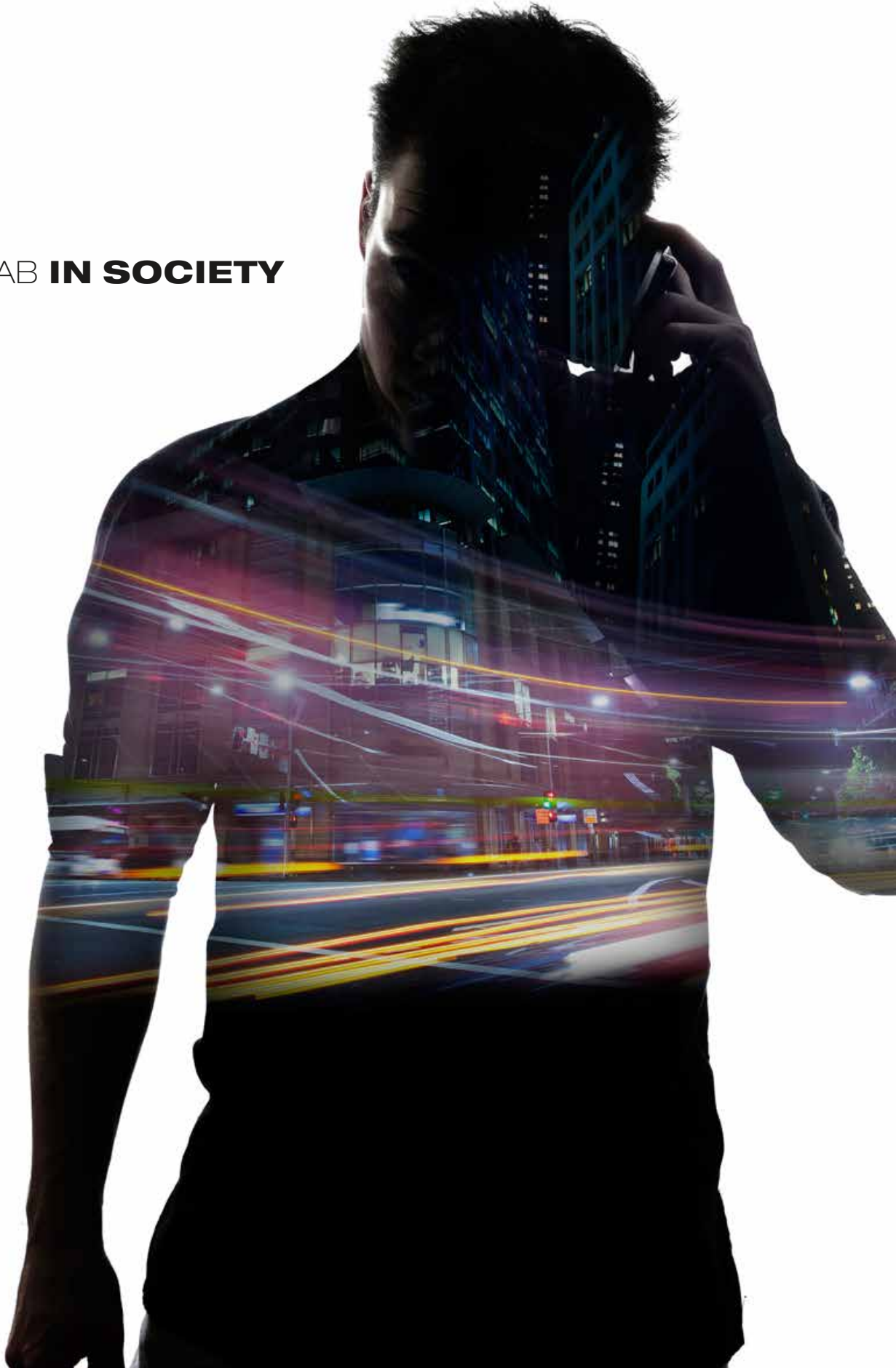




**SAAB**

SUSTAINABILITY REPORT 2014

**SAAB IN SOCIETY**



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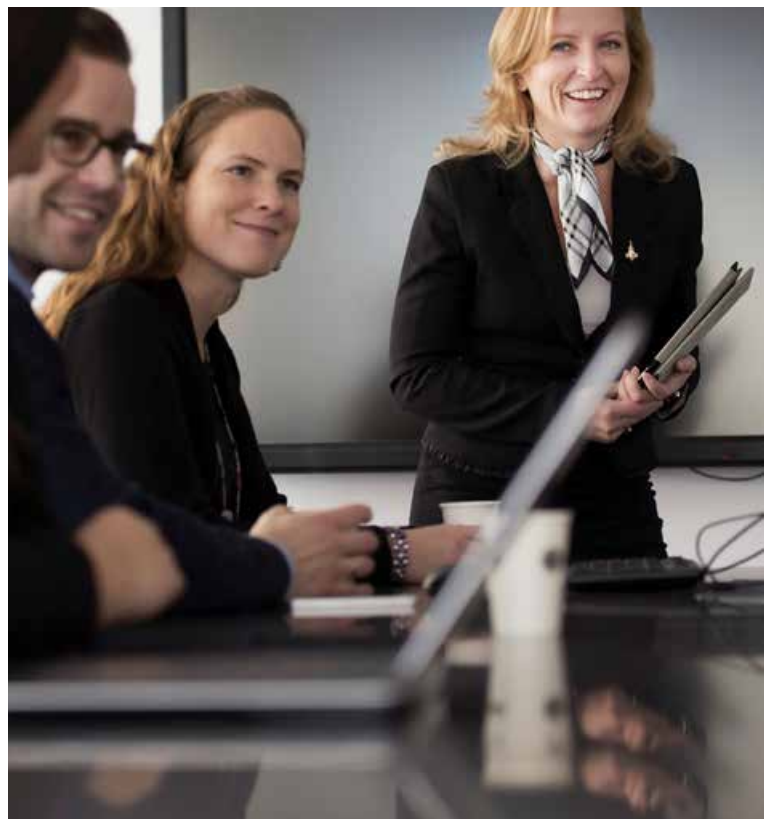
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## VISION

It is a human right to feel safe.

## MISSION

To make people safe by pushing intellectual and technological boundaries.



# KEEPING PEOPLE AND SOCIETY SAFE

Saab is a global defence and security company that develops, manufactures and sells some of the world's most advanced military and civilian solutions. This includes everything from equipping the military and monitoring sovereign airspace to supplying air traffic management systems for airports.

Saab's offering primarily targets five market segments: Air, Land, Naval, Civil security and Commercial aeronautics. Our high-tech products are often supplied collaboratively by the group's business areas. Saab also offers consulting services through the wholly owned technical consulting firm Combitech.

## MARKET SEGMENTS



**Air:** The Gripen combat aircraft system, as well as command and control and surveillance systems, unmanned aerial vehicles, self-protection systems and signals intelligence, avionics, weapon systems and sensors.



**Land:** Tactical weapon systems such as Carl-Gustaf, surveillance, command and control systems and radar.



**Naval:** Submarines, surface vessels, unmanned underwater systems, command and control systems, radar and early warning, situational awareness, communication systems and tactical weapons.



**Civil security:** Surveillance and situational awareness as well as solutions for secure, efficient flows at airports, in ports and along coasts and emergency response.



**Commercial aeronautics:** Structures for commercial aircraft such as doors, wings and ailerons, advanced electronics for critical applications for leading international aircraft manufacturers such as Boeing and Airbus, and maintenance of the Saab 340 and Saab 2000 aircraft in operation.

Share of Saab's total sales 2014



Sales, SEK billion	23.5
Number of employees	14.716
Countries where Saab operates	34
Approximate number of products Saab offers	500



# TRUST IS THE BASIS OF OUR LONG-TERM VIEW

We will deliver sustainable value to our customers, partners, employees, owners and society in general. It provides a foundation for our long-term development and growth.

No company is isolated from its surroundings. On the contrary, we are all dependent on a well-functioning society to survive and grow over time. For us, sustainability is primarily a question of trust, which is also one of Saab's core values. By acting responsibly in everything we do, we earn the trust of our stakeholders, which gives us opportunities for increased growth and long-term development. A long-range view is critical to Saab, especially since several of our projects extend over more than 30 years.

## GOALS AND FOCUS AREAS

Saab has divided its sustainability work into four focus areas: responsible business, reduce environmental impact, employer of choice and contribute to society. Based on dialogues internally and externally during the year, we identified key issues for each focus area. We have also increased the number of sustainability goals. Saab already had ambitious goals to reduce its impact on the environment and climate and to increase the percentage of female managers. In 2014, we made further progress toward achieving these goals.

The focus areas, goals and material issues we identified give us a good platform to prioritise and monitor sustainability work, so that we can create long-term profitability.

## ZERO TOLERANCE FOR CORRUPTION

One of our priority issues is zero tolerance for corruption. Saab is a reliable long-term partner that promotes an open and transparent market. As a result, we can never accept corruption. We are continuously improving our risk management and aim to set an example in the industry. During the year, we began to update our Code of Conduct and created a new, improved whistleblowing system (see page 11).

## UN GLOBAL COMPACT

Since 2011, Saab has participated in the UN Global Compact, a strategic policy initiative with ten principles in human rights, labour, the environment and anti-corruption. The Global Compact is integrated in Saab's Code of Conduct. During the year, we also began to develop a special code of conduct for suppliers based on the UN Global Compact's principles.

To increase understanding in the organisation what the UN declaration of human rights means for us as a company, we conducted internal training during the year.

## INCREASED TRANSPARENCY

Our hope is that this sustainability report, our first, will increase transparency and make it easier for our stakeholders to understand how we handle issues of responsibility at Saab.

Although we have achieved a great deal in the sustainability area, we are aware that we still have much left to do. Something all our employees are contributing to.

Håkan Buskhe,  
President and CEO

Marie Trogstam,  
Head of Corporate Responsibility







## TRENDS AND EXPECTATIONS

To understand which trends affect expectations outside the organisation, business intelligence has to be an important part of our sustainability work. At the same time that every industry has certain issues to deal with, many of these trends affect the business community as a whole. Demands are clearly increasing from owners and investors that companies create value in the long term with the help of a sustainable business strategy. The fact that shareholders to a large extent consist of individuals who invest in pension funds naturally affects these demands.

Forecasts point to a future shortage of qualified technical personnel and engineers. For Saab to stay competitive in the future, it is in our interest as a high-tech company to foster an interest in technology among young people and to be an attractive employer.

Due to climate change, Saab has to minimise the impact of its operations and products on the climate and use our technology to develop sustainable innovations for the future.

As the UN Guiding Principles of Business and Human Rights, introduced in 2011, have gained more acceptance, the expectations on companies with regard to human rights have risen as well. An example of an area that has gained more attention is the use of conflict minerals.

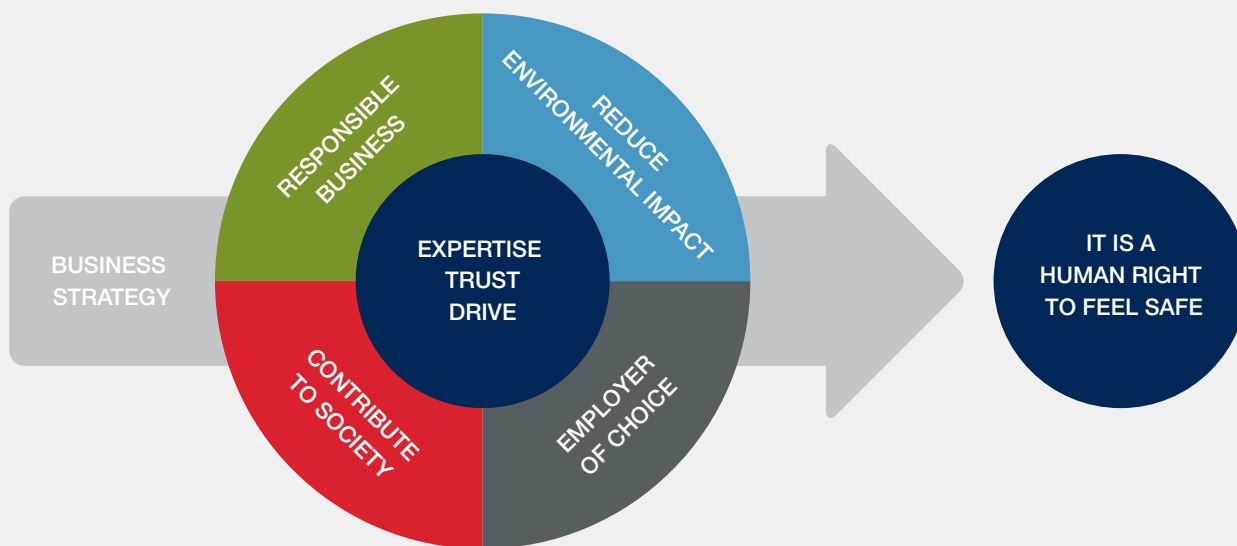
One of the things that more specifically affects our industry is the rules on defence materiel exports. The Swedish government appointed a parliamentary committee during the year to review Swedish export law, so that it complies with Swedish security policy and Swedish values.

# SUSTAINABILITY IS PART OF OUR BUSINESS

For Saab, responsibility for people, society and the environment is critical in order to create sustainable growth. Saab has four focus areas for its sustainability work. To work even more strategically with sustainability, Saab identified significant issues for each focus area in 2014. The analysis was based on internal and external stakeholder engagement and resulted in 15 key issues, which serve as a basis for Saab's sustainability work and will be integrated in day-to-day operations.

## Sustainability strategy

Saab's sustainability work goes hand in hand with the business strategy and contributes to long-term profitability. By living up to Saab's values and acting responsibly in everything we do, we build the trust of our stakeholders and contribute to the vision, that it is a human right to feel safe.



### Responsible business

- Zero tolerance for corruption
- Responsible supplier relationships
- Information security

### Reduce environmental impact

- Reduce climate impact
- Phase out hazardous chemical substances
- Sustainable innovations

### Employer of choice

- Develop leaders and employees
- Culture that promotes performance and motivation
- Employee engagement
- Gender equality and diversity
- Health and safety

### Contribute to society

- Economic growth
- Innovation
- Products that contribute to increased security
- Social contributions with a focus on promoting an interest in technology and education

## FOCUS GOING FORWARD

	Overarching aim	Long-term goals	Results 2014	Planned activities 2015
<b>RESPONSIBLE BUSINESS</b>	Saab has zero tolerance for all forms of corruption. The company's ethical standards will set an example.	Saab will have clear and easily accessible rules and processes to prevent corruption and conflicts of interest.  All employees will regularly receive anti-corruption training. (All employees will receive training on Saab's Code of Conduct when hired. All employees will complete the web-based anti-corruption training. Certain target groups will receive in-depth anti-corruption training.)	74 per cent of Saab's employees have completed the web-based anti-corruption training.  950 employees have completed the in-depth training since 2011.	Launch the updated Code of Conduct.  Reassess the target group for in-depth internal anti-corruption training.  Launch the new, improved whistleblowing system.
	Saab will work continuously with suppliers on social and environmental responsibilities.	The Code of Conduct for suppliers will be part of all of Saab's purchase contracts.	A work to develop a special Code of Conduct for suppliers was initiated.  In present purchase contracts there is a clause urging the supplier to comply with UN Global Compact's ten principles.	Launch a special Code of Conduct for suppliers.  Update the purchasing process by revising contractual terms and the questionnaire.  Continue to analyse the risk that current suppliers won't live up to the requirements in the supplier code.  Increase internal competence in social and environmental sustainability in the supply chain.
<b>REDUCE ENVIRONMENTAL IMPACT</b>	Saab will work actively to minimize its impact on the environment and climate.	Reduce greenhouse gas emissions by at least 20 per cent from 2007 to 2020 related to sales.  Phase out hazardous chemical substances with unacceptable risks and substances that could be subject to regulation by authorities and customers.	Reduction in greenhouse gas emissions of 7 per cent from 2007.  Reduction in electricity and heating energy consumption of 20 per cent from 2009.  Introduced new surface treatment methods that reduce the use of hexavalent chromium.  Phased out a number of maintenance chemicals containing restricted substances.	Continue to reduce electricity and heating energy consumption in Saab's facilities, for example by changing employee behaviours and optimising real estate technology and processes.  Continue to encourage electronic meetings and climate smart travel.  Continue to replace hazardous chemical substances in processes and products.  Continue to participate in R&D collaborations to create sustainable solutions for the future.
<b>EMPLOYER OF CHOICE</b>	Saab will be an inclusive workplace where diversity and gender equality are a given.	At least 30 per cent of Saab's managers will be women by year-end 2015.	26 per cent of Saab's managers were women.	Continue to increase awareness of the benefits of diversity and gender equality within the organisation, for example by strengthening recruiting skills within Saab.
	Saab will be an employer of choice for current and prospective employees.	At least 80 per cent of employees will be very satisfied with working at Saab.  Be an employer of choice in markets with a significant presence. In Sweden, Saab will place in the top ten in Univer-sum's ranking among Swedish engineering students.	82 per cent of Saab's employees were very satisfied with working at Saab.  Saab ranked eighth in Univer-sum's survey of Sweden's attractive future employers among Swedish engineering students.	Continue to promote a culture of motivation and performance by further strengthening the employeeship.  Encourage additional local initiatives that promote healthy habits.  Increase collaborations with Saab's priority colleges and universities.
<b>CONTRIBUTE TO SOCIETY</b>	Through its operations, Saab will contribute to economic growth, innovation and security. In addition, through its community efforts, Saab will contribute to social development with an emphasis on promoting an interest in technology and education. Social contributions will be made mainly with the help of Saab's own employees and products.	Saab will offer initiatives for employee engagement.	Saab's initiatives to promote education and an interest in technology among children and young adults are described on page 28.	Increase collaborations with primary and secondary schools in communities where Saab is active.

## STAKEHOLDER ENGAGEMENT

To better understand the expectations on its sustainability work, Saab engaged during the year with various stakeholder groups, both internally and externally.

The results of this engagement were taken into account in the materiality analysis that serves as a basis for selecting the key issues for Saab's sustainability work and the contents of the sustainability report.

The focus leading up to this first sustainability report has been on internal consultations, which have then served as a basis for discussions with representatives of stakeholder groups. The aim in 2015 is to further improve stakeholder engagement based on the 2014 sustainability report.

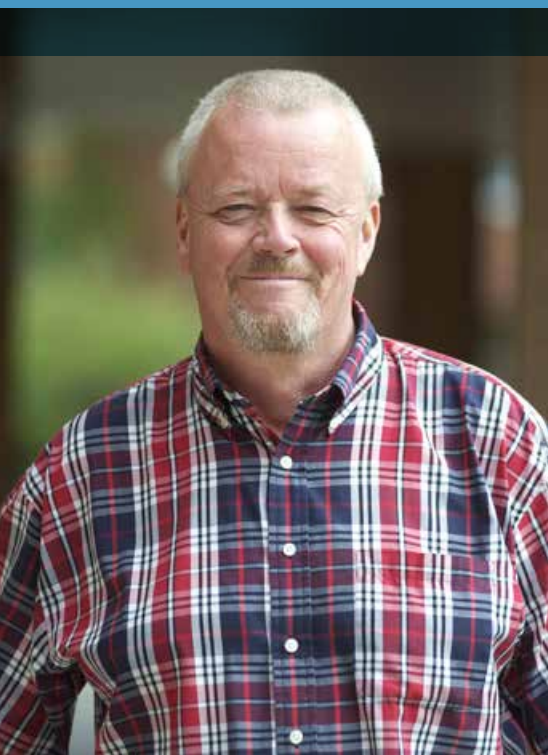
Dialogues with stakeholders confirm that the areas Saab has chosen to focus on are relevant.

In addition to formal stakeholder engagement focused on sustainability, Saab constantly interacts with stakeholders and receives feedback on their expectations through various channels.

Saab also participates in several collaborations and organisations involving sustainability that provide a valuable contribution to the sustainability work (see page 29).

"It is very important to us that Saab works actively to discourage bribes and corruption. As a customer, we also expect of course that the products live up to quality and security requirements and that Saab handles confidential information in a secure manner. We have a good co-operation with Saab in the environmental area, but would be happy to see Saab do more with its suppliers to address environmental and social factors."

**BENGT STRÖMSTEDT, ENVIRONMENTAL  
MANAGER AT THE SWEDISH DEFENCE  
MATERIEL ADMINISTRATION (FMV)**



"Saab's structured approach to sustainability makes me feel especially proud to work here. It is important to me that Saab exports responsibly and that we require our suppliers to take responsibility for human rights and labour conditions. The fact that we also contribute in other ways in various countries through social initiatives, such as disaster aid and training programmes is an extra plus."

**JOSEFINE STÅHL, IT PROJECT MANAGER AT SAAB AND  
PARTICIPANT IN SAAB GRADUATE LEADERSHIP PROGRAMME**



"I appreciate that Saab remains committed to its anti-corruption work and makes sure that Swedish export control of defence materiel is handled transparently and responsibly. This reduces the sustainability risk in its deals, which is important when EKN guarantee a contract. It is also positive that Saab focuses on sustainable innovations where its technological expertise can benefit the environment and climate for future generations."

**KARL-OSKAR OLMING, CSR MANAGER AT THE SWEDISH EXPORT CREDITS GUARANTEE AGENCY (EKN)**



Stakeholder group	Forms of engagement
<b>Owners and investors</b>	<ul style="list-style-type: none"> <li>• Separate meetings with investors on sustainability issues.</li> <li>• Annual General Meeting.</li> <li>• Sustainability surveys from investors and analysts.</li> <li>• Continuous engagement with investors and analysts.</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>• Annual employee survey.</li> <li>• Sustainability survey among Saab's trainees.</li> </ul>
<b>Students and potential employees</b>	<ul style="list-style-type: none"> <li>• Career days and similar events.</li> <li>• Workshops with Saab's student ambassadors.</li> <li>• Interviews with students.</li> <li>• Collaborations with universities and institutes of technology.</li> <li>• External surveys on students' expectations of future employers.</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>• Stakeholder engagement with focus on Saab's sustainability strategy with the largest customer in Sweden.</li> <li>• Customer surveys.</li> <li>• Personal meetings, trade shows and conferences.</li> </ul>
<b>Society in general, including decision-makers and interest groups</b>	<ul style="list-style-type: none"> <li>• Participation in defence forums and debates, such as Almedalen and Folk och Försvar (Security and Defence) in Sälen.</li> <li>• Collaborations with public organisations and authorities, such as the EU and UN.</li> </ul>
<b>Suppliers and partners</b>	<ul style="list-style-type: none"> <li>• Sustainability as a theme at Saab's procurement day.</li> <li>• Continuous contact with suppliers and partners.</li> </ul>

## RESPONSIBLE BUSINESS

### Overarching aim

- Saab has zero tolerance for all forms of corruption. The company's ethical standards will set an example.
- Saab will work continuously with suppliers on social and environmental responsibilities.

## ZERO TOLERANCE FOR CORRUPTION

Saab strives to be a reliable long-term partner that promotes an open and transparent market. Corruption is destructive to society and business and can never be tolerated.



Like many other companies that do business in large parts of the world, Saab sometimes comes across attitudes that are inconsistent with its ethical values. For this reason, Saab has built up an extensive organisation, processes and tools for risk management.

### RULES AND PROCESSES

Saab is guided by its fundamental values, the company’s Code of Conduct, current industry-wide codes of conduct and clearly defined internal processes in preventing corruption risks. The basic rule is simple: Saab has zero tolerance for corruption.

### RISK ANALYSIS

Saab’s operations are continuously exposed to corruption risks, and a corruption risk analysis is conducted in connection with each deal. Among the factors that affect risk are where a deal takes place, who the customer is, how the procurement is conducted, how Saab found out about it, the business model and the contract value. If the risks that are identified cannot be minimised and managed satisfactorily, Saab will withdraw from the deal.

### MARKETING CONSULTANTS INCREASE RISKS

To gain entry to new markets, multinational companies often hire marketing consultants and other partners in the selling process. Saab does as well. Third parties are sometimes an important resource in the sales process, but can also mean increased exposure to corruption risks.

Saab therefore applies a strict process whereby co-operations with marketing consultants and other partners in the selling process must be evaluated and approved by a central function that handles all such agreements. These partners also have to undergo special training and pledge to abide by Saab’s ethical values and guidelines. The agreements contain specific commitments with regard to business ethics and permit continuous monitoring of the partners through reporting requirements and audit rights. Saab’s aim is to reduce the number of marketing consultants and other partners in the selling process and instead increase its own staff in selected markets.

Questionable situations sometimes arise during the procurement process, and that’s when it is important to be familiar with Saab’s ethical rules and how to act in certain situations.

Benny Johansson, strategic purchaser at Saab who has completed in-depth internal training on anti-corruption.

**TRAINING**

In addition to training on the Code of Conduct, all employees receive separate, web-based anti-corruption training. At year-end 2014, 74 per cent of all employees had completed the training. Employees in the marketing and sales organisation also receive mandatory in-depth training covering, among other things, general risk awareness and the company's internal processes and tools for managing corruption risks. In total, 950 employees have completed the in-depth training on over 80 occasions since June 2011. The aim in 2015 is to broaden the target group for in-depth training to also include employees from other parts of the organisation.

Business ethics and risks are a recurring theme at board and management team meetings, group-wide management conferences and meetings at the business area level.

**WHISTLEBLOWING**

Employees who become aware of or suspect non-compliance with laws or Saab's Code of

Conduct are expected to report this through Saab's whistle-blowing system. In 2014, Saab created a new whistleblowing system that will be launched in 2015 and replace the previous system. The new system complements ordinary line reporting and provides the option of reporting online or by telephone. The system is managed by an outside party and guarantees employees anonymity.

**GLOBAL COLLABORATIONS**

Saab actively participates in international industry associations to develop common anti-corruption rules, sharing experiences, and evaluating and improving their work (see page 29).

**ORGANISATION**

Saab's corruption prevention efforts are constantly developing, and a number of functions are involved in the work.

Through the Audit Committee, the **Board of Directors** is responsible for overseeing Saab's Code of Conduct and has ultimate responsibility for monitoring and evaluating the business ethical work.

74%

Share of Saab's employees who have completed web-based anti-corruption training.





The **Ethics and Compliance Board** leads and draws up guidelines for the work, makes decisions on business ethical issues and follows up whistle-blowing cases. The board meets at least eight times a year and is led by Saab's General Counsel, who reports the work to the Board of Directors' Audit Committee.

The **Ethics and Compliance function** is responsible for monitoring, co-ordinating and developing corruption prevention work and contributing expertise in the area. At year-end 2014, the function consisted of two people.

**Market Network Management (MNM)** is a function consisting of ten employees that collaborates with the market and product functions to manage marketing consultants and other third parties. This process includes corruption risk analysis, due diligence, contracting and training business partners. MNM also provides training and develops tools for Saab's anti-corruption work.

**Saab's Internal Audit** monitors implementation of the company's corruption prevention processes.



Annika Bärems, Head of Group Legal Affairs och Petter Törnquist, Head of Ethics and Compliance.

## STRICT EXPORT RULES

Saab's products help to make countries, borders, and transports safer. At the same time that they protect peace and security, they may also represent a threat if used incorrectly. This entails a great responsibility.

Saab was founded in 1937 to safeguard Sweden's access to defence materiel during a tumultuous time in Europe. Sweden wanted its own defence industry to guarantee its neutrality and independence. Today, a competitive defence industry is an important aspect of Swedish defence and security policy. To stay competitive and cost efficient, Saab is dependent on exports and collaborations with other countries. A successful defence industry helps to make Sweden an attractive partner internationally. In the same way, international collaborations help to strengthen the Swedish defence industry, which is critical if Sweden is going to meet new security challenges.

### WHAT SAAB SELLS TO WHOM

The large part of Saab's exports is from Sweden, where the Swedish Agency for Non-Proliferation

and Export Controls (ISP) determines on behalf of the government which defence products Saab may sell to which countries.

The rules on Swedish defence materiel exports stipulate that there must be security or defence policy reasons for the export and that it does not infringe on Swedish foreign policy. Evaluations are made on a case-by-case basis. ISP takes into account a number of criteria, for example which type of product it is, whether the materiel is intended for combat, other defence materiel (e.g., defensive systems for surveillance and command and control) or products that can be used for both civil and military purposes. Saab sells products in all these areas.

The product portfolio also includes civil products, where exports are not governed by ISP.

## RESPONSIBLE SUPPLIER RELATIONSHIPS

In 2014, Saab in Sweden purchased products and services from more than 5,500 suppliers.

In many cases, Saab has longstanding relationships with respected suppliers. This in itself increases the chances of responsible action and reduces risks. To further minimise social and environmental risks in its supply chain, Saab began in 2014 to develop a more structured approach to working with its suppliers. Among other things, a special code of conduct for suppliers is being developed based on the UN Global Compact's principles on human rights, labour, the environment and anti-corruption. The code will be finalised in 2015.

### SURVEY OF SUPPLIERS

In 2014, Saab initiated a survey of suppliers to identify suppliers that are at risk of not living up to the requirements. Among the factors that raise the risk level are the country the supplier operates in and which products are involved.

### CONFLICT MINERALS

Conflict minerals include tin, tantalum, tungsten and gold, which are extracted from mines run by rebels in the Democratic Republic of the Congo and neighbouring countries. The revenue from these minerals finances armed conflict by the rebels and leads to further oppression and violence against local populations.

In 2012, the US adopted a law on conflict minerals. Saab is indirectly affected, since its customers in the US are required to identify the source of conflict minerals in their products. During the year, Saab further improved its routines to identify whether its products contain these minerals and where they come from.

### DIVERSITY AMONG SUPPLIERS

Saab in South Africa promotes diversity among its suppliers by supporting small businesses run by young people, women or other groups that previously faced discrimination. In addition to a financial assistance, Saab provides these companies with mentorships, networking opportunities and help with marketing technology. In 2014, Saab supported nine companies. The goal is to have them stand on their own within three years. By helping small businesses to grow and become profitable, Saab contributes to economic growth and job opportunities in South Africa.

### SAAB'S SUPPLIERS

In 2014, Saab in Sweden purchased products and services from more than 5,500 suppliers. Most of the suppliers are in Europe. Saab primarily buys components and technologies associated with its systems, and to a lesser extent various services.



Neil Johnson, owner of Solve Direct Electronics, one of the suppliers Saab in South Africa supports.

## INFORMATION SECURITY

Saab handles information that is critical to its customers' operations, and in many cases to the security of Sweden and other countries.



### EXPERTS IN INFORMATION SECURITY

Information security is part of the product portfolio at Combitech, Saab's wholly owned consulting company. Combitech does everything from creating secure processes and responsive crisis management systems to evaluating software code and conducting penetration tests. The company also offers a specific service for overarching responsibility for the information security of its customers round-the-clock, 365 days a year.

A high and continuously improved level of information and IT security is critical for Saab to comply with current laws while maintaining its competitiveness, profitability and public trust.

Due to rapid IT development in society, Saab is exposed to fast-growing, increasingly complex threats. IT development in general has been so rapid that it has been difficult for system and information security to keep pace. Saab is exposed to threats from many different actors in the form of attempted intrusions, damaging code, espionage, etc.

#### COMPREHENSIVE INFORMATION SECURITY

To prevent risks in information management, Saab works with a set of administrative and technical security measures that are continuously analysed and adapted to threats and protection needs. These include clear rules, processes, routines and technical solutions for information, IT and communication security. During the year, several new projects and collaborations were initiated with an aim to continuously develop and improve information and IT security.

#### SECURITY-CONSCIOUS EMPLOYEES

To ensure that Saab's employees handle information in accordance with current regulations, all new hires receive security training, after which they are provided with follow-up training and information. The focus in 2015 is to further increase security awareness through a stronger training effort.

#### WORLD LEADER

Saab established a long-term security strategy in 2014, where one of the goals is to be a leader in corporate security and risk management. Security is a natural and integral part of Saab's processes, leadership and culture. As part of the action plan, the resources and expertise of the group's security function were greatly expanded.

## REDUCE ENVIRONMENTAL IMPACT



### Overarching aim

- Saab will work actively to minimize its impact on the environment and climate.



## REDUCE CLIMATE IMPACT

Saab is working systematically to reduce its impact on the environment and climate. The objective is to reduce CO<sub>2</sub> emissions by at least 20 per cent from 2007 to 2020 related to sales. At year-end 2014, the reduction was 7 per cent.

To achieve this objective, Saab is working continuously to reduce energy consumption in its facilities and emissions from travel. Continuous communication and training for employees is an important part of this work. Another important element in this long-term effort is R&D collaborations within the industry. For example, Saab is one of the main suppliers to Clean Sky, which is seeking, among other things, to reduce CO<sub>2</sub> emissions from aircraft (see page 17).

### REDUCE ENERGY CONSUMPTION IN FACILITIES

Efficiency improvements are being made in Saab's facilities to reduce total energy consumption. From 2009 to 2014, energy consumption was reduced by 20 per cent in Sweden. The focus of these efforts is on changing employees' behaviours and using the best available technology based on analyses of lifecycle costs, as well as strategic facilities planning.

### TRAVEL-FREE MEETINGS AND CLIMATE-SMART TRAVEL

The largest share of Saab's total CO<sub>2</sub> emissions is from business travel. As the company becomes more international, Saab must strike a balance between the need to travel and the need to reduce climate impacts. In 2014, Saab made further efforts to encourage travel-free meetings and reduce emissions from travel. For example, the internal travel portal was converted to a combined travel and meeting portal, carpooling was integrated in Saab's travel reservation system and discussions were initiated with car rental suppliers on providing more green vehicles.

### REPORT GREENHOUSE GAS EMISSIONS

Saab has been reporting greenhouse gas emissions since 2006 to the Carbon Disclosure Project (CDP), an independent organisation that collects climate data from companies around the world. Information on CDP and Saab's complete report can be found at [www.cdproject.net](http://www.cdproject.net).

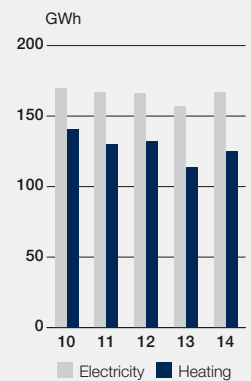
# 20%

Reduction in energy consumption at Saab's facilities in Sweden since 2009.

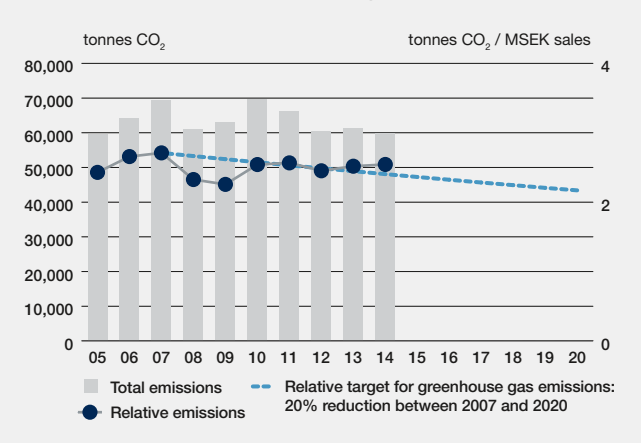
Environmental issues cover a range of areas and provide a valuable understanding of products in their context. This is especially interesting at Saab, where the portfolio consists of many exciting and complex products.

Therese Karlsson Sundqvist, Project Environmental Coordinator at Saab

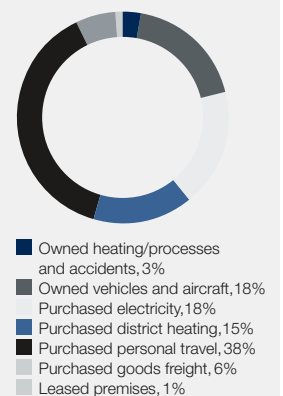
Energy consumption in Saab's operations



CO<sub>2</sub> emissions within the Saab Group



CO<sub>2</sub> emissions by source within Saab



## PHASE OUT HAZARDOUS CHEMICAL SUBSTANCES

To reduce the use of hazardous chemical substances, Saab works actively with demand specifications, training and communication.

Hazardous chemical substances with unacceptable risks and substances that could be subject to regulation by authorities and customers are identified and phased out. Certain hazardous chemical substances are still necessary, however, to meet security and technical performance requirements in the aviation and defence fields.

### LONG-TERM PROCESS

Saab's efforts to replace hazardous chemical substances have been underway for some time and will continue for many years to come, but progress is continuously being made. The work is monitored by the Group Environmental Council and special workgroups.

An alternative surface treatment process was developed during the year to replace chromic acid anodising, which will be phased out over time. In addition, several projects are underway in an attempt to replace pigments and sealants that contain chromates as well as cadmium and lead in specific designs.

With respect to chemicals used in the maintenance of products and which contain hazardous chemical substances, Saab has initiated a dialogue with customers and other stakeholders to find less hazardous alternatives.

Saab's work with hazardous chemical substances corresponds well with the requirements of the EU's chemicals regulation – Registration, Evaluation and Authorisation of Chemicals (REACH) – as well as the requirements of the group's customers. Saab actively participates in several associations, nationally and internationally, to enhance efforts in this area.

### IT TOOLS FOR BETTER CONTROL

In 2014, Saab began implementation of Eco-Footprint, an IT tool to manage and compile information on hazardous chemical substances contained in Saab's products and to verify that the products meet environmental requirements. Saab has also prepared for the implementation of iChemistry, which replaces a previous tool to systematise and control chemical products. The tools will first be used in 2015.



### THERESE KARLSSON SUNDQVIST CO-ORDINATES ENVIRONMENTAL ISSUES INVOLVING GRIPEN E, SAAB'S NEXT GENERATION FIGHTER

#### What does it mean to be project environmental co-ordinator for the Gripen E project?

"I am a member of the project organisation and am a driving force for taking care of environmental requirements. This will ensure that product-related requirements from authorities, customers and Saab are met. These requirements mainly relate to hazardous chemical substances, noise, emissions and analyses of future dismantling of the system."

#### What were the top environmental issues in 2014?

"Developing system tools to ensure that we meet legal requirements on hazardous chemical substances in a structured way. The phase-out of hazardous substances has been underway for some time with good results. We conducted an extensive noise analysis during the year to verify noise levels and produced a report on emissions of contaminants into the atmosphere."

#### What are the plans for 2015?

"We will maintain the same focus as in 2014. In addition, we will start a process to assure environmental impacts ahead of the future finalized disposal of the Gripen system."

## SUSTAINABLE INNOVATIONS

An important part of Saab's efforts to reduce environmental impact is research and development collaborations within the industry to create sustainable solutions for the future.

### INNOVATIVE AIRCRAFT WING

Saab is one of the main suppliers to Clean Sky, a Joint Technology Initiative financed equally by the EU and the industry to reduce CO<sub>2</sub>, hydrocarbons and nitrogen oxide emissions as well as noise from aircraft. In collaboration with its partners, Saab has designed an aircraft wing that uses innovative technology to reduce wind resistance, thereby cutting fuel consumption by up to eight per cent. The wing will be test-flown on an Airbus aircraft in the latter part of 2016. Saab is also participating in the development of energy-efficient electrical de-icing systems that greatly reduce the need to generate electrical power on board the aircraft, which in turn leads to less engine use and thus lower emissions.

### AIR TRAFFIC MANAGEMENT FOR A BETTER ENVIRONMENT

The EU has initiated a project to develop and improve air traffic management systems in Europe with a goal of reducing climate change. As part of the project, called Single European Sky ATM Research (SESAR), Saab is contributing in the areas of remote control towers, traffic flow management, integrated tower solutions and faster turnaround times.

### BIOFUELS TESTED ON GRIPEN

A collaborative project between Sweden and the US is evaluating biofuels for aviation applications. Saab is providing Gripen as a test platform. Various components, auxiliary power and materials in the fuel system will be tested over the next two years. Test flights using Gripen will begin in 2017.



### GREEN HIGHWAY

Green Highway is an EU project designed to reduce environmental impacts from road transports, for example by replacing cars powered by fossil fuels with electric cars. Saab is contributing Intelligent Fleet Management (IFM), a system that monitors driving times and distances, the driver's driving style, the vehicle's status and service needs, among other things. The information contributes to more efficient transports, which in turn lead to lower fuel consumption and reduced emissions.

### ECO SMART PRODUCTS

Examples of products in Saab's portfolio that help to reduce impacts on climate change:

- **Hull cleaning** – Saab has developed a new Remotely Operated Hull Cleaning Vehicle (ROHCV) used by the Danish company C-leanship to clean the hulls on some of the world's largest vessels without damaging the coating. This reduces the ship's environmental impact by dramatically cutting fuel consumption, while also lessening the spread of microorganisms in different aquatic environments. It also reduces the need to drydock vessels to repaint them, which cuts the shipping company's costs.
- **Solar Shade** – A heat-mitigation system that can be used to cover staff huts, container housing or field hospitals. The network reflects up to 90 per cent of incoming solar radiation, with the potential to reduce cooling energy by up to 25 per cent.
- **Traffic management systems** – Systems that lead to increased efficiency at airports and in ports, for example, thereby reducing environmental impacts.
- **Attractive Cities** – Saab's "Attractive Cities" concept comprises solutions that help to reduce environmental impacts. They were demonstrated on full scale in autumn 2014 with Linköping as a base.

## EMPLOYER OF CHOICE



### Overarching aim

- Saab will be an inclusive workplace where diversity and gender equality are a given.
- Saab will be an employer of choice for current and prospective employees.



## DEVELOP LEADERS AND EMPLOYEES

The skills of its employees are fundamental to whether Saab can meet its business goals. The ability to attract, retain and develop employees is therefore a key to Saab's strategy. For employees to reach their potential requires skilled and committed leaders.

Saab offers many forms of skills and leadership development, both internally and externally. Some training is mandatory for all employees and is often offered flexibly and cost efficiently through e-learning. All the courses are available through Saab's competence portal on its intranet.

The large part of human resource development plays out on a daily basis and in co-operation with colleagues. Saab also endorses learning in the form of networks and mentorships. There are many opportunities to try out different job assignments within the group, nationally and internationally.

### PROGRAMME FOR RECENT GRADUATES

Saab's customised trainee programme, "Saab Graduate Leadership Programme", is designed for recent graduates and young professionals who have the potential and desire to become future leaders within Saab. The programme was revised in 2014 and as of 2015 will apply to the entire group, not just Sweden. As part of the programme, participants gain experience by working in different parts of the group, at home and abroad. They also receive leadership training, personal development and the opportunity to build a network of contacts within the group. Around twelve people per year take part in the programme, which is flexibly designed to fit different roles and areas of the business.

Other important gateways for students are summer jobs and thesis work. In Sweden, Saab's goal is to accept at least 400 summer workers and 150 master's students each year. At the same time that they gain work experience, they also benefit the company by helping to drive development forward.

### STRENGTHEN LEADERSHIP

In 2014, Saab continued to focus on leadership. To help its managers face challenges such as increased global competition and changes in the defence industry, the company focuses on four areas: business understanding, performance driven leadership, internationalisation and being both a manager and a leader. The four areas have helped to clarify the expectations placed on managers at Saab. In addition to courses with role-playing and leadership conferences, workshops are held throughout the organisation.

The next step is to strengthen employeeship, which at Saab entails great personal responsibility. Employeeship will be further strengthened through a long-term effort launched in 2015. The four focus areas will be adapted to an employee level and the expectations of an employee at Saab will be clarified.

# 70%

Share of employees who feel that the company provides its employees with opportunities to develop.

The Saab Graduate Leadership Programme has given me a unique opportunity to build my technical skills through job rotation, I have also developed personally through leadership training, team exercises and mentorships.

Felicia Lai Jakobsson, participant in the Saab Graduate Leadership Programme 2014

## EMPLOYEE ENGAGEMENT

Employees who feel proud of and committed to their work and the company in general are critical to a knowledge company like Saab.

In the annual employee survey, 82 per cent responded that they are very satisfied with working at Saab. A high number compared to other companies.

Also the pride of working at Saab is high among the employees. Among the things employees are proud of is Saab's high technology and breadth of expertise, but also a corporate culture that offers a work-life balance.

### AMBASSADORS FOR SAAB

Proud employees are also the best ambassadors for Saab as an employer. Several Saab employees are sent out to talk about the company and what they do to students, classes and teachers. The aim is to attract the right talents and, among younger age groups, to foster an interest in technology. In addition, more than 40 employees volunteer as math tutors in their free time.

Saab's aim is to create even more opportunities for employees to get involved in fostering an interest in technology in children and young people.

Saab's popularity as an employer is evident by its ranking in the top ten favourite future employ-

ers of Swedish engineering students. This is of critical importance if Saab is going to continue to recruit the right talents.

### HOW DO YOU FEEL ABOUT WORKING IN THE DEFENCE INDUSTRY?

Everyone employed by Saab has to be able to explain how it feels to work in the defence industry. Even for those who have been employed for a while, it can be worthwhile to reflect on this question, if nothing else to respond to family and friends. During the year, Saab conducted a number of popular internal group discussions, where employees from different parts of the company shared their thoughts with each other.

82%

Share of employees who are very satisfied with working at Saab.

8

Saab's ranking in Universum's survey of the most popular employers among Swedish engineering students.

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## CULTURE THAT FOSTERS PERFORMANCE AND MOTIVATION

To assist employees in realising their potential, they are required to sit down with their manager to set individual goals derived from Saab's business goals.

The employee and manager formulate a plan how the goals will be achieved and for any necessary training. Goals and results are followed up at least twice a year. Reviews include not only whether the employee met the goals, but also how, for example whether it was done in accordance with Saab's values.

In a performance driven culture, personal responsibility is critical, which means that every employee has the opportunity to impact their own development. For the individual employee, clear guidelines and feedback increase motivation and reduce stress. For the company, a performance driven culture is critical to succeed in the global competition.



86%

Share of Saab's employees who have had discussions about their goals, development and performance. Saab's aim is to raise this figure as closely to 100 per cent as possible. The fact that some employees are new or have recently returned after an absence when they respond to the survey will affect the results, however.

## GENDER EQUALITY AND DIVERSITY

A company that embraces gender equality and diversity, where everyone is given an equal opportunity, is also more likely to be innovative and profitable.

Diversity in all its dimensions is an important way for Saab to ensure growth and profitability. At Saab there is a conviction, supported by research, that diversity gives the organization access to varying perspectives and thereby taps into greater innovative capacities.

### MORE FEMALE MANAGERS – A STRATEGIC GOAL

One goal is that at least 30 per cent of Saab’s managers at year-end 2015 will be female.

Saab attaches great importance to identify female candidates, for example through the internal talent management process, where the number of identified high performing female talents doubled in 2014, from 17 per cent to 34 per cent. At least one woman must be interviewed for all managerial positions.

Diversity is an integral part of Saab’s leadership training, and managers are judged on how well they promote gender equality. Saab also has a special mentoring programme for women.

The focus on female managers has produced results, and Saab is well on its way to meeting its goal of 30 per cent female managers. At year-end 2014, 26 per cent of managers at Saab were women, compared to 21 per cent in 2012.

At the same time, work is underway to increase the balance between men and women at all levels of the company. Today, 22 per cent of Saab’s employees are women.

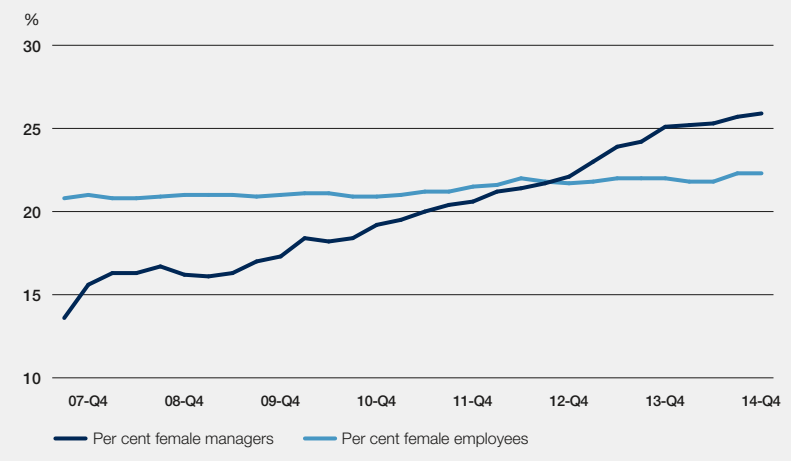
### OPEN TO DIFFERENT PERSPECTIVES

There is also an awareness at Saab that diversity means much more than raising the share of women and female managers. Diversity means respecting everyone equally regardless of age, gender, sexual orientation, religious belief, disability or ethnicity.

Saab in South Africa has started several projects to include people who have previously been locked out of the job market due to apartheid. Among other things, the company has hired eleven people with disabilities who get the mentoring they need to fully participate and contribute.

The project is in line with the South African government’s action plan to address social and economic imbalances dating from the country’s past, Broad Based Black Economic Empowerment (B-BBEE).

Female managers



It also means mixing people with different experiences and educational backgrounds.

All those who work with recruiting receive diversity training, and diversity is a parameter in leadership training and the global recruitment process.

It is important that all employees realise the importance of diversity and appreciate each individual’s unique contribution to the company.

Saab in South Africa has worked for a long time with diversity and is a good example for the rest of the group (see below).

### 60 NATIONALITIES

A central part of the growth strategy is an increasingly globalised organisation with a local presence. The global operations also reflect the diversity in the company. Around 60 nationalities are represented among Saab’s employees.

3/9

Share of women on Board of Directors

4/12

Share of women in Group Management

“The programme will not discriminate against white South Africans and will embrace diversity and inclusiveness,” says Charlotte Moagi, who heads the transformation work that will help Saab meet the requirements set by South Africa’s government.

“Saab is making great progress and has recently reached level 4 B-BBEE status. I enjoy transformation work. It is gratifying to empower others.”

### CHARLOTTE MOAGI

Head of Transformation at Saab in South Africa



## HEALTH AND SAFETY

By working actively with occupational health issues, Saab reduces the risk of accidents, illnesses and workplace injuries in the short and long term.



75%

Share of employees who feel that Saab has a positive attitude toward the need for a work-life balance.

As an element in its globalisation, Saab introduced a new group-wide global work environment policy in 2014. Saab also began developing a global occupational health and safety process based on the OHSAS 18001 international standard.

### SAFE TRAVEL

Travel is increasing as Saab grows internationally. An important obligation as an employer is to make sure that employees are prepared and well equipped for travel and foreign assignments. During the year, Saab further improved its travel routines and training, including with respect to risk assessment. In addition, the company recruited a medical advisor with expertise in global medicine.

### INCREASE AWARENESS

To increase awareness of how important it is that everyone contributes to a healthy and safe work environment, a brochure was published and distributed throughout the organisation in 2014. The aim in the next step is to follow up with e-learning for all employees.

In 2015, Saab will join its occupational health providers to develop a method to map the psychosocial work environment and identify any needed improvements.

### WELLNESS

As an employer, Saab tries to encourage exercise and wellness in various ways. Saab does so by supporting the company's local sports clubs and by utilising the wellness services that the occupational health providers offer. The aim in 2015 is to further encourage local wellness initiatives.

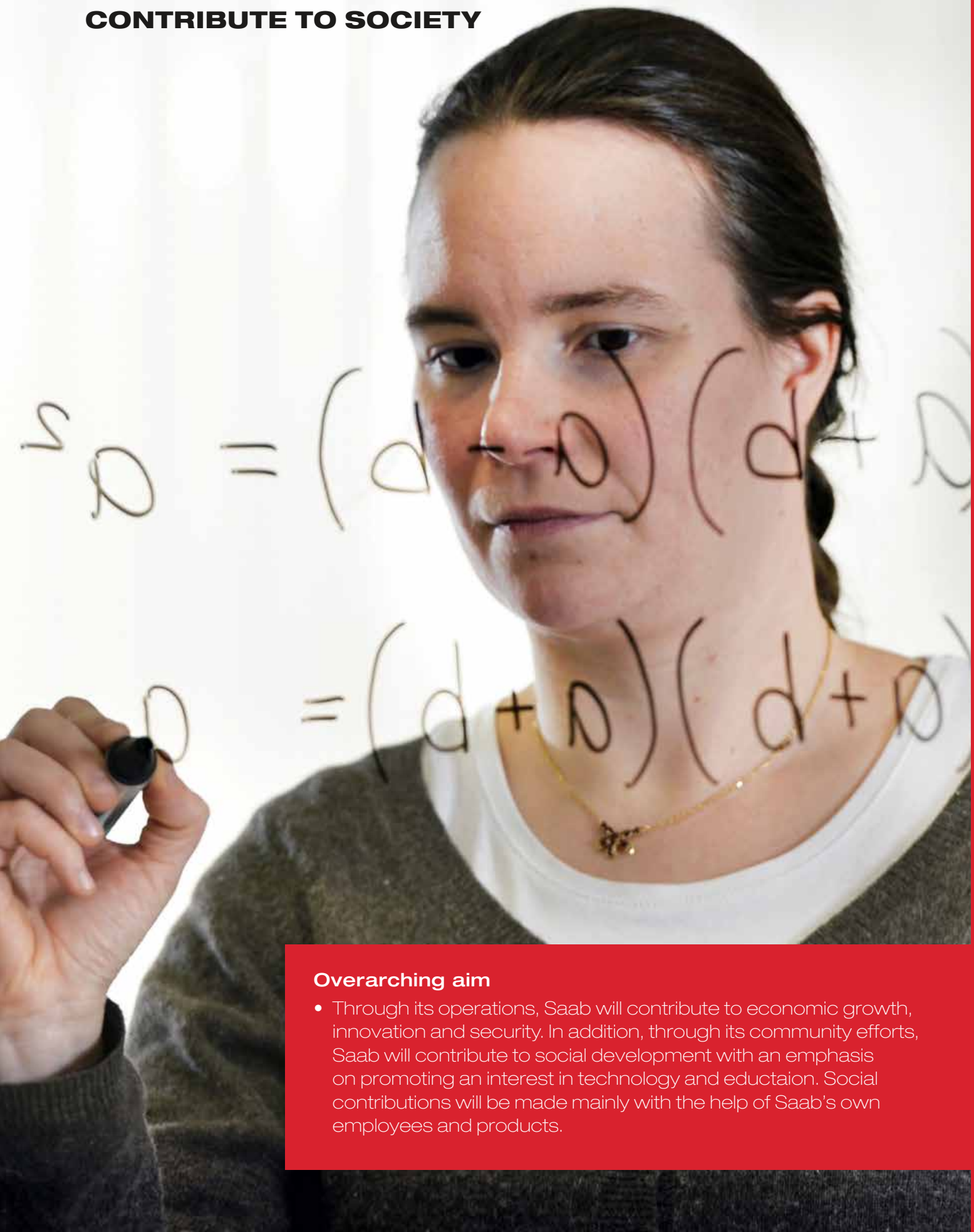
### BALANCE IN LIFE

Saab fosters a culture that offers a work-life balance. To encourage employees to take parental leave, Saab in Sweden offers to supplement parental insurance. The employee survey during the year showed that 75 per cent of employees feel that Saab has a positive attitude toward a work-life balance.

Absenteeism, %	Total	Women	Men
Sweden	2.3	3.5	2.0



## CONTRIBUTE TO SOCIETY



### Overarching aim

- Through its operations, Saab will contribute to economic growth, innovation and security. In addition, through its community efforts, Saab will contribute to social development with an emphasis on promoting an interest in technology and education. Social contributions will be made mainly with the help of Saab's own employees and products.

## INNOVATION

With its high-tech operations, Saab plays an important role in driving technological development in society to the benefit of economic growth and sustainability. Saab's advanced product development generates knowledge, technological solutions and innovations.

Saab is among the companies in Sweden that invests the highest share of its sales in research and development (R&D). Even from an international perspective, Saab is a research-intensive company. Investing in innovation is necessary for Saab to stay competitive and on the forefront of technology. In 2014, Saab allocated 25 per cent of its sales to R&D. Among major R&D projects are the new version of Gripen, the next generation radar system for monitoring airspace and next generation submarine.

### INDUSTRIAL CO-OPERATIONS

When Saab does business with other countries, the customer often demands some form of industrial co-operation that many times involves technology transfers. This is common with large defence contracts. For Saab, there are benefits to spreading knowledge through such transfers. They give people from different companies the opportunity to meet, which encourages new ideas that could benefit everyone involved. Many times this generates new businesses that otherwise would not have arisen.

South Africa is an example of a country where Saab has provided technology and knowledge. When South Africa purchased 26 Gripen in 1999, Saab pledged to help develop the country's defence industry. This has helped to make South Africa's electronic self-protection systems among the best in the world. The co-operation with Saab has also had an impact outside the defence industry and led to the development of the private telecom market in South Africa. In 2014, Saab in South Africa was named Exporter of the Year for the second consecutive year by South African Department of Trade and Industry.

In addition to the demand by customers for industrial co-operations in connection with a major order, Saab naturally participates in various other forms of industrial co-operation, including close development alliances with customers and suppliers. Co-operations that strengthen all the parties involved and contribute to innovation.

### INTERNATIONAL INNOVATION ALLIANCES

Saab Global Innovation Program (SGIP) is a function within Saab that promotes international innovation alliances. The focus is on innovation alliances between industry, academia and the public sector, according to the so-called Triple Helix model. This is a successful model that Sweden and Saab have great experience with and are happy to share. One example is the Swedish Brazilian Innovation & Research Center (CISB), which Saab founded. As part of CISB, Swedish and Brazilian companies collaborate with universities and public organisations in Sweden and Brazil. The goal is to develop innovations in the environment, defence and transport areas. As part of CISB, training in the Swedish innovation system is offered as well. Training is arranged jointly by Saab, Linköping University and the Armed Forces.

Saab also participates in several alliances at the national level. In Sweden, Saab contributes to five of the eleven strategic innovation areas promoted by Sweden's innovation agency, Vinnova. Saab also has close collaborations with the major institutes of technology in Sweden. One example is Linklab, a collaboration between Saab and Linköping University focused on future unmanned aerial vehicles.

# 25%

Approximate share of sales that Saab invested in research and development in 2014.

In 2014, Saab in South Africa was named Exporter of the Year for the second consecutive year by South African Department of Trade and Industry.



ReVibe Energy has based its business on a technology developed by Saab to provide power to wireless sensors.

**SPREADING KNOWLEDGE LIKE RIPPLES ON WATER**

With its high-tech operations, Saab plays an important role in driving technological development in society. Saab's advanced product development generates knowledge, technological solutions and innovations that create opportunities for spinoffs. Over the years, Saab has contributed several such products, ranging from tank radar to 3-D mapping.

Saab's operations, with employees in a large number of locations where it is often the largest employer, create jobs and opportunities for collaboration, while also spreading knowledge.



Saab supports the Nobel Museum's traveling exhibit, "The Nobel Prize: Ideas Changing the World". Just like Nobel, Saab is a pioneer in innovation and new technology. Saab is also one of the few companies, through its operations in Karlskoga, with a direct connection to Nobel's operations and heritage of innovation.

One way in which transnational criminal syndicates and terrorist organisations finance their operations is through poaching. Putting a stop to poaching can therefore make the world safer. Together with Linköping University, the think tank Stimson Center and other companies, Saab is working to develop new, innovative solutions that lead to safer, more effective protection of threatened species. One pilot project is assisting the Kenya Wildlife Service to protect rhinoceroses from poachers.



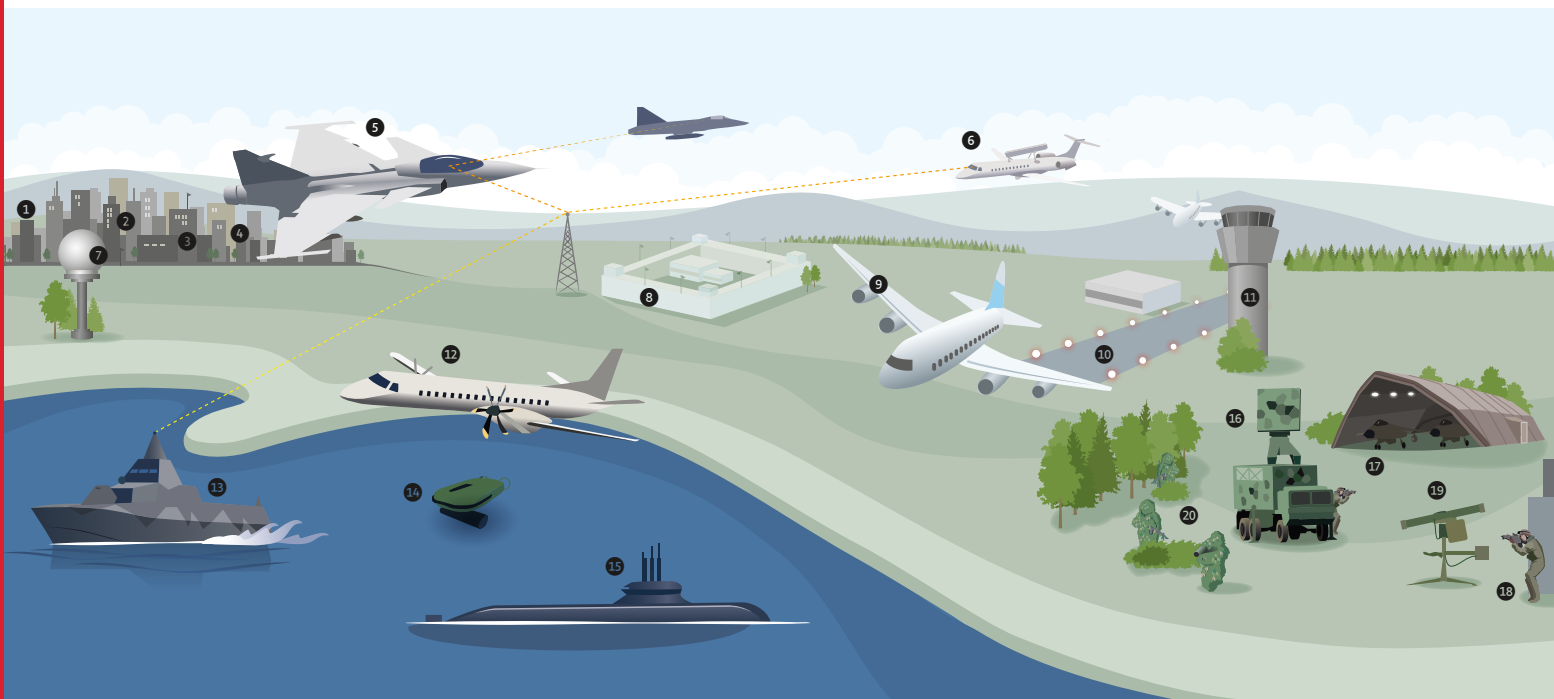
## PRODUCTS THAT CONTRIBUTE TO INCREASED SECURITY

Saab's vision is that it is a human right to feel safe. Through world-leading solutions, products and services for military defence and civil security, Saab contributes to a safer society.

Our broad-based offering covers a wide range of society functions and meets a large number of security needs. In the military sector, Saab has leading positions in many areas on the ground, in the air and at sea. Examples include fighter aircraft and ground combat weapons. Saab's civilian

operations mainly comprise air and maritime traffic management systems, including security solutions for airports and prisons. The product portfolio also includes solutions for ambulance services, field hospitals and underwater vehicles for the offshore oil and gas industry.

THE ILLUSTRATION BELOW SHOWS A SELECTION OF SAAB'S BROAD RANGE OF PRODUCTS AND SERVICES FOR CIVILIAN AND MILITARY USE.



- |  |  |   |
|--|--|---|
| <ol style="list-style-type: none"> <li>1. Technical consultancy.</li> <li>2. Research collaborations with universities.</li> <li>3. Dispatch system for security companies.</li> <li>4. Protection against Chemical (C), Biological (B), Radioactive (R) or Nuclear (N) weapons (CBRN).</li> <li>5. The Gripen fighter.</li> <li>6. The Erieye airborne radar system.</li> <li>7. Systems for weather stations.</li> </ol> | <ol style="list-style-type: none"> <li>8. Security systems for prisons.</li> <li>9. Subcontractor to manufacturers of commercial aircraft.</li> <li>10. Runway lighting for airports.</li> <li>11. Air traffic control towers, e.g. Remote Tower.</li> <li>12. Airborne surveillance systems.</li> <li>13. Naval vessels, e.g. Visby class corvette.</li> <li>14. Remotely operated underwater vehicles, e.g. Double Eagle for mine disposal.</li> </ol> | <ol style="list-style-type: none"> <li>15. Development of next generation submarine, A26.</li> <li>16. Ground-based surveillance radar, e.g. Giraffe.</li> <li>17. Field hangars.</li> <li>18. Military training systems.</li> <li>19. Anti-aircraft missile systems, e.g. RBS 70.</li> <li>20. Camouflage equipment, e.g. Special Operations Tactical Suits (SOTACS).</li> </ol> |
|--|--|---|



## ECONOMIC GROWTH

Creating long-term, profitable growth is part of Saab's strategy. It creates value for owners and contributes to society through tax revenues and job opportunities, among other things.

### FINANCIAL GOALS

Saab's long-term financial goals go hand in hand with the sustainability goals (see page 5).

- Organic sales growth will average 5 per cent over a business cycle (- 3 per cent in 2014).
- Average operating margin (EBIT) of at least 10 per cent per year over a business cycle (7,1 per cent in 2014).
- The equity/assets ratio will exceed 30 per cent (38,5 per cent in 2014).
- The long-term dividend goal is to distribute 20-40 per cent of net income to the shareholders over a business cycle (43 per cent in 2014).

For more information about the financial goals see Saab's annual report.

### ECONOMIC VALUE DISTRIBUTED

In 2014, Saab created MSEK 2,086 in economic value after expenses for operations, payroll, interest and taxes.

### Economic value distributed according to GRI indicator G4-EC1

Annual accounts, MSEK	2014
Created value	23,527
<b>Distributed value</b>	
Operating costs	-10,395
Wages and benefits	-10,601
Interest paid to credit providers	-51
Government taxes	-394
<b>Economic value</b>	<b>2,086</b>
Of which:	
Dividend to owners	484
Reinvested in operations	1,602

## CONTRIBUTING TO SOCIETY AS A PART-TIME SOLDIER

Since the draft was suspended in Sweden several years ago, the Armed Forces have had to refocus on recruiting professional soldiers. Saab is positive to having its employees serve as part-time soldiers while also continuing their careers.

Saab and the Swedish Armed Forces signed a civil-military co-operation in 2013, making it easier for Saab's employees to serve part-time in the military.

"Serving a few weeks a year gives us insight into how our defence systems work in the environments that they are designed for. This doesn't just benefit the Armed Forces and Saab, but also the individual's personal development. Which is why we are positive to and encourage Saab employees to serve part-time," says Helena Wäreby, Head of Human Resources at Saab's business area Support and Services.

One of Saab's employees who combine his job at Saab with part-time service as a soldier is Marcus Zakrisson. "Serving as a soldier is rewarding for me as an individual. And it is helpful to see Saab's systems from the user's perspective. It allows us to make products and services that better meet our customers' needs," he says.



Marcus Zakrisson combines his job at Saab with part-time duties as a tank commander.

## CONTRIBUTE TO SOCIAL DEVELOPMENT WITH A FOCUS ON EDUCATION

Saab tries to contribute to social development in areas where it is active. An important part of Saab's contribution to society is education and fostering an interest in technology among children and young people.

A commitment to the local community increases familiarity with and confidence in Saab's operations and is in line with the company's values. It also provides valuable experience and networking opportunities for the employees involved. The focus going forward is on creating more opportunities for employees to get involved in fostering an interest in technology among children and young people. The aim is to contribute to knowledge development, which benefits society as a whole and thus Saab as well.

Saab's training activities stretch the whole way from cross-border innovation alliances to help with homework. Examples include:

- Saab works with around 50 universities and educational institutions and shares its expertise in development and innovation (see page 24).
- In Nanyuki, Kenya, Saab supports Likii Special Unit, an institution for orphans.
- In Guduwada, India, Saab runs the Diploma Employment Enhancement Program (DEEP), an upper secondary level employability enhancement and skill development programme focused on welding, internships and personal development to increase the employability of the students. The project also includes special training for girls to strengthen their self-confidence.
- Saab supports Kunskapsskolan Education AB in developing educational technology and solutions for growing educational needs in emerging economies.
- In Arboga, Sweden, Saab and Vasagymnasiet offer a high school level engineering programme. The students have close contact with Saab's operations during their training.
- In Sweden, Saab participates in a training programme called Tekniksprånget, which gives upper secondary students an idea of what the engineering profession involves.



- Saab co-operates with several primary and upper secondary schools. In Sweden, Saab supports NTA ("Science and Technology for Everyone"), which gives science teachers an opportunity to train in laboratories.
- Over 40 of Saab's employees serve as math tutors in their free time.
- Saab in the UK offers an apprenticeship programme for students in their final year.
- Saab in South Africa arranges an annual "Take a girl child to work day", when girls from neighbouring schools are invited for a visit to learn what it means to work as an engineer.
- In South Africa, Saab provides schools with books, learners in the DTI Techno-Girl Projects with tablets, and the community library & IT centre with computers.

Saab in South Africa invites girls from neighboring schools for a visit to learn what it means to work as an engineer.

For more information on what Saab is doing to contribute to social development, visit [www.saabgroup.com](http://www.saabgroup.com)



It is wonderful to see a student become aware of and understand a new, beautiful aspect of mathematics. I myself have learned more about communication and pedagogy, which I have benefitted from professionally and personally.

Elisabeth Lovén, one of Saab's math volunteers

# GOVERNANCE OF SUSTAINABILITY WORK

Overarching responsibility for Saab's sustainability work rests with the Board of Directors, which, through the CEO and management team, ensures that the strategy is integrated in day-to-day operations. The Corporate Responsibility function develops the overarching sustainability strategy and coordinates the work within the group.

## ZERO TOLERANCE FOR CORRUPTION

The Ethics and Compliance Board leads and draws up guidelines for the work, makes decisions on business ethical issues and follows up whistleblowing cases. The board meets at least eight times a year and is led by Saab's General Counsel, who reports the work to the Board of Directors' Audit Committee. The Ethics and Compliance function and Market Network Management also play important roles with respect to business ethics (see page 11).

## REDUCE ENVIRONMENTAL IMPACT

Responsibility for Saab's strategic development and monitoring environmental work rests with the Group Quality and Environment function. Within the business areas, environmental work is led by the head of each business area, who bears ultimate responsibility. The goals set at the group level are

broken down for each business area and subsidiary. The Group Environmental Council co-ordinates and monitors Saab's environmental work.

## EMPLOYER OF CHOICE

Saab's Head of Group Human Resources has overarching responsibility for HR work within the group. Development of the group's HR work is done in close collaboration with the HR functions within each business area and is led by the HR staff.

## CONTRIBUTE TO SOCIETY

Activities are based on Saab's vision and business idea. According to Saab's sustainability strategy, activities that contribute to social development are focused on promoting an interest in technology and education.



## POLICYS

Saab's sustainability work is governed by established policies, such as the Code of Conduct, HR policy, environmental policy, occupational health and safety policy, procurement policy, diversity policy and security policy. The Code of Conduct contains sections about business ethics, information security, social responsibility, the workplace, the environment etc. The Code is available in Swedish and English.

All Group-wide policies are available to all employees on Saab's intranet. Saab's processes and management systems are also available on the intranet. Saab is certified according to the ISO 14001 environmental management system.

## ALLIANCES AND MEMBERSHIPS

Saab has participated since 2011 in the UN Global Compact and has pledged to follow its ten principles on human rights, labour, the environment and anti-corruption. As guidance in its sustainability work, Saab follows the OECD's guidelines on multinational enterprises. In addition, Saab has chosen to participate in a number of sustainability initiatives and organisations.

Examples include:

- Women Up
- CSR Sweden
- SNS Sustainability Roundtable
- Member of the business ethics committee of the Aerospace and Defence Industries Association of Europe (ASD)
- Member of the steering committee of the International Forum on Business Ethical Conduct (IFBEC)
- Environmental collaborations through the Swedish Security and Defence Industry Association (SOFF)
- Environmental collaborations within Europe through the Aerospace and Defence Industries Association in Europe (ASD) and globally through International Aerospace Environmental Group (IAEG)

# GRI INDEX

Saab has chosen to report its sustainability work in 2014 according to the Global Reporting Initiative's (GRI) G4 Core level guidelines. This means that at least one indicator has been identified for each material aspect. This is Saab's first sustainability report according to the GRI guidelines and comprises all of the group's operations for the financial year 2014, unless indicated otherwise. The report has not been independently audited. For each indicator and DMA (Disclosure on Management Approach), page references are provided to this report and Saab's annual report. The table also describes how Saab's work supports the UN Global Compact's ten principles.

STANDARD DISCLOSURES			
STRATEGY AND ANALYSIS	Indicators	Page	Global Compact
	G4-1 Statement from the CEO	2	
ORGANISATIONAL PROFILE			
	G4-3 Name of organisation	1	
	G4-4 Primary brands, products and services	1	
	G4-5 Location of the organisation's headquarters	32	
	G4-6 Number of countries where the organisation operates	Inside back cover	
	G4-7 Nature of ownership and legal form	Saab annual report 2014, page 24	
	G4-8 Markets served	Saab annual report 2014, page 13–15	
	G4-9 Scale of the organisation	1	
	G4-10 Workforce	21, Inside back cover	
	G4-11 Percentage of total employees covered by collective bargaining agreements	In Sweden 100%, no information available on rest of the world	Principle 3
	G4-12 The organisation's supply chain	12	
	G4-13 Significant changes during the reporting period	Saab Annual Report 2014, page 1	
	G4-14 Precautionary approach	29	
	G4-15 External charters, principles, or other initiatives	2, 10, 15, 17, 21, 24, 29, 30	
	G4-16 Memberships of associations and national or international advocacy organisations	29	
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES			
	G4-17 Entities included in the organization's consolidated financial statements or equivalent documents	Saab annual report 2014, page 41. Deviations where the data are only available for part of the operations are stated in the sustainability report	
	G4-18 Process for defining the report content and the aspect boundaries and how the organisation has implemented the reporting principles for defining report content	4, 6–7	
	G4-19 Material aspects identified in the process for defining report content	4	
	G4-20 Aspect boundaries within the organisation	All the material aspects Saab has identified have an internal impact	
	G4-21 Aspect boundaries outside the organisation	All the material aspects Saab has identified have an external impact	
	G4-22 Effect of any restatements of information provided in previous reports	Non applicable	
	G4-23 Significant changes from previous reporting periods in the scope and aspect boundaries	Non applicable	
STAKEHOLDER ENGAGEMENT			
	G4-24 Stakeholder groups	6–7	
	G4-25 Identification and selection of stakeholders	6–7	
	G4-26 The organisation's approach to stakeholder engagement	6–7	
	G4-27 Key topics and concerns that have been raised through stakeholder engagement	6–7	
REPORT PROFILE			
	G4-28 Reporting period	30	
	G4-29 Date of most recent previous report	30	
	G4-30 Reporting cycle	30	
	G4-31 Contact point for questions regarding the report or its contents	32	
	G4-32 GRI Content Index	30–32	
	G4-33 Policy and current practice with regard to seeking external assurance for the report	30	



GOVERNANCE			
	G4-34 Governance structure of the organisation	29	
ETHICS AND INTEGRITY			
	G4-56 Code of Conduct	29	Principle 10
SPECIFIC STANDARD DISCLOSURES			
Material aspects	Governance and och indicators	Page	Global Compact
ECONOMIC IMPACT			
Economic Performance	DMA Economic performance	27, Saab annual report 2014, page 23	
	G4-EC1 Direct economic value generated and distributed	27	
Indirect Economic Impacts	DMA Indirect economic impacts	24	
	G4-EC8 Significant indirect economic impacts, including the extent of impacts	24–25	
ENVIRONMENTAL IMPACT			
Energy	DMA Energy	15, 29	Principle 8, 9
	G4-EN3 Direct and indirect energy consumption by primary energy source	15	Principle 8, 9
	G4-EN5 Energy intensity	15	Principle 8
	G4-EN6 Reduction of energy consumption	15	Principle 7, 8
	G4-EN7 Reductions in energy requirements of products and services	17	Principle 7, 8
Emissions	DMA Emissions	15, 29	Principle 7, 8
	G4-EN15 Direct greenhouse gas (GHG) emissions (Scope 1)	15	Principle 8
	G4-EN16 Energy indirect greenhouse gas (GHG) emissions (Scope 2)	15	Principle 8, 9
	G4-EN17 Other indirect greenhouse gas (GHG) emissions (Scope 3)	15	Principle 8
	G4-EN18 Greenhouse gas (GHG) emissions intensity	15	Principle 7, 8, 9
Products and Services	G4-EN19 Reduction of greenhouse gas (GHG) emissions	15, 17	Principle 7, 8
	DMA Products and services	16–17, 29	Principle 7, 8
Compliance	G4-EN27 Extent of impact mitigation of environmental impacts of products and services	16–17	Principle 8
	DMA Compliance	15–16, 29	Principle 8
Supplier Environmental Assessment	G4-EN29 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	Saab has not had any significant fines or other sanctions due to non-compliance with environmental laws	Principle 7, 8
	DMA Supplier environmental assessment	12	Principle 8
	G4-EN32 Percentage of new suppliers that were screened using environmental criteria	12, In the questionnaire sent to potential suppliers are questions concerning environmental criteria	Principle 8
SOCIAL IMPACT - LABOUR PRACTICES AND DECENT WORK			
Occupational Health and Safety	DMA Occupational health and safety	22, 29	
	G4-LA6 Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	22, Saab reported absenteeism only for Sweden in 2014	
Training and Education	DMA Training and education	19–21, 29	
	G4-LA9 Average hours of training per year per employee by gender, and by employee category	19, Saab did not report number of hours, since the company did not feel it is a good measure of quality	
	G4-LA11 Percentage of employees receiving regular performance and career development reviews, by gender and by employee category.	20	Principle 6
Diversity and Equal Opportunity	DMA Diversity and equal opportunity	21, 29	Principle 6
	G4-LA12 Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	21	Principle 6
Supplier Assessment for Labour Practices	DMA Supplier assessment for labour practices	12	Principle 4
	G4-LA14 Percentage of suppliers that were screened using labour practices criteria	12, In Saab's purchase contracts there is a clause urging the supplier to comply with UN Global Compact's ten principles	Principle 4

SOCIAL IMPACT – HUMAN RIGHTS		Governance and och indicators	Page	Global Compact
Investment		DMA Investment	2, 11–12, 29	Principle 2
		G4-HR2 Employee training on human rights	2	Principle 1
Supplier Human Rights Assessment		DMA Supplier human rights assessment	12, 29	Principle 2
		G4-HR10 Percentage of new suppliers that were screened using human rights criteria	12, In Saab's purchase contracts there is a clause urging the supplier to comply with UN Global Compact's ten principles	Principle 2
SOCIAL IMPACT – SOCIETY				
Anti-corruption		DMA Anti-corruption	9–10, 29	
		G4-SQ3 Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	9–10	Principle 10
		G4-SQ4 Communication and training on anti-corruption policies and procedures	9–10	Principle 10
Supplier Assessment for Impacts on Society		DMA Supplier assessment for impacts on society	12	
		G4-SO9 Percentage of new suppliers that were screened using criteria for impacts on society	12, In Saab's purchase contracts there is a clause urging the supplier to comply with UN Global Compact's ten principles	Principle 10
SOCIAL IMPACT – PRODUCT RESPONSIBILITY				
Marketing Communications		DMA Marketing communications	9–11	
		G4-PR6 Sale of banned or disputed products.	11, 26	
Customer Privacy		DMA Customer privacy	13	
		G4-PR8 Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	13, For strategic reasons Saab does not report data	

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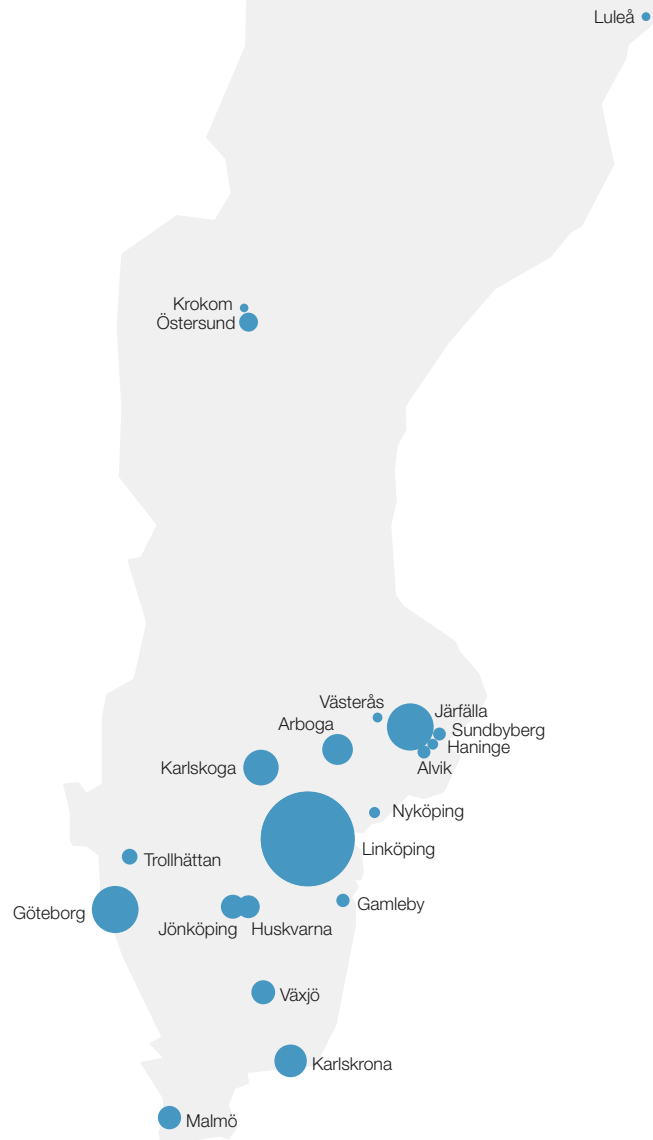
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# SAAB IN THE WORLD

## Number of employees

Number of employees by location	Dec 31, 2014	Number of employees by country	Dec 31, 2014
Linköping, Sweden	5,099	Sweden	12,097
Järfälla, Sweden	1,260	South Africa	582
Göteborg, Sweden	1,257	USA	555
Karlskoga, Sweden	721	Australia	301
Karlskrona, Sweden	605	UK	239
Arboga, Sweden	540	Netherlands	130
Centurion, South Africa	528	Czech republic	127
East Syracuse, USA	434	Norway	105
Växjö, Sweden	327	Germany	104
Jönköping, Sweden	326	Denmark	68
Malmö, Sweden	310	Switzerland	60
Huskvarna, Sweden	295	Finland	57
Adelaide, Australia	209	Canada	53
Östersund, Sweden	204	Kenya	45
Fareham, UK	191	India	41
Trollhättan, Sweden	141	Other	152
Slavkov, Czech republic	105	<b>Total</b>	<b>14,716</b>
Gamleby, Sweden	101		
Kista, Sweden	101		
Alvik, Sweden	96		
Apeldoorn, Netherlands	85		
Nyköping, Sweden	70		
Lillington, USA	70		
Sundbyberg, Sweden	68		
Sönderborg, Danmark	66		
Uttenreuth, Germany	64		
Cape Town, Sydafrika	62		
Thun, Switzerland	57		
Haninge, Sweden	56		
Halden, Norway	51		
Rockingham, Australia	51		
Västerås, Sweden	47		
Orlando, USA	47		
Luleå, Sweden	45		
Krokom, Sweden	43		
Virginia, USA	42		
Other	942		
<b>Total</b>	<b>14,716</b>		





**SAAB**