

## **Husqvarna AB (publ) Nomination Committee's motivated opinion regarding proposal of the Board of Directors at the Annual General Meeting on April 6, 2016**

### **Background**

In accordance with the decision by the Annual General Meeting in April 2013, Husqvarna shall have a Nomination Committee consisting of one representative for each of the four largest shareholders in terms of voting rights, who have expressed a wish to participate in the nomination committee work, and the Company's Chairman of the Board.

The four largest shareholders have appointed the following representatives who, together with Husqvarna's Chairman of the Board, constitute the current Nomination Committee.

The Nomination Committee's members are:

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

### **The Nomination Committee's work**

The Nomination Committee was appointed in September 2015 and has held three physical meetings. In between such meetings, the Nomination Committee has also had ongoing discussions. The main issue for the Nomination Committee has been the composition of the Board.

### **The Nomination Committee's proposal regarding the Board of Directors:**

The Nomination Committee proposes the re-election of Magdalena Gerger, Tom Johnstone, Ulla Litzén, David Lumley, Katarina Martinson, Daniel Nodhäll, Lars Pettersson and Kai Wärn. In addition, the Nomination Committee proposes the election of Bertrand Neuschwander as a new director.

As a result of the above, the Nomination Committee proposes that the Board of Directors shall be comprised of nine Directors to be elected by the AGM, and no deputies.

The Nomination Committee proposes the re-election of Tom Johnstone as Chairman of the Board of Directors.

### **Motivated opinion**

The Nomination Committee's view is that – in accordance with existing regulations, e.g., the Swedish Code of Corporate Governance – the composition of the Board should exhibit diversity and breadth, and Directors elected by the AGM should reflect the various skills, experiences, and backgrounds needed for the Company's operations, growth, and other conditions.

The Nomination Committee has been presented with an evaluation of the Board and its work as well as the Chairman of the Board's report on the operations, objectives and strategies of the Company. To assess the degree 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 Board's size and composition, as regards, for example, diversity, industry and regional experience and skills, has been discussed.

It is the opinion of the Nomination Committee that the eight current Directors are very well suited for carrying out Husqvarna's Board work over the coming term of office. However, the Nomination Committee has determined that it would be beneficial to add an additional Board member who can expand on the already existing Board competencies, especially in the area of European retail experience. Accordingly, a search for such a candidate has been conducted and resulted in the identification of Bertrand Neuschwander.

Mr. Neuschwander is Chief Operating Officer of Groupe SEB, France since 2014, and has previously held senior positions with the Groupe SEB, Devanlay/Lacoste and Aubert Group. The Nomination Committee believes that Mr. Neuschwander's experience is well suited to, and will augment the competency set of, the Husqvarna Board. Accordingly, the Nomination Committee proposes the election of Mr. Neuschwander as a new director.

In carrying out its work, the Nomination Committee has paid particular attention to the increasing international competition and the demands it places on the Board's skills, knowledge about the different operations and the ability to foresee the outcome and risks in different markets. The Nomination Committee has also paid attention to other criteria, i.e. Members' different backgrounds, experience and diversity. In its pursuit of diversity, the Nominating Committee has for example, considered the goal of having a gender balance in the Board, and of the eight candidates proposed to be Directors who are not employees (i.e., excluding the President and CEO), three are women and five are men, i.e., 38% women.

Based on such assessment, the Nomination Committee considers that the currently proposed Board of Directors has an adequate composition to meet the Company's needs with respect to its operations and its competitive situation.

The Nomination Committee has assessed if the Directors fulfill the requirements of independency as set forth in the Swedish Code of Corporate Governance. The Nomination Committee has assessed that eight out of the nine currently proposed Directors are independent in relation to the Company and management. Kai Wärn, the Company's President and CEO, constitutes an exception. The Nomination Committee has also assessed that four out of the nine proposed Directors (i.e., Ulla Litzén, David Lumley, Kai Wärn and Bertrand Neuschwander) are independent in relation to the Company's major shareholders. Magdalena Gerger, Tom Johnstone, Katarina Martinson, Daniel Nodhäll and Lars Pettersson are assessed as non-independent in such regard by the Nomination Committee.

It is therefore the opinion of the Nomination Committee that the proposal for the composition of the Board meets the requirements of the Swedish Code of Corporate Governance for independent Directors.

The Nomination Committee proposes Tom Johnstone as the Chairman of Board because of his background as a longstanding member of the Board, his vast industrial experience, his understanding of running a multinational company in a changing world, and his ability to devote time to the task.

Information about all individuals proposed as Members of Husqvarna AB's Board, and the Nomination Committee's evaluation of each Member's independence, can be found on the Company's website.

### **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.