

## Nomination Committee statement regarding proposal for the Board of Directors of Saab AB, including a report on the Nomination Committee work, to the Annual General Meeting 2019

### **Background**

In accordance with the Nomination Committee procedure resolved at the Annual General Meeting in 2011, valid until further notice, each of the four largest shareholders as of 31 August 2018 has appointed one representative each to constitute, together with the Chairman of the Board of Directors, Saab's Nomination Committee.

The Nomination Committee consists of Petra Hedengran, Investor AB (Chairman), Peter Wallenberg Jr, Knut and Alice Wallenberg's Foundation, Jan Andersson, Swedbank Robur Funds, Anders Algotsson, AFA Försäkring, and Marcus Wallenberg, Chairman of the Board of Saab AB. Olof Jonasson, Första AP-fonden, has been co-opted to the Nomination Committee since December 2018.

The four owner representatives represent approximately 55 percent of the votes of Saab AB.

### **The Nomination Committee's work prior to the Annual General Meeting 2019**

According to the Nomination Committee procedure, the Nomination Committee shall make the following proposals:

- Chairman of the Annual General Meeting
- Board Members
- Chairman of the Board
- Board fees, allocated among the Chairman and the other Board Members, along with compensation for committee work
- Auditors
- Fees to the Company's auditors

The Nomination Committee has held three minuted meetings. In addition, the Nomination Committee has received the President's presentation of the Company's strategy and has held separate meetings with two of the Board Members.

As a basis for its proposal for Board Members, the Nomination Committee has reviewed the result of the evaluation of the Board that has been carried out and has assessed the degree to which the Board fulfils the requirements that will be placed on the Board considering the Company's operations, situation and future direction.

The Nomination Committee has in its work considered rule 4.1 of the Swedish Corporate Governance Code as diversity policy.

Furthermore, the Nomination Committee has in its work reviewed a market analysis on Board fees in equivalent companies. A minor percentage increase of the Board fees for the Board Members elected by the Shareholders' Meeting is proposed, as a market adjustment. The Nomination Committee further proposes an increase of the compensation for work in the Audit Committee, as a market adjustment to equivalent companies. No changes are proposed in compensation for work in the Remuneration Committee.

As proposed by the Nomination Committee, the Board adopted in April 2011 a policy that entails that Board Members, who do not already have such a holding of Saab shares, are under a five year period expected to acquire Saab shares to a total market value of the holding that is expected to equal at least one year's Board fees before taxes, excluding any Committee compensation. The Nomination Committee has in its work followed up on the Board Members' shareholding. The Nomination Committee does not propose any change in the current policy.

The registered audit firm PricewaterhouseCoopers AB (PWC) has been Saab's auditor since 2011. At the Annual General Meeting 2015, PWC was re-elected for the period until the Annual General meeting 2019. Saab's operations and business are very complex and often include long-term projects where a long-term view and continuity are important. Over the years, PWC has obtained very good knowledge of Saab's operations and business, and PWC's auditors have relevant competence. Saab's Audit Committee has recommended the Nomination Committee to propose re-election of the registered audit firm PWC for a term of two years, i.e. from the Annual General Meeting 2019 until the end of the Annual General Meeting 2021. The Nomination Committee therefore proposes re-election of PricewaterhouseCoopers. Regarding compensation to the auditor for the financial year 2019, the Nomination Committee proposes that the Annual General Meeting resolves that this is payable according to approved invoice.

The Annual General Meeting in 2011 resolved on a Nomination Committee procedure, valid until further notice, which among other things regulates the appointment of the Nomination Committee members and the Nomination Committee's assignment, in connection with the Company's Annual General Meetings. The Nomination Committee does not propose any changes in the current Nomination Committee procedure.

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

The Nomination Committee proposes:

- Eleven Board Members and no deputy Board Members

- Re-election of all of the present Board Members: Håkan Buskhe, Sten Jakobsson, Danica Kragic Jensfelt, Sara Mazur, Daniel Nodhäll, Bert Nordberg, Cecilia Stegö Chilò, Erika Söderberg Johnson, Marcus Wallenberg and Joakim Westh. New election of Johan Menckel.
- Marcus Wallenberg as Chairman of the Board of Saab AB

## Reasoned opinion

Saab is a global defence- and security company that develops, manufactures and sells some of the world's most advanced military- and civil solutions. Saab's operations are contingent upon political decisions and Swedish defence politics, but are also heavily dependent on exports. It is part of Saab's business concept to constantly develop, adjust and improve new technology to be able to meet the changing customer needs. This requires the Board to be in possession of competence within industry and society issues, technology, research and development as well as a strategic ability to handle global adaptation to a changing world.

At the Annual General Meeting 2017, three new Board Members were elected - Daniel Nodhäll, Erika Söderberg Johnson and Danica Kragic Jensfelt - with competence within finance, new technology as well as research and development. According to the Nomination Committee's opinion, the Saab Board work is functioning well. The Nomination Committee considers, however, that the Board needs to be strengthened and complemented with additional competence within industry and operational activities. Therefore, the Nomination Committee proposes new-election of Johan Menckel who possesses industrial and operational competences. With the new-election of Johan Menckel, the Nomination Committee believes overall that the competence and the experience which are essential to Saab, and that the Nomination Committee considers to be required to meet Saab's future challenges and needs, will be well represented at the Board.

Furthermore, the Nomination Committee has in its work considered the need for diversity and that an equal gender representation should be strived for. Out of the Saab Board Members, elected by the Shareholders' Meeting, will 40<sup>1</sup> percent be women. The Nomination Committee considers that among the Board Members in Saab, there is a satisfying diversity and breadth concerning the Board Members' gender, competence, age, experience and background. The question on diversity and that an equal gender representation should be strived for are important and prioritized questions to the Nomination Committee. These questions should therefore continue to be prioritized by future Nomination Committees.

Considering the proposal on new election of Johan Menckel, the Nomination Committee considers that the Board of Directors will have an appropriate

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<sup>1</sup> In this calculation, the President has not been included in the number of Board Members elected by the Shareholders' Meeting. Out of the total number of Saab Board Members elected by the Shareholders' Meeting, including the President, 36 percent are women.

composition. The Nomination Committee therefore proposes re-election of all of the present Board Members.

The Nomination Committee has made the assessment that all of the proposed Board Members have the disposable time that is required to fulfill the assignment as a Member of Saab's Board of Directors.

The Nomination Committee deems that the proposed Board composition in Saab fulfils the requirements of the Swedish Corporate Governance Code regarding the number of independent Board Members in relation to the Company and its management, and in relation to the Company's major shareholders. A full statement on the dependence or independence of the Board Members is available on the Company's website.

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**Stockholm in March 2019**

**Nomination Committee of Saab Aktiebolag (publ)**