

## **The nominating committee's proposal to the 2021 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), Ossian Ekdahl (Första AP-fonden) and Evert Carlsson (Swedbank Robur Fonder).

The nominating committee presents the following proposal ahead of the Annual General Meeting (AGM) to be held on April 27, 2021:

<i>Chairman of the AGM:</i>	Maria Wasing
<i>Number of Board members:</i>	Six Board members, no deputies
<i>Fees to Board members:</i>	
• Non-executive Board members	SEK 180,000 (unchanged)
• Chairman of the Board	SEK 450,000 (previously SEK 400,000)
<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 Michael Ingelög, Richard Lind, Kent Sander and Fred Wikström, and <i>election</i> of Nicolas Hassbjer and Cecilia Wachtmeister.
	<i>Election</i> of Nicolas Hassbjer as Board Chairman.
<i>Auditor:</i>	<i>Re-election</i> of Deloitte AB for a term of one year with Andreas Frountzos acting as Auditor in Charge.

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 2021

Nominating committee for I.A.R. Systems Group AB

Jonas Eixmann, Chairman

Ossian Ekdahl

Evert Carlsson

## **Work of the nominating committee**

Appendix 1

In accordance with the guidelines adopted by the 2020 AGM, the nominating committee formed in September 2020 comprised Chairman Jonas Eixmann (Andra AP-fonden), Ossian Ekdahl (Första AP-fonden) and Evert Carlsson (Swedbank Robur Fonder).

As part of its work to prepare proposals ahead of the 2021 AGM, the nominating committee held six (6) 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. The nominating committee proposed remuneration of SEK 450,000 to the Chairman of the Board, an increase of SEK 50,000, and of SEK 180,000 to each of the other Board members, unchanged compared with previous year. The total remuneration to the Board amounts to SEK 1,350,000, an increase of SEK 230,000 due to increase of proposed remuneration to the Chairman of the Board and an increase in the number of Board members.

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**

Ahead of the 2021 AGM, the nominating committee proposes the re-election of Michael Ingelög, Richard Lind, Kent Sander and Fred Wikström, and the election of Nicolas Hassbjer and Cecilia Wachtmeister. The nominating committee also proposes that Nicolas Hassbjer be elected as Chairman of the Board. Information about current Board members is available on the company's website: [www.iar.com](http://www.iar.com). Information about the nominated Board members is attached to this proposal.

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

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 an uneven gender distribution, with one woman among the six members 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. Six of the six 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.**

Appendix 2

The nominating committee proposes that the AGM adopt the following guidelines for appointment of the nominating committee, etc.

Not later than September 30, 2021, the Board of Directors is to convene a meeting of the four largest shareholders or known shareholder groups in the company in terms of voting power, which in turn are entitled to appoint at least four members to the nominating committee, one from each of the largest shareholders or shareholder groups in terms of voting power. If any of the four 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 co-opted 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 2022 AGM.

The nominating committee is to be appointed based on known shareholdings in the company at August 31, 2021. Should the ownership in the Company in terms of voting power change, after the announcement of the Nomination Committee but before the end of the fourth quarter of 2021, to such extent that the members of the Nomination Committee no longer reflect the shareholding as stipulated above, and the Nomination Committee so considers appropriate, then the member of the Nomination Committee representing the shareholder with the lesser number of shares in the Company shall resign from the committee and the shareholder who has become the larger shareholder in the Company shall, in the order corresponding to its shareholding in the Company, be offered to appoint a new member of the Nomination Committee. Minor changes in the shareholding of the Company shall not be taken into account. 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.