

## HUSQVARNA AB (publ)

### **Explanatory Statement of the Nomination Committee to the 2017 Annual General Meeting (“AGM”) (April 4, 2017)**

*This document is provided in accordance with Section 2.6 of the Swedish Code of Corporate Governance (the “**Swedish Code**”), and explains how the Nomination Committee has conducted its work and the reasoning behind certain of the Nomination Committee’s proposals to the AGM. The full list of such proposals is contained in a separate document (the “**Nomination Committee Proposals**”) that has been published in connection with the Notice of Annual General Meeting.*

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#### **A. Establishment and Work of the Nomination Committee**

According to the process first established at its 2013 AGM, Husqvarna has a five-member Nomination Committee that is established each year, and which consists of (A) one representative from each of the four largest shareholders in terms of voting rights, and (B) the Company’s Chair of the Board. The Nomination Committee for the 2017 AGM was formed in September 2016, and consists of the following persons (with nominating shareholder shown in parenthesis):

- Petra Hedengran (Investor AB), Chair of the Nomination Committee
- Claes Boustedt (L E Lundbergföretagen AB)
- Ricard Wennerklint (If Skadeförsäkring AB)
- Henrik Didner (Didner & Gerge Fonder AB)
- Tom Johnstone, Chair of the Husqvarna Board

The Nomination Committee has held three formal meetings and has had ongoing communication in between such meetings. The main work of the Nomination Committee has been to assess, and make proposals with respect to, the composition of the Board. To assist the Nomination Committee in its work, the Chair of the Board has presented to the Committee (A) an evaluation of the current Board and its work, and (B) a report on the Company’s operations, objectives and strategies. The Nomination Committee has also been active in the interview process described in Item B, below, and in evaluating benchmarking information on Board compensation.

#### **B. Explanation of Proposals regarding the Board of Directors**

##### *Actual Proposals*

The Nomination Committee has proposed that the following eight persons be elected as Directors by the 2017 AGM:

1. **Tom Johnstone**
2. **Ulla Litzén**
3. **Katarina Martinson**
4. **Bertrand Neuschwander**
5. **Daniel Nodhäll**
6. **Lars Pettersson**
7. **Kai Wörn**
8. **Christine Robins**

Of the eight proposed Directors, seven are currently serving as Board Members with only Christine Robins being new. Two other current Directors (David Lumley and Magdalena Gerger) have separately declined re-election. Further information about all individuals proposed for election can be found in the separate “Nomination Committee Proposals” document.

The Nomination Committee has proposed that **Tom Johnstone** be re-elected as Chair of the Board of Directors.

*Diversity & Breadth of Competence*

The Nomination Committee's view, consistent with the Swedish Code, is that the composition of the Board should exhibit diversity and breadth, and that the Directors elected by the AGM should reflect those skills, experiences, and backgrounds needed for the Company's operations, growth, and other conditions. The Nomination Committee has applied Section 4.1 of the Swedish Code as its diversity policy.

In carrying out its work, the Nomination Committee paid particular attention to the following factors:

- The extent to which the current Board of Directors meets the requirements that are placed on the Board in light of the Company's situation, strategic development and future direction.
- The fact that two of the current Directors (David Lumley and Magdalena Gerger) have declined re-election, and the impact this will have on the Board's overall composition.
- The goal of having a diverse, gender-balanced Board.

The Nomination Committee believes that those current Directors who have not declined re-election are very well suited for carrying out Husqvarna's Board work over the coming term of office. However, especially in light of David Lumley's decision to decline re-election, the Nomination Committee believed it would be beneficial to add one additional Board member having U.S. retail experience. Accordingly, a search for such a candidate was initiated and resulted in the identification and selection of Christine Robins as the preferred candidate. Ms. Robins is currently the CEO of Char-Broil LCC (a leading manufacturer of outdoor grills and related products) and has significant experience in the U.S. mass retail landscape.

The Nomination Committee considers that the eight proposed Directors, together, have an appropriate composition to meet the Company's needs with respect to its operations and its competitive situation over the coming term.

*Independence Requirements*

Under the Swedish Code, a majority of the Directors to be elected by shareholders must be independent from the company and its executive management (herein, "**Company Independent**"). Furthermore, at least two of those Directors deemed Company Independent must also be independent in relation to the Company's major shareholders (herein "**Shareholder Independent**"). The Nomination Committee has assessed each proposed Director and concluded that the Swedish Code's independence requirements are satisfied, as shown in the below chart:

<b>Proposed Director</b>	<b>Company Independent</b>	<b>Shareholder Independent</b>
Kai Wärm	<b>NO</b>	YES
Tom Johnstone	YES	<b>NO</b>
Katarina Martinson	YES	<b>NO</b>
Daniel Nodhäll	YES	<b>NO</b>
Lars Pettersson	YES	<b>NO</b>
Ulla Litzén	YES	YES
Bertrand Neuschwander	YES	YES
Christine Robins	YES	YES

**C. No Changes to “Criteria and Duties of the Nomination Committee”**

The Nomination Committee has also reviewed the Criteria and Duties of the Nomination Committee, as last revised in 2013, and determined that no changes are needed at this time.

**D. No Statement re Election of Auditor**

The 2014 AGM resolved to appoint Ernst & Young as auditor for the period from the 2014 AGM up until the end of the 2018 AGM. Accordingly, the Nomination Committee has no proposal in such regard for the 2017 AGM.

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The Nomination Committee, March 2017