

## 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 2016

### **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 2015 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 och Alice Wallenbergs Stiftelse, Tomas Hedberg, Swedbank Robur Funds, Anders Algotsson, AFA Försäkring, and Marcus Wallenberg, Chairman of the Board of Saab AB.

The four owner representatives represent approximately 57 percent of the votes of Saab AB.

### **The Nomination Committee's work prior to the Annual General Meeting 2016**

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
- Fees to the company's auditors

The Nomination Committee has held four minuted meetings. Furthermore, separate meetings have been held with the proposed new Board Member.

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 present operations, situation and future direction. The Nomination Committee has received a proposal for nomination of Board Member. The Nomination Committee has considered this proposal in its assessment of the Board's composition.

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 are proposed, as a market adjustment. The Nomination Committee further proposes an increase of the compensation for work in the Audit Committee, as a consequence of the Committee's increased workload. 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 Annual General Meeting 2015 elected the audit firm PricewaterhouseCoopers (PwC) as auditor for the period 2015 through the Annual General Meeting 2019. During the third quarter 2015, Anna-Clara af Ekenstam was appointed auditor in charge. In light of the Supervisory Board of Accountants' decision to issue Anna-Clara af Ekenstam a warning, shareholders have expressed comments to the Nomination Committee concerning the suitability of the auditor in charge and of PwC. The Nomination Committee has reviewed the decision from the Supervisory Board of Accountants, and has also taken into account the shareholders' comments. PwC has thereafter informed Saab's Audit Committee that it intends to appoint a new auditor in charge. The Nomination Committee, which also has had a dialogue with Saab's Audit Committee, has considered the issue, and has concluded that there is no reason to propose a dismissal of the present audit firm PwC as auditor.

The Annual 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:

- Ten Board Members and no deputy Board Members
- New election of Bert Nordberg
- Re-election of all the of the present Board Members: Håkan Buskhe, Johan Forssell, Sten Jakobsson, Sara Mazur, Per-Arne Sandström, Cecilia Stegö Chilò, Lena Treschow Torell, Marcus Wallenberg and Joakim Westh

- 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 technic and technology to be able to meet the changing customer needs. This requires the Board to be in possession of expertise within industry and community issues, technology, research and development as well as a strategic ability to handle global adaptation to a changing world.

The Nomination Committee has in its work made the assessment that the Saab Board work is functioning well. However, the Nomination Committee deems that the Board needs to be strengthened with expertise within the new generation technology, inter alia within digitalization. The Nomination Committee therefore proposes that the Board should be enlarged with a new member, Bert Nordberg, who possesses competence, inter alia within this area. Altogether, with Bert Nordberg as new Board Member, the Nomination Committee believes that the competence and the experience which are important to Saab, and that the Nomination Committee considers to be needed 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, 33.3 percent will be women<sup>1</sup>. The Nomination Committee considers that among the Board Members in Saab, there is a satisfying diversity and breadth concerning the Board Members' 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 a new election of Bert Nordberg, the Nomination Committee is of the opinion that the Board of Directors will have an appropriate composition and size. Besides new election of Bert Nordberg, the Nomination Committee does not see a need to further renew or complete the Board's composition. The Nomination Committee therefore proposes re-election of all of the present Board Members.

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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, 30 percent will be women.

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 2016**

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