

## **The nominating committee's proposal to the 2019 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 comprises Chairman Jonas Eixmann (Andra AP-fonden), Mats Larsson (Första AP-fonden) and Jonas Wikström (Stefan Skarin).

The nominating committee presents the following proposal ahead of the Annual General Meeting (AGM) to be held on April 24, 2019:

<i>Chairman of the AGM:</i>	Maria Wasing
<i>Number of Board members:</i>	Five Board members, no deputies
<i>Fees to Board members:</i>	
<ul style="list-style-type: none"><li>• Non-executive Board members</li></ul>	SEK 180,000 (previously SEK 165,000)
<ul style="list-style-type: none"><li>• Chairman of the Board SEK 375,000)</li></ul>	SEK 400,000 (previously
<i>Auditors' fees:</i>	Auditors' fees are to be paid in accordance with approved invoices.
<i>Board of Directors and Chairman of the Board:</i>	<i>Re-election</i> of Maria Wasing and Kent Sander. <i>Election</i> of Michael Ingelög, Richard Lind and Fred Wikström.  <i>Re-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 also proposes that the principles for establishing a nominating committee remain unchanged. The proposed guidelines for appointment of the nominating committee to be resolved on by the AGM are presented in Appendix 2.

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

Stockholm, March 2019

Nominating committee for IAR Systems Group AB

Jonas Eixmann, Chairman

Mats Larsson

Jonas Wikström

## **Work of the nominating committee**

In accordance with the guidelines adopted by the 2018 AGM, the nominating committee formed in September 2018 comprised Chairman Jonas Eixmann (Andra AP-fonden), Mats Larsson (Första AP-fonden) and Jonas Wikström (Stefan Skarin).

As part of its work to prepare proposals ahead of the 2019 AGM, the nominating committee held five 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 also been in contact with other shareholders in the company.

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. Since the fees have remained unchanged since the 2016 AGM and are slightly below the average for comparable companies, the nominating committee proposes that the 2019 AGM resolve to raise the fees. The nominating committee proposes that the fee to the Chairman be raised to SEK 400,000, corresponding to an increase of 7%, and that the fees to Board members be raised to SEK 180,000, corresponding to an increase of 9%. Total Board fees would thus be raised to SEK 1,120,000, corresponding to an increase of 29%, largely due to the fact that an additional Board fee will need to be paid since Stefan Skarin has declined re-election.

The nominating committee also proposes that a remuneration pool of up to a maximum of SEK 50,000 be made available to the Board of Directors for project work carried out on behalf of the Board of Directors above and beyond normal Board work.

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 2019 AGM re-elect Board members Maria Wasing and Kent Sander, and elect Michael Ingelög, Richard Lind and Fred Wikström as new Board members. The nominating committee also proposes that Maria Wasing be elected as Chairman of the Board.

Current Board members Lisa Kaati, Helena Nordman-Knutson and Stefan Skarin have declined re-election. Stefan Skarin declined re-election in order to clarify his role as CEO of the company.

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

Michael Ingelög, born in 1971, is a Swedish citizen and holds a BSc in economics and business administration from Uppsala University. Michael has had a long career in the finance sector in various senior positions, both in Sweden and for 12 years in London. Michael is currently a Board member of several companies as well as Chairman of the Board at Stabelo, of which he is also a founder, and Deputy Chairman of the listed Finnish company Basware.

Richard Lind, born in 1964, is a Swedish citizen. Richard has extensive experience of the technology sector after serving in various senior positions, both internationally and in Sweden, at companies such as Microsoft for the past 18 years, most recently as CTO with responsibility for the Internet of Things. Richard is currently an investor in a number of small companies and serves as an advisor to various start-up and scale-up companies.

Fred Wikström, born in 1970, is a Swedish citizen and holds an LL.M. from Stockholm University. Fred has a solid entrepreneurial background, having started and operated a number of companies, including the consumer sporting goods company POC. Fred currently runs his own corporate finance and M&A advisory company.

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. Jonas Wikström did not take part in the decision to nominate Fred Wikström.

The nominating committee considers the proposed composition of the Board of Directors to be appropriate taking into consideration the company's operations, 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 Corporate Governance Code as its diversity policy when preparing its proposal for the election of Board members. Unfortunately, the nominating committee's proposal to the AGM would result in a more uneven gender distribution than in previous years, with one (three) woman among the five members of the Board, who is also proposed as 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. Five of the five Board members who are 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 AGM adopt the following guidelines for appointment of the nominating committee, etc.

Not later than September 30, 2019, 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 to the nominating committee, one from each of the largest shareholders or shareholder groups in terms of voting power. 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 2020 AGM.

The nominating committee is to be appointed based on known shareholdings in the company at August 31, 2019. If significant changes in the 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; principles 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.