

Second-Party Opinion

Husqvarna Green Finance Framework



Evaluation Summary

Sustainalytics is of the opinion that the Husqvarna Green Finance Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2021 and the Green Loan Principles 2023. This assessment is based on the following:



USE OF PROCEEDS The eligible categories for the use of proceeds – Low Carbon Products and Solutions, Green Buildings, Clean Transportation and Renewable Energy – are aligned with those recognized by the Green Bond Principles and the Green Loan Principles. Sustainalytics considers that investments in the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDGs 7, 9, 11 and 12.



PROJECT EVALUATION AND SELECTION Husqvarna’s Green Finance Committee, consisting of representatives from the Treasury, Sustainability, Investor Relations and Finance teams, is responsible for evaluating and selecting potential assets and projects in line with the Framework’s eligibility criteria. The committee will also undertake environmental and social risk assessments that adhere to the Do No Significant Harm (DNSH) and Minimum Safeguards criteria of the EU Taxonomy. Sustainalytics considers the project selection and evaluation process to be in line with market practice.



MANAGEMENT OF PROCEEDS Husqvarna’s Green Finance Committee will be responsible for the management of proceeds and will track the allocation of proceeds using an internal green finance register. Husqvarna intends to allocate proceeds as soon as feasible and reach full allocation within two years of issuance. Pending full allocation, proceeds will be temporarily held in cash in accordance with the Company’s liquidity management policy. Sustainalytics considers this process to be in line with market practice.



REPORTING Husqvarna will report on the allocation of proceeds and corresponding impact in its annual Green Finance Report, which will be published on its website for as long as the green finance instruments are outstanding. Allocation reporting will include the amounts of proceeds allocated to eligible assets and projects, a list of all eligible assets and projects, the share of financing versus refinancing and the balance of unallocated proceeds. Sustainalytics views Husqvarna’s allocation and impact reporting as aligned with market practice.

Evaluation date February 24, 2025

Issuer Location Stockholm, Sweden

Report Sections

Introduction.....	2
Sustainalytics’ Opinion	3

For inquiries, contact the Sustainable Corporate Solutions project team:

Natalia Gotishan (Amsterdam)
Project Manager
natalia.gotishan@morningstar.com
(+31) 20 205 0000

Siga Wu (Amsterdam)
Project Support

Roshan Bhatt (Mumbai)
Project Support

Kibii Sisulu (London)
Client Relations
susfinance.emea@sustainalytics.com
(+44) 20 3880 0193

Introduction

Established in 1689, Husqvarna AB (“Husqvarna” or the “Company”) is a global manufacturer of outdoor power products for forest, park and garden care, as well as for the construction and stone processing industries. Its product portfolio includes robotic lawn mowers, chainsaws, trimmers, watering systems, garden tractors and diamond tools for cutting, grinding and drilling in construction. Headquartered in Stockholm, the Company employs approximately 13,300 individuals in 40 countries as of 2024.¹ It reported net sales of SEK 48.4 billion (EUR 4.3 billion) in 2024.²

Husqvarna has developed the Husqvarna Green Finance Framework dated February 2025 (the “Framework”), under which it intends to issue green bonds, loans and Schuldscheine, and use the proceeds to finance or refinance, in whole or in part, existing and future projects aimed at delivering positive environmental impact and improving the Company’s environmental performance. The Framework defines eligibility criteria in four areas:

1. Low Carbon Products and Solutions
2. Green Buildings
3. Clean Transportation
4. Renewable Energy

Husqvarna engaged Sustainalytics to review the Framework and provide a Second-Party Opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2021 (GBP)³ and the Green Loan Principles 2023 (GLP).⁴ The Framework will be published in a separate document.⁵

Scope of work and limitations of Sustainalytics’ Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent⁶ opinion on the alignment of the reviewed Framework with current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework’s alignment with the Green Bond Principles 2021, as administered by ICMA, and the Green Loan Principles 2023, as administered by LMA, APLMA and LSTA;
- The credibility and anticipated positive impacts of the use of proceeds; and
- The alignment of the issuer’s sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.18, which is informed by market practice and Sustainalytics’ expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of Husqvarna’s management team to understand the sustainability impact of its business processes and planned use of proceeds, as well as the management of proceeds and reporting aspects of the Framework. Husqvarna representatives have confirmed that: (1) they understand it is the sole responsibility of Husqvarna to ensure that the information provided is complete, accurate and up to date; (2) they have provided Sustainalytics with all relevant information and (3) any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics’ opinion of the Framework and should be read in conjunction with that Framework.

¹ Husqvarna, “History timeline”, at: <https://www.husqvarnagroup.com/en/history-timeline?>

² Ibid.

³ The Green Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>.

⁴ The Green Loan Principles are administered by the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications and Trading Association and are available at <https://www.lsta.org/content/green-loan-principles/>

⁵ The Husqvarna Green Finance Framework will be available at: <https://www.husqvarnagroup.com/en/debt-and-funding>.

⁶ When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and Husqvarna.

Sustainalytics' Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond and loan proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realized allocation of the bond and loan proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that Husqvarna has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Husqvarna Green Finance Framework

Sustainalytics is of the opinion that the Husqvarna Green Finance Framework is credible, impactful and aligned with the four core components of the GBP and GLP. Sustainalytics highlights the following elements of the Framework:

- Use of Proceeds:
 - The eligible categories – Low Carbon Products and Solutions, Green Buildings, Clean Transportation and Renewable Energy – are aligned with those recognized by the GBP and GLP.
 - The Framework defines a look-back period of three years for refinancing activities, which Sustainalytics considers to be in line with market practice.
 - Under the Low Carbon Products and Solutions category, Husqvarna intends to finance or refinance research and development (R&D) and specific expenditures related to the development of processes and components that improve the electrification ratio of the Company's product portfolio. This may include:
 - Manufacturing and development of technologies and processes to support the Company's transition from gas-powered to electrified products through the electrification of existing products, as well as the development of new electrical equipment to replace legacy gas-powered products.
 - Examples of products financed under this category include: i) equipment for forests, parks and garden care, such as electric robotic lawn mowers, chainsaws, brush-cutters, trimmers, leaf blowers, garden tractors and smart watering systems; and ii) light construction equipment, such as power cutters; floor saws; surface preparation equipment; dust and slurry removal solutions; diamond tools for cutting, grinding and drilling for the construction and stone processing industries; concrete compaction and placement equipment; and demolition robots.⁷
 - The Company has confirmed that investments under this category will be limited to expenditures directly related to the electrification of products and their components, resulting in substantial reductions in carbon emissions from the use of such products, and will not include costs associated with the overall production of these products under the Company's standard business operations.
 - Husqvarna has further confirmed that financing will exclude fossil fuel-powered products.

⁷ Husqvarna, "Products and services with the power for change", at: <https://www.husqvarnagroup.com/en/products-and-services-power-change>

- Sustainalytics notes that Husqvarna’s investments in the electrification of its products have the potential to create environmental benefits by phasing out or replacing direct carbon emissions from internal combustion engine equipment and therefore, considers that these meet market expectations.
 - Manufacture of rechargeable battery packs and their respective components for robotic and battery-powered equipment manufactured by the Company for forestry, landscaping and gardening, as well as construction applications, including robotic lawn mowers, grass and hedge trimmers, brush-cutters, chainsaws, pole saws and leaf blowers.⁸ Sustainalytics views these investments to be aligned with market practice.
 - Product-as-a-service models, under which the Company intends to finance the leasing of battery-powered products to residential and professional customers. At the end of the lease term, Husqvarna will take back the products for refurbishment and subsequent leasing or resale, thereby extending the lifespan of the Company’s equipment by an estimated 25-50%.^{9,10}
 - The Company has communicated to Sustainalytics that the proceeds will be used by Husqvarna to finance: i) the acquisition of eligible assets to be leased from Husqvarna’s dealers;¹¹ and ii) the post-asset acquisition expenditures, including the maintenance of assets, under the Company’s leasing programmes. Husqvarna has confirmed to Sustainalytics the compliance with the EU Taxonomy’s Annex 2 Substantial Contribution and Do No Significant Harm (DNSH) criteria for “Product-as-a-service and other circular use- and result-oriented service models”.¹²
 - Sustainalytics notes that the primary impact that leasing contributes to a circular economy would come from the operation of leasing, including the take-back and maintenance of assets and products, which leads to their extended use.
 - Sustainalytics recognizes that financing operational leasing contributes to a circular economy by allowing one asset to be utilized by several users and notes that it has the potential to contribute to limiting GHG emissions from the manufacture and use of new products. Sustainalytics encourages Husqvarna to report on estimated or achieved GHG emissions savings.
 - Sustainalytics considers this expenditure to be in line with market practice.
 - Sale of spare parts for repairing or replacing defective or worn-out components of the aforementioned products to improve their reparability and durability.
 - Husqvarna has confirmed that financing will be limited to spare parts intended for the repair or replacement of defective or worn-out components in sold products as part of contractual agreements with clients. The Company has further communicated to Sustainalytics that it has an internal labelling system to distinguish spare parts from original product components to ensure that spare parts are exclusively used for the repair and servicing of sold products and are not integrated into new finished products. Sustainalytics considers this to be in line with market practice.
 - Sustainalytics further notes that Husqvarna has confirmed that financing of packaging material procurement will not be included under the Framework.
- Under the Green Buildings category, Husqvarna may finance or refinance the construction, acquisition, renovation and maintenance of office buildings and production facilities, according to the following criteria:
 - Construction of new buildings with a primary energy demand (PED) at least 10% lower than the nearly-zero energy buildings (NZEB) requirements in national measures implementing Directive 2010/31/EU.¹³ In addition, buildings that are larger than

⁸ Husqvarna, “Husqvarna Professional Battery Products”, at: <https://www.husqvarna.com/uk/professional-battery-products/>

⁹ Husqvarna, “Circular”, at: <https://www.husqvarnagroup.com/en/circular>

¹⁰ Husqvarna, “Lease Plus and Service Plus”, at: https://www.husqvarna.com/us/services/lease-and-service-plus/?utm_source=chatgpt.com

¹¹ Husqvarna, “Distribution channels and seasonality”, at: <https://www.husqvarnagroup.com/en/distribution-channels-and-seasonality>

¹² European Commission, “Annex 2 to the Commission Delegated Regulation”, (2023), at: https://finance.ec.europa.eu/system/files/2023-06/taxonomy-regulation-delegated-act-2022-environmental-annex-2_en_0.pdf

¹³ European Commission, “Nearly zero-energy buildings”, at: https://energy.ec.europa.eu/topics/energy-efficiency/energy-efficient-buildings/nearly-zero-energy-buildings_en

- 5,000 m² will undergo airtightness and thermal integrity testing and life cycle global warming potential calculation as per the EU Taxonomy.
- Acquisition and purchase of buildings that belong to the top 15% of the national building stock, based on operational PED.
 - Renovation of existing buildings according to the following criteria:
 - Renovations that lead to a minimum 30% reduction in PED compared to the pre-renovation levels.
 - Renovations that comply with the requirements for major renovations of the EU Taxonomy as set in the applicable national and regional building regulations.^{14,15} Sustainalytics notes that the EU Taxonomy requires meeting the relevant cost-optimal minimum energy performance requirements in accordance with the Energy Performance of Buildings Directive, measures of which vary among EU Member States. Sustainalytics therefore encourages Husqvarna to report on the actual improvement on PED or energy savings achieved in comparison with the existing building stock in the area or region.
 - Sustainalytics further notes that Husqvarna has confirmed that the investments in renovations will be limited to renovation expenditures and that the asset value of the entire building will not be financed.
 - Sustainalytics views the investments under this category to be aligned with market practice.
 - Under the Clean Transportation category, Husqvarna intends to finance or refinance the purchase of zero-emission vehicles for its own use, including motorbikes, passenger cars and light commercial vehicles. Sustainalytics considers these expenditures to be aligned with market practice.
 - Under the Renewable Energy category, Husqvarna may finance or refinance the installation, maintenance and repair of solar photovoltaic panels on building rooftops on its premises. Sustainalytics considers these expenditures to be aligned with market practice.
 - Sustainalytics notes that the Framework excludes financing of fossil fuel-powered products, and fossil fuel and energy generation activities.
 - Project Evaluation and Selection:
 - Husqvarna’s Green Finance Committee is responsible for evaluating and selecting projects in line with the Framework’s eligibility criteria. The committee convenes at least annually and consists of representatives from the Treasury, Sustainability, Investor Relations and Finance teams.
 - The committee is responsible for identifying and managing the environmental and social (E&S) risks associated with eligible projects. The Company applies the DNSH¹⁶ and Minimum Safeguards¹⁷ criteria of the EU Taxonomy when assessing E&S risks to prevent the financing of environmentally and socially harmful projects. Husqvarna also adheres to applicable laws and regulations to address environmental and social risks. Sustainalytics considers the Company’s E&S risk management system to be adequate. For additional details, please refer to Section 2.
 - Based on the established process for project evaluation and selection and the presence of a risk management system, Sustainalytics considers this process to be in line with market practice.
 - Management of Proceeds:
 - Husqvarna’s Green Finance Committee, chaired by the Company’s Treasury Department, will be responsible for the management and allocation of proceeds and will track the allocation of proceeds using an internal green finance register.
 - Husqvarna has communicated to Sustainalytics that instruments issued under the Framework may include multi-tranche loan facilities. Husqvarna intends to label only those tranches of such facilities whose proceeds will be allocated according to the eligibility criteria in the Framework.

¹⁴ European Commission, “Annex I to the Commission Delegated Regulation”, (2021), at: https://ec.europa.eu/finance/docs/level-2-measures/taxonomy-regulation-delegated-act-2021-2800-annex-1_en.pdf

¹⁵ Husqvarna has confirmed to Sustainalytics that financing of renovation projects in line with the requirements for major renovations of the EU Taxonomy will be limited to EU countries.

¹⁶ European Commission, “Do no significant harm’ Technical Guidance by the Commission”, (2021), at:

https://commission.europa.eu/system/files/2021-10/2021_02_18_epc_do_not_significant_harm_technical_guidance_by_the_commission.pdf

¹⁷ European Commission, “Commission notice on the interpretation and implementation of certain legal provisions of the EU Taxonomy Regulation and links to the Sustainable Finance Disclosure Regulation”, (2023), at: [https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52023XC0616\(01\)](https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52023XC0616(01))

- Husqvarna intends to allocate proceeds as soon as is feasible and reach full allocation within two years of issuance. Pending full allocation or in case the outstanding proceeds exceed the amount allocated to the eligible assets, the unallocated proceeds will be temporarily held in cash in a designated account and managed in accordance with the Company's liquidity management policy.
- Husqvarna has confirmed to Sustainalytics that it has measures in place to avoid double counting of eligible projects and assets and their associated impacts between categories.
- Based on the use of a tracking system and disclosure of the temporary use of proceeds, Sustainalytics considers this process to be in line with market practice.
- Reporting:
 - Husqvarna will report on the allocation of proceeds and their corresponding impacts in an annual Green Finance Report, which will be published on the Company's website as long as the green finance instruments remain outstanding.
 - Husqvarna has communicated to Sustainalytics that if it obtains revolving credit facilities under the Framework, it will report on allocation until loan maturity.
 - Allocation reporting will include: i) a list of all eligible assets and projects with the amounts allocated; ii) amount invested in each category; iii) the share of financing versus refinancing; and iv) the balance of unallocated proceeds.
 - Impact reporting may include: i) annual GHG emissions reduced or avoided (in tCO₂e); ii) annual energy savings in buildings; iii) share of road fleet that is electrified; iv) CO₂ emissions intensity per transportation-kilometre; v) absolute CO₂ emissions reduction from transport; and vi) annual renewable energy generation (in MWh).
 - Based on the commitment to allocation and impact reporting, Sustainalytics considers this process to be in line with market practice.

Alignment with the Green Bond Principles 2021 and Green Loan Principles 2023

Sustainalytics has determined that the Husqvarna Green Finance Framework aligns with the four core components of the GBP and GLP.

Section 2: Sustainability Strategy of Husqvarna

Contribution to Husqvarna's sustainability strategy

Husqvarna's Sustainovate strategy focuses on improving products' energy efficiency and using resource-smart materials and fossil fuel alternatives in production.¹⁸ The Company has set a long-term target to achieve net zero CO₂ emissions across its value chain by 2050 and near-term targets for 2025, which include: i) reducing absolute scope 1, 2 and 3 GHG emissions by 35% compared to a 2015 baseline, validated by the SBTi in line with the 1.5°C trajectory;¹⁹ ii) introducing 50 circular innovations that improve product recyclability and extend product lifespans; and iii) enabling 5 million customers and its employees to make more sustainable choices.²⁰

Husqvarna's strategy to reduce carbon emissions focuses on increasing electrification of its products and prioritizing sustainability in product development. In 2023, Husqvarna increased the share of electrified motorized products to 42%, up from 11% in 2015, with a goal of reaching 67% by 2026.²¹ The Company also integrates sustainability criteria and electrification earlier in its product development process through: i) strategic initiatives, such as the Power for All Alliance, which enable customers to use the same battery for more than 100 appliances from multiple manufacturers for various household tasks; and ii) innovative battery-powered products, such as CEORA mowers, which are expected to generate 83% less life cycle CO₂ emissions compared to traditional diesel-powered mowers.²² In 2024, Husqvarna had achieved a 56% reduction in absolute scope 1, 2 and 3 GHG emissions from a 2015 baseline, surpassing its original target of reducing such emissions by 35% by 2025 ahead of schedule.²³ One contributing factor was the Company's transition to 87% renewable electricity across its operations in 2023, up from 43% in 2017.²⁴

¹⁸ Husqvarna, "Annual and Sustainability Report 2023", at: <https://www.husqvarnagroup.com/sites/husqvarna/files/pr/202403273234-1.pdf>

¹⁹ Science Based Targets initiative, "Companies taking action", at: <https://sciencebasedtargets.org/companies-taking-action>

²⁰ Husqvarna, "Annual and Sustainability Report 2023", at: <https://www.husqvarnagroup.com/sites/husqvarna/files/pr/202403273234-1.pdf>

²¹ Ibid.

²² Ibid.

²³ Husqvarna, "Carbon", at: <https://www.husqvarnagroup.com/en/carbon>

²⁴ Husqvarna, "Annual and Sustainability Report 2023", at: <https://www.husqvarnagroup.com/sites/husqvarna/files/pr/202403273234-1.pdf>

To promote circularity, Husqvarna is focused on investing in R&D and using recycled materials in product and packaging design, manufacturing and sourcing.²⁵ The Company launched 10 circular innovations in 2024, bringing the total to 37 since 2021.^{26,27} These innovations integrate reuse, remanufacturing and recycling processes to extend product lifespans and reduce waste.²⁸ Examples of such innovations include: i) retipping of core drilling equipment, a process that refurbishes core drills by brazing new segments onto worn drill tubes; ii) Lease Plus leasing programme for robotic mowers, extending the product lifespan by 25-50%; and iii) Gardena EcoLine watering products and hand tools for gardens, made with at least 65% post-consumer recycled materials.²⁹ As part of its sustainability strategy, Husqvarna encourages sustainable choices by engaging with customers and employees through training, awareness programmes and collaboration for green urban environments.³⁰

Sustainalytics is of the opinion that the Husqvarna Green Finance Framework is aligned with the Company's overall sustainability strategy and initiatives and will further the Company's action on its key environmental priorities. Nevertheless, Sustainalytics encourages Husqvarna to set quantifiable interim targets for emissions reduction and circularity to ensure progress toward its 2050 carbon neutrality goal and to continually report on its progress towards these targets. In this regard, Sustainalytics notes that the Company has communicated that it aims to set GHG emission targets for 2030 by the end of 2025, along with a detailed decarbonization plan for achieving its targets.

Approach to managing environmental and social risks associated with the projects

Sustainalytics recognizes that the proceeds from the instruments issued under the Framework will be directed towards eligible projects and assets that are expected to have positive environmental or social impacts. However, Sustainalytics is aware that such eligible projects and assets could also lead to negative environmental and social outcomes. Some key environmental and social risks possibly associated with the eligible projects and assets may include issues involving: i) land use and loss of biodiversity; ii) emissions, effluents and waste generated in construction projects; iii) environmental pollution (such as air and noise pollution) from manufactured products; iv) occupational health and safety (OHS); v) supply chain risks; and vi) community relations.

Sustainalytics is of the opinion that Husqvarna is able to manage and mitigate potential risks through implementation of the following:

- Husqvarna's Environmental Policy addresses the environmental risks associated with its operations, including impact on land and biodiversity, waste generation and emissions, including air and noise pollution. This policy requires Husqvarna to comply with all applicable environmental laws, including pollution prevention and waste management.³¹ The policy also focuses on advancing conservation of natural resources, utilizing minimal resources, prioritizing low carbon transport and supporting circularity. To reduce energy-related emissions, Husqvarna has implemented an environmental management system that is certified to ISO 14001 at 69% of its factories.^{32,33} The Company has also introduced an ISO 50001-certified energy management system at some of its facilities to efficiently reduce energy use.^{34,35}
- Husqvarna addresses OHS risks through its OHS Policy, which aims to provide safe working conditions.³⁶ Under this policy, Husqvarna has assigned responsibilities in the organization for setting and implementing safety targets and conducting regular visits to manufacturing sites for safety checks.³⁷ In addition, the Company has established and maintains OHS management systems in compliance with ISO 45001 at its manufacturing locations.^{38,39} Additionally, under its Supplier

²⁵ Ibid.

²⁶ Ibid.

²⁷ Husqvarna, "Circular", at: <https://www.husqvarnagroup.com/en/circular>

²⁸ Husqvarna, "Annual and Sustainability Report 2023", at: <https://www.husqvarnagroup.com/sites/husqvarna/files/pr/202403273234-1.pdf>

²⁹ Husqvarna, "Circular", at: <https://www.husqvarnagroup.com/en/circular>

³⁰ Ibid.

³¹ Husqvarna, "Environmental Group Policy", (2019), at: https://www.husqvarnagroup.com/sites/husqvarna/files/Environmental_Policy_17%20Oct%202019_External%20Web%20version.pdf

³² ISO, "ISO 14001:2015 – Environmental management systems", at: <https://www.iso.org/standard/60857.html>

³³ Husqvarna, "Annual and Sustainability Report 2023", at: https://www.husqvarnagroup.com/sites/husqvarna/files/2024-03/Husqvarna_Annual_and_Sustainability_Report_2023.pdf

³⁴ Ibid.

³⁵ ISO, "ISO 50001 – Energy management", at: <https://www.iso.org/iso-50001-energy-management.html>

³⁶ Husqvarna, "The Husqvarna Group Code of Conduct", at: <https://www.husqvarnagroup.com/sites/husqvarna/files/2023-08/Code-Of-Conduct-2023-English.pdf>

³⁷ Ibid.

³⁸ ISO, "ISO/IEC 45001:2018 – Occupational health and safety management systems", at: <https://www.iso.org/standard/63787.html>

³⁹ Husqvarna, "Annual and Sustainability Report 2023", at: https://www.husqvarnagroup.com/sites/husqvarna/files/2024-03/Husqvarna_Annual_and_Sustainability_Report_2023.pdf

Code of Business Ethics, Husqvarna requires its suppliers to identify, minimize and prevent OHS risks.⁴⁰

- To minimize sustainability and ethics risks in its supply chain, Husqvarna requires suppliers to comply with its Supplier Code of Business Ethics, which includes ensuring compliance with all applicable laws in relation to business principles, human and labour rights, worker health and safety and environmental compliance, including pollution prevention and resource efficiency.⁴¹ Under its Code of Conduct, Husqvarna commits to working with responsible business partners and conducting third-party due diligence screening on suppliers to avoid engaging with unethical business partners.⁴²
- Regarding community relations risks, the Company integrates a stakeholder engagement process into its materiality assessment and conducts interviews and surveys with representatives of various stakeholder groups to better understand their views on the impacts of Husqvarna's business operations.⁴³ Additionally, the Company has confirmed to Sustainalytics that prior to the construction of office buildings and production facilities financed under the Framework, the Company will engage with local communities and other key stakeholders as necessary to understand their opinions on the projects and address potential concerns.

Sustainalytics notes that financing may take place in various countries, including China, India and Ukraine, which Sustainalytics identifies as high-risk countries due to persistent issues related to human rights, labour rights, bribery and corruption. Sustainalytics notes that to address these risks, Husqvarna has established the following measures:

- Husqvarna implements a due diligence process to identify, manage and prevent human and labour rights risks, such as forced and child labour, within its operations and supply chain. This process includes on-site audits and sustainability performance assessments for high-risk suppliers based on their location and activities, which are conducted by the Company's internal audit team and third-party provider, EcoVadis.⁴⁴ Suppliers with low scores undergo corrective actions and reassessment the following year, while new high-risk suppliers must complete sustainability self-assessments or on-site audits. If potential human or labour rights violations are identified, Husqvarna conducts response audits and implements remediation measures for affected parties. In 2023, the Company assessed 74 high-risk suppliers, conducted 12 on-site audits and requested 373 corrective actions. Husqvarna also commits to increasing engagement and assessments of suppliers in high-risk countries.^{45,46} In addition, Husqvarna's Code of Conduct and Supplier Code of Business Ethics require its employees, suppliers and other business partners to comply with all local labour laws and regulations and uphold human rights, including prohibiting harassment and discrimination; regulating working hours; and promoting fair compensation, equal treatment, freedom of association, and diversity and inclusion.^{47,48} Husqvarna expects all its suppliers to comply with the principles of the UN Universal Declaration of Human Rights, OECD Guidelines for Multinational Enterprises and the International Labour Organization Declaration on Fundamental Principles and Rights at Work.⁴⁹ The Company also commits to complying with the UK Modern Slavery Act 2015 and the California Transparency in Supply Chains Act 2010, both of which apply globally, covering all regions of the Company's operations and its financed projects.⁵⁰ Moreover, Husqvarna is a signatory to the UN Global Compact, which provides guidelines for protecting human rights and eliminating unfair labour practices.⁵¹

⁴⁰ Husqvarna, "Supplier Code of Business Ethics", at: https://purchasing.husqvarnagroup.com/sites/husqvarnapurchasing/files/2022-11/Supplier%20Code%20of%20Business%20Ethics_EN.pdf

⁴¹ Ibid.

⁴² Husqvarna, "The Husqvarna Group Code of Conduct", at: <https://www.husqvarnagroup.com/sites/husqvarna/files/2023-08/Code-Of-Conduct-2023-English.pdf>

⁴³ Husqvarna, "Annual and Sustainability Report 2023", at: https://www.husqvarnagroup.com/sites/husqvarna/files/2024-03/Husqvarna_Annual_and_Sustainability_Report_2023.pdf

⁴⁴ EcoVadis: <https://ecovadis.com/>

⁴⁵ Husqvarna, "Annual and Sustainability Report 2023", at: https://www.husqvarnagroup.com/sites/husqvarna/files/2024-03/Husqvarna_Annual_and_Sustainability_Report_2023.pdf

⁴⁶ Husqvarna identifies all countries except the EU, US, Canada and Australia as high-risk countries as part of the Company's internal supplier risk assessment process.

⁴⁷ Husqvarna, "The Husqvarna Group Code of Conduct", at: <https://www.husqvarnagroup.com/sites/husqvarna/files/2023-08/Code-Of-Conduct-2023-English.pdf>

⁴⁸ Husqvarna, "Supplier Code of Business Ethics", at: https://purchasing.husqvarnagroup.com/sites/husqvarnapurchasing/files/2022-11/Supplier%20Code%20of%20Business%20Ethics_EN.pdf

⁴⁹ Ibid.

⁵⁰ Husqvarna, "California Transparency in Supply Chains Act and UK Modern Slavery Act Statements", at: https://www.husqvarnagroup.com/sites/husqvarna/files/HusqvarnaModern_Slavery_Act_Transparency_Statement%20for%202022%20-%202023.pdf

⁵¹ United Nations Global Compact, "About the UN Global Compact", at: <https://unglobalcompact.org/about>

- For risks related to bribery and corruption, Husqvarna provides training to employees on its Gifts and Entertainment, and Anti-Corruption and Anti-Bribery policies. The Company also requires suppliers to implement anti-corruption measures and train their employees to identify and address bribery, corruption, money laundering, conflicts of interest and provision of false information. Additionally, the Company operates a worldwide whistleblower online portal, AlertLine, allowing employees, suppliers and external stakeholders to report any breaches of the codes of conduct and concerns related to bribery and corruption, and human and labour rights. Non-compliance would result in disciplinary actions up to and including termination of employment.^{52,53}

Based on the above policies, standards and assessments, Sustainalytics is of the opinion that Husqvarna has implemented adequate measures and is well positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories.

Section 3: Impact of Use of Proceeds

All four use of proceeds categories are aligned with those recognized by the GBP and GLP. Sustainalytics has focused below on where the impact is specifically relevant in the local context.

Importance of reducing GHG emissions in Sweden

Under the European Green Deal, the EU aims to reduce net GHG emissions by at least 55% by 2030 from a 1990 baseline and achieve carbon neutrality by 2050.⁵⁴ Sweden accounted for 0.16% of the EU's net GHG emissions in 2023 and achieved a net emissions reduction of 72.6% from 2005 to 2023, which is above the EU's average reduction of 30.5% over the same period.⁵⁵ To align with the EU's climate commitments, Sweden adopted the Climate Policy Framework in 2017 and established a long-term goal of reaching netzero emissions by 2045.⁵⁶ To meet this goal, the Swedish government aims to reduce emissions by 63% by 2030 and 75% by 2040 from 1990 levels across key sectors, including domestic transport (excluding aviation), buildings, agriculture, small industry and waste.⁵⁷ Additionally, the government has set a specific target to lower emissions from the transport sector by at least 70% by 2030 compared to 2010.⁵⁸

To support the transition to carbon neutrality, Sweden has allocated substantial investments in high-emitting sectors, including energy, buildings, transport and industry.⁵⁹ Through its Recovery and Resilience plan, Sweden designated EUR 286 million in 2021 for industrial projects focused on developing and implementing zero-, low- or negative-emission technologies.^{60,61} Additionally, as part of the national Klimatklivet (the Climate Leap) programme, the Swedish government has invested more than SEK 800 million (EUR 710 million) in 2024 in green transport projects, such as the expansion of EV charging infrastructure, the development of biofuels and hydrogen-powered transport and the electrification of public transport in major cities such as Stockholm and Gothenburg.⁶²

In this context, Sustainalytics is of the opinion that Husqvarna's investments in low carbon products, green buildings, zero-emission transport and renewable energy projects are expected to contribute to achieving Sweden's emissions reduction targets.

⁵² Husqvarna, "Supplier Code of Business Ethics", at: https://purchasing.husqvarnagroup.com/sites/husqvarnapurchasing/files/2022-11/Supplier%20Code%20of%20Business%20Ethics_EN.pdf

⁵³ Husqvarna, "The Husqvarna Group Code of Conduct", at: <https://www.husqvarnagroup.com/sites/husqvarna/files/2023-08/Code-Of-Conduct-2023-English.pdf>

⁵⁴ European Commission, "A European Green Deal", at: https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal_en

⁵⁵ Think Tank European Parliament, "Sweden's Climate Action Strategy", at: [https://www.europarl.europa.eu/thinktank/en/document/EPRS_BRI\(2024\)767174](https://www.europarl.europa.eu/thinktank/en/document/EPRS_BRI(2024)767174)

⁵⁶ Ibid.

⁵⁷ Ibid.

⁵⁸ European Parliament, "Sweden's climate action strategy", at: [https://www.europarl.europa.eu/RegData/etudes/BRIE/2024/767174/EPRS_BRI\(2024\)767174_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2024/767174/EPRS_BRI(2024)767174_EN.pdf)

⁵⁹ European Commission, "Sweden's recovery and resilience plan", at: https://commission.europa.eu/business-economy-euro/economic-recovery/recovery-and-resilience-facility/country-pages/swedens-recovery-and-resilience-plan_en

⁶⁰ Ibid.

⁶¹ European Commission, "Laying the Foundations for Recovery: Sweden", (2022), at: https://commission.europa.eu/document/download/e658f2d0-cbd4-4045-a66f-f677692752e3_en?filename=factsheet_en_assessment_final.pdf

⁶² Swedish Climate Policy Council, "2024 Report of the Swedish Climate Policy Council", at: <https://www.klimatpolitiskaradet.se/wp-content/uploads/2024/06/reportoftheswedishclimatepolicycouncil2024.pdf>

Contribution to SDGs

The Sustainable Development Goals were adopted in September 2015 by the United Nations General Assembly and form part of an agenda for achieving sustainable development by 2030. The instruments issued under the Husqvarna Green Finance Framework are expected to help advance the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Low Carbon Products and Solutions	9. Industry, Innovation and Infrastructure	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities
	12. Responsible Consumption and Production	12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse
Green Buildings	9. Industry, Innovation and Infrastructure	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities
Clean Transportation	11. Sustainable Cities and Communities	11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons
Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix

Conclusion

Husqvarna has developed the Husqvarna Green Finance Framework under which it intends to issue green bonds, loans and Schuldscheine and use the proceeds to finance projects that contribute to the development of low carbon products and the reduction of GHG emissions. Sustainalytics considers that the eligible projects are expected to provide positive environmental impacts.

The Husqvarna Green Finance Framework outlines a process for tracking, allocation and management of proceeds and makes commitments for reporting on allocation and impact. Sustainalytics considers that the Husqvarna Green Finance Framework is aligned with the overall sustainability strategy of Husqvarna and that the use of proceeds will contribute to the advancement of UN Sustainable Development Goals 7, 9, 11 and 12. Additionally, Sustainalytics is of the opinion that Husqvarna has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects.

Based on the above, Sustainalytics is confident that Husqvarna is well positioned to issue green bonds, loans and Schuldscheine and that the Husqvarna Green Finance Framework is robust, transparent and in alignment with the four core components of the Green Bond Principles 2021 and Green Loan Principles 2023.

Disclaimer

Copyright ©2025 Sustainalytics, a Morningstar company. All rights reserved.

The information, methodologies, data and opinions contained or reflected herein (the "Information") are proprietary to Sustainalytics and/or its third-party content providers and may be made available to third parties only in the form and format disclosed by Sustainalytics. The Information is not directed to, nor intended for distribution to or use by India-based clients and/or users, and the distribution of Information to India resident individuals and entities is not permitted.

The Information is provided for informational purposes only and (1) does not constitute an endorsement of any product, project, investment strategy or consideration of any particular environmental, social or governance related issues as part of any investment strategy; (2) does not constitute investment advice nor recommends any particular investment, nor represents an expert opinion or negative assurance letter; (3) is not part of any offering and does not constitute an offer or indication to buy or sell securities, to select a project nor enter into any kind of business transaction; (4) is not an assessment of the economic performance, financial obligations nor creditworthiness of any entity; (5) is not a substitute for professional advice; (6) has not been submitted to, nor received approval from, any relevant regulatory or governmental authority. Past performance is no guarantee of future results.

The Information is based on information made available by third parties, is subject to continuous change and no warranty is made as to its completeness, accuracy, currency, nor the fitness of the Information for a particular purpose. The Information is provided "as is" and reflects Sustainalytics' opinion solely at the date of its publication.

Neither Sustainalytics nor its third-party content providers accept any liability in connection with the use of the Information or for actions of third parties with respect to the Information, in any manner whatsoever, to the extent permitted by applicable law.

Any reference to third party content providers' names is solely to acknowledge their ownership of information, methodologies, data and opinions contained or reflected within the Information and does not constitute a sponsorship or endorsement of the Information by such third-party content provider. For more information regarding third-party content providers visit <http://www.sustainalytics.com/legal-disclaimers>

Sustainalytics may receive compensation for its ratings, opinions and other services, from, among others, issuers, insurers, guarantors and/or underwriters of debt securities, or investors, via different business units. Sustainalytics maintains measures designed to safeguard the objectivity and independence of its opinions. For more information visit [Governance Documents](#) or contact compliance@sustainalytics.com.

This deliverable, in particular the images, text and graphics contained therein, and the layout and company logo of Sustainalytics are protected under copyright and trademark law. Any use thereof shall require express prior written consent. Use shall be deemed to refer in particular to the copying or duplication of the opinion wholly or in part, the distribution of the opinion, either free of charge or against payment, or the exploitation of this opinion in any other conceivable manner.

The issuer is fully responsible for certifying and ensuring the compliance with its commitments, for their implementation and monitoring.

About Morningstar Sustainalytics

Morningstar Sustainalytics is a leading ESG research, ratings and data firm that supports investors around the world with the development and implementation of responsible investment strategies. For more than 30 years, the firm has been at the forefront of developing high-quality, innovative solutions to meet the evolving needs of global investors. Today, Sustainalytics works with hundreds of the world's leading asset managers and pension funds, which incorporate ESG and corporate governance information and assessments into their investment processes. Sustainalytics also works with hundreds of companies and their financial intermediaries to help them consider sustainability in policies, practices and capital projects. For more information, visit www.sustainalytics.com.

