

The Husqvarna Board's report on the Remuneration Committee's evaluation of remuneration for senior managers

The Board of Husqvarna AB has established a Remuneration Committee which prepares matters related to the principles of remuneration for Group Management as well as to the employment conditions of the President and CEO. The principles of remuneration for Group Management shall be submitted to the Board, which shall submit a proposal for such remuneration principles to the Annual General Meeting for approval. The employment conditions of the President shall be approved by the Board. According to the Swedish Code of Corporate Governance, the Remuneration Committee shall monitor and evaluate programs of variable remuneration for Group Management, the application of the principles of remuneration for Group Management, and applicable remuneration structures and levels of the company.

The Remuneration Committee continuously monitors and evaluates the Husqvarna Group's remuneration package for Group Management. In the Remuneration Committee's opinion, the applicable principles of remuneration for Group Management, including the elements variable salary, share awards and performance stock options, are well functioning and balanced, aiming to ensure that the Husqvarna Group can attract and retain the best people for the Group. The variable elements create a clear link between the remuneration of the individual, the Group's performance and shareholder value creation. In its assessment of the application of Husqvarna's principles for remuneration for the Group Management, the Board has found that the existing structure for remuneration follows and is on par with the principles resolved by the AGM and the overall principles that shall apply to remuneration guidelines for senior executives pursuant to the Swedish Code of Corporate Governance.

Market benchmarks are regularly conducted on remuneration structures and levels, and it is the opinion of the Remuneration Committee that the remuneration structures and levels applied by the Husqvarna Group are in line with market practice.

Stockholm in March 2016
Husqvarna AB (publ)
Board of Directors