

# ADMINISTRATION REPORT

## CORPORATE GOVERNANCE REPORT

### INTRODUCTION

Saab AB is a Swedish public limited liability company and the company's Series B shares are listed on Nasdaq Stockholm.

Saab's corporate governance is based on the Swedish Companies Act, the Swedish Annual Accounts Act, Nasdaq Stockholm Rules for Issuers, the Swedish Code of Corporate Governance and other relevant Swedish and foreign laws, regulations and guidelines.

Saab has a Code of Conduct containing ethical guidelines in a number of areas on how the company and its employees are expected to act in contacts with customers, business partners and in society as well as the employees' interaction with one another as colleagues. Saab's Code of Conduct is a part of the governance of Saab. For further information, see Saab's Sustainability Report.

#### Swedish Code of Corporate Governance

Since it has shares that are traded on Nasdaq Stockholm and must follow good practices in the securities market, Saab is also obligated to comply with the Swedish Code of Corporate Governance (the Code). The Code is available at [www.bolagsstyrning.se](http://www.bolagsstyrning.se)

Saab applies the Code and strives to maintain a high standard in its corporate governance. This Corporate Governance Report is prepared in accordance with the Annual Accounts Act and the Code, and describes how Saab applied the Code during the financial year 2015. Saab's website, [www.saabgroup.com](http://www.saabgroup.com), has a special section for corporate governance issues, which is updated in accordance with the Code.

The Board annually issues a report on how the internal control of financial reporting is organised, which can be found at the end of this report.

This Corporate Governance Report has been reviewed by the company's auditor.

Saab did not deviate from the provisions of the Code in 2015.

### ① SHAREHOLDERS' MEETING AND OWNERSHIP STRUCTURE

Pursuant to the Swedish Companies Act, the Shareholders' Meeting is a company's highest decision-making body. At a Shareholders' Meeting, the shareholders are given the possibility to exercise their voting rights. The Annual General Meeting shall be held within six months after the end of each financial year. At the Annual General Meeting, resolutions are voted on relating to the annual report, dividend, election of Board members, Board fees, auditors' fees, adoption of remuneration guidelines for senior executives and, when applicable, election of the external auditor and other matters stipulated in the Companies Act. The Annual General Meeting 2015 was prepared and held in accordance with the Code, and Annual General Meeting 2016 will also comply with the provisions of the Code. The Annual General Meeting of Saab was held on 15 April 2015 in Stockholm and attended by 546 shareholders, representing approximately 71 per cent of the total voting rights in the company. This year the Annual General Meeting will be held on 14 April 2016 in Linköping. For more information, see page 117.

On 31 December 2015, Saab's share capital amounted to SEK 1,746,405,504 and consisted of 1,907,123 Series A shares and 107,243,221 Series B shares. Series A shares have ten votes each, while Series B shares have one vote each. One Series A share may, on demand of the owner, be converted into one Series B share. The Saab shares are registered with Euroclear Sweden AB. The quota value per share is SEK 16. The Series B shares are listed on Nasdaq Stockholm on the Large Cap list. The Series A shares are not listed. All Series A shares are owned by Investor AB.

The Board of Directors has an authorisation from the Shareholders' Meeting to repurchase shares; see page 59 for more information. As of 31 December 2015, Saab held 3,193,279 of its own Series B shares, corresponding to 2.9 per cent of the share capital. For more information on the ownership structure, see page 32.

### LARGEST SHAREHOLDERS, 30 DECEMBER 2015

Source: Modular Finance	Share of capital, %	Share of votes, %
Investor AB, Sweden	30.0	40.6
Wallenberg Foundations, Sweden	8.7	7.7
Swedbank Robur Funds, Sweden	7.4	6.5
AFA Insurance, Sweden	6.0	5.3
Unionen, Sweden	2.7	2.4
Handelsbanken Funds, Sweden	2.2	1.9
DFA Funds, Sweden	1.5	1.3
Lannebo Funds, Sweden	1.3	1.1
Nordea Funds, Sweden	1.2	1.1
SEB Funds, Sweden	0.9	0.8

### ② NOMINATION COMMITTEE

According to the Nomination Committee process adopted at the Annual General Meeting in 2011, which applies until further notice, Saab shall have a Nomination Committee consisting of one representative of each of the four shareholders or groups of shareholders with the greatest number of votes, along with the Chairman of the Board. The names of the four shareholder representatives and the shareholders they represent shall be announced at least six months prior to the Annual General Meeting based on known voting rights as per the last business day of August in the year before the Annual General Meeting. The nomination committee process includes procedures, where necessary, to replace a member who leaves the committee before its work has been completed.

According to the Nomination Committee process, the Nomination Committee shall provide proposals on the following issues to be presented to the Annual General Meeting for resolution:

- The Chairman of the Shareholders' Meeting
- The Board of Directors
- The Chairman of the Board
- The remuneration to the members of the Board, allocated between the Chairman and other members of the Board, and remuneration for committee work
- The election of auditors, if applicable, and
- The fees paid to Saab's auditors.

Ahead of Saab's Annual General Meeting on 14 April 2016, it was announced in a press release on 9 October 2015 that, in addition to Chairman of the Board Marcus Wallenberg, the following shareholder representatives had been appointed to Saab's Nomination Committee (shareholder's name in parentheses): Petra Hedengran (Investor AB), Peter Wallenberg Jr (Knut and Alice Wallenberg Foundation), Tomas Hedberg (Swedbank Robur Funds) and Anders Algotsson (AFA Insurance). Petra Hedengran is Chairman of the Nomination Committee.

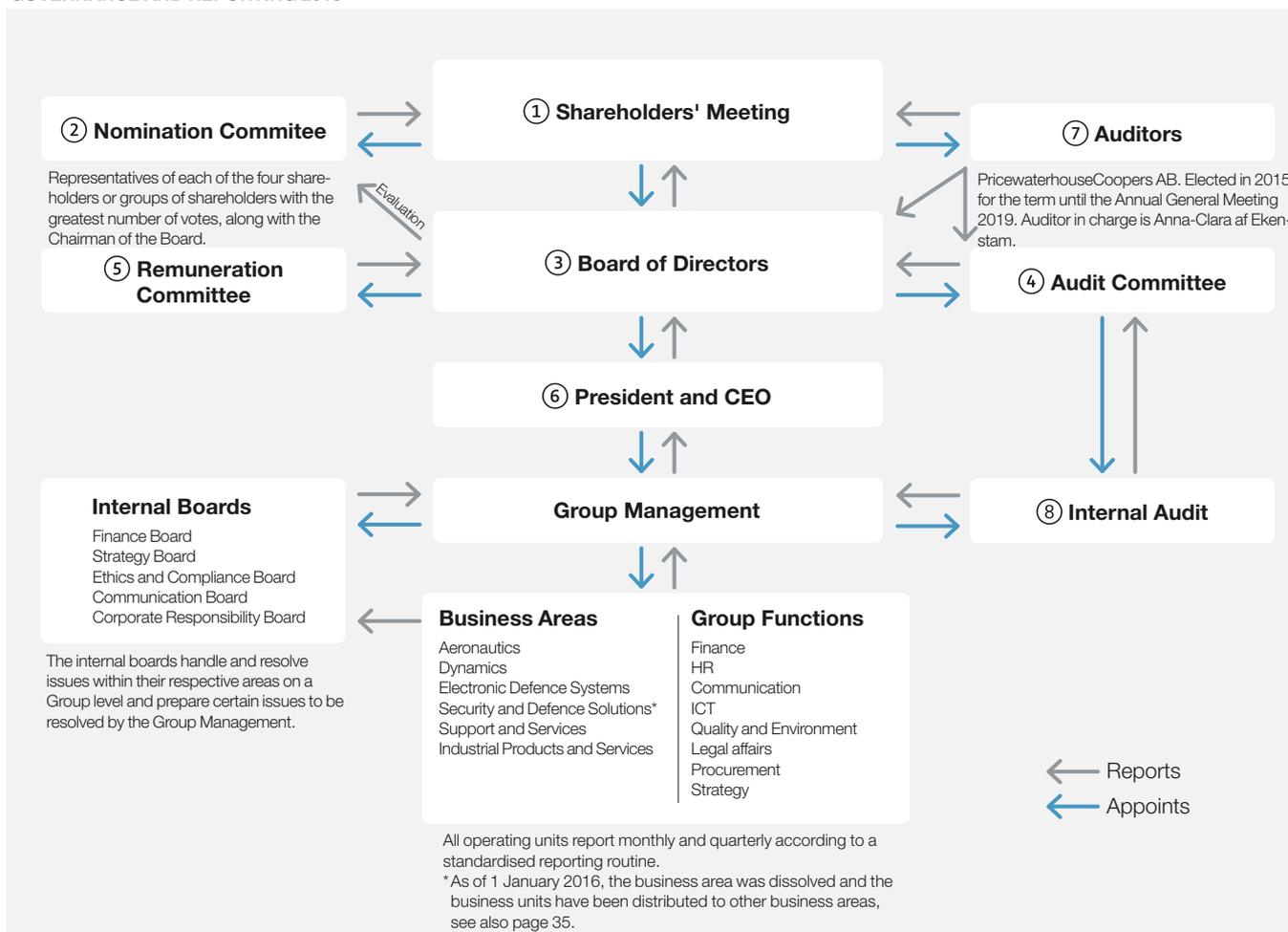
These persons in the aggregate represent approximately 58 per cent of the votes in Saab based on the ownership structure as of 31 August 2015.

The proposal of the Nomination Committee will be presented not later than in connection with the notice of the Annual General Meeting 2016.

### MEMBERS OF THE NOMINATION COMMITTEE FOR ANNUAL GENERAL MEETING 2016

Member	Representing	Share of votes, % 31 Aug, 2015	Share of capital, % 31 Aug, 2015
Petra Hedengran	Investor AB	39.5	30.0
Peter Wallenberg Jr	Knut and Alice Wallenberg Foundation	7.6	8.7
Tomas Hedberg	Swedbank Robur Funds	6.8	7.9
Anders Algotsson	AFA Insurance	4.6	5.3
Marcus Wallenberg	Chairman of the Board of Saab AB		

## GOVERNANCE AND REPORTING 2015



### ③ BOARD OF DIRECTORS

#### Composition of the Board

According to Saab's Articles of Association, the Board of Directors shall, in addition to the employee representatives, consist of at least six and not more than twelve members. The Board members are elected annually by the Shareholders' Meeting. According to the resolution of the Annual General Meeting on 15 April 2015, Saab's Board of Directors shall consist of nine members elected at the Annual General Meeting with no deputies. In addition, the employee organisations appoint three Board members with an equal number of deputies.

At the Annual General Meeting on 15 April 2015, Håkan Buskhe, Johan Forssell, Sten Jakobsson, Sara Mazur, Per-Arne Sandström, Cecilia Stegö Chilò, Lena Treschow Torell, Marcus Wallenberg and Joakim Westh were re-elected. Marcus Wallenberg was elected Chairman of the Board of Directors. At the statutory Board meeting after the Annual General Meeting, Sten Jakobsson was elected Deputy Chairman of the Board. Among the Board members, only the President Håkan Buskhe is employed by the company.

Information on remuneration to the members of the Board as resolved by the Annual General Meeting 2015 is set forth in note 10.

#### Members of the Board elected by the Shareholders' Meeting

Marcus Wallenberg	Sten Jakobsson	Cecilia Stegö Chilò
Håkan Buskhe	Sara Mazur	Lena Treschow Torell
Johan Forssell	Per-Arne Sandström	Joakim Westh

The Board members' other significant professional commitments, work experience, shareholdings etc. are set forth in the presentation of the Board of Directors on pages 54–55.

#### Employee representatives

Regulars	Deputies
Stefan Andersson	Göran Gustavsson
Catarina Carlqvist	Jan Kovacs
Conny Holm	Nils Lindskog

#### Independence requirement

The table below sets forth the members of the Board elected by the Shareholders' Meeting who, according to the provisions of the Code, are considered independent in relation to the company and its management, as well as in relation to the company's major shareholders.

#### COMPOSITION AND INDEPENDENCE OF THE BOARD IN 2015

Member	Elected	Independent of the company/management	Independent of major shareholders
Marcus Wallenberg	1992	Yes	No <sup>1)</sup>
Håkan Buskhe	2011	No <sup>2)</sup>	Yes
Johan Forssell	2010	Yes	No <sup>3)</sup>
Sten Jakobsson	2008	Yes	Yes
Sara Mazur	2013	Yes	Yes
Per-Arne Sandström	2005	Yes	Yes
Cecilia Stegö Chilò	2010	Yes	Yes
Lena Treschow Torell	2005	Yes	No <sup>4)</sup>
Joakim Westh	2010	Yes	Yes

<sup>1)</sup> Member of Investor AB's Board.

<sup>2)</sup> President and CEO of Saab.

<sup>3)</sup> Member of Investor AB's Board and CEO of Investor AB.

<sup>4)</sup> Member of Investor AB's Board.

Accordingly, the company fulfils the requirement of the Code that a majority of the Board Members appointed by the Shareholders' Meeting are independent of the company and its management, and that at least two of them are independent of the major shareholders.

#### *Work of the Board*

According to the Board's rules of procedure, eight ordinary meetings shall normally be held each year, in addition to the statutory meeting. The Board may also meet whenever circumstances demand. During 2015, the Board held one statutory meeting, eight ordinary meetings and two extraordinary meetings, for a total of eleven meetings. All of the Board meetings in 2015 were held in Stockholm. In December, the Board visited Saab Medav Technologies in Germany and Saab Technologies (formerly HITT) in the Netherlands.

The Board annually adopts rules of procedure, an instruction on the allocation of work between the Board and the President, and an instruction on financial reporting to the Board.

The rules of procedure contain provisions on the number of Board meetings, a list of matters to be considered at the meetings, reporting from the auditor, and special decisions to be taken at the statutory meeting. The rules of procedure and special instruction for the President set forth the delegation of responsibilities between the Board and its two committees, the Remuneration Committee and the Audit Committee, including the role of the Chairman of the Board, and between the Board and the President. The instruction for the President sets out the President's duties and authority, including matters which require a Board resolution. The instruction also includes policies on investments, financing and reporting.

During the year, the Board was assisted by the Secretary of the Board of Directors, General Counsel Annika Bärems, who is not a member of the Board.

The Board of Directors' meetings follow an agenda. Prior to the meetings, the Board Members receive documentation and supporting material for the issues on the agenda. At each Board meeting the President presents a Market and Operations Report. A financial report is presented at each Board meeting and addressed in detail before the publication of the interim reports and year-end report. The Board regularly reviews and considers investments, research and development matters, organisational issues, management of significant risks, mergers and acquisitions, and company divestments. The Board's annual work

includes deciding on the company's business plan and strategy, which it addressed in September. The Board meeting every December considers the company's budget for the coming year. During 2015, the Board particularly worked on the contract with the United Arab Emirates to supply a new, advanced airborne surveillance system, and as in 2014 set aside time for the contract with Brazil on Gripen NG and issues related to Gripen E to Sweden. During the year, the Board also worked with other key export and marketing strategies as well as the company's ethical standards. In 2015, the Board adopted an updated Code of Conduct and was informed of the work on the company's Sustainability Report.

Committee work represents an important part of the Board's work. After each meeting of the Audit and Remuneration Committees, the respective Chairman submits a report to the Board on the issues that were dealt with at the meeting. The Board then resolves any issues where the committees have prepared matters for resolution by the Board.

#### **BOARD OF DIRECTORS' COMMITTEE WORK**

##### **④ Audit Committee**

In accordance with the principles set out in the Swedish Companies Act and the Code, the Board of Directors has appointed an Audit Committee consisting of three members. The work of the Audit Committee is mainly of a preparatory nature, i.e., preparing matters for ultimate resolution by the Board. The Audit Committee has certain limited decision-making power. For example, the Committee has established guidelines for services other than auditing that the company may procure from its auditors. The Audit Committee consists of the following members: Per-Arne Sandström (Chairman of the Committee), Johan Forssell and Joakim Westh, of whom Per-Arne Sandström and Joakim Westh are independent of the company and its management as well as of the major shareholders. All members of the committee have accounting or auditing competence. The General Counsel, Annika Bärems, was Secretary to the Audit Committee during 2015.

The Audit Committee's assignment is set forth in the Board's rules of procedure. Among other things, the Audit Committee shall monitor the company's financial reporting, monitor the efficiency of the company's internal control, internal audit and risk management in respect of the financial reporting, keep informed of the audit of the annual report and consolidated accounts, review and monitor the auditors' neutrality and independence, and assist the Nomination Committee in preparing



Saab's Board of Directors on a visit to the traffic management centre at the Port of Rotterdam.

proposals for the Shareholder Meeting's election of the auditors. In addition, the Audit Committee annually monitors and evaluates the effectiveness and appropriateness of the company's business ethics programme, including the Code of Conduct, as well as keeps informed of material deviations or non-compliance with the company's ethical standards, including whistleblower reports, through regular reporting from the Ethics and Compliance Board. The company's external auditor participates in the meetings of the Audit Committee. During 2015, the Audit Committee focused on current issues involving the company's financial position, financial reporting, budget, internal control, the updated Code of Conduct and questions related to the company's ethical standards. The Audit Committee also assisted the Nomination Committee ahead of the election of auditors at the Annual General Meeting 2015.

The Audit Committee keeps minutes of its meetings, which are distributed to the other members of the Board. In 2015, the Committee held five meetings.

#### 5 Remuneration Committee

In accordance with principles set out in the Code, the Board of Directors has appointed a Remuneration Committee consisting of three members: Marcus Wallenberg, Sten Jakobsson and Lena Treschow Torell. Lena Treschow Torell is Chairman of the committee. All the members are independent of the company and its management. The General Counsel, Annika Bärems, was Secretary to the committee during 2015.

The Remuneration Committee's tasks are to prepare the Board's resolutions on remuneration principles, remuneration and other terms of employment for the Group Management, monitor and evaluate variable remuneration programmes for the Group Management, both ongoing and those ended during the year, and monitor and evaluate the application of the remuneration guidelines for senior executives adopted by the Annual General Meeting as well as the current remuneration structures and levels in the company. The Remuneration Committee also proposes remuneration guidelines for senior executives to be submitted to the Annual General Meeting following resolution by the Board of Directors. Matters concerning employment terms, compensation and other benefits for the President are prepared by the Remuneration Committee and adopted by the Board. The Remuneration Committee is responsible for the interpretation and application of the remuneration guidelines for senior executives. The Remuneration Committee has no decision-making powers of its own. During 2015, the Remuneration

Committee was particularly involved in issues related to the company's long-term incentive programmes, including proposals for minimum and maximum levels for each performance target in the company's Performance Share Plan.

The Remuneration Committee keeps minutes of its meetings, which are distributed to the other members of the Board. In 2015, the Committee held three meetings.

#### EVALUATION

The Chairman of the Board annually performs an evaluation of the Board's work and possible improvements to the forms and effectiveness of its work. The evaluation is made by having the Board members respond to a questionnaire on how well the Board and its work are functioning. The results are compared with previous years and discussed at the Board's meeting in December. The questionnaire consists of six parts covering the breadth of competence represented by the Board, how the work is performed, the Chairman, the Board's composition, the co-operative atmosphere and areas of improvement. The Chairman of the Board does not participate in the Board's discussion on the results of the Chairman's evaluation.

The Nomination Committee is informed of the results of the evaluation in connection with its proposal for the composition of the Board.

The Board continuously evaluates the President's work by monitoring the company's results in relation to established objectives. Moreover, the Board has evaluated the President's work by responding to a questionnaire about the President in the areas of performance, organisation, people and leadership. The President does not participate in this evaluation.

#### 6 THE PRESIDENT

The President and CEO of Saab, Håkan Buskhe, is also a member of the Board. His significant professional commitments outside the company, earlier positions and shareholding in the company are set forth in the presentation of the Board of Directors and the Group Management; see pages 54–56. Håkan Buskhe does not own shares nor is he a partner in any company with which Saab has material business ties.

#### GUIDELINES FOR REMUNERATION AND OTHER BENEFITS FOR SENIOR EXECUTIVES

The guidelines for remuneration and other benefits for senior executives are explained on pages 57–59.

#### ATTENDANCE AND BOARD REMUNERATION IN 2015

Name	Audit Committee	Remuneration Committee	Board meetings attended <sup>1)</sup>	Committee meetings attended <sup>2)</sup>	Board remuneration KSEK <sup>3)</sup>	Audit Committee remuneration KSEK	Remuneration Committee remuneration KSEK	Total remuneration KSEK
Marcus Wallenberg		x	11	3	1,400		80	1,480
Håkan Buskhe			11					
Johan Forssell	x		9	5	550	120		670
Sten Jakobsson		x	11	3	600		80	680
Sara Mazur			11		550			550
Per-Arne Sandström	x		11	5	550	180		730
Cecilia Stegö Chilò			11		550			550
Lena Treschow Torell		x	10	3	550		135	685
Joakim Westh	x		10	5	550	120		670

<sup>1)</sup> Of a total of 11 meetings in 2015.

<sup>2)</sup> Of a total of 5 meetings of the Audit Committee and 3 meetings of the Remuneration Committee in 2015.

<sup>3)</sup> Refers to the fee resolved by the Annual General Meeting 2015 for the period until the Annual General Meeting 2016. The President Håkan Buskhe does not receive a fee.

## 7 AUDITOR

On behalf of the shareholders and in accordance with current laws and regulations, the external auditor examines the financial statements, consolidated accounts, annual report, and administration and management of the company by the Board of Directors and the President, and also carries out the statutory audit of the Corporate Governance Report. In addition, the Q1, Q2 and Q3 interim reports have been reviewed by the auditor. The auditor also presents an Auditors' Report to the Annual General Meeting.

The Shareholders' Meeting elects the auditors. PricewaterhouseCoopers AB was the firm re-elected as the new auditor by the Annual General Meeting 2015, for the period 2015–2019.

### *PricewaterhouseCoopers (PwC)*

- Elected by the Annual General Meeting 2015 for the period 2015 through the Annual General 2019.
- Anna-Clara af Ekenstam, Authorised Public Accountant, Auditor in charge as of the end of September 2015. Other audit assignments: Svenska Cellulosa Aktiebolaget SCA, Knowit AB.
- Håkan Malmström, Authorised Public Accountant, Auditor in charge during the period January – the end of September 2015.

PricewaterhouseCoopers AB is a member of PwC's global network in around 150 countries. PwC has competence and experience in areas important to Saab: auditing of large and listed companies, accounting issues, industry experience and practice with international business.

The Audit Committee is responsible for ensuring that the independent position of the auditor is maintained, including by staying informed of ongoing consulting assignments. The Audit Committee has also established guidelines for services other than auditing that the company may procure from its auditors.

### AUDIT FEES

Saab's auditor receives a fee according to approved invoices as resolved by the Annual General Meeting.

PwC has performed services on behalf of the company in 2015 in addition to its audit assignments, consisting of related consultations, including on accounting and tax issues.

### AUDITORS' FEES FOR THE GROUP 2014–2015

MSEK	2015	2014
Audit assignments:		
PwC	18	18
Others	2	2
Other assignments:		
PwC	4	3

### THE BOARD'S REPORT ON INTERNAL CONTROL OF THE FINANCIAL REPORTING

Under the provisions of the Swedish Companies Act and the Code, the Board of Directors is responsible for internal control. This report on internal control of financial reporting has been prepared pursuant to the provisions of the Swedish Annual Accounts Act.

#### *Financial reporting*

The Board of Directors documents the manner in which it ensures the quality of the financial reports and how it communicates with the company's auditor. The Board of Directors assures the quality of the financial accounting through the Audit Committee. The entire Board of Directors reviews the interim reports before they are published. The Audit Committee follow up on the internal control of the financial reporting on a regular basis. After each meeting of the Audit Commit-

tee, a report is submitted to the Board. For more information on the Audit Committee, see above.

The Audit Committee considers not only critical accounting questions and the financial reports presented by the company, but also matters of strategic importance, e.g., asset acquisitions and sales and how the company will obtain financing. It also covers issues such as internal control, regulatory compliance, potential material uncertainty in reported values, post-statement events, changes in assessments and evaluations, and other circumstances that may affect the quality of the financial statements. The auditor participated in all meetings of the Audit Committee in 2015.

The Board of Directors has met with the auditor to discuss their review of the company for the financial year 2015. The Board of Directors has also on the same occasion met with the auditor while not in the presence of the President or any other members of the Group Management.

#### *Internal control over financial reporting*

Saab's system of internal control is designed to assist the business in achieving its strategic and financial goals by monitoring the company's risk exposure in a structured way. Internal control over financial reporting is part of all internal control processes within Saab. The framework for these processes is designed in accordance with the Committee of Sponsoring Organisations of the Treadway Commission (COSO). Internal control over financial reporting aims to provide reasonable assurance of the reliability of the internal and external financial reporting and to ensure that it is prepared in accordance with legislation, applicable accounting standards and other requirements for listed companies.

#### *Control environment*

Internal control is based on Saab's organisation, where operating responsibilities and powers are delegated to business areas and support units, which are also supported and supervised by Group functions with specific competencies. These Group functions issue Group guidelines that clarify responsibilities and powers and constitute part of the internal control in specific areas such as finance, accounting, investments and tenders.

#### *Risk assessment*

Saab's operations are mainly characterised by the development, production and supply of technologically advanced hardware and software for customers around the world. Slightly more than half of sales are outside Sweden. As a rule, projects entail considerable sums of money, stretch over long periods of time and involve technological development or refinement of products.

Based on Saab's operations, the material risk areas in financial reporting are project accounting, acquisitions and goodwill, development costs, hedging and other financial transactions, taxes and accounting for pensions. In addition to risks of inaccurate financial reporting, the processes are also assessed on the basis of the risk of exposure to any improprieties.

Group Finance continuously coordinates an overall risk assessment of the financial reporting. This process involves self-assessments by Group functions and business areas. The current risk assessment is reviewed by Saab's Internal Audit, which adjusts its annual audit plan accordingly. Information on developments in essential risk areas as well as a report on planned and executed activities in these areas are communicated regularly to Saab's Audit Committee. Saab's risk assessment is also communicated regularly to Saab's external auditors.

Each business area designs its risk management routines and structure for internal control based on overall routines and Group guidelines. The most significant risks identified as regards financial reporting are managed through control structures within the business areas and

## THE ANNUAL ASSESSMENT PROCESS OF INTERNAL FINANCIAL CONTROLS



Group functions and are based on Saab's minimum requirements for good internal control in the financial reporting processes.

### *Information, communication and control activities*

Internal control within Saab is based on clearly defined areas of responsibility and authority, issued Group guidelines, processes and controls. Uniform handling of financial reporting is assured by adopting and issuing Group guidelines approved by the President or by function managers appointed by the President. All Group directives are updated on an ongoing basis, are clearly communicated and are available through Saab's internal enterprise management system, which is available on the internal website.

The control activities are both manual and automated. Examples of key control activities are the approval and control of various types of accounting transactions, key indicators, log lists, account reconciliations, checklists and application controls of financial information in the IT systems that support the financial reporting.

### *Monitoring and evaluation*

All operating units report monthly and quarterly according to a standardised routine. Quarterly reports are the basis of Saab's external financial reporting. In the operating reporting, each business area is measured in terms of profitability and financial position and consolidated to track the Group's total profitability and financial position. Accounting managers and controllers are in regular contact with Group Finance concerning any questions related to finance and accounting. To assist in evaluating internal control in each business area, Saab uses the previously mentioned self-assessments to identify and test key control functions in each business process.

⑧ The Internal Audit department, part of the internal control structure, is a dedicated resource for independent review of the effectiveness of the internal control processes. At the same time, Internal Audit supports the locally applied internal control process and the central controller staff. Together they serve as a resource for monitoring financial reporting routines.

Internal Audit's tasks are initiated by the Audit Committee or on its own initiative and then reported to the Committee. From time to time, Group Management and its members can also submit assignments to Internal Audit. The Audit Committee reports on the status of the financial controls and the self-assessment to the Board of Directors

### *Activities in 2015*

The focus in 2015 was to clarify the governance model for internal control. A clearer framework for Saab's internal control process has been created through changes in the governance model and by establishing updated Group guidelines for internal control. The focus in clarifying the governance model was on the line organisation's mandate in the internal control process. This resulted in greater transparency and an increased emphasis on internal control in the entire Group.

The updated Group guidelines on internal control require the same controls to be introduced in every part of the Group, i.e., a uniform control environment and higher degree of standardisation in control activities. The processes receiving special attention during the year were financial closing, procurement and investment, as well as the processes for tenders and project implementation.

Two self-assessments were performed in late June and late September 2015 in all the business areas as well as in the staff functions central accounts, treasury, Group accounting, tax and ICT units. The results were then followed up and reviewed by the business areas together with Group Finance and reported to the Group Management and Audit Committee.

Saab's internal control process was implemented in the business unit Saab Kockums, which was acquired in 2014.

Training in internal control and the self-assessment process was available to management and personnel around Sweden during the year.

The Group's Internal Audit unit provided support for the self-assessment process.

### *Focus in 2016*

The focus on internal control and the self-assessment process will continue in 2016. Special emphasis will be placed on further enhancing and optimising the current internal control process. Based on what was learned in 2015, the Group guidelines for the internal control process will be adjusted and comparisons will be made internally between business units to establish best practices within the company. Furthermore, Saab will establish and follow up action plans to improve the internal control process in units where it was decided in 2015 to increase focus on internal control.

Integration of the Group's subsidiaries outside Sweden in the internal control process will continue during the year together with the business areas.

The processes monitored within the framework of internal control will be expanded in 2016 to include human resources. In addition, opportunities to automate and expand system support in the current internal control process will be reviewed.

Self-assessments will be implemented on at least two occasions and comprise all business areas and certain staff functions. The Internal Audit department will take an active role in monitoring the self-assessments and perform independent controls.

# BOARD OF DIRECTORS



## MARCUS WALLENBERG

Chairman of the Board since 2006. Deputy Chairman of the Board 1993–2006 and Member of the Board since 1992.

Member of Saab's Remuneration Committee.

Born 1956.

B.Sc. of Foreign Service.

Lieutenant in Royal Swedish Naval Academy.

Shares in Saab: 100,000.

### Other board commitments:

Chairman of SEB and Foundation Asset Management AB, Board member of AstraZeneca PLC, Investor AB, Temasek Holding Ltd and Knut and Alice Wallenberg Foundation.

### Former employment and positions:

Chairman of the Board of Electrolux and LKAB; Board member of Stora Enso Oyj and EQT Holdings AB; President and CEO of Investor AB; Director of Stora Feldmühle AG, Düsseldorf, Skandinaviska Enskilda Banken, Stockholm and London, Citicorp (Hong Kong), Citibank N.A. (New York).



## HÅKAN BUSKHE

Member of the Board since 2011.

President and Chief Executive Officer (CEO) of Saab AB.

Born 1963.

M.Sc., Licentiate of Engineering.

Employed 2010.

Shares in Saab: 40,853.

### Other board commitments:

Board member of Vattenfall AB and Nefab AB.

### Former employment and positions:

President and CEO of E.ON Nordic AB and E.ON Sweden AB; Executive Vice President, E.ON Sweden AB; Senior Vice President, E.ON Sweden AB; Chairman, Green Cargo; CEO, Land Operations, Schenker AG, Schenker North, Schenker-BTL AB, Stora, Carlsberg and CocaCola Distribution AB, Teknikföretagen; Production Director for Carlsberg Sweden.



## JOHAN FORSELL

Member of the Board since 2010.

Member of Saab's Audit Committee.

President and CEO of Investor AB.

Born 1971.

M.Sc. in Economics and Business Administration, Stockholm.

School of Economics.

Shares in Saab: 7,000.

### Other board commitments:

Board member of Atlas Copco, Investor AB, Patricia Industries and EQT Holdings AB.

### Former employment and positions:

Director Investor AB, Head of Core Investments, Project Manager at Aleris AB; Head of Research Core Investments, Head of Capital Goods and Healthcare Sector, Head of Capital Goods Sector and Analyst Core Holdings at Investor AB.



## STEN JAKOBSSON

Member of the Board since 2008 and Deputy Chairman since 2010.

Member of Saab's Remuneration Committee.

Born 1949.

M.Sc. in Engineering.

Shares in Saab: 5,500.

### Other board commitments:

Chairman of Power Wind Partners AB and LKAB; Board member of Stena Metall AB, FLSmidth A/S and Xylem Inc.

### Former employment and positions:

President and CEO of ABB Sweden; Executive Vice President of Asea Brown Boveri AB, Sweden; Business area Manager for business area Cables; President of ABB Cables AB; President of Asea Cylinda; Production Manager for Asea Low Voltage Division; Asea central staff – production trainee.



## SARA MAZUR

Member of the Board since 2013.

Vice President and Head of Ericsson Research, Ericsson AB.

Born 1966.

M.Sc. and Ph.D. in Electrical Engineering from Royal Institute of Technology (KTH) and Honorary Doctor at Luleå University of Technology.

Shares in Saab: 500.

### Other board commitments:

Deputy Chair of Wallenberg Autonomous System Program (WASP); Board member of SICS North, Integrated Transport Research Lab KTH; member of the Strategic Advisory Board of the School of Electrical Engineering, KTH, and Member of the Royal Swedish Academy of Engineering Sciences (IVA), Division XI – Education and Research.

### Former employment and positions:

Vice President of System Management, Business Unit Networks, Ericsson AB; Director of Wireless Access Networks Research, Ericsson Research, Ericsson AB; Board member of the School of Electrical Engineering, KTH and Wireless@KTH, KTH.

# EMPLOYEE REPRESENTATIVES



## STEFAN ANDERSSON

Member of the Board since 2008.

President of the local salaried employees' union Unionen at Saab Dynamics AB, Linköping.

Born 1974.

B.Sc.

Shares in Saab: 2,625.



## CATARINA CARLQVIST

Member of the Board since 2007.

Vice Chairman of the local Swedish Association of Graduate Engineers, Saab Dynamics AB, Karlskoga.

Born 1964.

Luleå University of Technology.

Shares in Saab: 88.



## CONNY HOLM

Member of the Board since 2008 and Deputy Board member 1995–2008.

President of the local trade union IF Metall at Avionics Systems, Jönköping.

Born 1947.

Upper secondary engineering education.

Shares in Saab: 1,558.

Information regarding shareholding also includes holdings of closely affiliated natural and legal persons, when applicable.

**PER-ARNE SANDSTRÖM**

Member of the Board since 2005.

Chairman of Saab's Audit Committee.

Born 1947.

Upper secondary engineering school.

Shares in Saab: 3,000.

**Other board commitments:**

Board member of Teliasonera AB.

**Former employment and positions:**

Deputy CEO and COO of Telefonaktiebolaget L M Ericsson; President and CEO, Ericsson Inc., USA; Vice President and General Manager, Business Unit GSM, Ericsson Radio Systems AB; Executive Vice President and Managing Director, Cellular Systems, Ericsson Ltd, UK; Vice President and General Manager, GSM Western Europe, Ericsson Radio Systems AB; Vice President and General Manager, Airborne Radar Division, Ericsson Microwave Systems AB; Department Manager, Naval Command and Control Systems, Ericsson Microwave Systems AB.

**CECILIA STEGŐ CHILÓ**

Member of the Board since 2010.

Adviser to management of corporations and organisations.

Born 1959.

Studies in political science and economics.

Shares in Saab: 600.

**Other board commitments:**

Chairman of Gotlands Bryggeri AB; Board member of Spendrups Bryggeri AB, Linköpings Universitets Holding AB, Investment AB Spiltan, Stiftelsen Expo, Stiftelsen Yump and Centrum för Näringslivshistoria.

**Former employment and positions:**

Deputy Chairman of Fortum Värme AB; Board member of AMF Fonder, Länsförsäkringar Liv and Marginalen Kredit and Finans; CEO of the Free Enterprise Foundation of Sweden and the think tank Timbro; Cabinet member and Head of the Ministry of Culture; Editorial writer and foreign policy commentator at Swedish Dagbladet; Commentator at Sveriges Radio, Swedish Employer's Confederation, Swedish Conservative Party.

**LENA TRESCHOW TORELL**

Member of the Board since 2005.

Chairman of Saab's Remuneration Committee.

Born 1946.

Professor in Physics, Ph.D..

Shares in Saab: 5,400.

**Other board commitments:**

Board member of Investor AB and SKF AB; Chairman of the Chalmers University of Technology and the Foundation for Strategic Environmental Research (MISTRA).

**Former employment and positions:**

Deputy Chairman of ÅF AB; President and Chairman of the Royal Swedish Academy of Engineering Sciences (IVA); Board member of Getinge AB, Telefonaktiebolaget L M Ericsson, Gambro AB and Micronic Mydata AB; Chairman of European Council of Applied Sciences Technology and Engineering (Euro-CASE); Director, Joint Research Centre, European Commission (Brussels); Vice President of Chalmers, Gothenburg; Professor of Material Physics at Chalmers, Gothenburg; Professor of Solid State Physics at Uppsala University.

**JOAKIM WESTH**

Member of the Board since 2010.

Board member of Saab's Audit Committee.

Born 1961.

M.Sc. in Aeronautics, Royal Institute of Technology (KTH), M.Sc. in Aerospace Engineering, (MIT) Massachusetts Institute of Technology.

Shares in Saab: 8,000.

**Other board commitments:**

Board member of CGI Group Inc., Absolent AB and Swedish Match AB.

**Former employment and positions:**

Chairman of EMA Technology AB and Absolent AB; Board member of Intrum Justitia AB, Rörvik Timber AB, Telegic AB and VKR Holding A/S; Deputy Board member of Sony Ericsson Mobile Communications AB. Senior Vice President of Group Function Strategy & Operational Excellence at Ericsson and member of the Group Management Team, Ericsson; Group Vice President and Member of the Executive Management Group, Assa Abloy AB; Partner, McKinsey & Co. Inc.

## DEPUTIES

**GÖRAN GUSTAVSSON**

Deputy Board member since 2008.

President of the local trade union IF Metall at Saab AB, Linköping.

Born 1953.

Shares in Saab: 1,871.

**JAN KOVACS**

Deputy Board member since 2008.

President of the local salaried employees' union Unionen at Saab, Linköping.

Born 1960.

Upper secondary technical school.

Shares in Saab: 2,147.

**NILS LINDSKOG**

Deputy Board member since 2007.

Member of the local Swedish Association of Graduate Engineers at Saab AB, Gothenburg.

Born 1955.

M.S.E.E. from Chalmers University of Technology.

Shares in Saab: 787.

## AUDITORS

PricewaterhouseCoopers AB

**ANNA-CLARA AF EKENSTAM**

Authorised Public Accountant, auditor in charge.

Until the end of September 2015:

**HÅKAN MALMSTRÖM**

Authorised Public Accountant, auditor in charge.

# GROUP MANAGEMENT



## HÅKAN BUSKHE

President and Chief Executive Officer.

Member of the Board of Saab AB since 2011.

Born 1963.

M.Sc., Licentiate of Engineering.

Employed 2010.

Shares in Saab: 40,853.

See also page 54.



## LENNART SINDAHL

Deputy CEO, Senior Executive Vice President.

Born 1956.

M.Sc. in Engineering

Employed 1986.

Shares in Saab: 20,331.



## MAGNUS ÖRNBERG

Executive Vice President and Chief Financial Officer (CFO).

Born 1965.

MBA.

Employed 2012.

Shares in Saab: 5,927.



## ANN-KRISTIN ADOLFSSON

Senior Vice President and Chief Strategy Officer, Head of Group Strategy.

Born 1962.

MBA.

Employed 1986.

Shares in Saab: 1,429.



## ANNIKA BÄREBO

Senior Vice President and Head of Group Legal Affairs, General Counsel, Secretary of the Board of Directors.

Born 1964.

LLB.

Employed 2012.

Shares in Saab: 3,602.



## LENA ELIASSON

Senior Vice President and Head of Group Human Resources.

Born 1967.

M.Sc. in Engineering.

Employed 2012.

Shares in Saab: 6,163.



## JONAS HJELM

Senior Vice President and Head of Business Area Support and Services.

Born 1971.

Employed 2006.

Shares in Saab: 8,275.



## DAN JANGBLAD

Senior Vice President and Head of Business Area Industrial Products and Services.

Born 1958.

M.Sc. in Engineering.

Employed 2000.

Shares in Saab: 23,490.



## GÖRGEN JOHANSSON

Senior Vice President and Head of Business Area Dynamics.

Born 1964.

MBA.

Employed 2004.

Shares in Saab: 4,479.



## MICAEL JOHANSSON

Senior Vice President and Head of Business Area Electronic Defence Systems.

Born 1960.

B.Sc.

Employed 1985.

Shares in Saab: 6,620.



## ULF NILSSON

Senior Vice President and Head of Business Area Aeronautics.

Born 1964.

M.Sc. in Engineering.

Employed 1989.

Shares in Saab: 4,882.

In 2015, these individuals were also members of Group Management:

Gunilla Fransson, Senior Vice President and Head of Business Area Security and Defence Solutions, through 23 October 2015.

Åsa Thegström, Senior Vice President and Head of Group Communication, through 31 December 2015.

# AUDITOR'S REPORT

To the annual meeting of the shareholders of Saab AB,  
corporate identity number 556036-0793

## REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

We have audited the annual accounts and consolidated accounts of Saab AB for the year 2015, except for the corporate governance statement on pages 48–56. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 34–114.

### *Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts*

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts in accordance with the Annual Accounts Act and of the consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

### *Auditor's responsibility*

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual

accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### *Opinions*

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2015 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2015 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 48–56. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the group.

## **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of Saab AB for the year 2015. We have also conducted a statutory examination of the corporate governance statement.

### *Responsibilities of the Board of Directors and the Managing Director*

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act and that the corporate governance statement on pages 48–56 has been prepared in accordance with the Annual Accounts Act.

### *Auditor's responsibility*

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company.

We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Furthermore, we have read the corporate governance statement and based on that reading and our knowledge of the company and the group we believe that we have a sufficient basis for our opinions. This means that our statutory examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

### *Opinions*

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Stockholm 3 March 2016

PricewaterhouseCoopers AB

Anna-Clara af Ekenstam  
*Authorised Public Accountant  
Auditor in charge*