

Corporate Governance Report

As required by the Swedish Annual Accounts Act and the Swedish Code of Corporate Governance (the “Swedish Code”), this Corporate Governance Report describes the organizational bodies, rules, and other governance structures by which Husqvarna Group is controlled and operated. Husqvarna Group’s auditors have reviewed this report and their opinion has been included in the Auditor’s Report.

Good corporate governance is a fundamental prerequisite not only to meet our obligations as a public company, but also to create value for shareholders in an efficient, responsible and sustainable manner. Husqvarna Group’s corporate governance structures are defined in part by external laws (e.g., the Swedish Companies Act), in part by self-regulatory standards (e.g., the Swedish Code and the Nasdaq Stockholm Rulebook for Issuers) and in part by internal rules (e.g., the Company’s Articles of Association, Code of Conduct, and policies). While not mandatory, Husqvarna Group has elected to comply with all aspects of the Swedish Code, without exception.

The highest corporate decision-making body in the Company is the Shareholders’ General Meeting, which is normally held once per year in the form of the Annual General Meeting (“AGM”), but can also be in the form of an Extraordinary General Meeting under certain circumstances. The 2019 AGM will take place at 4 p.m. on Tuesday, April 9, 2019 at the Elmia Congress Center, Elmiavägen 15 in Jönköping, Sweden. The Company prepares the AGM agenda with input from its shareholders, who have the right to propose matters for consideration at the AGM.

Shareholders

Husqvarna AB’s shares have been traded on Nasdaq Stockholm since June 2006. At year-end 2018, the share capital amounted to SEK 1,153m, represented by 112,437,551 A-shares and 463,906,227 B-shares, each with a par value of SEK 2. A-shares carry one vote and B-shares carry one tenth of a vote. As per the Articles of Association, holders of A-shares are entitled to request conversion of A-shares into B-shares on a 1:1 basis. During 2018, 75,450 A-shares were converted to an equivalent number of B-shares.

As of December 31, 2018, the number of shareholders was 60,000, whereof foreign shareholders held approximately 27.6% of the outstanding share capital. Investor AB was the single largest shareholder with a holding of 16.8% of the share capital and 33.0% of the votes. L E Lundbergföretagen was the second largest owner with a holding of 7.5% of the capital and 25.1% of the votes. For further information on the Husqvarna AB shares and shareholders, see section “The share”.

Nomination Committee

In accordance with the Swedish Code, Husqvarna AB is required to have a Nomination Committee, the primary responsibilities of which are to consider and submit to the AGM proposals and recommendations regarding:

- The Chair of the AGM;
- The number of Board members;
- The nominees for election to the Board;
- The Chair of the Board;
- Remuneration to Board members, including the Chair, and remuneration for Board members’ work on Board committees;
- Selection of external auditors (when applicable);

- Remuneration to external auditors; and
- Changes to the process regarding the composition and tasks of the Nomination Committee (if applicable).

The AGM determines the process for establishing the Nomination Committee and its members. At Husqvarna AB’s 2013 AGM it was decided that the following process would apply until the AGM resolves otherwise:

- The Company shall have a Nomination Committee consisting of five members.
- The members shall consist of one representative of each of the four largest shareholders in the Company in terms of voting rights held as of the last banking day of August, with the fifth member being the Chair of the Board.
- In the event that any of the four largest shareholders elect not to nominate a representative to the Nomination Committee, the right to appoint such a representative passes to the fifth largest shareholder and so on.
- The Company’s Board Secretary shall serve as secretary of the Nomination Committee.

These rules established at the 2013 AGM have not been changed by any subsequent AGM and therefore continue to apply.

The formation of the Nomination Committee for the 2019 AGM was announced on October 2, 2018. The members of the Nomination Committee (and corresponding appointing shareholders) for the 2019 AGM are:

Member	Appointing shareholder
Petra Hedengran (Chair)	Investor AB
Claes Boustedt	L E Lundbergföretagen AB
Ricard Wennerklint	If Skadeförsäkring AB
Henrik Didner	Didner & Gerge Fonder AB
Tom Johnstone ¹	–

¹ Chair of the Husqvarna AB Board.

The determination of the four largest shareholders for purposes of nominating representatives to the Nomination Committee was based on known holdings of voting rights as of August 31, 2018. Nomination Committee members do not receive compensation from Husqvarna AB for their work on the Nomination Committee.

As noted above, one of the chief duties of the Nomination Committee is to make recommendations regarding the size and composition of the Board. Normally, the starting point for such recommendations is a survey conducted each year by the Chair of the Board to assess the Board’s work, composition, qualifications, experience and efficiency, the results of which are shared and discussed with the Nomination Committee.

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Based on survey results and, if deemed appropriate, subsequent discussions and interviews, the Nomination Committee determines whether the existing Board should be strengthened with additional expertise or if there are any other reasons to make changes to the composition of the Board. In making such determinations and (if applicable) evaluating potential new candidates for the Board, the Nomination Committee takes into consideration the objective to achieve a gender balance in the Board.

The Nomination Committee has applied rule 4.1 of the Swedish Code as its diversity policy. In addition, the Nomination Committee takes into consideration the need to ensure that the independence requirements of the Swedish Code are met. These requirements stipulate that at least the majority of Board members must be independent from the Company's management, and that at least two (from such majority) are also independent of the Company's largest shareholders. The Nomination Committee also takes into account any proposals made to the Nomination Committee about the composition of the Board that may have been suggested by other shareholders. Shareholders who wish to submit proposals to the Nomination Committee may do so by sending an email to nominationcommittee@husqvarnagroup.com. While there is no formal cut-off date for proposals, it was recommended in the October 2, 2018 notice of the formation of the Nomination Committee that such proposals from shareholders should be received by the Company no later than February 12, 2019.

For the 2019 AGM, the Nomination Committee announced its required proposals along with the notice of the AGM, which was published on the Company's website on March 6, 2019. The Nomination Committee will present and explain its work and proposals at the AGM.

The Annual General Meeting

General

The AGM is the highest decision-making body of the Company. In accordance with the Swedish Companies Act, the AGM of Husqvarna AB must be convened annually on a date not later than six months after the close of the preceding financial year, and is normally held in March or April.

According to Husqvarna AB's Articles of Association, the AGM must be held in Jönköping or Stockholm, Sweden, although it has traditionally been held in Jönköping. The notice of the AGM (specifying its date, location, agenda, etc.) shall be made public at least four weeks and not more than six weeks prior to the AGM. The notice is published in the Swedish daily newspaper, Svenska Dagbladet and the Swedish Official Gazette (Post- och Inrikes Tidningar). It is also announced in a press release and on the Company's website at www.husqvarnagroup.com/agm. For the 2019 AGM, the notice was published by press release on March 6, 2019 and in Svenska Dagbladet and the Swedish Official Gazette (Post- och Inrikes Tidningar) on March 8, 2019.

Shareholders who are listed in the share registry on the record day (i.e., Wednesday, April 3, 2019) and wish to be represented at the AGM must register to do so with the Company by no later than Wednesday, April 3, 2019. Shareholders who are individuals may attend the AGM in person or by proxy. Shareholders attending the meeting by proxy, including all corporate shareholders, must submit a valid power of attorney as well as other required documentation in due time before the AGM. This, together with information provided by Euroclear Sweden AB, allows the Company to compile a book of shareholders eligible to vote at the AGM. Following this compilation, voting certificates are sent to all shareholders attending the meeting or their designated representatives. Voting certificates are proof of voting rights and also serve as an entrance card to the AGM.

AGM agenda items & written documentation

The agenda for the AGM is reviewed and approved by the Board and consists of matters that are statutorily required, as well as other matters. Matters typically include:

- Election of Chair of the AGM¹;
- Adoption of statutory financial documentation;
- Discharge of liability for the Board members and CEO;
- Disposition of the Company's profit;
- Number of elected Board members¹;
- Remuneration to Board members, committee members and external auditors¹;
- Election of external auditor^{1,2};
- Election of Chair of the Board¹;
- Election of Board members¹;
- Principles of remuneration for Group Management;
- Adoption of long-term incentive programs (if applicable);
- Repurchase and transfer of the Company's own shares (if applicable);
- Authorization to resolve on the issuance of new shares (if applicable); and
- Such other matters as may be deemed necessary and appropriate by the Board.

¹ Indicates agenda items for which the Nomination Committee makes a proposal.

² The 2018 AGM resolved to amend article 7 of Husqvarna AB's Articles of Association regarding the term of office for external auditors, so that the appointment as auditor shall apply until close of the AGM that is held during the first, second, third or fourth financial year after the initial election of the auditor. The 2018 AGM also resolved to appoint Ernst & Young as auditor for the period from the 2018 AGM up until the end of 2019 AGM, meaning that the appointment of auditors will also be a voting item at the 2019 AGM.

Shareholders may also, prior to the publication of the notice to attend the AGM, propose matters to be put on the AGM agenda.

At the AGM, the Chair of the Board presents a report on the Board's work during the preceding year, the CEO gives an overview of the Company's business and current priorities, and the auditors present their report and review of the Company's finances. If required, the Chair of the Remuneration Committee reports on remuneration to Group's executive management (herein, "Group Management") and, if it is to be decided by the AGM, the Company's long-term incentive programs. Shareholders may also direct questions to the Chair of the Board, the CEO, the Nomination Committee, the Chair of the Remuneration Committee, the external auditors or any other Board member. Written documentation is presented at the AGM, normally both in English and Swedish. This documentation may be downloaded from the Company's website and is also sent to shareholders upon request. Such documentation includes:

- The agenda for the AGM;
- Proposals from the Board and the Nomination Committee;
- The Board's report on the Remuneration Committee's evaluation of programs of variable remuneration for Group Management, the application of the principles of remuneration for Group Management and applicable remuneration structures and levels in the Company;
- The Nomination Committee's explanatory statement regarding the proposal for appointment of Board members; and
- The Board's report in relation to the proposed dividend and the proposal on the acquisition of the Company's own shares (if applicable).

The AGM is held in Swedish, but simultaneous translation into English is available. The minutes recorded at the AGM are normally published within a few days of the AGM. A press release including the decisions made by the AGM is published immediately after the AGM.

The 2018 AGM

The 2018 AGM was held on April 10, 2018 in Jönköping, Sweden with 803 shareholders attending in person or by proxy, representing 58% of

the total number of shares and 77% of the total number of votes. Also attending were the Board, the external auditors and members of Group Management. The AGM approved the following resolutions:

- To adopt the income statements and balance sheets for 2017.
- To declare a dividend of SEK 2.25 per share in total, to be paid in two separate payments of SEK 0.75 per share to be paid on April 17, 2018, and SEK 1.50 per share to be paid on October 17, 2018.
- To discharge the Board and the CEO from liability for the financial year 2017.
- To establish the size of the Board at eight (8) elected members (including the CEO).
- To elect Tom Johnstone, Ulla Litzén, Katarina Martinson, Bertrand Neuschwander, Daniel Nodhäll, Lars Pettersson, Christine Robins and Kai Wärn as Directors of the Board.
- To appoint Tom Johnstone as Chair of the Board.
- To set Board remuneration at SEK 5,820t in total, of which SEK 1,900t to the Chair of the Board and SEK 545t to each of the Board members elected by the AGM and not employed by the Company. Furthermore, to pay additional remuneration of SEK 200t to the Chair of the Audit Committee and SEK 105t to each of the other two members of the Audit Committee, as well as SEK 120t to the Chair of the Remuneration Committee and SEK 60t to each of the other two members.
- To amend the Articles of Association regarding the term of office for the auditors
- To pay auditor's fees on the basis of approved invoices.
- To set principles of remuneration to Husqvarna Group Management, based on fixed salary, variable salary, long-term incentives, pensions and other benefits.
- To establish a performance-based long-term incentive program for 2018, LTI 2018, to be offered to 100 senior managers, whereby, subject to the fulfilment of certain performance targets and other conditions during a three-year vesting period, the participants would have the right to receive certain B-shares.
- To authorize the Board, during the period up until the next AGM, to direct the Company to enter one or more equity swap agreements with a third party (e.g., a bank) for purposes of hedging the obligations of the Company, under the LTI 2018 and any previously resolved programs.
- To authorize the Board to approve the issue of not more than 57,634,377 new B-shares against payment in kind on one or more occasions during the period up to the 2019 AGM.

The 2019 AGM

The 2019 AGM of Husqvarna AB will be held at 4 p.m. on Tuesday, April 9, 2019 at the Elmia Congress Center, Elmiavägen 15 in Jönköping, Sweden. For more information regarding the 2019 AGM, see section "Annual General Meeting 2019".

The Board of Directors

According to Husqvarna AB's Articles of Association, the Board shall be comprised of no less than five and no more than ten Board members. The Articles of Association do not contain any specific provisions concerning the appointment and dismissal of directors (or the method by which the Articles of Association themselves may be amended), meaning that the rules otherwise stated in the Swedish Companies Act apply. There are currently eight Board members elected by the AGM (see section "Board of Directors and auditors"). In addition to the Board members elected by the AGM, Swedish trade unions have the statutory right to appoint two ordinary Board members with voting rights, as well as two non-voting deputies.

In accordance with the Swedish Code, the principle tasks of the Board include:

- Establishing the overall goals and strategy of the Company;
- Appointing, evaluating and, if necessary, dismissing the CEO;

- Defining appropriate guidelines to govern the Company's conduct in society, with the aim of ensuring its long-term value creation capability;
- Ensuring that there is an appropriate system for follow-up and control of the Company's operations and the risks to the Company that are associated with its operations;
- Ensuring that there is a satisfactory process for monitoring the Company's compliance with laws and other regulations relevant to the Company's operations, as well as the application of internal guidelines; and
- Ensuring that the Company's external communications are characterized by openness and that they are accurate, reliable and relevant.

The Board has adopted Rules of Procedure for its internal activities, which include rules regarding the number of Board meetings, matters to be handled at regular Board meetings and the duties of the Chair of the Board. These Rules of Procedure are updated and adopted by the Board each year at the "Statutory Board Meeting" which is normally held immediately after the AGM. The Chair shall also ensure that the Board evaluates the CEO on a regular basis, at least once a year.

The Board has also issued written instructions specifying when and how information required to enable the Board to evaluate the Company and the Group's financial position shall be reported to the Board, as well as the distribution of duties between the Board and the CEO. The Board has established an Audit Committee and a Remuneration Committee, which discharge certain monitoring and oversight responsibilities on behalf of the Board, as more fully described below.

The Chair of the Board ensures that the Board's work and procedures are evaluated and discussed with Board members annually, and are brought to the attention of the Nomination Committee with the aim of developing the Board's working methods and efficiency. In 2018, such evaluation was conducted principally through a combination of individual interviews and a detailed Board questionnaire. The results of such evaluation were presented to, and discussed with, the Nomination Committee as well as to the full Board. The Board members elected by the 2018 AGM fulfil the independence criteria set out by the Swedish Code, which requires that a majority be independent of the Company's management, and that at least two of those be independent as to the Company's largest shareholders.

Fees to Board Members

Fees to Board members, including fees for committee work, are set by the shareholders at the AGM. For information on fees to the Board in 2018, see note 4.

Board Meetings

According to the Board's Rules of Procedure, the Board shall hold at least four ordinary meetings and one statutory meeting per calendar year. In 2018, the Board held ten meetings, of which three were by telephone, three were held in Stockholm, Sweden, two were held in Huskvarna, Sweden, one was per capsulam (i.e., by unanimous written consent) and one was held in Zurich, Switzerland.

At Board meetings, the Company's CFO and General Counsel are also present. The General Counsel serves as the Board's secretary and records the minutes of the Board meetings. Other members of Group Management or other senior managers of the Company may also be asked to attend and report on significant matters.

When relevant and at least quarterly, Group Management presents forecasts and key performance indicators, providing the Board with an overview of the financial development and expectations of the Company. The Company's budget is reviewed and approved once a year, generally in the fall. The Board also reviews the Company's significant litigation matters, follows up on the Company's compliance and risk management work, and monitors the Company's progress regarding its

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sustainability agenda. In addition, the Company's external auditors meet with the Board once a year, without participation of the members of Group Management.

The Audit Committee

In accordance with the Swedish Companies Act, the Board annually appoints an Audit Committee whose primary responsibilities are to (a) monitor the Company's financial reporting, (b) oversee the effectiveness of the Company's internal control, internal audit function and risk management as they relate to financial reporting, (c) review and supervise the Company's external auditors' impartiality and independence, and (d) when applicable, assist in the preparation of proposals for the AGM's election of auditors. The Audit Committee may also exercise any other powers and carry out any other responsibilities delegated to it by the Board from time to time. The Board has adopted a charter for the Audit Committee, which is periodically updated and approved by the Board.

The Board determines the composition of the Audit Committee, which shall have at least two members, none of whom may be employed by the Company. At least one of the members of the Audit Committee must have auditing or accounting competence. The Board appoints the Committee members annually at the Statutory Board Meeting or when a Committee member needs to be replaced.

The Audit Committee members appointed in April 2018 were Ulla Litzén (Chair), Daniel Nodhäll and Katarina Martinson, who were the same members as the previous year. Audit Committee meetings are also attended by the Company's internal auditor, by the General Counsel, who keeps the minutes of the meetings, the Company's CFO, and the external auditors. Other members of Group Management are present to report on matters as relevant. The Audit Committee regularly reports on its findings and recommendations to the full Board. Minutes of all Audit Committee meetings are also distributed to the full Board.

In 2018, the Audit Committee held seven meetings, which fulfils its own charter rule that it shall meet at least four times per year. The Audit Committee meetings follow an adopted agenda plan, which includes a review of open issues, a treasury and tax update, and an internal audit update. The Audit Committee also reviews the Company's Interim Reports and Boards' Report before they are submitted to the Board. The Committee meets frequently with the Company's external auditors who deliver reports on the audit. It also reviews the Company's compliance work quarterly.

The Remuneration Committee

In accordance with the Swedish Code, the Husqvarna Board annually appoints a Remuneration Committee whose primary responsibilities are to (a) prepare proposals on remuneration and other terms of employment for Group Management, (b) monitor and evaluate programs for variable remuneration for Group Management, and (c) monitor and evaluate the application of the remuneration guidelines for the Board and Group Management and current remuneration structures and levels in the Company. The Board has adopted a charter for the Remuneration Committee, which is periodically updated and approved by the Board.

The Remuneration Committee takes an active interest in talent management within the Company. The Remuneration Committee may exercise any other powers and carry out any other responsibilities delegated to it by the Board from time to time.

The Board determines the composition of the Remuneration Committee, which shall have at least three members, of which at least two must be independent of the Company and its executive management. Such Committee members are appointed annually by the Board at its Statutory Board Meeting or when a Committee member needs to be replaced. The Committee members appointed in April 2018 were Tom Johnstone (Chair), Lars Pettersson and Bertrand Neuschwander.

All Remuneration Committee meetings are also attended by the Company's SVP People & Organization, who takes the minutes of the meetings. Other participants are invited, if relevant. For more information on remuneration to Group Management, see note 4.

In 2018, the Remuneration Committee held three meetings, which fulfils the charter criteria that it shall meet at least twice a year. All Committee meetings follow an adopted agenda plan, which includes a review of the Company's long-term incentive ("LTI") and short-term incentive ("STI") programs and ensures that these programs follow legal and internal policies, decisions from the AGM and other relevant rules and instructions. If needed, the Committee solicits advice and external benchmarks to ensure that the Company's remuneration principles are up to date. The Remuneration Committee also ensures that the performance of Group Management members and the CEO is evaluated once a year. The Remuneration Committee reports on its findings and recommendations to the full Board.

External Auditors

At the 2018 AGM, in accordance with the proposal of the Nomination Committee, Ernst & Young AB was elected as auditor for the period from the 2018 AGM up until the end of the 2019 AGM. The auditor-in-charge is Hamish Mabon.

As per the decision taken at the 2018 AGM, the auditor's fee until the 2019 AGM shall be paid on the basis of approved invoices. For more information, see note 8.

Group Management & Divisional Structure

Organization (Prior to Mid-2018 Restructuring)

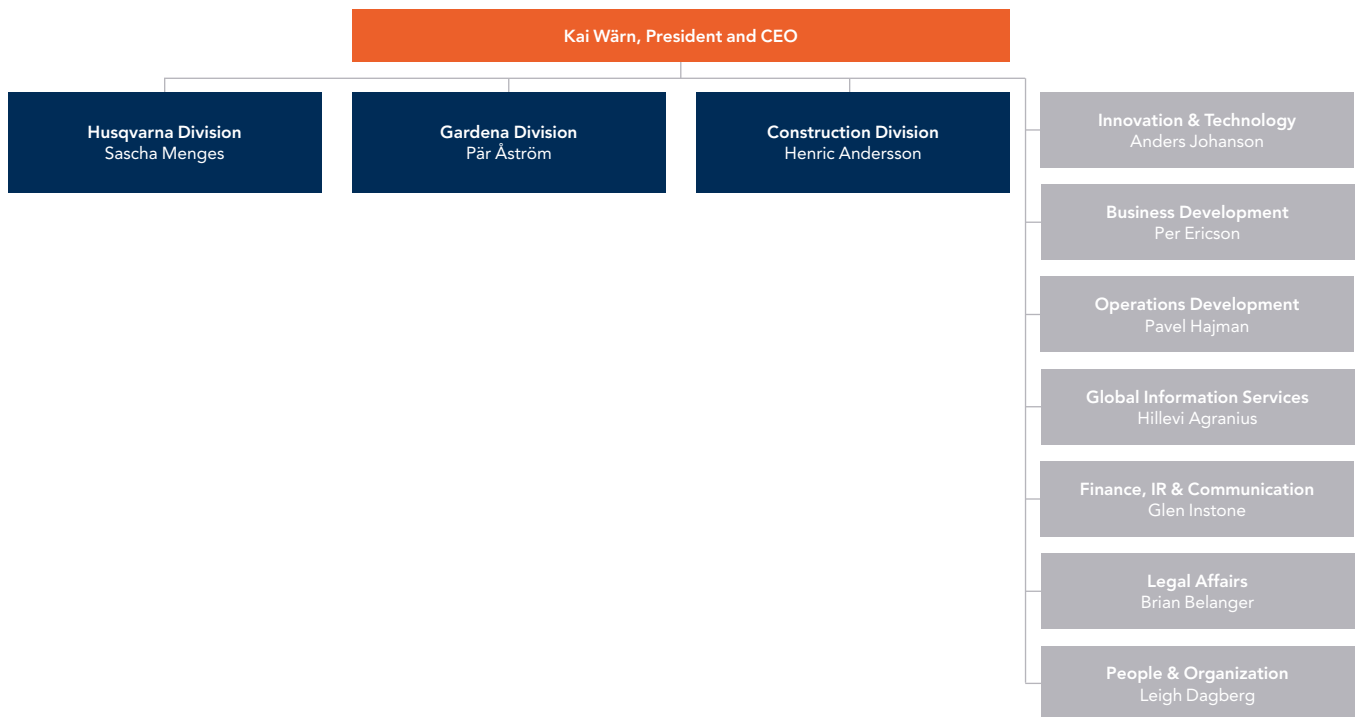
Prior to the reorganization that took place in mid-2018 (see next section), the Husqvarna Group had four separate reporting divisions: The Husqvarna Brand Division, the Gardena Brand Division, the Consumer Brands Division and the Construction Division. Group Management consisted of a 14 member team comprised of (a) the CEO, (b) the four divisional presidents, (c) four Group Staff Function heads, and (d) five Group Strategic Function heads. More detail on this organizational structure is described in our 2017 Annual Report.

The Mid-2018 Restructuring

In July 2018, the Company announced a decision to (a) dissolve the Consumer Brands Division, (b) exit certain product segments previously served by the Consumer Brands Division, and (c) transfer the remaining business to the Husqvarna and Gardena Brand Divisions. In fall 2018, the Company announced further organizational changes to reduce

complexity and cost, including a reduction and reorganization of such central Group functions. These changes were implemented gradually during the second half of 2018, with full implementation achieved by December 31, 2018. The following section describes the Group's organization structure following such changes.

Group Management Structure



Current Organization (Post Mid-2018 Restructuring)

Husqvarna Group continues to have a brand-driven organizational structure, now with three separate reporting divisions: The Husqvarna Brand Division, the Gardena Brand Division, and the Construction Division. Group Management is now an 11 member team comprised of (a) the CEO, (b) the three divisional presidents, and (c) the heads of seven Group Functions, in each case, as shown above.

Group Management, together, makes decisions on:

- the Group's strategic and business development,
- allocations of responsibilities as between the Group functions and the respective divisions,
- enhancing Group synergies,
- internal financial and business follow-up,
- external financial reporting for Board approval,
- Group governance,
- Group staffing plans,
- issue resolution,
- budgets,
- external affairs,
- Board reporting,
- risk management and mitigation, and
- Group policies and guidelines.

Group Management meets in person on a quarterly basis, with a telephone meeting in each month in which there is no physical meeting. The meetings are chaired by the CEO.

Clear roles and responsibilities apply for each of the Group functions as well as for the divisions. A Group governance structure has been implemented to ensure that decisions are made as close to operations as possible. Clear guidance has been provided to identify the level on which different types of decisions should be made. Changes to the governance structure (including applicable roles and responsibilities) can only be made by the decision of Group Management.

The CEO

The 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 for decisions and ensuring that commitments, agreements and other legal documents are in compliance with applicable laws and the Group Code of Conduct. The CEO also ensures compliance with the goals, policies and strategic plans approved by the Board, and updates the Board on the same when necessary. The CEO appoints all members of Group Management, with input from the Board Chair.

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The Divisional Presidents

Each of the three divisions has its own President, who in turn reports to the Group CEO. Each of such division Presidents is responsible for the income statement and balance sheet for his/her respective division. However, all decisions made by a division are subject to the Group's overall strategic goals and policies. For more information about Husqvarna Group's divisions please see section "Divisions".

The Group Function Heads

Group Management includes the heads of the seven "Group Functions" as described below. These functions consist of both traditional central functions (such as Legal, Finance and HR), as well as additional functions that are designed to support the divisions with forward-looking initiatives and/or to continue to capture certain Group synergies where appropriate following the recent shift to increased divisional autonomy.

- 1. Innovation and Technology.** This function, which is headed by Anders Johanson, is leading the Groups Innovation Strategy, with focus on the future of Robotics and Data Driven Services. This function scouts new opportunities and innovates early concepts in close cooperation with the start-up community and leading academic centers. It also drives applied research in selected digital areas with leading universities. The function's organization is comprised of three sub-groups focusing on (a) Accelerated Innovation and Venturing, (b) Applied Digital Innovation, and (c) Technology and IP Intelligence, respectively. It also houses our newly formed Artificial Intelligence Lab.
- 2. Business Development.** This function, which is headed by Per Ericson, is primarily responsible for leading the work on the Group's long-term strategy, as well as M&A activities. The function's organization is comprised of five sub-groups focusing on (a) Business Intelligence, (b) Strategy Planning & Projects, (c) Mergers & Acquisitions, (d) Venture Capital investments, and (e) Licensing, respectively.
- 3. Operational Development.** This function, which is headed by Pavel Hajman, is primarily responsible for securing Group wide synergies where appropriate, accelerating certain key priority areas, and securing business assurance. The function's organization is comprised of five sub-groups focusing on (a) Business Assurance (Sustainability, EHS, Product Compliance and Quality), (b) Digital Commerce acceleration, (c) Robotics & Battery Acceleration, (d) a Program Office, which includes Sourcing coordination, Efficiency programs and Change management, and (e) a Controlling sub-group.
- 4. GIS (IT).** This function, which is headed by Hillevi Agranius, is primarily responsible for overseeing the Group's IT strategy, systems and infrastructure. It provides IT services and solutions including IT security, and also supports and collaborates with the IT personnel housed within the divisions. The function's organization is comprised of four delivery focused groups and two governing groups, each with a designated focus area.
- 5. Finance.** This function, which is headed by the Group's CFO, Glen Instone, is a traditional group function with primary responsible for the Group's financial controlling and reporting. It also coordinates and collaborates with finance personnel housed within the divisions. The function's organization is comprised of a number of sub-groups including (a) Treasury, (b) Internal Control, (c) Tax, (d) Business Control and (e) Internal Audit. It also houses the Group's Investor Relations and Communications functions.

- 6. Legal Affairs.** This function, which is headed by the Group's General Counsel, Brian Belanger, is another traditional group function with responsibility to provide all relevant legal support to the Group and the divisions. It also houses the Group's Risk Management Function, the Data Privacy Office, and the Compliance & Integrity Function. In order to secure independence, all members of the Legal Affairs team, including those sitting with the divisions, report to the Group's General Counsel.
- 7. People & Organization (HR).** This function, which is headed by Leigh Dagberg, is also a traditional group function with primary responsible for overseeing the Group's HR initiatives, including the recruitment, advancement and retention of personnel. It also takes the lead on the Group's compensation & benefits and talent management, and coordinates on a dotted-line basis with HR personnel located within the divisions.

External information

Husqvarna Group employs a series of procedures, controls, and systems to ensure we are able to provide the market with timely and accurate information, to the extent required by applicable law and good corporate practice, including the disclosure requirements of the EU's Market Abuse Regulation (MAR) and Nasdaq Stockholm's Rule Book for Issuers. The Board has delegated to the CEO, and an internal disclosure committee, comprised of the Group's CFO, General Counsel and head of Business Development, the day-to-day responsibility for assessing whether insider information exists (within the meaning of the MAR), and for ensuring that such information is promptly disclosed or, in exceptional circumstances, to delay such disclosure where necessary to protect the interests of the company, and permitted by applicable law.

Financial information is regularly issued in the form of:

- Interim reports, published as press releases;
- Annual Reports;
- 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; and
- Presentations for financial analysts and investors in connection with capital market days and road shows, etc.

All reports, presentations and press releases are published on the Group's website at www.husqvarnagroup.com.

Certain information required by U.K. Modern Slavery Act

Both the United Kingdom Modern Slavery Act of 2015 and the California Transparency in Supply Chains Act of 2010 require the Group to provide public disclosures regarding efforts to eradicate slavery and human trafficking from our operations. Husqvarna Group does not allow illegal or forced labor and expects that all suppliers will abide by all applicable international and local laws, rules and regulations in the manufacture and distribution of products, components and materials according to Husqvarna Group's Code of Conduct and Supplier Code of Business Ethics. The Group's efforts here are supported by ongoing quality and sustainability audits of the suppliers. A detailed statement is published on <http://corporate.husqvarna.com/purchase/en/california-transparency-supply-chain-act-disclosure>.

Internal control over financial reporting

The Board is responsible for the internal controls according to the Swedish Companies Act, Swedish Annual Accounts Act and the Swedish Code. The purpose of this report is to provide shareholders and other interested parties with an understanding of how internal control is organized at Husqvarna Group and is limited to internal control over financial reporting.

This description of the Group's internal control activities is based on the COSO framework (The Committee of Sponsoring Organizations of the Treadway Commission). The COSO framework comprises five key components that jointly facilitate to achieve the objective of reliable financial reporting.

Control environment

The foundation to establish good internal control is a framework of governing documents such as policies, instructions, guidelines and manuals that are rooted in the organizations vision and strategy. The Husqvarna Group Code of Conduct sets the importance of integrity and ethical values governing interactions with employees, business partners and other stakeholders. The Group's governance policies provide the framework that defines the organizational structure, responsibilities and authorities. The Board is ultimately responsible for ensuring internal controls, including that the Company has procedures to ensure that (i) approved policies for financial reporting and internal controls are applied, (ii) the Company's financial reports are produced in accordance with applicable legislation, accounting standards and other requirements for listed companies, and (iii) there is an appropriate system for follow-up and control of the Company's financial reporting, its operations and the risks to the Company that are associated with its operations. The Board has established Rules of Procedure and clear instructions for its work, which also cover the activities of the Audit Committee. The overall duty of the Audit Committee is to support the Board's supervision of the audit and reporting processes, and to ensure the quality of such processes. The activities of the Audit Committee during the year are described on page 58.

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 CEO by the Board. This responsibility, in turn, is further delegated to managers within their specific areas at various levels in the Company. Responsibility and authority are defined in instructions to the CEO, regarding the right to sign for the Company, as well as within various internal policies, instructions and guidelines.

Risk assessment

Risks relating to financial reporting are evaluated and monitored by the Board through the Audit Committee. A risk assessment is performed by management once a year and presented to the Audit Committee covering profit and loss and balance sheet items in the financial reporting and related areas and processes. The purpose of the risk assessment is to identify, which risks could result in a material misstatement in financial reporting, and to direct internal control activities to manage those risks in a proactive manner.

Control activities

Control activities are integrated in processes for accounting and financial reporting. The prerequisite to ensure reliable financial reporting from all entities are uniform accounting principles which are stipulated

in the Husqvarna Accounting Manual. For key financial processes, the Group has established Minimum Internal Control Requirements (MICR) for its reporting units to mitigate risks. Husqvarna Group has a function for internal control. The objective of Group Internal Control is to provide support for Group Management and the management of the divisions, enabling them to continuously improve internal control relating to financial reporting.

Information and communication

Husqvarna Group has a central document management system, which contains the governing documents, and is accessible to all employees. The governing documents relating to financial reporting such as the Husqvarna Accounting Manual are subject to regular reviews and updates. Changes in accounting procedures are communicated and explained in newsletters from the Group's accounting function. Furthermore, to ensure the correct implementation of such changes, the Group has established internal forums with participation from key stakeholders in the area of financial reporting.





Monitoring activities

Ongoing responsibility for monitoring and follow-up of financial reporting is performed by the Group Finance function. Country Officers are appointed by Husqvarna Group in each country where the Group has subsidiaries. The duties of such Country Officers include safeguarding the interests of shareholders as well as to ensure compliance with laws and regulations. Country Officers responsibilities also include ensuring that the entities internal controls and financial reporting comply with Group policies, instructions and guidelines.

Group Management performs monthly reviews of the results for the Group and the divisions, as well as updated forecasts, strategic plans and ongoing business activities. Internal control deficiencies are identified and communicated in a timely manner to those parties responsible for taking corrective action, and the management and the Board as appropriate. Considerations made in the quarterly closings are reported to the Audit Committee before the financial reports are presented to the financial market.

The Group Internal Audit function supports the development and improvement of internal control over financial reporting. Group Internal Audit is established by the Audit Committee as part of their monitoring role. An annual internal audit plan based on an independent risk assessment is approved by the Audit Committee. Based on this audit plan, Group Internal Audit performs independent and objective audits to evaluate and improve the effectiveness of Husqvarna Group's governance, risk management and internal control processes over financial reporting. The results of these audits are presented to the respective stakeholders including the Group CFO, the CEO, and the Audit Committee. The findings of the internal audits are reported to the Audit Committee together with the status of the progress to improve the internal control activities.

Board of Directors and auditors

				
Name	Tom Johnstone, CBE	Ulla Litzén	Katarina Martinson	Bertrand Neuschwander
Function	Chair of the Board	Board member	Board member	Board member
Born	1955	1956	1981	1962
CV	M. A., University of Glasgow, Scotland, Hon. Doc. in B.A., University of South Carolina, US. Hon. Doc. in Science, Cranfield University, UK. Chair of the Remuneration Committee.	B. Sc., Stockholm School of Economics, Sweden and MBA, Massachusetts Institute of Technology, US. Chair of the Audit Committee.	M. Sc., Stockholm School of Economics, Sweden. Portfolio management for the Lundberg Family. Member of the Audit Committee.	Graduate engineer, Institut National Agronomique de Paris-Grignon, France, MBA from INSEAD. Chief Operating Officer, Groupe SEB, France. Member of the Remuneration Committee.
Other major assignments	Board Chair of Combient AB and of the British-Swedish Chamber of Commerce. Vice Board Chair of Wärtsilä Corporation. Board member of Investor AB, Northvolt AB and Volvo Cars.	Board member of AB Electrolux, Epiroc AB, NCC AB and Ratos AB.	Board Chair of Indutrade AB, Board member of L E Lundberg-företagen AB, Fastighets AB L E Lundberg, Förvaltnings AB Lunden, L E Lundberg Kapital-förvaltning AB, Fidelio AB and AniCura AB.	Board Chair of SEB Alliance (Groupe SEB Corporate Venture). Board Chair of WMF Group Supervisory Board. Board member of Groupe SEB Denmark, Groupe SEB Finland, Groupe SEB Norway, Serge Ferrari Group SA, Tefal OBH Group AB and Zhejiang Supor Co., Ltd.
Previous positions	President & CEO of AB SKF 2003–2014. Executive Vice President of AB SKF 1999–2003. President Automotive Division, AB SKF 1995–2003. Senior management positions within AB SKF since 1987.	President of WC 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.	Analyst at Handelsbanken Capital Markets 2008, Vice President at Strategas Research Partners LLC, New York, US 2006–2008, investment research at ISI, International Strategy & Investment Group, New York, US 2005–2006.	Senior Executive Vice President for Business Units, Brands, Innovation & Strategy, Groupe SEB 2012–2014, Senior Executive Vice President for Business Units Brands & Innovation, Groupe SEB 2010–2012, CEO, Devanlay/Lacoste 2004–2009, Chair and Chief Executive Officer, Aubert Group 2001–2004.
Holdings in Husqvarna December 31, 2018	990 A-shares, 14,800 B-shares, and 384,024 call options ¹ .	10,000 B-shares	113,478 A-shares 378,737 B-shares	0 shares
Nationality / Elected	UK / 2006	SE / 2010	SE / 2012	FR / 2016
Total fees 2018, KSEK	2,020	745	650	605
Board meeting attendance	10/10	10/10	10/10	7/10
Remuneration Committee attendance	3/3	–	–	1/3
Audit Committee attendance	–	7/7	7/7	–
Independence to Husqvarna Group	Yes	Yes	Yes	Yes
Independence to major shareholders	No	Yes	No	Yes

¹ Consisting of (a) 192,012 call options issued by Investor AB entitling to purchase Husqvarna B-shares, and (b) 192,012 call options issued by L E Lundbergföretagen AB entitling to purchase Husqvarna B-shares.

Auditors

Ernst & Young AB
Hamish Mabon, Authorized Public Accountant. Born 1965. Other audit assignments include: AB Tetra Pak, Skanska AB, Svenska Cellulosa Aktiebolaget SCA, Essity AB and Spotify AB. Holdings in Husqvarna: 0 shares.



Soili Johansson

Employee representative
Born 1962. Representative of the Federation of Salaried Employees in Industry and Services. Holdings in Husqvarna: 225 A-shares, 750 B-shares.



Carita Svärd

Employee representative
Born 1968. Representative of the Swedish Confederation of Trade Unions. Holdings in Husqvarna: 0 shares.



Daniel Nodhäll
Board member

1978

M. Sc., Stockholm School of Economics, Sweden. Managing Director, Head of Listed Core Investments at Investor AB. Member of the Audit Committee.

Board member of SAAB AB.



Lars Pettersson
Board member

1954

M. Sc. in Applied Physics, Material Sciences, Uppsala University, Sweden. Hon. Doc. at Uppsala University. Member of the Remuneration Committee.

Board Chair of KP-Komponenter A/S. Board member of Festo AG, AB Industrivärden, Indutrade AB and LE Lundberg-företagen AB.



Christine Robins
Board member

1966

BBA in Marketing and Finance, University of Wisconsin, Madison, US and MBA at Marquette University, Milwaukee, WI, US. President & CEO of Char-Broil LLC, Columbus, GA, US.



Kai Wärn
Board member
(and President & CEO)

1959

M. Sc. in Mechanical Engineering, KTH Royal Institute of Technology, Stockholm, Sweden. President & CEO of Husqvarna AB.

Board member of AB Electrolux.

Analyst focused on the engineering sector at Investor AB since 2002.

President & CEO of AB Sandvik 2002–2011 and various positions within AB Sandvik 1978–2002.

President & CEO of BodyMedia, Pittsburgh, PA, US 2009–2014. President & CEO of Philips Oral Healthcare, Seattle, WA, US 2005–2009. Marketing and Finance positions within S.C. Johnson company 1988–2005.

Operations partner at IK Investment Partners Norden AB 2011–2013. President & CEO of Seco Tools AB 2004–2010. Various positions within AB 1985–2004.

10,000 B-shares

5,000 B-shares

0 shares

314,261 B-shares (Own)
100,000 B-shares (Legal person)

SE / 2013

SE / 2014

US / 2017

SE / 2014

650

605

545

–

10/10

9/10

10/10

10/10

–

3/3

–

–

7/7

–

–

–

Yes

Yes

Yes

No

No

No

Yes

Yes



Dan Byström

Deputy employee representative
Born 1971. Representative of the Swedish Confederation of Trade Unions. Holdings in Husqvarna: 0 shares.



Anders Köhler¹

Deputy employee representative
Born 1973. Representative of the Federation of Salaried Employees in Industry and Services. Holdings in Husqvarna: 30 A-shares, 1,080 B-shares.

¹ Anders Köhler has replaced Per Ola Post as from January 1, 2019.

Group Management



Name Kai Wärn
Function President & CEO

Born 1959

CV

M. Sc. in Mechanical Engineering, KTH Royal Institute of Technology, Stockholm, Sweden. Employed 2013. Board member of AB Electrolux. Member of Group Management since 2013.

Previous positions

Operations partner at IK Investment Partners Norden AB 2011–2013. President & CEO of Seco Tools AB 2004–2010. Various positions at ABB 1985–2004.

Holdings in Husqvarna December 31, 2018

314,261 B-shares (Own) and 100,000 B-shares (Legal person)



Glen Instone
Senior Vice President, Finance, IR & Communications and Chief Financial Officer

1977

B.A. (Hons) in Accounting & Finance, University of Teesside, UK. Chartered Institute of Management Accountants (CIMA). Employed 2002. Member of Group Management since 2018.

Various positions in Husqvarna Group; Vice President Global Sales & Service, Husqvarna Division 2016–2018, VP & CFO Husqvarna Division 2014–2017, VP & CFO EMEA, 2013–2014, VP & CFO Manufacturing, Logistics and Sourcing 2011–2013, VP & CFO Global Supply Chain 2009–2011.

15,379 B-shares



Hillevi Agranius
Senior Vice President, Global Information Services and Chief Information Officer

1971

B.A., Economics, University of Sussex, School of social sciences. Employed 2015. Member of Group Management since 2018.

GIS Business Performance Director, Husqvarna Group, 2015–2016. Vice President, Technologies Finance, Corporate & Compliance, American Express, 2011–2014. Vice President Technologies Transformation, American Express 2009–2011. Vice President, Technologies Investment optimization & business planning, American Express 2005–2006, Director Technologies Performance Management, American Express 2004–2005.

830 B-shares



Henric Andersson
President, Construction Division

1973

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

Senior Vice President, Technology Office, Husqvarna Group 2014–2015. Executive Vice President, Head of Product Management & Development, Husqvarna Group 2012–2015. Vice President Construction Equipment, Husqvarna Group 2008–2011. Vice President Commercial Lawn & Garden and President, Husqvarna Turf Care 2004–2008. Various positions in product and business management, Husqvarna 1997–2004.

39,002 B-shares



Brian Belanger
Senior Vice President, Legal Affairs; General Counsel and Secretary to the Board

1969

J.D./LLM, Duke University School of Law, Durham, NC, US; Law Clerk. Circuit Court of Appeals for the District of Columbia Circuit, US. Employed 2006. Member of Group Management since 2015.

Vice President Legal Affairs Husqvarna Asia/Pacific Region, Husqvarna Group 2009–2012, with temporary additional assignments as Acting General Counsel Husqvarna Americas, Husqvarna Group 2013 and acting Head of Asia/Pacific Sales Region 2014. Associate General Counsel, Husqvarna Americas, Husqvarna Group 2006–2009, Partner, Cohen & Grigsby, P.C. 2000–2006.

31,717 B-shares

See page 59 for the changes to Group Management and organizations as of fall 2018.


Leigh Dagberg

Senior Vice President,
People & Organization

1970

M. Sc. in Organizational Behaviour, University of London. B.A. in History, University of California, Berkeley. Employed 2013. Member of Group Management since 2018.

Vice President and Head of People & Organization, Husqvarna Group 2018. Vice President Talent Management, Husqvarna Group 2013–2018. Manager, PwC Consulting 2012–2013. Partner and Consultant, MindShift 2002–2012. Head of Research & Consulting, Manager, Universum 1997–2000. Content Development Manager and Research Specialist, Information Express 1992–1996.

8,376 B-shares


Per Ericson

Senior Vice President,
Business Development

1963

Forest Engineer, US. Forestry Studies, Swedish University of Agricultural Sciences, Sweden. Studies in Change Management in Organization and Social Systems, International Association for Organisational and Social Development (IOD), Belgium. Employed 2011. Member of Group Management since 2011.

Various position Husqvarna Group; SVP Group People & Organization 2011–2018, SVP Group Communications 2012–2015, acting SVP Group Communications, Brand & Marketing 2017–2018. Executive Vice President Human Resources, Haldex 2006–2011. Various positions with increasing responsibility, Stora Enso 1987–2006, most recently as Executive Vice President Corporate Human Resources & Business Excellence.

79,944 B-shares


Pavel Hajman

Senior Vice President,
Operations Development

1965

M. Sc. in Industrial Engineering and Management, Linköping Institute of Technology, Sweden. Employed 2014. Member of Group Management since 2014.

President, Husqvarna Division 2014–2018. Executive Vice President, Head of Asia/Pacific, Husqvarna Group 2014. President Assa Abloy AHG Greater China 2013–2014. Various positions in Seco Tools, President Asia/Pacific, Senior Vice President Group Business Development, Regional Director CEE, 1990–2013.

78,247 B-shares


Anders Johanson

Senior Vice President,
Innovation and
Technology and CTO

1969

M. Sc. Chemical Engineering and an MBA, Chalmers University of Technology, Gothenburg, Sweden. Employed 2015. Part time adjunct professor, industrial product development, KTH Royal Institute of Technology, Stockholm, Sweden. Board member Etac Group. Member of Group Management since 2015.

Partner and Global Practice Leader Technology and Innovation Management, Arthur D. Little 2000–2006; 2008–2015. Director Strategic Product and Technology Planning, Gambro 2008. Director Business office and head of Business Consulting, Volvo IT 2006–2007. Various positions within Nobel Biocare 1996–2000.

5,814 B-shares


Sascha Menges

President,
Husqvarna Division

1971

M. Sc. in Ind. Engineering & Management, Swiss Federal Institute of Technology, Zurich, Switzerland. MBA, INSEAD, France. Employed 2004. Member of Group Management since 2011.

President Gardena Division 2014–2018. Executive Vice President, Head of Manufacturing & Logistics, Husqvarna Group 2011–2014. Various positions in Supply Chain Management and Operations, Husqvarna Group 2007–2011. Vice President Supply Chain Management, Gardena AG 2004–2007. Associate Principal Management Consulting, McKinsey & Company, Inc 1996–2004.

93,387 B-shares


Pär Åström

President,
Gardena Division

1972

M. Sc. in Industrial Engineering & Management, KTH Royal Institute of Technology, Stockholm, Sweden. Employed 2013. Member of Group Management since 2015.

Senior Vice President Business Development, Husqvarna Group 2013–2018. Principal, A.T. Kearney Management Consultants 2007–2013. A.T. Kearney and Occam Associates Management Consulting 1998–2007.

50,707 B-shares