

## The nominating committee's proposal to the 2017 Annual General Meeting of shareholders in IAR Systems Group AB (publ) and reasoned statement concerning proposed Board members

The nominating committee for IAR Systems Group AB is composed of Chairman Malin Björkmo (Handelsbanken Fonder), Håkan Berg (Robur), Jonas Eixman (Andra AP-fonden) and Martin Nilsson (Catella Fondförvaltning).

The nominating committee presents the following proposal ahead of the Annual General Meeting (AGM) to be held April 26, 2017:

<i>Chairman of the AGM:</i>	Markus Gerdien
<i>Number of Board members:</i>	Five Board members, no deputies
<i>Fees to Board members:</i>	
• Non-executive Board members	SEK 165,000 (previously SEK 165,000)
• Chairman of the Board	SEK 375,000 (previously SEK 375,000)
<i>Auditors' fees:</i>	Auditors' fees shall be paid in accordance with approved invoice.
<i>Board of Directors and Chairman of the Board:</i>	<i>Re-election</i> of Jonas Mårtensson, Stefan Skarin and Maria Wasing.  <i>Election</i> of Lisa Kaati and Kent Sander.  <i>Election</i> of Maria Wasing as Chairman of the Board.
<i>Auditor:</i>	<i>Re-election</i> of Deloitte AB for a term of one year with Erik Olin acting as auditor in charge.

---

The nominating committee's reasoned statement concerning proposed Board members is provided in Appendix 1.

The nominating committee further proposes policies for appointment of the nominating committee for resolution by the AGM. Please refer to Appendix 2.

Information about the proposed Board members is available on the company's website: [www.iar.com](http://www.iar.com).

Stockholm, March 2017

Nominating committee for IAR Systems Group AB

Malin Björkmo, Chairman

Håkan Berg

Jonas Eixman

Martin Nilsson

## **Work of the nominating committee**

In accordance with the guidelines adopted by the 2016 Annual General Meeting, the nominating committee formed in September 2016 comprised: Malin Björkmo, Handelsbanken Fonder (Chairman); Håkan Berg, Swedbank Robur Fonder; and Jonas Eixmann, Second Swedish National Pension Fund. Following a change in the shareholdings of the largest shareholders, the nominating committee was expanded in January 2017 to include one additional member: Martin Nilsson, Catella Fonder.

As part of its work to prepare proposals ahead of the 2017 Annual General Meeting, the nominating committee held seven meetings during which minutes were taken and maintained ongoing contact by e-mail and telephone. The nominating committee held individual meetings and interviews with each Board member as well as a meeting with CEO Stefan Skarin for a presentation of IAR Systems. In addition, the nominating committee received information regarding the results of the Board evaluation from the Chairman of the Board.

The nominating committee has been in contact with other shareholders in the company and received various proposals.

As part of its work, the nominating committee also analyzed the company's Board fees in relation to similar companies in terms of industry and size. The nominating committee does not intend to propose any changes in fees to the 2017 Annual General Meeting. The total remuneration to the Board amounts to SEK 870,000.

The nominating committee proposes that the number of Board members remain unchanged at five. The nominating committee believes that this number will enable the Board to perform its duties effectively and allow the company to form a Board of Directors with relevant qualifications and experience.

## **Reasoned statement concerning proposed Board members**

The nominating committee proposes that the 2017 Annual General Meeting (AGM) re-elect Board members Jonas Mårtensson, Stefan Skarin and Maria Wasing and elect Lisa Kaati and Kent Sander as new Board members. The nominating committee also proposes that Maria Wasing be elected as Chairman of the Board.

The current Chairman of the company, Markus Gerdien, and Board member Peter Larsson have declined re-election.

Information about current Board members is available on the company's website: [www.iar.com](http://www.iar.com).

Lisa Kaati, born 1975, holds a PhD in computer science from Uppsala University and an Executive MBA from Stockholm University. Lisa works as a researcher at the Swedish Defence Research Agency (FOI) in the field of security informatics. She is also the Deputy Program Director of IoT Sweden, a strategic innovation program financed by Vinnova and other partners, focusing on how the IoT can contribute to innovative social development. Lisa is also the President and Board member of a family-owned company specializing in health and fitness, but holds no other Board assignments.

Kent Sander, born 1953, holds a BSc in Business Administration from Stockholm University. Kent has over 30 years' experience from leading positions in international telecom and high-tech IT companies. He has served as CEO of TruePosition and had a long career at Ericson, including a role as Executive VP Sales in the USA. Kent currently serves as Chairman of the Board of Tobii, Mr Green & Co and OnePhone Holding. He is also a Board member of Expander Business Consulting, Edgeware, DMP Microlearning and Triboron.

According to the nominating committee's assessment, all of the proposed members are highly suitable for a position on the Board of Directors of IAR Systems Group AB for the coming term of office.

The nominating committee devoted special attention to the proposal for a new Chairman of the Board. Maria Wasing has been a member of the company's Board of Directors, audit committee and remuneration committee for two years. The nominating committee believes that she possesses professional and personal attributes that make her well suited to serve as Chairman of IAR Systems' Board of Directors. The nominating committee also believes that Maria Wasing has the right prerequisites to lead the ongoing successful growth of IAR Systems.

The nominating committee considers the proposed composition of the Board of Directors to be appropriate taking into consideration the company's business, financial position, phase of development and other circumstances. A key point for the proposal concerning Board members was that the composition of the Board should reflect and provide scope for the range of expertise and experience that may be required for the strategic development and governance of the company.

In the course of its work, the nominating committee took into consideration the requirement that the company is to strive for an even gender distribution on the Board of Directors. The nominating committee applied Rule 4.1 of the Swedish Code of Corporate Governance as its diversity policy when preparing its proposal for the election of Board members. The nominating committee's proposal to the Annual General Meeting would result in a more even gender distribution than in previous years, with two (one) women among the five members of the Board, one of whom is also proposed as the Chairman of the Board.

The nominating committee has discussed the issue of Board member independence. The nominating committee finds that the proposed composition of the Board meets the requirements set forth in the Swedish Corporate Governance Code pertaining to independence. Four of the five Board members considered independent in relation to the company and its management are also independent in relation to the company's major shareholders.

### **The nominating committee's proposed guidelines for appointment of the nominating committee, etc.**

The nominating committee proposes that the Annual General Meeting (AGM) adopt the following policies for appointment of the nominating committee, etc.

Not later than September 30, 2017, the Board of Directors is to convene a meeting of the three largest shareholders or known shareholder groups in the company in terms of voting power, which in turn are entitled to appoint at least three members, one from each of the largest shareholders or shareholder groups in terms of voting power, to the nominating committee. If any of the three largest shareholders or known shareholder groups waives the right to appoint a member to the nominating committee, the next-largest shareholder or known shareholder group is to be given the opportunity to appoint a member to the nominating committee. In addition, the Chairman of the Board may be appointed to the nominating committee. The CEO and other members of executive management may not serve as a member of the nominating committee.

The Chairman of the Board is responsible for convening the initial meeting of the nominating committee.

A shareholder representative is to be appointed Chairman of the nominating committee.

The nominating committee is to serve for a term ending when a new nominating committee has been appointed.

The composition of the nominating committee is to be announced publicly not later than six months before the 2018 AGM.

The nominating committee is to be appointed based on known shareholdings in the company at August 31, 2017. If significant changes in ownership structure occur after the nominating committee has been appointed, the nominating committee is entitled to decide whether changes are to be made to the composition of the nominating committee. Changes in the nominating committee are to be publicized immediately.

The nominating committee is responsible for preparing and submitting proposals to the AGM for resolution regarding: the election of the Chairman of the Board and other Board members; Board fees allocated between the Chairman and other Board members; remuneration, if applicable, for service on Board committees; election of the auditor and fees to the auditor; policies for the appointment of the nominating committee; and the election of the Chairman of the AGM.

The members of the nominating committee are not to be paid a fee for their services. Upon approval by the Chairman of the Board, the nominating committee shall have the right to charge the company for costs, such as for recruitment consultants, or other costs necessary for the nominating committee to perform its duties.