Green Finance Framework

February 2025

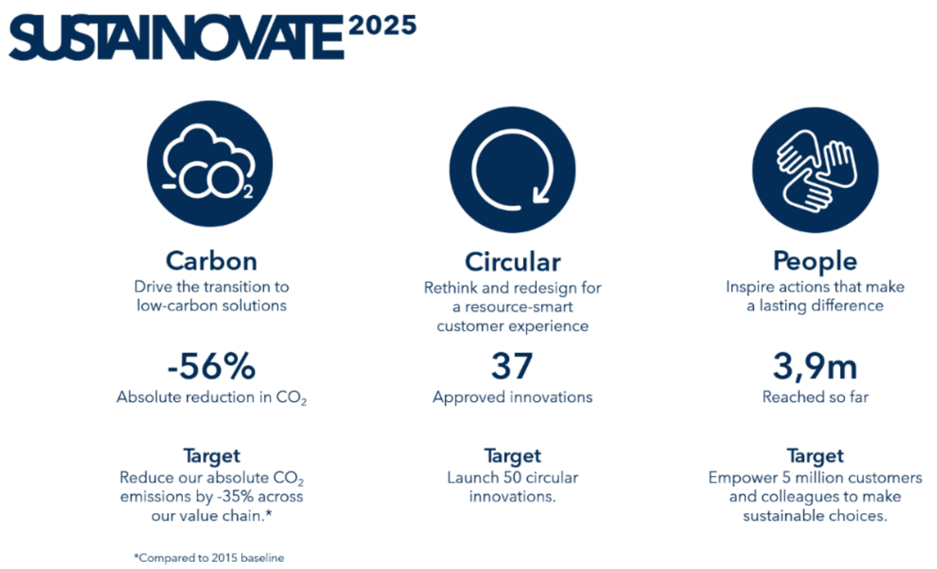
Sustainability at Husqvarna Group

The history of Husqvarna Group is one of constant adaptation through innovation, which has enabled us to remain a trusted and responsible partner to our customers and employees. The green transition is no different. Husqvarna Group is committed to take on the challenge of transforming as an opportunity to leverage our reliable track record of innovative solutions.

Rationale for green finance

Sustainability is a core aspect of Husqvarna Group's strategy, and we believe that reinforcing the link between sustainability performance and financing demonstrates the importance of sustainable innovation to Husqvarna Group's long-term value creation. We are determined to lead the way by setting high and long-term ambitions and delivering solutions to complex challenges, like resource scarcity and transformation to net-zero emissions. We aim to achieve three specific targets in assessing the impact we make by the end of 2025:

Our Sustainability approach - Sustainovate 2025



*Compared to 2015

We focus our efforts where the potential for impact is maximized, which, following our materiality analysis centers, on reducing the climate impact of our products during the use-phase. We have already come quite some way on this journey by electrifying our motorized products. *Sustainovate*, our approach of deploying innovation to create sustainable products and services, leads the way on what remains to be done. This green framework outlines what we intend to achieve and how.

Stockholm February 2025

Pavel Hajman CEO	Terry Burke CFO	Calle Medin Head of Sustainability

Contents

About Husqvarna Group

Established already in 1689 as a state-owned factory by the watermill in Huskvarna, Husqvarna Group's journey since has been one at the forefront of technological innovation. From sewing machines to kitchen equipment and motorcycles. Then, together with the increasing importance of Swedish forestry, we finally evolved into the company we are today, a globally leading producer of garden and forestry equipment, with a particularly strong position in robotic lawnmowers. In addition to these core activities, Husqvarna Group has continued its ever-developing product range through its divisions Gardena, Husqvarna Forest & Garden, and Husqvarna Construction, manufacturing innovative products and solutions for managing forests, parks, and gardens as well as equipment and diamond tools for the light construction industry and diamond tools for the natural stone industry.

Through our Sustainovate approach we encapsule our ambition to, through our innovative sustainable products, be a force for good. At the heart of this approach are climate impact, circular economy, and people behaviors. By developing low-carbon products, including a vast battery-electric range that already makes up more than 40% of our motorized offering, we reduce the impact from the use of our products. By rethinking product development already at the design stage, we can create more resource-efficient products designed for long life. Finally, Husqvarna Group attaches high importance on being a role model employer and partner, that inspires positive choices amongst employees, customers, and partners.

Husqvarna Group divisions

The **Husqvarna Forest & Garden** division is the global market leader in the market for robotic lawn mowers for residentials and professionals, and equally supply further forestry and garden products and services such as chainsaws, brush cutters, trimmers, and leaf blowers. It is, by a significant margin, the largest of the Husqvarna Group divisions.
The **Gardena** division supplies residential watering products and smart watering systems, in both of which Gardena is an international leader, as well as garden hand tools. Regarding the latter, Gardena's position is particularly strong in the electrified segment.
The **Husqvarna Construction** division is a global leader in equipment and diamond tools for the light construction and natural-stone processing industry with equipment such as power cutters, floor saws, surface preparation equipment, dust and slurry solutions as well as diamond tools. In addition, Husqvarna Construction has a strong market position in light concrete compaction and concrete placement equipment as well as demolition robots.

Materiality assessment

Our materiality analysis guides our strategic direction and how we integrate sustainability in our business. We utilized the guidance provided by EFRAG, along with our own interpretation of the standards, to create a five-step process. This process includes scoring matrices and a model for aggregation and prioritization. It was specifically designed to effectively assess both impact materiality and financial materiality, ensuring a thorough identification of our material topics. We engaged relevant stakeholders, including internal subject matter experts across the Company to accurately identify and validate sustainability impacts, risks, and opportunities. We identified and validated impacts, risk and opportunities using qualitative and quantitative analyses, benchmarking against industry standards, and assessing potential financial implications under different scenarios. Based on the established materiality threshold, 12 sustainability-related matters were deemed material. In line with our previous materiality assessment, climate change and circularity remained the most material from all the aspects considered.

#	Sustainability matters deemed material
1	Climate change mitigation
2	Climate change adaptation
3	Energy consumption across the value chain
4	Resource inflows
5	Resource outflows related to products and service
6	Working conditions in own operations
7	Equal treatment and opportunities for all
8	Working conditions in the value chain
9	Other work-related rights in the value chain
10	Personal safety of consumers and end-users
11	Management of relationships with suppliers
12	Corruption and bribery

Sustainovate 2025

Carbon

Husqvarna Group is committed to decoupling growth from CO_2 emissions. That is why we have set an absolute emissions reduction target of -35% for 2025, validated by the Science Based Targets initiative. A major aspect of this effort, and at the core of our *Sustainovate* approach, is electrifying our motorized product offering for which we have a target of reaching 2/3 electrified by the end of 2026. Already, more than 40% of our motorized products are electrified. The importance of prioritizing the use-phase impact is reflected in that 94% of our emissions occur during the product use phase. For instance, the battery-driven lawn mower Husqvarna CEORA™ reduces emissions by 83% compared to a traditional diesel ride-on-mower. Expanding the electrified product offering is consequently of high priority in order to reduce absolute emissions.

Another effort to reach our targets is the discontinuation of certain low-margin petrol-powered consumer segments, where electrified options will instead be promoted. For certain professional product segments where electrified alternatives as of date remains unavailable, Husqvarna Group is investing in product and technology development of more efficient, low-carbon solution that will be rolled out as the technology evolves.

Indirect emissions do not only occur in the use of our products. Emissions with our upstream suppliers, such as the sourcing of materials, is our second largest source at 4%. Achieving reductions here is more challenging as Husqvarna Group lack direct control over their operations and is far from being their only customer. We actively request emissions reporting, monitor the responses of key suppliers, and have strategic discussions with selected suppliers to encourage and support them to reduce their climate impact. Although obtaining reliable data is difficult due to the activities being outside the scope of Husqvarna Group's control, we estimate that the emissions have been reduced by 56% between 2015 and 2024. A third significant source of indirect emissions is in the transport of our products. Our main efforts here are centered on, first, shifting from air to road or sea transport, which is less emissions intensive. Second, much like with our suppliers, we engage with logistics providers to improve reporting and reduction of emissions, especially as part of our tendering processes.

Although only representing about 1% of emissions, Husqvarna Group consider it important to lead by example and equally make efforts to decarbonize our own operations. Some of our initiatives are purchasing renewable energy for our buildings, driving electric vehicles, and increasing the energy efficiency of our production processes. In this way, we reduced our emissions from production by 81% between 2015 and 2024.

Circular

For Husqvarna Group, the transition towards a circular economy allows us to combine our passion for innovation and sustainability. It is an opportunity for us to come up with new, innovative, products and services while reducing our impact on the environment. We recognize that reducing resource intensity, prolonging the life of a product, and ultimately enabling recyclability are key components to be pursued in that order. As these aspects primarily are controlled at the design stage, our innovative capabilities are key. This is why our circular target is quantified in terms of circular innovations: it is only by rethinking what we do and how we will take steps toward a closed-loop economy. All innovations counted against the target must be approved by our Circular Innovation Committee (consisting of Group and division representatives as well as an external expert) and have a proof-of-concept with a paying customer.

Digitalization is one of the core enablers to increase circularity. With increased traceability, we can extend the lifespan of our products and increase efficiency in use. That is why we have upped efforts to develop more connected devices in for instance lawn mowers and smart-watering systems. We want to double the number of such devices to six million in five years (2021 base year).

A core way in which design can contribute to more circular products lies in the choice of materials. In our Gardena EcoLine, we offer gardening tools made from recycled materials. In addition, where possible, we are transitioning to recycled plastic in packaging and have made significant investments in equipment in order to ultimately be able to implement this across the company.

Finally, circularity does not only entail new, and more efficient use of, materials, but also new business models. Product-as-a-service models, where the Husqvarna Group as a producer retains ownership of the product that is then leased to the user, is one such model. Husqvarna Group has launched such models for several product categories for both commercial as well as residential consumers. As the products are taken back, they can be refurbished and resold to a new customer. This business model is estimated to increase the lifespan by 25-50% (under our Lease Plus program).

People

Change begins with people. Achieving the goals set out above, as well as being the company Husqvarna Group wants to be, requires that we engage and empower our employees, customers, and suppliers. That is why we summarize our people-centered initiatives in one target: empowering five million people to make sustainable choices by 2025. We center these activities around five main areas:

• Building the market for more sustainable solutions and encouraging customers to adopt more sustainable options

Through proactive communication campaigns, we inform our customers about the different sustainability contributions in our low-carbon and resource-smart assortment. We deploy this information in various parts of the customer journey to help them make more sustainable purchase decisions and use the products right to optimize the sustainability benefits.

• Internal awareness programs

Our all-employee sustainability training program "Curious by Nature" is designed to engage colleagues globally on the sustainability topic and start conversations. In addition, we will hold in-person trainings, including with sales teams and managers.

• Building partnerships

We actively seek partners with whom we can join forces to enhance sustainability across the value chain. We believe that going together will multiply the positive impact when true win-win mechanisms are designed. As a concrete example, we are working together with nearly 300 cities worldwide to measure city greenness through our Husqvarna Urban Green Space Index ("HUGSI").

• Our diversity and inclusion program

In our diversity and inclusion strategy, we want to promote leaders from diverse candidate pools. This includes encouraging differences across a range of perspectives such as age, race, ethnicity, gender, sexual orientation, cultural identity, disability, and overall life experiences. We measure performance annually using the Bloomberg GEI (Gender Equality Index). We measure overall diversity and gender balance in leadership, and we commit to a year-on-year increase in our D&I score.

• Engagement in crisis relief during natural disasters and emergencies.

The progress toward the target is measured mainly through the number of sold sustainable products and the number of employees that have taken our sustainability training.

Sustainability risk governance

With policies as our starting point, we evaluate and monitor risks and are transparent about outcomes. Regarding our own operations, we have a Code of Conduct that permeates everything we do. It is based upon international guidelines such as the OECD Guidelines for multi-national enterprises and is implemented through our compliance and diversity & inclusion programs. We also have a Product Safety Policy to address risks from the use of our products. ISO certifications in product development and manufacturing, as well as follow-up of lessons learned in previous projects, help us address such risks.

Applying the precautionary principle helps us adopt preventative measures when these risks are difficult to ascertain, but the stakes are high. We apply this principle to stay ahead of risks that can happen because of actions in our operations and products. This mindset is reflected in the Group's Environmental Policy and Supplier Code of Business Ethics.

Responsibility for addressing strategic risks follows a delegation procedure and flows from the Board to the CEO and to divisional presidents. The Internal Audit function evaluates and improves the effectiveness of our governance processes, risk management and internal control. Operations are also subject to external review and monitoring by the Swedish Financial Supervisory Authority and Nasdaq Stockholm.

EU Taxonomy

In 2022, we disclosed alignment to the EU Taxonomy for the first time. In 2024, we assessed our activities against all six environmental objectives. Within this EU Taxonomy scope, the most material environmental objectives for Husqvarna Group are climate change mitigation and the transition to a circular economy, which is in line with Sustainovate strategy. Our largest source of aligned activities comes from our electrified motorized products, under "manufacturing of other low carbon technologies" contributing to climate change mitigation and from leasing options for both professional and residential customers, under "product-as-a-service and other circular use- and result-oriented service models" contributing to extended product lifecycles and minimized resource extraction.
Applying a precautionary approach, due to data availability issues we were sometimes unable to assess whether some eligible exposures may actually be aligned. We thus assess as likely that an increasing share of our eligible activities will be verified as aligned as data accessibility improves.

Green Finance Framework

The following Green Finance Framework has been developed in accordance with the Green Bond Principles (GBP) 2021 (with June 2022 Appendix I), and the APLMA, LMA and the LSTA Green Loan Principles (GLP) 2023. Through this framework, Husqvarna Group may issue different securities including Green Bonds, Green Loans, or Schuldscheins. This Green Finance Framework is aligned with the core components of the GBP and GLP, as well as the recommended External Review component:

1. Use of Proceeds
2. Eligible green Assets and Projects
3. Process for project evaluation and selection
4. Reporting
5. External Review

Use of Proceeds

The proceeds from Green Finance Instruments issued by Husqvarna Group will be exclusively used to finance Eligible Assets and Projects within Husqvarna Group, its subsidiaries, or any acquired entities. Proceeds will finance Eligible Assets and Projects according to this framework in part or in full that promote environmental benefits as determined by Husqvarna Group and the sustainability strategy. The proceeds raised based on this Green Finance Framework can be applied towards assets such as facilities capital expenditures, acquisitions, operational expenditures such as R&D, tools, processes, and machines according to the eligibility criteria below. Green Finance Instruments issued under this framework will be referenced in the associated legal document.

Financing and refinancing

The net proceeds from Green Finance Instruments can be used to fund capital and operational expenditures including R&D being reported in the EU Taxonomy alignment section of Husqvarna Group's Annual report, which also includes Sustainability Statement. Financing is defined as Assets and Projects that will be taken into operation at the transaction date and during the remaining period of the current year following the transaction date plus two fiscal years following the current year. Refinancing is defined as Assets and Projects that were taken into operation during the two fiscal years preceding the current year, as well as the period in the current year preceding the transaction date. When investments take place over several years the total investment might not fully be reported at once. Husqvarna Group still intends to allocate the proceeds from Green Finance Instrument at the earliest convenience and to the extent possible reach full allocation within two financial years. Information about the split between financed and refinanced assets will be included in the Green Finance Report.

Exclusions

Husqvarna Group will exclude finance of fossil-fuel-powered products and fossil fuel and energy generation.

Eligible green Assets and Projects

Eligible Projects and Asset must fall within one of the following Eligible Categories.

Low-carbon Products and Solutions

ICMA Green Project Category: Eco-efficient and/or circular economy-adapted products, production technologies, and processes

ICMA GBP: Climate change mitigation
EU Taxonomy Environmental Objective: Climate change mitigation, Circular economy

Use of Proceeds
Proceeds will be used for finance of research & development, operations, maintenance and expansion of products and solutions that lead to life cycle greenhouse gas emissions savings.

Eligible Assets and Projects include:

- **Manufacture of other low carbon technologies (Taxonomy activity CCM3.6)**
  Development of Husqvarna Group's range of electrified products. R&D investments to be an industry leader in low-carbon solutions for products such as robotic lawn mowers, trimmers, and chainsaws.
- **Manufacture of batteries (Taxonomy activity CCM3.4)**
  Manufacturing of rechargeable battery packs for battery-powered products, supporting the transition to a low-carbon economy.
- **Product-as-a-service and other circular use- and result-oriented service models (Taxonomy activity CE5.5)**
  Providing a product-as-a-service option for both professional and residential customers promotes sustainability by extending product lifecycles, reducing waste, minimizing resource extraction, and ultimately lowering emissions throughout the value chain.
- **Sale of spare parts (Taxonomy activity CE5.2)**
  The availability of spare parts is essential to the circular economy, as it improves the reparability and durability of products, reduces waste, decreases the need for new resource extraction, and ultimately lowers emissions throughout the value chain.

Green Buildings

ICMA Green Project Category: Green buildings

ICMA GBP: Climate change mitigation
EU Taxonomy Environmental Objective: Climate change mitigation

Use of Proceeds
Proceeds will be used for construction, financing, new acquisitions, and renovation & maintenance of buildings that meet the EU Taxonomy criteria for sustainable buildings. In addition, renewable energy generation in connection to such buildings is eligible.

Eligible Assets and Projects include:

- **Construction of new buildings (Taxonomy activity 7.1)**
  Primary energy demand is at least 10% lower than applicable net-zero energy building requirements. Relevant tests and global warming potential assessment is conducted as per the Taxonomy.
- **Acquisition & ownership of green buildings (Taxonomy activity 7.7)**

Energy performance of buildings is within top 15% of national building stock.

- **Renovation of existing buildings (Taxonomy activity 7.2)**
  Renovation complies with applicable requirements or reduces primary energy demand by min 30%.

Clean Transportation
ICMA Green project category: Clean Transportation
ICMA GBP: Climate change mitigation **EU Taxonomy Environmental Objective:** Climate change mitigation
Use of Proceeds Proceeds will be used for the low-carbon transportation in Husqvarna Group's production processes and products. Eligible Assets and Projects include: • **Transport by motorbikes, passenger cars and light commercial vehicles (Taxonomy activity 6.5)** Purchase, financing, of zero-emissions vehicles.

Renewable Energy
ICMA Green Project Category: Renewable energy
ICMA GBP: Climate change mitigation **EU Taxonomy Environmental Objective:** Climate change mitigation
Use of Proceeds Proceeds will be used for renewable energy generation in connection to buildings. Eligible Assets and Projects include: • **Installation, maintenance and repair of renewable energy technologies (Taxonomy activity CCM7.6)** Installation, maintenance and repair of PV panels located on premises.

Process for project evaluation and selection

To ensure that proceeds from Husqvarna Group's Green Finance Instruments are allocated to assets, that are aligned with the criteria of this Framework the Husqvarna Group has designed and implemented a process to ensure that only projects aligned with the criteria set out above will be selected as Eligible Assets and Projects for its Green Finance Instruments. Husqvarna Group has also established a Green Finance Committee (GFC) including members from the treasury, sustainability, investor relations and finance teams. The GFC utilizes the criteria as defined in the EU Taxonomy to evaluate if assets are in line with the long-term vision of social and environmental sustainability through the positive contribution to climate change mitigation and circular economy, do no significant harm and minimum safeguards. The Green Finance Committee is also responsible for replacing investments that no longer meet the Eligible criteria, or are no longer to be included (e.g., if Husqvarna Group sells an Eligible Asset). The GFC is responsible for the publication of the Green Finance Report and for reviewing and updating the content of the Green Finance Framework to reflect relevant changes in Husqvarna Group's corporate strategy, technology and market developments. The GFC will meet at least on an annual basis and decisions in the GFC are made in consensus.

Management of Proceeds

Husqvarna Group will establish a Green Finance Register for the purpose of monitoring the Eligible Assets and Projects and the allocation of proceeds from Green Finance Instruments to Eligible Assets and Projects. Husqvarna Group intends to allocate the proceeds from Green Finance Instrument at the earliest convenience and to the extent possible reach full allocation within two financial years. There may be periods when the total outstanding proceeds of the Green Finance Instruments exceed the value of the Eligible Assets and Projects in the Green Finance Register. Any such portion will be held in accordance with Husqvarna Group's liquidity management policy. The Green Finance Register will form the basis for impact reporting. If, for any reason, a financed Eligible Asset no longer meets the eligibility criteria, it will be removed from the pool of projects financed with proceeds from Husqvarna Group's Green Finance Instruments.

Reporting

Husqvarna Group will provide an annual Green Finance Report on the allocation and impact of Green Bonds issued under this framework as long as there are Green Financial Instruments outstanding. Where relevant Husqvarna Group will seek to align the reporting with the latest standards and practices as identified by ICMA. The impact report will, to the extent feasible, also include a section with methodology, baselines and assumptions used in impact calculations. If competitive considerations or a large number of underlying assets limit the amount of detail that can be made available Husqvarna Group may present information in generic terms or on an aggregated basis. The information will be made publicly available on the Husqvarna Group website.

Allocation reporting

The allocation report will, to the extent feasible, include the following components:

1. A list of all Eligible Assets and Projects funded including amounts allocated
2. Amounts invested in each category as defined in the Use of Proceeds section and the relative share of new financing versus refinancing
3. The amount of unallocated proceeds

Impact reporting

Husqvarna Group recognizes the importance of transparency and impact reporting and will strive to report on the actual environmental impact of the investments financed by Green Finance Instruments. The relevant KPIs for Eligible Projects and Assets developed by Husqvarna Group are presented in the table below. The KPIs may change over time subject to providing a relevant understanding of the impact. If the actual impact of an Eligible Asset and Project (e.g., R&D), cannot be systematically measured and reported or proves unreasonably difficult to establish, Husqvarna Group will seek to provide information on the goals, estimated positive impact, and results of the financed activities.

Use of Proceeds category	Examples of proposed impact metrics
Eco-efficient and/or circular economy-adapted products, production technologies, and processes	• Annual GHG emissions reduced/avoided (tCO_2e) • Percentage of motorized offer electrified
Green buildings	• % of buildings Taxonomy aligned • Annual energy savings
Clean Transportation	• Share of road fleet that is electrified • CO_2 intensity per transported km • Absolute CO_2 emissions reduction from transport
Renewable Energy	Annual renewable energy generation (MWh) Annual GHG emissions reduced/avoided (tCO2 e)

External review

Second Party Opinion

Husqvarna Group has engaged Morningstar Sustainalytics to act as an external verifier in accordance with the Guidelines for Green Bonds External Reviews developed by the Green and Social Bond Principles, an independent, Second Party Opinion on this Green Finance Framework. The Second Party Opinion is publicly available on the Husqvarna Group website.

External verification

On an annual basis, an independent external auditor will perform a limited assurance on Husqvarna Group's EU Taxonomy reporting included in the sustainability report, Sustainovate. Given that Husqvarna Group will only finance EU Taxonomy-aligned expenditures it will automatically be subject to this audit process.

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Group