

# Husqvarna Group's Global Environmental Management System

This document is developed by Environmental Affairs.

### 1. Introduction

Husqvarna is concerned with achieving and demonstrating sound environment performance in consistent with our policies. We do so in the context of increasingly stringent legislation, stakeholders concern and other measures that fosters environmental protection.

This document specifies the requirements for an Environmental Management System (EMS) and makes it possible to establish and implement policies and objectives which take into account legal and other requirements as well as our policies.

The purpose of this document is to describe the structure of Husqvarna's global environment, work = Husqvarna Group's EMS Management System. The global EMS shall establish, implement and maintain Basic Standards and Compliance and support Corporate Improvements and in the end, contribute to a Sustainable Society.



### 2. Term and definitions

#### *Continuous improvement*

Recurring process of enhancing the environmental management system in order to achieve improvements in overall environmental performance consistent with the organisation's policy.

#### *Environment*

Surroundings in which an organization operates, including air, water, land, natural resources, flora, fauna, humans, and their respective interrelation.

#### *Environmental aspect*

Element of an organisation's activities or products or services that can interact with the environment.

#### *Environmental impact*

Any change to the environment, whether adverse or beneficial, wholly or partially resulting from an organisation's environmental aspects.

#### *Environmental management system*

Part of an organisation's management system used to develop and implement environmental policy and manage its environmental aspects.

#### *Environmental performance*

Measurable results of an organisation's management of its environmental aspects.

#### *Interested party*

Person or group concerned with or affected by the environmental performance of an organisation.

#### *Procedure*

Specified way to carry out an activity or process.

#### *Record*

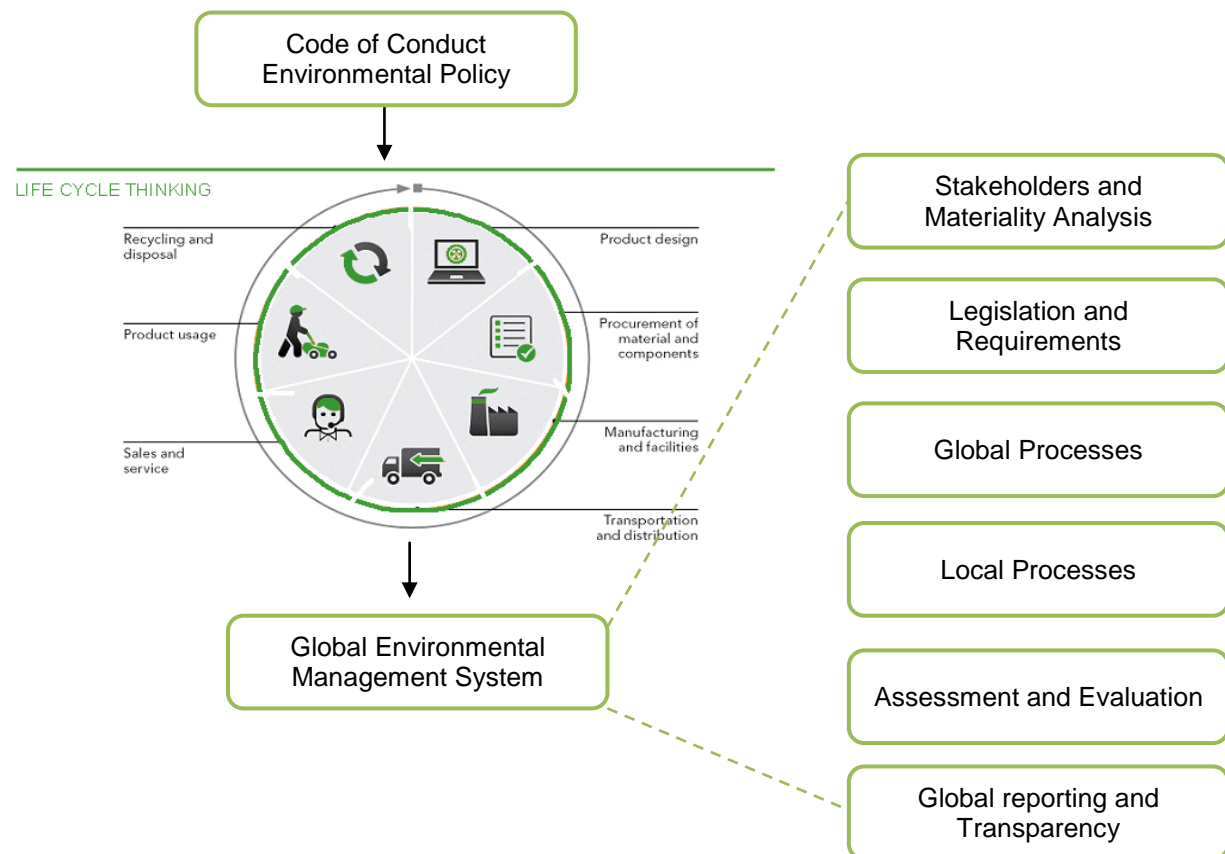
Document stating results achieving or providing evidence of activities performed.

### 3. System Scope

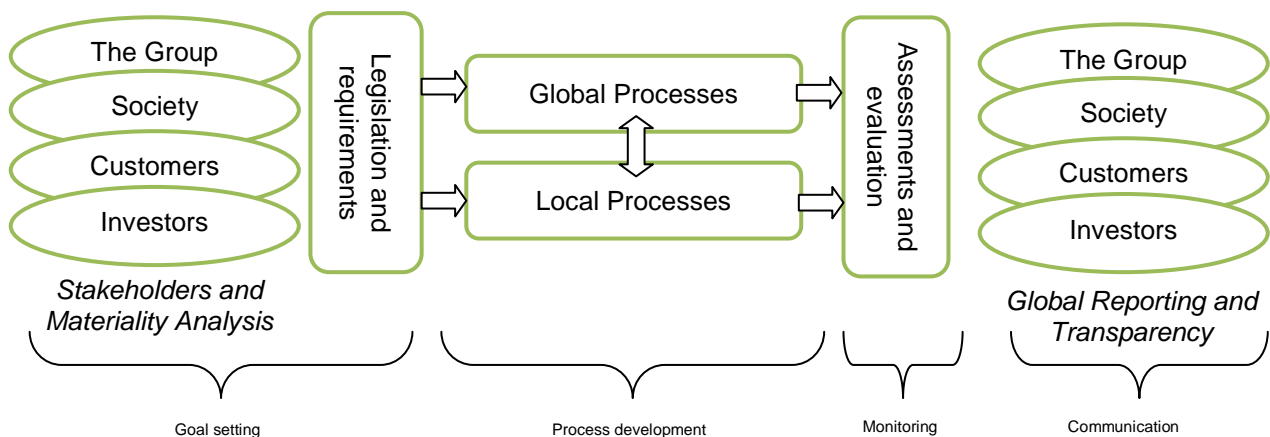
The scope defines the area covered by a given activity or subject. The scope of the EMS includes all business units, activities, products and a service in which Husqvarna Group operates. This EMS is not certified according to any international or national standards.

### 4. System Structure

Husqvarna's environmental work is based on Husqvarna's Code of Conduct. Policies have been developed for Environment, Health & Safety. These documents form the basis for Husqvarna environmental work and the global EMS.



The implementation of a global EMS is built on four elements; 1) Goal setting, 2) Process development, 3) Monitoring and evaluating and 4) Communicating.



## 5. Global Environmental Organisation

The Sustainability Council is Husqvarna's team to develop and improve Husqvarna's overall environmental performance. The Sustainability Council identifies internal and external demands, develops objectives and targets and evaluates performance. The Sustainability Council meets two to four times a year to discuss current environmental, health and safety issues, share experiences and pursue common improvements; as well as to be informed about changes in existing environmental laws and regulations.

### Roles and responsibilities

The primary task for *Environmental Affairs* is to create, implement and maintain a systematic environmental approach, fully integrated with the Group's policies and operations. Only through a controlled process will we be able to create the conditions to attract investors, customers and other stakeholders to our Group and its products and to support the development of our brand's environmental profile. Environmental Affairs give support the Group's environmental work and efforts to reduce its impact and strengthening its position by:

- Coordinate global harmonization of EMS with the regional environmental coordinators
- Communicate performance of EMS related topics and the need for improvement
- Be the chairman for the regional Environmental Manufacturing Committee
- Own the global EMS documentation (manual/regional procedures)
- Own the global environmental audit process

*Company and site managers* are responsible for environmental issues within their companies, and for establishing company-specific environmental goals. Plant managers have to ensure that their facilities are in compliance with applicable laws and other legal requirements. Plant managers shall identify areas of environmental concern at their facilities, implement suitable procedures and practices and to implement local EMS management systems. Roles, responsibilities and authorities shall be documented on relevant levels.

The primary task for *Regional Environmental Coordinators* (REC) is to identify internal and external requirements, support the development of global processes and procedures for manufacturing sites and to implement and fully integrated with the Group's operations. The regional environmental coordinators are member in the Environmental Manufacturing Committee (EMC). They shall:

- Agree on global environmental management relevant decisions
- Create and release the global and/or regional documents for EMS
- Agree about responsibilities (shared tasks) for global / regional system creation
- Create and follow up the global / regional environmental-audit plan

*Local Environmental Coordinators* (LEC) support the plant managers to ensure that the companies' environmental work is conducted in accordance with legislation and establish, implement and maintain suitable local environmental managements systems. The local environmental coordinators shall also:

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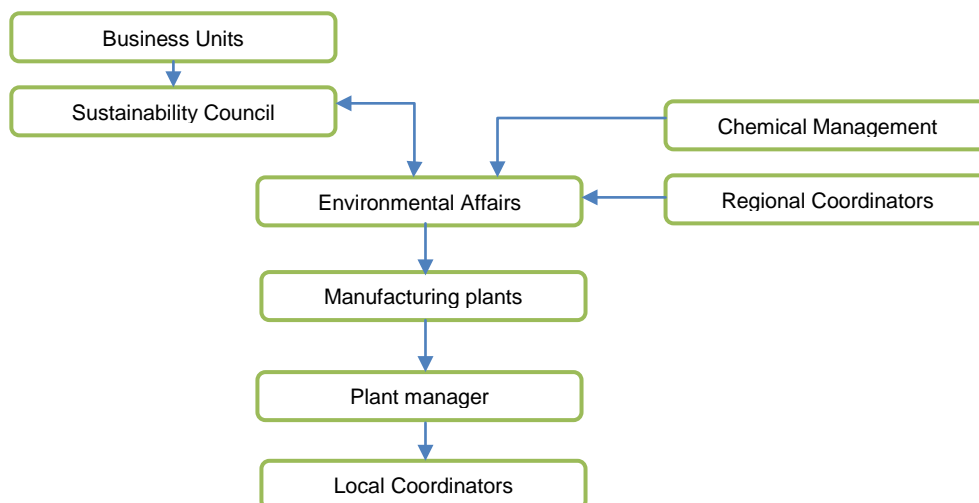
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- Be responsible for location specific documentation
- Maintain the local compliance with EMS requirements
- Provide resources for local audits
- Provide local input into local management review

The *local environmental auditors* shall:

- Perform environmental audits according to audit plan
- Report results to the local environmental coordinators and the plant management
- Are approved auditors (internal system auditors or process auditors)

### Organisational chart



## 6. Code of Conduct, Corporate Policies and Requirements

The Husqvarna Group has adopted a Code of Conduct and Policies within the area of Environment, Health and Safety. These policies are global and may be more stringent than local requirements.

### Environmental Policy, a part of Husqvarna's Sustainability policy

The Sustainability Policy applies to Husqvarna AB and each of its subsidiaries ("Husqvarna"). It sets forth Husqvarna's general policy regarding environment with responsibilities in each business area and business unit. The Sustainability Policy is available on Husqvarna Online and on Husqvarna Corporate web.

Each Husqvarna business unit shall implement this policy, publish this policy in an appropriate way to all employees and ensure corporate feedback regarding compliance.

The Sustainability Policy is approved by Husqvarna Group Management, and regularly evaluated to ensure the policy's suitability, adequacy and effectiveness by the Sustainability Council.

## 7. Stakeholders Analysis and Materiality Analysis

Stakeholder analysis is the process of identifying the individuals or groups that are likely to affect or be affected by a proposed action, and sorting them according to their impact on the action and the impact the action will have on them. This information is used to assess how the interests of those stakeholders should be addressed in a project plan, policy, program, or other action.

By using a materiality analysis to identify and prioritize issues, our business are able to focus on issues that are truly important to stakeholders and, by extension, the organization itself.

A materiality analysis helps our business to:

- Clarify issues and drive long term business value
- Identify, prioritize and address risks
- Identify and capture opportunities
- Align sustainability and business strategies
- Build and maintain strong brands and reputation
- Gain competitive advantage
- Anticipate and manage change
- Assess performance over time

Stakeholder analysis and Materiality analysis are conducted annually by the Sustainability Council.

## 8. Legislation and requirements

Husqvarna has a system in place to ensure it employs all relevant global and regional environmental legislation and regulation.

The register of environmental legislation, regulation and directives must be kept as a record and managed by Legal Affairs and Environmental Affairs.

### External requirements

External requirements (i.e. from customers) are identified continuously. Business units and the Sustainability Council shall be informed about important requirements that having a significant impact on the business.

Examples of other requirements:

- a) Laws and regulations
- b) Agreements with local, federal and governmental authorities
- c) Agreements with customers
- d) Non-regulatory guidelines
- e) Voluntary labeling and commitments
- f) Agreements with community groups and non-governmental organizations

#### Internal requirement

Internal (i.e. from employees) are identified continuously. Business units and the Sustainability Council shall be informed about important requirements that having a significant impact on the business. A requirement is a document that aims to describe the specific environmental issues that must be handled by the part in the organization that the requirement applies to. A requirement is mandatory to follow.

Environmental requirements are developed by Environmental Affairs and approved by the respective business unit within the Group.

*Environmental requirements* are available for:

- Design for Environment
- General Requirements for Suppliers
- Suppliers of Material and Products
- Manufacturing sites
- Warehouses
- Transport Companies
- Environmental Labeling and Declaration

#### 9. Global Processes and KPIs

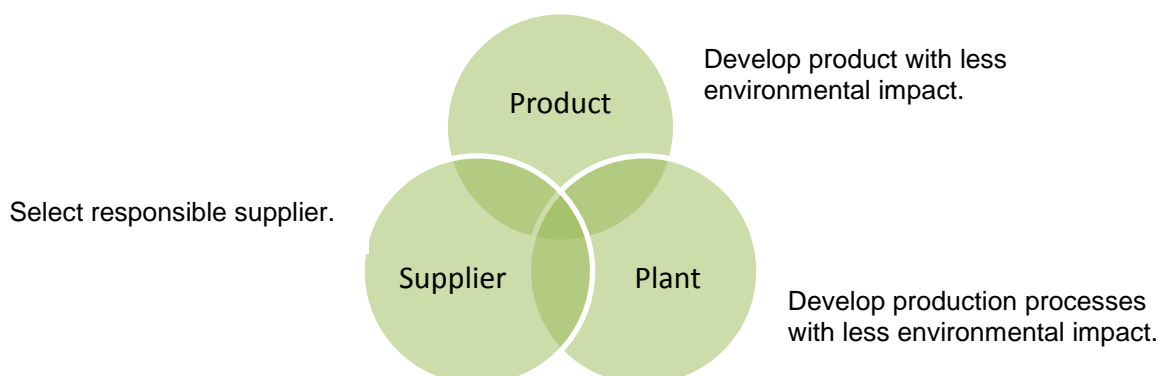
The Sustainability Council is responsible for setting strategies and KPIs (Key Performance Indicators) for environment. Environmental Affairs is responsible to provide support and coordinate the work.

##### Global processes

Global procedures aim to integrate environment to existing procedures and practices, and to make environment an integral part in the development of new procedures and practices.

The focus areas of global processes are to ensure that the environmental policy is established, implemented and maintained. Environmental Affairs has the formal responsibility to work towards the integration of environmental into all other relevant activities, with support from other parts of the organization.

The Global environmental organization is divided into three areas:





#### **Product**

Design for Environmental is the systematic management of environment in Product Creation to minimum meet and aim to exceed customer's expectation.

##### *Design for Environment*

Design for Environment shall ensure that products fulfill legal requirements and to reduces their environmental impact. Design for Environment contains different aspects of a products life cycle including production, use phase and end use.

#### **Plant**

Plant environmental work is the systematic management of EMS in manufacturing and production.

##### *Chemical Management*

Chemical Management shall ensure that products and production fulfill legal chemical requirements and to improve processes for substitution to chemical substances with less environmental impact.

##### *Integration with HOS*

Environmental issues shall be integrated with Husqvarna Operating System (HOS). This contributes to the environmental work is an integral part of the daily work in a factory

##### *Incident Reporting*

The plant manager shall ensure that a system is established, implemented and maintained for reporting of environmental incidents and accidents at the plant. This is specific important regarding legal compliance.

Each plant shall immediately report significant environmental incidents and accidents to Legal Affairs, Risk Management and Environmental Affairs.

#### **Supplier**

Supplier's environmental performance (including health and safety) is the systematic management of supplier assurance, development and integration.

##### *Supplier EHS audit*

Supplier EHS performance is audited as a part of Supplier Quality Assurance (SQA).

#### Global Environment KPIs

Global KPIs are established, implemented and maintained by Environmental Affairs in cooperation with the business units. The KPIs are evaluated in a regular basis.

- Energy consumption in manufacturing
- Waste in manufacturing
- CO<sub>2</sub> emission from manufacturing
- Product hydro carbon emission
- Product fuel efficiency
- CO<sub>2</sub> emission from transportation

#### Local Environmental KPIs

Local environmental KPIs shall be established by each plant. The minimum requirements are that following KPIs must be monitored:

- Energy consumption (manufacturing)
- Waste not recycled (manufacturing)

## 10. Local Processes

### Local Environmental Management Systems

All manufacturing sites shall establish, implement and maintain an environmental management system. The minimum requirement is that every site with over 100 employees shall have a certified environmental management system according to ISO 14001.

The plant manager and the environmental coordinators are responsible for the execution of an environmental management system. This responsibility requires formalised planning, including the establishment of strategic objectives and targets, operational accountability, allocation of resources and development of a system for monitoring performance.

The plant shall establish and maintain an environmental manual that includes

- a) the scope of the environmental management system, including details of and justification for any exclusions,
- b) the documented procedures established for the environmental management system, or reference to them, and
- c) a description of the interaction between the processes of other management systems like quality, and/or energy management system.

Documents required by the environmental management system shall be controlled.

Records shall be established and maintained to provide evidence of conformity to requirements and of the effective operation of the local environmental management system. Records shall remain legible, readily identifiable and traceable.

The plant's top management shall review the plant's environmental management system, at planned intervals, to ensure its continuing suitability, adequacy and effectiveness. This review shall include assessing opportunities for improvement and the need for changes to

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the environment management system, including the environmental policy and environmental objectives.

## 11. Assessments and Evaluations

### Governing and Supervisory bodies

The Group Management (GM) is responsible for overseeing and for assessing how the environmental compliance is managed at Husqvarna.

Legal Affairs is responsible of monitoring compliance issues and to ensure and /or perform Husqvarna compliance audits.

Members of senior management are responsible for the day to day management of compliance risks and to ensure that the procedures are adhered to in the areas for which they are responsible.

### Environmental Compliance Function

Environmental Affairs assists management in ensuring compliance with applicable laws and regulations. Environmental Affairs' responsibilities are:

1. Advise management on relevant rules, standards, recommendations and practices,
2. Develop reporting on corporate governance including the corporate governance statement and the sustainability reporting,
3. Give independent advice to management on significant integrity concerns and assists in Due Diligence Process,
4. Recommend and comment on, policies, guidelines, rules and procedures for compliance issues such as codes of conduct and
5. Monitor compliance with the internal policies, procedures and guidelines relating to compliance, including testing and checking the functionality, efficiency and adherence of established policies.

Environmental Affairs informs Legal Affairs of matters of importance regularly and as they occur in accordance with established policies and guidelines.

### Environmental Site Assessment

An environmental impact assessment is an assessment of the possible positive or negative impact on the environment; consisting together on the natural, social and economic aspects. There are two main purposes of environmental assessment:

- minimize or avoid adverse environmental effects before they occur
- incorporate environmental factors into decision making

Environmental assessment should be conducted as early as possible in the planning and proposal stages of a project for the analysis to be valuable to decision makers and to incorporate the mitigate measures into the proposed plans.

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Environmental Affairs, in collaboration with Legal Affairs, is responsible for Environmental Site Assessment in connection with the planning of new plants, change of major operations or closure of an existing plant or major facility.

Plant managers are responsible for conducting Environmental Site Assessment according to their own legal requirements. If serious non-conformities are noted at the site assessment, Environmental Affairs and Legal Affairs must be contacted.

Timely and efficient environmental assessments result in more informed decision making that supports sustainable development.

### Environmental Remediation Program

Environmental remediation deals with the removal of pollution or contaminants from environmental media such as soil, groundwater, sediment, or surface water for the general protection of human health and the environment or from a brown field site intended for redevelopment. Remediation is generally subject to an array of regulatory requirements, and can also be based on assessments of human health and ecological risks where no legislated standards exist or where standards are advisory.

Once a site is suspected of being contaminated there is a need to assess the contamination. The assessment begins with preparation of a *Phase I Environmental Site Assessment*. The historical use of the site and the materials used and produced on site will guide the assessment strategy and type of sampling and chemical analysis to be done.

*Phase II Environmental Site Assessment* is an "intrusive" investigation which collects original samples of soil, groundwater or building materials to analyze for quantitative values of various contaminants. This investigation is normally undertaken when a Phase I ESA determines a likelihood of site contamination. The most frequent substances tested are petroleum hydrocarbons, heavy metals, pesticides, solvents, asbestos and mold.

*Phase III Environmental Site Assessment* is an investigation involving remediation of a site. Phase III investigations aim to delineate the physical extent of contamination based on recommendations made in Phase II assessments. The associated report details the steps taken to perform site cleanup and the follow-up monitoring for residual contaminants.

Environmental Affairs, in collaboration with Legal Affairs, are responsible for ensuring that programs are established to manage the potential, ongoing and completed remediation of soil and groundwater.

### Assessment of Compliance

A key component of is the identification of potential risks. The following procedures and programs shall be implemented as part of Husqvarna's compliance process.

*Internal Environmental Audits* shall focus on the Company's compliance with regulations, policies, and practices and be conducted regularly. The scope of the internal audits shall be dictated by the areas of assessed risk as identified by plant operations and environmental personnel. Factors such as injury and illness statistics, employee complaints, citation history, and previous third-party inspections (including property/casualty insurers, authority and management system audits) should be considered while identifying risks.

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The audit team shall be led by qualified personnel, but shall also include and consider input from affected operations/departmental personnel. A program to respond to and promptly address internal audit findings shall be developed and maintained.

The scope of the *external audits* shall be dictated by the areas of assessed risk as identified by Environmental Affairs with input from plant operations and environmental personnel. Factors such as injury and illness statistics, previous incidents, employee complaints, citation history, and previous third-party inspections (including property/casualty insurers, authorities and management system audits) should be considered in identifying risks.

The external auditor shall be a qualified, experienced professional. Plant-level environmental personnel shall participate and provide input with respect to external audits. A program to respond to and promptly address external audit findings shall be developed and maintained.

#### *Report of non-compliance*

Each business unit shall report and investigate environmental and work related non-compliance with applicable laws and regulations and to investigate the immediate and underlying causes of non-compliance to ensure that remedial action is taken, preventative measures are implemented, appropriate personnel are trained or re-trained, and all reporting obligations are satisfied.

## 12. System Reporting and Monitoring

### Sustainability Reporting System (SoFi)

SoFi is a web-based software for reporting of EHS performance. Every factory and warehouse above 5000 sqm must annually report their environmental performance. Reports are used to 1) assess the factories' ability to reduce their environmental impact, 2) compare plants from each other and 3) be a basis for Husqvarna annual GRI report.

The local EHS coordinator is responsible of reporting their manufacturing EHS performance. Environmental Affairs is responsible for analyzing and drawing conclusions from the reports.

### Corporate Reporting

Corporate responsibility (CR) is a form of corporate self-regulation integrated into a business model. CR policy works as a built-in, self-regulating mechanism whereby business monitors and ensures its active compliance with the spirit of the law, ethical standards, and international norms. The goal of CR is to embrace responsibility for the company's actions and encourage a positive impact through its activities on the environment, consumers, employees, communities, stakeholders and all other members of the public sphere.

### Global Reporting Initiative (GRI)

The Global Reporting Initiative is the steward of the most widely used reporting framework for performance on human rights, labor, environmental, anti-corruption, and other corporate citizenship issues. The GRI framework is the most widely used standardized sustainability reporting framework in the world. The Guidelines are the most used, credible and trusted framework largely because of the way they have been created: through a multi-stakeholder, consensus-seeking approach.

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Husqvarna reports on an annual base according to GRI. Legal Affairs, Environmental Affairs, Human Resources, Finance department etc. delivers information to the report. The report is developed and published by Communication department. Group Management is responsible for approving the report. The GRI report is based on Husqvarna's annual report.

#### **External reports (CDP, SAM etc.)**

Husqvarna responds regularly to external inquiries regarding our global performance in environmental, health and safety. All reports relating to Husqvarna's global environmental, health and safety activities are reviewed by relevant global functions and by Communications department before publishing.

Local inquiries, to a single plant will be answered by the individual plant's manager or by the local environmental, health and safety manager. Such inquiries may, for example, come from the municipal environmental office. The plant manager must ensure the accuracy of the information given.

### **13. Review of the Environmental Management System**

#### *Local Environmental Management Review*

The local plant management shall review the organization's EMS annually to ensure its continuing suitability, adequacy and effectiveness. This review shall include assessing opportunities for improvement and the need for changes to the management system, including policy and objectives. Records from reviews shall be maintained.

#### *Global Environmental Management Review*

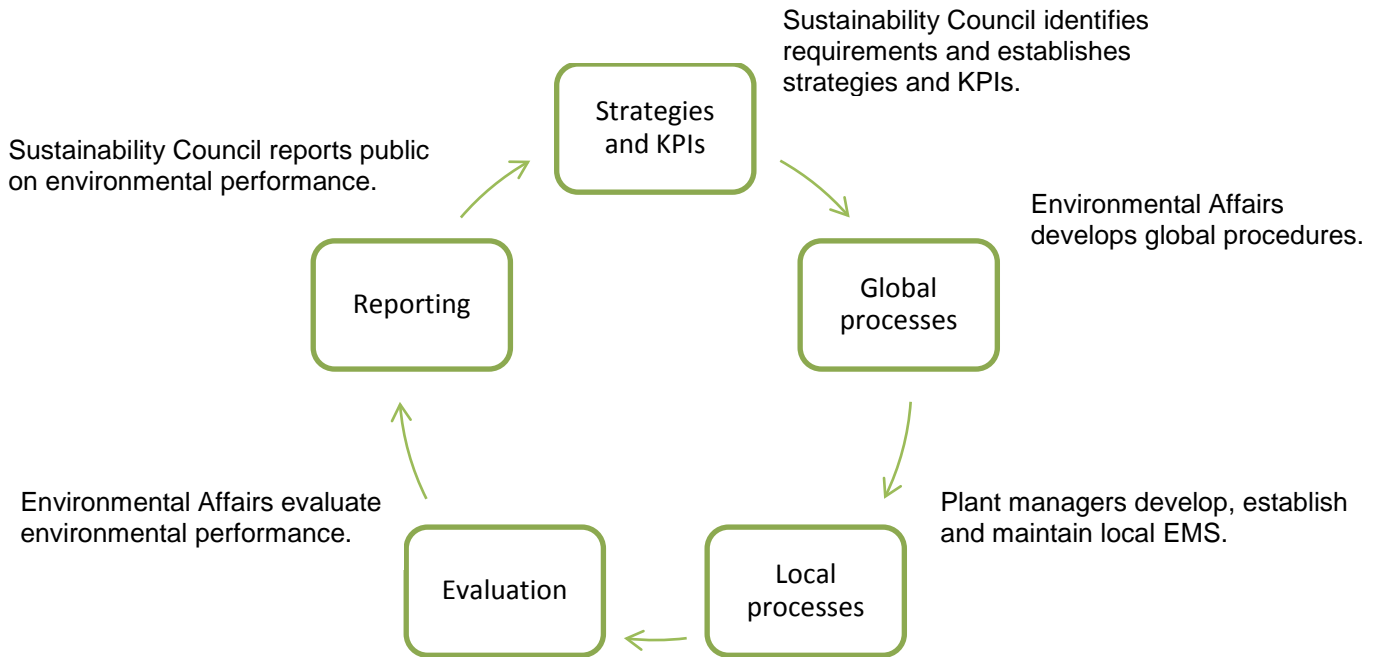
The Sustainability Council shall review the organization's EMS to ensure its continuing suitability, adequacy and effectiveness. This review shall include assessing opportunities for improvement and the need for changes to the management system, including policy and objectives. Records from reviews shall be maintained.

The input to the review shall include information on:

- a) results of compliance and audits,
- b) environmental performance,
- c) status of preventive and corrective actions,
- d) status of legislative requirements
- e) changes that could affect the Husqvarna Group, and
- f) recommendations for improvement.

The review shall include decisions and actions related to improvement of the effectiveness of the EHS management system and its processes, improvement of environmental performance and resource needs.

**14. Global work plan**



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