



ANNUAL GENERAL MEETING IN GARO AKTIEBOLAG (publ)

The shareholders of GARO Aktiebolag are hereby invited to attend the Annual General Meeting (AGM) to be held at 5 p.m. CET on Thursday, 4 May 2017 at Gnosjöandans Kunskapscenter, at the address Fritidsvägen 4, Gnosjö, Sweden. Registration will commence at 4 p.m. CET.

Welcome to attend a tour of GARO's factory in Gnosjö, Sweden in conjunction with the AGM, Södergatan 26, Gnosjö, Sweden from 2.30 p.m. CET. Shareholders who wish to participate shall inform the company of this when notifying their intention to attend the AGM. Transportation to the AGM from the factory will be arranged by the company.

A. RIGHT TO PARTICIPATE IN THE ANNUAL GENERAL MEETING

Shareholders who wish to participate in the AGM must:

firstly, be registered in the share register maintained by Euroclear Sweden AB no later than Thursday 27 April 2017, and

secondly, notify the company of their intention to attend the AGM under the address GARO AB, "AGM", P.O. Box 203, SE-335 25 Gnosjö, Sweden, by calling +46 (0)370-332800, by e-mail to arsstamma@garo.se, or at the company's website no later than Thursday 27 April 2017. Please note that participation in the factory tour is notified at the same time.

In connection with notification, shareholders must state their name, address, telephone number (daytime), personal or corporate identity number and information concerning their shareholding. Shareholders or proxies for shareholders at the AGM may take a maximum of two representatives with them to the AGM. Representatives may accompany to the Meeting only if the shareholder gives notice of their attendance in connection with the shareholder's own notification of participation. For shareholders who will be represented by proxy at the AGM, a signed and dated power of attorney should be enclosed with the notification. A form for the power of attorney is available on the company's website, www.garo.se and will be sent by mail on request to shareholders who state their address. For those representing a legal entity, a verified copy of the registration certificate or corresponding document showing the company's signatories must also be submitted.

In order to be entitled to participate in the AGM, shareholders whose shareholding is registered in the name of a trustee must re-register their shares in their own name at Euroclear Sweden AB. Shareholders who require such re-registration should notify their trustee well in advance of Thursday 27 April 2017, when such re-registration must have been completed.

B. AGENDA OF THE ANNUAL GENERAL MEETING

Proposal for agenda

1. Opening of the Meeting.
2. Election of Chairman of the Meeting.
3. Preparation and approval of the list of shareholders entitled to vote at the Meeting.
4. Approval of the agenda.

5. Election of persons to approve the minutes of the Meeting.
6. Determination of whether the Meeting has been duly convened.
7. The Managing Director's report.
8. Presentation of
 - a) the annual report and the auditors' report, as well as the consolidated financial report and auditors' report on the consolidated financial report for the financial year 2016,
 - b) statement from the company's auditor confirming compliance with the remuneration guidelines for the CEO and other senior managers that have applied since the preceding AGM, and
 - c) the Board's proposal for appropriation of the company's profit and the Board's motivated statement thereon.
9. Resolutions regarding
 - a) adoption of the income statement and the balance sheet, and of the consolidated income statement and the consolidated balance sheet, all as per 31 December 2016,
 - b) appropriation of the Company's profit as set forth in the balance sheet adopted by the Meeting and the record date for dividend distribution, and
 - c) discharge of the Board of Directors and the Managing Director from personal liability for the financial year 2016.
10. Determination of the number of members of the Board.
11. Determination of the fees to be paid to the Board members and auditor.
12. Election of members of the Board.
13. Election of auditor.
14. Resolution regarding instructions to the nomination committee.
15. Resolution regarding remuneration guidelines for the CEO and other senior executives.
16. Closing of the Meeting.

Proposals

Proposals by the Nomination Committee (Items 2 and 10-13)

The Nomination Committee appointed in anticipation of the 2017 AGM, comprising Lars Kongstad (Chairman) (Mannheimer Swartling Advokatbyrå) appointed by Lars Svensson, Ulf Hedlundh appointed by Svolder AB, Mikael Jönsson appointed by Vätterledens Invest AB and Anders Pålsson (Chairman of the Board) has proposed the following:

Chairman of the Meeting: The Chairman of the Board, Anders Pålsson, shall be elected Chairman of the 2017 AGM.

Board members: The number of Board Members shall be six, without deputies. Re-election shall be made of the Board Members Anders Pålsson (Chairman), Sofia Axelsson, Rickard Blomqvist, Per Holmstedt, Stefan Jonsson and Lars Svensson. Re-election shall be made of Anders Pålsson as the Chairman of the Board.

Board fees: Directors' fees shall be paid by SEK 850,000 (previously SEK 750,000) of which SEK 350,000 unchanged to the Chairman of the Board and SEK 125,000 (previously SEK 100,000) to each of the other Board Members elected by the AGM who are not employed by the group.

Auditor and auditor's fee: The number of auditors shall be one without deputies. In accordance with the Board's and management's proposal, Ernst & Young AB is proposed as the company's auditor for a period of one year until the end of the annual general meeting 2018. Ernst & Young AB has notified that the authorised public accountant Joakim Falck will be appointed principally responsible auditor, if Ernst & Young AB is elected as auditor by the AGM. The auditor's fee shall be paid according to approved invoice.

Proposed appropriation of the Company's profit (Item 9 b)

The Board proposes that a dividend of SEK 2.85 per share be declared and that the record date for the dividend shall be 8 May 2017. If the AGM so resolves, the dividend is expected to be distributed by Euroclear Sweden AB on 11 May 2017.

Instructions to the nomination committee (Item 14)

The Nomination Committee proposes substantially unchanged instructions, with exception for that the Nomination shall be composed of members representing the three largest shareholders in terms of voting rights registered in the shareholders' register maintained by Euroclear Sweden as of 31 August (previously 30 September) the year before the AGM, and that the Chairman of the Nomination Committee shall be the spokesperson of the Nomination Committee, in accordance with following.

The Nomination Committee shall be composed of members, representing the three largest shareholders in terms of voting rights registered in the shareholders' register maintained by Euroclear Sweden as of 31 August each year, together with the Chairman of the Board. The Chairman of the Board shall also call the Nomination Committee to its first meeting. The member that represents the largest shareholder in terms of voting rights shall be chosen as Chairman of the Nomination Committee. The Chairman of the Nomination Committee shall be the spokesperson of the Nomination Committee. In the event one or more shareholders who appointed members of the Nomination Committee, in the period less than two month of the General Meeting, no longer are among the three largest shareholders in terms of voting rights, the members appointed by such shareholders shall resign and the shareholder or shareholders who has become one of the three largest shareholders shall be entitled to appoint their representatives. If a member resigns from the Nomination Committee before the work is completed and the Nomination Committee finds it suitable, a substitute shall be appointed. Such a substitute shall be appointed from the same shareholder or, if that shareholder no longer is among the largest shareholders in terms of voting rights, from the shareholder who has become the largest shareholder next in line. A change in the composition of the Nomination Committee shall immediately be publicly announced.

The composition of the Nomination Committee shall be publicly announced six months prior to each Annual General Meeting. No remuneration fee shall be paid out to members of the Nomination Committee. Potential necessary expenses for the work of the Nomination Committee shall be paid by the Company. The term of office for the Nomination Committee runs until the next composition of the Nomination Committee has been announced. The Nomination Committee shall prepare proposals regarding the election of chairman of the General Meeting, members of the Board of Directors, Chairman of the Board, auditor, fees for the members of the Board including division between the Chairman and the other Board members, as well as fees for committee work, fees to the Company's auditor and changes of the instructions to the Nomination Committee.

This instruction shall apply until further notice.

Remuneration guidelines for the CEO and other senior executives (Item 15)

The Board of Directors proposes that the AGM 2017 adopts guidelines for remuneration to the CEO and other senior executives in accordance with the following. These correspond to the guidelines currently applicable.

These guidelines concern the persons that during the guidelines duration are part of the Group management and other senior executives that report directly to the CEO, hereinafter referred to as "senior executives". GARO shall have the remuneration rates and terms of employment

deemed necessary to recruit and retain management with good expertise and capacity to reach set objectives. Salary and other remuneration to senior executives at GARO should be set in accordance with market terms. Senior executives shall have a fixed salary. In addition to fixed salary, variable remuneration rewarding achievement of clear performance related objectives in easy and transparent designs could be paid. Variable remuneration to the CEO shall not exceed one (1) MSEK, including social security costs, per year and shall not be pensionable income. The variable remuneration to other senior executives shall not exceed 30 per cent of the fixed annual salary. Share related incentive programmes are resolved by the General Meeting and do not fall under these guidelines.

The non-cash remuneration to the Group management, e.g. car allowance, computer, cell-phone, additional private health insurance or private health service, can be paid to the extent considered to be in accordance with relevant market terms for senior executives at other corresponding positions on the market on which the Company operates. The total value of these benefits shall constitute a minor part of the total remuneration. Senior executives are entitled to pension benefits in accordance with the current ITP Plan or private occupational pension. Private occupational pension shall not exceed 30 per cent of the annual remuneration. Senior executives who are residing outside of Sweden or who are foreign nationals with their principal pension from another country than Sweden, can alternatively be offered other pension solutions that is reasonable in that country.

Notice payment and severance pay for members of the Group management shall in total not exceed 24 month's salary for the CEO and 12 month's salary for other members.

Remuneration to Board Members and deputy Board Members is resolved upon by the AGM in accordance with law to the extent that such remuneration constitutes compensation for board work. If a Board Member is employed by the company, remuneration is paid to such Board Member in accordance with these guidelines. Board Members employed by the company shall not receive separate remuneration for board assignments in the company or affiliate companies. If a Board Member conducts work for the company that is not board work, remuneration shall be paid on market terms taking into account the nature and effort of the work. The remuneration shall be determined by the Board.

The Board of Directors shall have the right to depart from these guidelines in an individual case if it is motivated by certain reasons, provided that it is disclosed and motivated afterwards.

C. NUMBER OF SHARES AND VOTES IN THE COMPANY

The total number of shares and voting rights in the company is 10,000,000.

D. AVAILABLE DOCUMENTATION

The Annual Report and the auditor's statement, including the Board's proposal for remuneration guidelines for the CEO and other senior managers, as well as the auditors' statement regarding whether the guidelines have been complied with and the Board's complete proposal concerning Items 14 and 15, as well as the Board's motivated statement to the proposal for dividend distribution according to Item 9 b) will be available for the shareholders at the company's office in Gnosjö no later than Thursday 13 April 2017. Copies of the documents will be sent to those shareholders who request to receive such information and who have provided their address. They will also be available on the company's website www.garo.se and at the AGM.

E. INFORMATION AT THE ANNUAL GENERAL MEETING

At the AGM, the Board and the Managing Director shall, if requested by a shareholder and the Board considers that it can be done without material damage to the company, provide information regarding issues that may (i) affect the assessment of an item on the agenda, (ii) affect the assessment of the company's or a subsidiary's financial situation or (iii) concern the company's relation to another group company.

Gnosjö in April 2017
GARO Aktiebolag (publ)
Board of Directors