011 AGM.

Principles

The overall principles for remuneration to Group Management shall be based on the position held, individual performance and Group performance. Remuneration shall be on a competitive basis in the country of employment. Total remuneration to a member of Group Management shall consist of fixed salary, variable salary in the form of short-term incentives based on annual performance targets, long-term incentives, pension and other benefits. In addition, there are conditions on notice of termination and severance pay.

Husqvarna shall aim to offer a competitive remuneration level with a primary focus on "performance-related payment". This means that variable remuneration can constitute a substantial proportion of total remuneration.

Fixed salary

Fixed salary shall comprise the basis for total remuneration. The salary shall be related to the relevant market and shall reflect the degree of responsibility associated with the position. Salary levels shall be reviewed annually to ensure continued competitiveness and correctly reward performance.

Variable salary

(Short-term Incentive "STI")

Members of Group Management shall be entitled to the STI in addition to the fixed salary. The emphasis in the STI shall be based on the financial result for the Group and/or for the business unit for which the member of Group Management is responsible. In addition, performance indicators can be used to focus on matters of special interest to the Company.

Clearly defined objectives for "target" and "stretch" levels of performance shall be stated at the beginning of each year and reflect the plans approved by the Board. The STI shall be dependent on the position

and may amount to a maximum of 50 percent of the salary on attainment of the "target" level and a maximum of 100 percent of the salary on attainment of "stretch" level, which also is the maximum STI.

In the U.S, the STI component is normally higher and may in some cases amount to a maximum of 100 percent on attainment of the "target" level and a maximum of 150 percent of the salary on attainment of the "stretch" level.

The Board of Directors decides whether the maximum levels shall be utilized or if a lower level shall be used.

Long-term incentive

The Board of Directors will annually evaluate whether a long-term incentive program (e.g. share-based or share-price based) shall be proposed to the Annual General Meeting.

Pensions and insurance

Pension and disability benefits shall be designed to reflect regulations and practice in the country of employment and the value of benefits shall match normally accepted levels within the country. If possible, pension plans shall be defined-contribution plans in accordance with the Group Pension Policy.

Other benefits

Other benefits can be provided in accordance with normal practice in the country where the member of Group Management is employed. However, these benefits shall not constitute a significant part of total remuneration.

Notice of termination and severance pay

Members of Group Management shall be offered notice periods and levels of severance pay that are in line with accepted practice in the country where the member is

employed. Members of Group Management shall undertake not to compete with the company during the notice period. Based on the circumstances in each case a non-compete obligation, with continued remuneration paid, may also be applied after the end of the notice period. Such non-compete obligation shall not apply for more than 24 months from the end of the notice period.

Previously determined remuneration which has not become payable

The main conditions for remuneration to Group Management in current employment agreements should be clear from note 26 in the Annual Report for 2011 with references.

Authority for the Board to deviate from the guidelines

If special circumstances exist, the Board of Directors shall be able to deviate from these guidelines. In the event of such a deviation, the next Annual General Meeting shall be informed of the reasons.

For more information concerning remuneration, see Note 26 on page 88.

Members of Group Management are included in the Group's long-term incentive programs for 2009, 2010 and 2011.

For further information concerning these programs, see Note 22 on page 81.

Remuneration to the Board 2011

Remuneration to AGM-elected Board members is resolved by the AGM based on proposals from the Nomination Committee. The 2011 AGM resolved on fees of SEK 5,975,000.

Fees to the Board of Directors authorized by the AGM 2011 as below. No consulting fees were paid to Board members. No Board

fees are paid to Board members who are also employed by the Group.

See note 26 on page 88 for more information concerning remuneration to the Board.

Auditors' fees

Auditors' fees are paid as invoices are approved.

See Note 27 on page 90.

External information

Husqvarna regularly publishes information in the market concerning the Group's performance and financial position.

Husqvarna's Board has adopted an Information Policy that complies with the requirements for such a policy in the NASDAQ OMX Stockholm Rule Book for Issuers. The policy applies to the Board and Group Management, and covers both written and oral information.

Financial information is regularly issued in the form of:

- Interim reports, published as press releases;
- Husqvarna's Annual Report;
- Press releases concerning news and important issues;
- Presentations and telephone conferences for financial analysts, investors and media on the day of publication of the interim and year-end reports, and in connection with the publication of other important information;
- Presentations for financial analysts and investors in connection with such events as Capital Market Days and Road Shows etc.

All reports, presentations and press releases are published simultaneously at the Group's web site, www.husqvarnagroup.com.

Fees to the Board 2010–2011¹

SEK	2011	2010
Authorized fees, total	5,975,000	5,805,000
Chairman	1,650,000	1,600,000
Board member	475,000	460,000
Chairman Audit Committee	175,000	175,000
Member Audit Committee	75,000	75,000
Chairman Remuneration Committee	100,000	100,000
Member Remuneration Committee	50,000	50,000

¹ Refers to fees prior to the AGMs in 2012 and 2011 respectively.

Remuneration to Group Management 2010–2011

SEKk	Fixed salary	Variable salary	Pension costs	Long-term incentive	Other benefits	Severance pay etc	Total 2011	Total 2010
President and CEO	3,239	541	1,096	268	23	–	5,167	15,757
President and CEO, former	3,865	–	1,989	–	–	16,607	22,461	–
Group Management, other	26,449	1,418	4,671	2,216	473	15,886	51,113	59,992
Total	33,553	1,959	7,756	2,484	496	32,493	78,741	75,749

For more information on remuneration to Group Management, see Note 26 on page 88.

Internal control over financial reporting

Husqvarna's process for internal control is designed to manage and minimize the risk of inaccuracy in financial reporting.

Description and evaluation of the Group's internal control activities is based on the framework developed by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The framework comprises of five areas, i.e. the control environment, risk assessment, control activities, information and communication, and monitoring.

The organization of internal control is described below. The description is limited to internal control over financial reporting.

Control environment

Internal control over financial reporting is based on the overall control environment. This involves clear definitions of organizational structure, decision-making paths and authority, which are communicated in the form of internal control documents such as policies, guidelines, manuals and codes. The control environment also includes laws and external regulations.

The Board of Directors is ultimately responsible for internal control over financial reporting. Efficient performance by the Board is thus the basis for satisfactory internal control. The Husqvarna Board has established rules of procedure and clear instructions for its work, which also include the activities of the Audit and Remuneration Committees.

The overall duty of the Audit Committee is to support the Board's supervision of the auditing and reporting processes, and to ensure the quality of such reports and processes. The activities of the Audit Committee during the year are described in greater detail on page 43.

Responsibility for maintaining an effective control environment as well as the ongoing work on risk management and internal control over financial reporting is delegated to the President. This responsibility is in turn delegated to managers within their specific areas at various levels in the company. Husqvarna Group's internal audit function reports directly to the Audit Committee and to the Group's Chief Financial Officer.

Responsibility and authority are defined inter alia in instructions to the President, regarding the right to sign for the company, manuals, various policies, routines and codes. The Board defines the Group's major policies for communication, customer credits, financing and risk management, as well as the Code of Conduct.

Group Management defines other policies and instructions, and the relevant Group staffs issue guidelines and also monitor implementation of all policies and instructions.

Group rules for accounting and reporting are stipulated in an accounting manual that is available for all personnel in finance and accounting. These internal control documents are reviewed and updated regularly with reference to e.g. changes in legislation, auditing standards and listing requirements.

Risk assessment

Items in the balance sheet and the income statement that are based upon estimates or generated by complex processes are relatively more exposed to the risk of error than are other items. Major items in this respect include goodwill and other intangible assets as well as provisions in captive insurance companies and provisions pensions. The Group's internal audit function performs an annual risk analysis to identify such items and quantify risks. The results of risk analysis and evaluation are reported to the Audit Committee and are taken into account in the annual internal audit plans.

Control activities

Control activities are designed to prevent, identify and correct errors and deviations in the financial reporting. Husqvarna has defined internal control standards, i.e. specifications of the control activities that must be included in each business process in order to ensure and maintain a uniform level of internal control over financial reporting within the Group. Control activities are integrated in Husqvarna's processes for accounting and financial reporting, and include routines for authorization and signing for the company, reconciliation of bank balances and accounts, analysis of results, Segregation of Duties, automatic controls integrated in IT-systems, and control of the basic IT environment.

Husqvarna maintains the following control processes for financial reporting:

Controlling

Each operative unit has a controller whose responsibilities include ensuring that the unit's internal controls comply with Group standards, as well as compliance with Group guidelines and principles as stated in Husqvarna's Accounting Manual. The controller is also responsible for ensuring that financial information is correct and complete and is delivered on time. In addition, controllers at business unit and Group level have corresponding responsibilities.

Country Officers

A Country Officer is appointed by Husqvarna Group in each country where the Group operates subsidiaries. The Officer's duties include safeguarding the interests of the Group's owners as well as identifying and reporting risks in such areas as fiscal regulations and other legislation.

Letter of representation

Husqvarna has a procedure for the confirmation of the final accounts, according to which each company head and the controllers for various reporting units sign a letter of representation confirming that the financial report package presents a true and accurate picture of the units financial position and has been prepared in accordance with the Group's accounting standards.

Group Management meetings

The monthly meetings of Group Management include a review of the monthly results for the Group and for operative units, as well as updated forecasts, plans and strategic issues.

Self-Assessment

Each reporting operative unit submits an annual Control Self-Assessment regarding the status of its area of responsibility that is subject to internal control. The Self-Assessment report is signed by the controller. The assessment is based on a comprehensive questionnaire designed to measure the extent of compliance with defined requirements. The unit measures its own compliance. The results of Self-Assessment are collated at Group level for evaluation of control routines, and are submitted to the Audit Committee.

Routines related to acquisitions

Husqvarna has established guidelines and routines designed to ensure that acquisitions of operations are accurately analyzed in terms of financial, operational and environmental consequences.

Acquisitions are evaluated at 12- and 24-month intervals following the transaction. Evaluations are reported to the Audit Committee and the Board.

Information and communication

Husqvarna maintains information and communication systems to ensure that financial reporting is correct and complete. The accounting manual and other instructions for reporting are updated when necessary and are reviewed quarterly. In addition to other policies that are relevant to internal control over financial reporting, such as investment routines and credit policy, these can be accessed on the Group's intranet by all relevant personnel. Changes in accounting are communicated and explained in quarterly newsletters from the Group accounting function.

Whistleblower

During 2009 a global whistleblower was established in several languages for the entire Group. It enables employees to contact an independent third party and report actions or events that involve violations or suspected violations of e.g. laws or guidelines. All calls are logged and a summary of the calls and the actions taken is periodically disclosed to the Board.

Monitoring

Husqvarna maintains a comprehensive financial reporting system for the monitoring of operations, which enables identification of possible deviations in financial reporting at an early stage.

Husqvarna applies IFRS. This is defined in the Husqvarna Accounting Manual, which includes rules for accounting and evaluation princi-

ples that are mandatory for all companies within the Group, as well as instructions for reporting. The manual is reviewed and updated quarterly. Compliance with the Accounting Manual is monitored continuously at Group and business unit level.

Financial reporting

Detailed financial data is reported every month by approximately 140 reporting units, in accordance with the standardized routines for reporting that are stipulated in Husqvarna's accounting manual. These reports are the basis for the Group's consolidated financial reporting. Consolidation is performed from both legal and operational perspectives, which generates quarterly legal reports, i.e. complete profit and loss and balance sheet statements for each company as well as consolidated, and monthly operative reports. All consolidation is centralized. All financial reports are stored in a central database from which data is retrieved for analysis and monitoring at Group, business area and business unit level. Interim reports are posted on the Group's web site, www.husqvarnagroup.com.

Internal audit

The internal audit function is tasked with developing and improving internal controls over financial reporting. The work of the auditors conforms with the annual plan by the Audit Committee, which includes both scheduled and unscheduled audits. The function reports to the Audit Committee and the Group's Chief Financial Officer.

The Group's function for internal audit performs independent and objective reviews in order to evaluate and enhance the efficiency of internal controls. This function also completed special assignments in 2011. The internal auditors report to the Audit Committee regarding their observations and recommendations for improvement of internal control over financial reporting.

Structure of control over financial reporting within the Husqvarna Group

Responsible function	Level in Group	Control Activity	Periodicity	Responsibility for monitoring
Controller	Group	<ul style="list-style-type: none"> Ensure observance of control routines in accordance with the Husqvarna Accounting Manual. Control of consolidated financial statements. 	Continuously	Country Officer, Internal Audit, Group Accounting Department
	Business unit	<ul style="list-style-type: none"> Analysis and monitoring of reported results. Preparation of budget and forecast. 	Monthly	Group Management, Audit Committee
	Reporting units	<ul style="list-style-type: none"> Control Self-Assessment. Preparation of instructions for attestation. Ensure that financial information is correct and complete and delivered on time. 	Monthly	Group Management
Internal Audit	Group	<ul style="list-style-type: none"> Preparation of risk analysis, financial reporting. Collection of Letters of Representation from all units. 	Annually	Internal Audit
			Annually	Internal Audit, Group Staff Legal Affairs
Country Officer	All subsidiaries within the country	<ul style="list-style-type: none"> Ensure that interests of owners are safeguarded. Identify and report on risks related to fiscal and other and legislation. 	Continuously	Group Accounting Department, Internal Audit
Group Management	Group	<ul style="list-style-type: none"> Review of monthly results, updated forecasts, plans and strategic issues. Definition of policies and guidelines. 	Continuously	Group CFO
			Continuously	Group Tax Officer, Group Staff Legal Affairs
Audit Committee	Group	<ul style="list-style-type: none"> Evaluation of acquisitions. 	12 and 24 months subsequent to acquisition	Board of Directors, Audit Committee

Board of Directors and Auditors



Lars Westerberg

Chairman

Born 1948. M. Sc. Eng., Royal Institute of Technology, Stockholm, Sweden, BBA., Stockholm University, Sweden. Elected 2006. Member of the Remuneration Committee.

Other major assignments: Board member of AB Volvo, Sandvik AB, SSAB and Stena AB.

Previous positions: President and CEO and Board Member of Autoliv Inc. 1999–2007. President and CEO of Gränges AB 1994–1999. President and CEO of Esab AB 1991–1994.

Holdings in Husqvarna: 270,000 B-shares.



Peggy Bruzelius

Born 1949. M. Econ., Hon. Doc. in B.A., Stockholm School of Economics, Sweden. Elected 2006. Member of the Audit Committee.

Other major assignments: Board Chairman of Lancelot Asset Management AB. Deputy Chairman of AB Electrolux. Board member of Akzo Nobel n.v., Axfood AB, Diageo Plc and Syngenta AG.

Previous positions: Executive Vice President of SEB, Skandinaviska Enskilda Banken AB 1997–1998. President and CEO of ABB Financial Services AB 1991–1997.

Holdings in Husqvarna: 2,925 A-shares, 9,750 B-shares.



Robert F. Connolly

Born 1943. B.A., Rochester Institute of Business, New York, USA. Elected 2006.

Other major assignments: –
Previous positions: Executive Vice President and Chief Marketing Officer Walmart Stores Inc. 2001–2006. Positions in merchandising and marketing 1996–2006 and 1989–1993, Walmart Stores Inc. Executive Vice President as well as positions in merchandising, Montgomery Ward & Company Inc. 1994–1995 and 1987–1989.

Holdings in Husqvarna: 800 A-shares, 1,000 B-shares.



Börje Ekholm

Born 1963. MBA, INSEAD, France and M.Sc. Eng., Royal Institute of Technology, Stockholm, Sweden. Elected 2006. Chairman of the Audit Committee. President and CEO and Board member of Investor AB.

Other major assignments: Board Chairman of the University Board of Royal Institute of Technology. Board member of AB Chalmersinvest, EQT Partners AB, NASDAQ OMX, Scania AB, and Ericsson.

Previous positions: Senior management positions in the Investor Group since 1995. President of Investor Growth Capital Inc. 1998–2005. Responsible for New Investments 1999 and EVP of Investor AB 1997.

Holdings in Husqvarna: 4,200 A-shares, 50,000 A-shares (by legal entity), 44,000 B-shares.



Magdalena Gerger

Born 1964. M. Econ., and MBA, Stockholm School of Economics, Sweden. Elected 2010. President of Systembolaget AB.

Other major assignments: Board member of IKEA (Ingka Holding BV).

Previous positions: Senior Vice President and responsible for Marketing & Innovation in the Nordic region, Arla Foods 2005–2009. Management consultant, Futoria AB, 2004. Category Director (U.K and Ireland) Nestlé U.K Ltd, 2000–2003, ICI Paints 1998–2000 and in Procter & Gamble 1996–1997.

Holdings in Husqvarna: 3,100 B-shares.



Tom Johnstone

Born 1955. M.A., University of Glasgow, Hon. Doc. in B.A., University of South Carolina, USA. Hon. Doc. In Science, Cranfield University, U.K. Elected 2006. Chairman of the Remuneration Committee. President and CEO and Board member of AB SKF.

Other major assignments: Board member of Chalmers University of Technology and Investor AB.

Previous positions: Senior management positions within AB SKF since 1987. Executive Vice President of AB SKF 1999–2003. President Automotive Division 1995–2003.

Holdings in Husqvarna: 990 A-shares, 4,800 B-shares.



Ulla Litzén

Born 1956. M. Sc. in Econ. and BA., Stockholm School of Economics, Sweden and MBA, Massachusetts Institute of Technology, USA. Elected 2010.

Other major assignments: Board member of Atlas Copco AB, AB SKF, Boliden AB, Alfa Laval AB and NCC AB.

Previous positions: President of W Capital Management AB 2001–2005. Senior management positions and Member of the Management Group, Investor AB, 1996–2001. Managing Director, responsible for Core Holdings 1999–2000. President of Investor Scandinavia AB, 1996–1998.

Holdings in Husqvarna: 10,000 B-shares.



Ulf Lundahl

Born 1952. M. of Law and MBA, Lund University, Sweden. Elected 2008. Member of the Audit Committee. Executive Vice President and deputy President of L E Lundbergföretagen AB.

Other major assignments: Board Chairman of Fidelio Capital and Deputy Chairman of Stockholm City Fire Insurance Office. Board member of Holmen AB, Indutrade AB and Handelsbanken, Regional Bank Stockholm.

Previous positions: Senior adviser of L E Lundbergföretagen AB 2003–2004, President of Danske Securities 2001–2003, President of Östgöta Enskilda Bank/Danske Bank Sverige 1992–2001.

Holdings in Husqvarna: 1,125 A-shares, 3,750 B-shares.



Anders Moberg

Born 1950. Elected 2006. Member of the Remuneration Committee.

Other major assignments: Board Chairman of Clas Ohlson AB, Biva A/S. and OBH Nordica AB. Board member of Ahlstrom Corporation, Amor GmbH, Byggmax AB, DFDS A/S, ITAB AB, Hema BV, Rezipor AB and ZetaDisplay AB.

Previous positions: CEO of Majid Al Futtaim Group, 2007–2008. President and CEO of Royal Ahold 2002–2007. Division President International of Home Depot, 1999–2002. President and CEO of IKEA Group 1986–1999.

Holdings in Husqvarna: 180 A-shares, 600 B-shares.

Employee representatives



Johan Ihrman

Member

Born 1963. Representative of the Federation of Salaried Employees in Industry and Services.

Holdings in Husqvarna:
0 shares.



Annika Ögren

Member

Born 1965. Representative of the Swedish Confederation of Trade Unions.

Holdings in Husqvarna:
0 shares.



Fredrik Lilliestielke

Deputy member

Born 1976. Representative of the Federation of Salaried Employees in Industry and Services.

Holdings in Husqvarna:
150 B-shares.



Carita Spångberg

Deputy member

Born 1968. Representative of the Swedish Confederation of Trade Unions.

Holdings in Husqvarna:
0 shares.

Anders Lundin

PricewaterhouseCoopers AB
Born 1956. Authorized Public Accountant, Auditor in charge.

Other audit assignments include:

AarhusKarlshamn, Electrolux, Industrivärden, Melker Schörling and SCA.

Holdings in Husqvarna:
0 shares.

Auditors

PricewaterhouseCoopers AB is appointed auditors for a four-year period until the Annual General Meeting 2014.



www.husqvarnagroup.com/en/about
For more information

Group Management



Hans Linnarson

President and CEO

Acting Head of Sales Europe & Asia/Pacific.

Born 1952. B.A., Lund University, Sweden, Electr.Eng., Teknikum, Växjö, Sweden. Employed 1994. Member of Group Management since 2006.

Other major assignments: Board member Nibe AB.

Previous positions: Head of Consumer Products Rest of the world, Electrolux 2004. Various management positions in product development, marketing and production, Electrolux Major Appliances Europe 1996–2003.

Holdings in Husqvarna: 3,229 A-shares, 60,222 B-shares.



Ulf Liljedahl

Senior Vice President, Head of Group Staff Finance and IT

Born 1965. B.Sc. Business Administration and Economics, Lund University, University of Pennsylvania – The Wharton School (Advanced Management Program). Employed and member of Group Management since 2011.

Previous positions: Executive Vice President and CFO, Cardo Group 2007–2011. Various positions within Finance at Alfa Laval 1992–2007.

Holdings in Husqvarna: 9,041 B-shares.



Olle Wallén

Senior Vice President, Head of Group Staff Legal Affairs, Husqvarna Board Secretary

Born 1953. M. of Law, Stockholm University, Sweden. Employed 1993. Member of Group Management since 2006.

Other major assignments: Advisory Board Member, FM Global Europe

Previous positions: General Counsel, Electrolux Europe 2002–2005. General Counsel, Electrolux North America 2000–2001.

Holdings in Husqvarna: 4,842 A-shares, 57,767 B-shares.



Per Ericson

Senior Vice President, Head of Group Staff Human Resources

Born 1963. Forest Engineer, UC Forestry Studies. Studies in Change Management in Organisation and Social Systems. Employed and member of Group Management since 2011.

Other major assignments: Chairman of the Board at Persona Brands AB

Previous positions: Executive Vice President Human Resources, Haldex 2006–2011. Various executive positions, most recently as Executive Vice President Human Resources, Stora Enso 1987–2006.

Holdings in Husqvarna: 1,000 B-shares.



Martin Austermann

Senior Vice President, Head of Global Purchasing

Born 1957. Dipl. Ing., RWTH University of Aachen, Germany. Employed 2008. Member of Group Management since 2011.

Previous positions: Various leadership positions in Purchasing, Supply Chain Management and Sales, most recently Chief Procurement Officer, Husqvarna 2008–2011. Vice President Group Purchasing, Grammer AG 2002–2008. Vice President Supply Chain Management, Metabo AG 1996–2002. Director of Sales, Access Products AT&T Network Systems, 1994–1996, Director Purchasing Philips Electronics 1986–1994.

Holdings in Husqvarna: 4,479 B-shares.



Michael Jones

Executive Vice President, Head of Sales Americas

Born 1962. B.A. in Business Administration, California Coast University, USA. Employed and Member of Group Management since 2009.

Previous positions: General Manager, Cooking Products, General Electric Appliances division 2007–2009. Various leadership positions in Sales, Service, Product Management and International business, General Electric 1994–2007.

Holdings in Husqvarna: 14,253 B-shares.



Sascha Menges

Executive Vice President, Head of Manufacturing and Logistics

Born 1971. M.Sc. Ind. Engineering & Management, Swiss Federal Institute of Technology, Zurich. MBA, INSEAD, France. Employed 2007. Member of Group Management since 2011.

Previous positions: Various leadership positions in Supply Chain Management and Operations, Husqvarna 2007–2011. Vice President Supply Chain Management, Gardena AG 2004–2007. Associate Principal Management Consulting, McKinsey & Company, Inc 1996–2004.

Holdings in Husqvarna: 21,897 B-shares.



Henric Andersson

Executive Vice President, Head of Product Management & Development

Born 1973. M. Sc. Industrial Engineering & Management, Linköping Institute of Technology, Linköping, Sweden. Employed 1997. Member of Group Management since 2012.

Previous positions: Head of Construction Equipment, Husqvarna 2008–2011. Head of Commercial Lawn & Garden, Husqvarna Turf Care 2004–2008. Several leadership positions in product & business management, Husqvarna 1997–2004.

Holdings in Husqvarna: 15,450 B-shares.



Anders Ströby

Executive Vice President, Head of Construction

Born 1953. M. Sc. Eng., Royal Institute of Technology, Stockholm, Sweden. Employed 1980. Member of Group Management since 2006.

Previous positions: Head of Garden Equipment and Construction Products, Electrolux 1996–2002.

Holdings in Husqvarna: 7,848 A-shares, 69,309 B-shares.

Related parties: 3,420 A-shares, 23,400 B-shares.



www.husqvarnagroup.com/en/about
For more information