

Saab was founded 80 years ago at a turbulent time in the world when Sweden had to better protect its borders. Since then, Saab has developed into an international partner that contributes to increased security and defence capabilities in Sweden and other countries. This is the foundation of our sustainability commitment.

To ensure that the business is run responsibly, Saab has identified priority issues for its sustainability work. In the Sustainability fact book we report how we work with the priority issues, targets, results and planned activities.

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Prioritisation and strategy for Saab's sustainability work

By acting responsibly in everything we do, we build trust with our stakeholders, which is imperative for our long-term profitability. Saab has divided its sustainability work into four focus areas and identified priority issues for each area. These issues serve as the basis for the sustainability work and are an integral part of the business strategy (see page 27–28). The issues that our stakeholders consider especially important to Saab's operations are zero tolerance for corruption and export compliance.



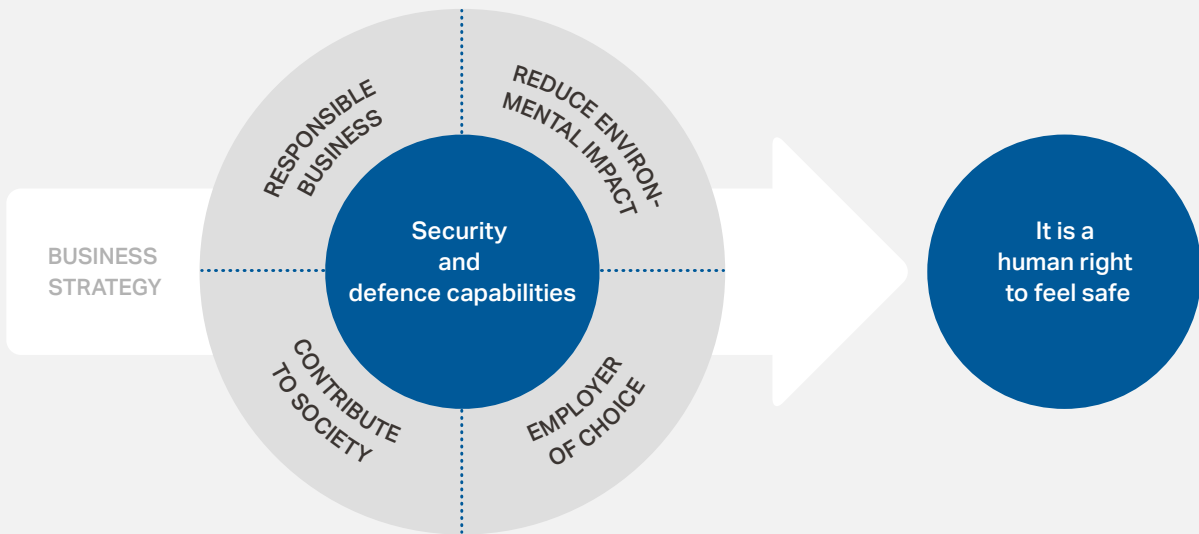
Responsible business

- Zero tolerance for corruption
- Export compliance
- Responsible supplier relationships
- Information security
- Product safety



Reduce environmental impact

- Reduce climate impact
- Phase out hazardous substances
- Environmentally sustainable innovations



Contribute to society

- Industrial cooperation and technology transfer
- Research and development
- Promote education and an interest in technology



Employer of choice

- Develop leaders and employees
- Attract and retain talent
- Gender equality and diversity
- Health and safety



**Responsible
business**

Zero tolerance for corruption

Corruption has negative consequences for society and business and is something Saab can never accept.

Aspiration and position

Saab is a long-term, reliable business partner and promotes an open and transparent market. Corruption has negative consequences for society and business and is something Saab can never accept. Saab maintains clear and accessible rules and processes to prevent cor-

ruption, and all employees receive training on a regular basis. Our long-term aspiration is to reduce the number of marketing consultants and other partners we use in the selling process and instead increase our own staff in selected markets.

How we work with the issue

Rules and processes

We are guided by our fundamental values, the Code of Conduct, current laws, industry codes of conduct and clearly defined internal processes to prevent corruption risks.

Risk analysis

Prior to each deal, Saab requires a corruption risk analysis. Among the factors affecting risk are where a deal takes place, who the customer is, how the procurement is handled, how Saab found out about it, the business model and the contract value. If the identified risks cannot be minimised and managed satisfactorily, Saab will withdraw from the deal.

Strict scrutiny of marketing consultants

Hiring outside parties in the selling process is important sometimes to understand how a market works, but can also mean increased exposure to corruption risks. We therefore apply a strict process in which cooperations with marketing consultants and other partners in the selling process are evaluated and approved by a central function at Saab that manages these relationships. These partners also have to undergo special training and pledge to abide by Saab's ethical values and guidelines. The contracts contain specific commitments with regard to business ethics and permit continuous monitoring of the partners through reporting requirements and audit rights.

Saab's internal auditors conduct reviews each year of a number of randomly selected engagements to verify compliance with the process and ensure that the counterparty is acting in line with our values and contractual terms.

Training

In addition to training on the Code of Conduct, all employees receive separate, web-based anti-corruption training. Employees in positions of risk, such as marketing and sales, industrial cooperations and project management, also receive in-depth classroom training covering among other things general risk awareness, internal processes and the risk management tools that are available.

Every three years the Board of Directors receives more extensive anti-corruption training.

Whistleblowing system

Employees who become aware of or suspect non-compliance with laws or the Code of Conduct are expected to report this through Saab's whistleblowing system, which complements traditional line reporting. The system is administered by an external party and provides the option of anonymous reporting online and by phone.

Global collaborations

We actively participate in international trade associations to develop standardised anti-corruption rules, share experiences, and evaluate and improve the work. Saab was one of the companies behind the Common Industry Standards for the Aerospace and Defence Industries Association of Europe (ASD) in 2007.

Saab is also a member of the steering committee of the International Forum on Business Ethical Conduct (IFBEC), which has developed the Global Principles, a similar policy document for defence industries in Europe and the US among others.

For more on governance of Saab's anti-corruption work, see page 40 in the annual and sustainability report 2017.

What we achieved in 2017

- In consultation with an outside law firm, drew up guidelines and a compensation model for marketing consultants
- Began implementation of a stronger process for corruption risk analysis of industrial sales cooperations, offset-related contracts and joint ventures, among other things.
- Expanded the Saab Group's whistleblowing system to South Africa.
- Updated the guidelines for internal investigations.
- Audited five marketing consultants.
- By year-end 2017 around 10 000 employees had taken the web-based anti-corruption training.
- By year-end 2017, around 1 250 employees had taken the extended anti-corruption training on 112 occasions.

Planned activities in 2018

- Continue implementation of the new, improved process for corruption risk analysis for specially identified collaborations. As part of the implementation work, training will be provided for all business and market areas as well as appropriate Group functions.
- Establish a structured and more efficient process for external compliance statements and due diligence questionnaires.
- Develop the Ethics and Compliance portal on Saab's intranet.

Export compliance

The export of defence materiel carries with it a great responsibility and is therefore governed by strict rules.

Aspiration and position

For Saab, it is essential to ensure that the company complies with regulations on export controls.

We work continuously to create better awareness among our employees and a more stringent and secure process for managing export controls. This is critical to maintain trust in the business.

The UN Charter establishes that every country has the right – and obligation – to protect its citizens against acts of aggression. A military defence is the ultimate expression of

this. For Sweden, a domestic defence industry is an important component in its defence capabilities, allowing it to be independent and participate in international collaborations in defence technology. Without the ability to sell to and cooperate with other countries, Sweden could not maintain its technological expertise and defence capabilities. At the same time, exporting defence materiel carries with it a great responsibility and is therefore governed by strict rules.

How we work with the issue

The large part of Saab's exports is from Sweden, where the Swedish Agency for Non-Proliferation and Export Controls (ISP) determines on behalf of the government which defence products Saab may sell to which countries. The export of defence materiel requires a permit from the competent authority. Such permits can be issued if there are security and defence policy reasons for the export and if it is consistent with Swedish foreign policy interests. Decisions on export permits are made on a case-by-case basis where ISP weighs a number of criteria as part of a comprehensive assessment. ISP also takes into account the type of product involved.

Saab has Group-wide policies and tools to facilitate compliance with the export control laws that apply to the company's products and operations. The Head of Export Control is responsible for the company's overarching policy, directives and governing policy documents as well as for providing advice to the businesses on operational issues and monitoring compliance within the company.

In addition, each business area has its own export control organisation to manage the work at an operational level. To encourage collaboration and prioritise needs, Saab has an export control council as well with representatives from various parts of the business.

Continuous internal training on export controls is provided for employees who come in contact with controlled products or technologies. Web-based introductory training is also available to Saab's employees. For export control officers and other key employees, a biannual conference is held to review various export controls and related legal matters. We also work with other industries through trade associations in Sweden, the EU and the US and hold talks on legal issues for university students in Sweden.

Saab has drawn attention to the need for international harmonisation of export laws that are balanced and competitively neutral. This is why we were involved, for instance, in setting up the UN's Arms Trade Treaty, which regulates international trade in conventional arms.

What we achieved in 2017

- Implemented more detailed due diligence routines for customers, suppliers and other

parties in deals that involve countries or parties subject to an EU or UN embargo.

Planned activities in 2018

- Implement new IT system for managing controlled technology and software.

- Update the web-based introductory training to a more modern and user-friendly platform that is more easily available.

Responsible supplier relationships

We see our suppliers as an extension of our own operations and expect them to take the same social and environmental responsibility we do.

Aspiration and position

We see our suppliers as an extension of our own operations and expect them to take the same social and environmental responsibility we do. Systematic measures to ensure that

responsibility is being taken in the supply chain not only minimises risks, but also leads to improvements in the quality of the products we buy.

How we work with the issue

In many cases Saab has long-term, close relationships with suppliers. Saab mainly buys components and technologies for its systems, as well as operational and other services. A majority of suppliers are in Europe.

We work continuously to find better ways to minimise social and environmental risks in the supply chain. Our supplier code of conduct, which is based on the UN Global Compact's principles on human rights, labour, the environment and anti-corruption, is included in all new agreements and in those that are renegotiated. In the code we express an expectation that suppliers will place similar demands on their

subcontractors. If a supplier does not live up to the requirements, Saab's position as far as possible is to encourage them to improve and cooperate with them. Serious non-compliance or an unwillingness to cooperate can, however, have contractual consequences for the supplier. Conflict minerals are extracted in conflict zones and sold to finance armed groups and sustain violence against local populations. Our aspiration is to eliminate these minerals from the company's products. The supplier code of conduct includes a special section on conflict minerals, and we also have a policy and rules on conflict minerals.

What we achieved in 2017

- Continued to improve the procurement process to better monitor social and environmental responsibility.

Planned activities in 2018

- Recruit a person to work with responsible procurement and add expertise in the field.
- Audit suppliers to ensure that they meet our requirements.

Information security

For a defence and security company, information security is a cornerstone to build and maintain the trust in the business.

Aspiration and position

In an increasingly uncertain world with growing cybersecurity challenges, it is important to address information and IT security proactively. For a defence and security company, informa-

tion security is a cornerstone to build and maintain the trust of customers, authorities, owners and partners.

How we work with the issue

A continuous and systematic approach to information and IT security is critical for Saab to remain competitive, profitable and trustworthy. We therefore want to create a distinct and strong global security management system in which risk management is a key element. Every employee and manager understands their role in the security work and together we maintain the company's high level of security. Taking advantage of the opportunities that new information technology offers requires information and IT security to be fully integrated with business and technological development. Information and IT security risks must be managed in

the same way and with the same focus as other business risks. We therefore focus on supporting risk management work with an emphasis on "Win business" and major campaigns.

By introducing an Information security management system (ISMS) we ensure that we work in a structured, systematic and risk-based way with security issues. To make it easier for employees and their managers to do the right thing, we are developing and improving Group-level security policies. We develop and supply campaigns and training to help employees feel secure and be more security conscious.

What we achieved in 2017

In 2017, we continued the gradual implementation of Saab Security's information and IT security strategy, including by strengthening Group Security by adding further resources in information security, improving information on the intranet and providing training for employees,

whose actions are the most important protection for our information assets. A large number of IT systems audits were performed and the development of technological solutions continued to meet future needs and challenges.

Planned activities in 2018

- Continue to develop technological security solutions.
- Further develop the management system for information security.
- Continue to train and inform employees and managers by developing interactive training.

- Continue to work with audits and assessments to ensure that we comply with current security laws and regulations.

Product safety

With a product portfolio containing everything from advanced aerial systems to submarines, it is critical that Saab's products are safe to use.

Aspiration and position

The level of security in Saab's systems and products is adapted to meet relevant laws, regulations, international standards and best

practices in accordance with the expectations of customers, authorities and society as a whole.

How we work with the issue

A Group-level policy for product safety clears spells out that every employee in various ways shares a responsibility for developing safe products.

Product safety is part of Saab's development process (Integrated Product Creation). The methodical analysis of product safety during development is described in the System Safety Handbook and included in Saab's global operating system.

Systems security engineers spread aware-

ness of product safety issues through information and training in their organisations. Cooperation in the area is important and involves not only the systems security engineer, but also designers, systems engineers, buyers, project managers and others.

Product safety work, including analyses and tests, results in a report showing under which conditions the product is acceptably safe and what risks exist.

What we achieved in 2017

- Continued to incorporate product safety as an integral part of projects and the development process.
- Improved templates and checklists to support the design process.

- Spread information and provided employees with product safety training.

Planned activities in 2018

- Continue to develop a unified approach to product safety within Saab in order to meet tougher requirements from current and future customers.

- Increased focus on safety-critical software.
- Continue to train employees in product safety and spread information internally.



**Reduce
environmental
impact**

Reduce climate impact

A systematic approach to reducing environmental impacts is critical to Saab's competitiveness and survival.

Aspiration and position

As a global company, we are expected to contribute to reducing climate impacts associated with our business.

Active climate work is important to meet the expectations of our stakeholders: customers, investors, employees and society as a whole.

- Saab's goal is to reduce GHG emissions related to sales by at least 20 per cent from 2007 to 2020.

How we work with the issue

Saab's strategy to reduce its climate impact is divided into three areas:

- optimised energy consumption
- energy-efficient transports
- resource-efficient products and environmental sustainable innovations

In recent years, special attention has been devoted to reducing energy consumption in operations whose energy is supplied from fossil fuels. Saab has among other things an energy forum in several locations.

Saab places clear requirements on its suppliers as an element in minimising GHG emissions. The company's travel directive steers employees toward environmental choices. To actively contribute to reducing and

impacting climate change, Saab works with and takes part in national and international industry networks. Saab also has an internal collaboration group that deals with climate issues.

Competence and awareness

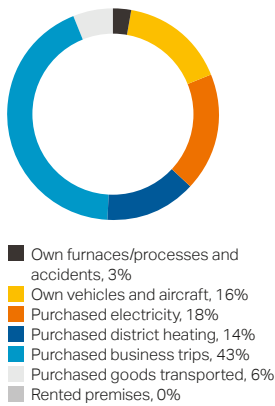
Environmental training for managers and web-based environmental training for all employees are examples of the tools used to reach the environmental goals. Each year Saab also holds internal environmental days, where the focus is on building skills and exchanging experiences through presentations and workshops.

For more information on Saab's other environmental work, see www.saabgroup.com/responsibility

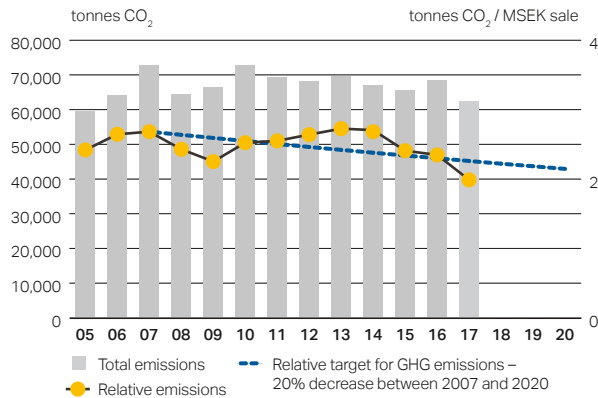
What we achieved in 2017

- By year-end 2017, Saab had reduced its CO₂ emissions by no less than 26 per cent since 2007 as related to sales. (The achievement of the climate goal depends not only on actual emissions, but also annual revenues and the fuel mixes used by district heating suppliers.)
- To improve energy efficiency, Saab took a number of measures, including using space more efficiently, installing energy-efficient lighting and solar panels, and capturing surplus heat, which in turn has led to lower emissions.
- Launched an energy reduction project at Saab in South Africa to reduce electricity consumption by 50 percent. As part of the project, a strategic decision was made to install a photovoltaic system whose installed power will correspond to 17 percent of the annual electricity consumption.
- Signed new contracts with electricity suppliers that guarantee fossil-free electricity for many of Saab's facilities.
- Installed a charging station for electric vehicles at one of our facilities.
- Donated computers, monitors and telephones for reuse (after classified information was erased), eliminating around 50 tonnes of CO₂.
- Use of Skype for online meetings increased. Business travel increased as well, however.
- Saab has been reporting green house gas emissions since 2006 to the Carbon Disclosure Project (CDP), an independent organisation that collects climate data from companies around the world. Saab achieved the score A-, which is an important and good grade of our work. Information on the CDP and Saab's complete report can be found at www.cdp.net.

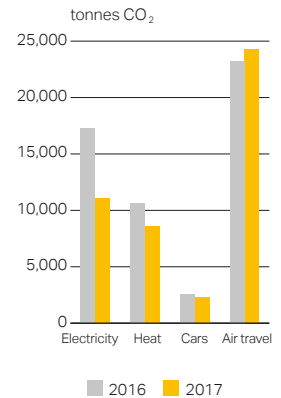
Carbon dioxide emissions from various sources within Saab



Greenhouse gas emissions within Saab

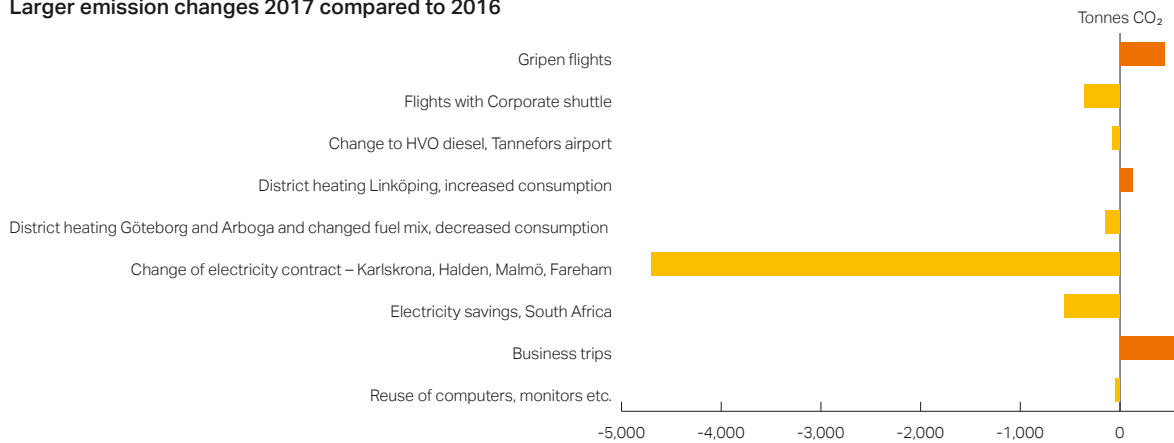


Yearly comparison of various emission sources in Saab's facilities



Fulfilling the climate target depends not only on actual greenhouse gas emissions, but also on annual sales and district heating suppliers' fuel mixes.

Larger emission changes 2017 compared to 2016



Planned activities in 2018

- Set new goals to reduce our climate impact, i.e. science-based targets in line with what research shows is required to limit global warming to less than 2° Celsius, in keeping with the Paris climate agreement (COP 21).
- Continue to improve energy efficiency, including by transitioning to fossil-free energy sources, e.g. a photovoltaic system will be installed in South Africa. The possibility of similar projects in other locations will be evaluated as well.
- Activities to raise efficiency in our business travel. Among other things, we will strengthen cooperations with our travel providers to achieve climate improvements. We will also put more focus on electric vehicles and charging infrastructure.

Phase out hazardous substances

Saab works strategically to develop alternatives to hazardous chemical substances in complex products where safety and quality requirements are extremely high.

Aspiration and position

Certain substances that Saab uses in its operations are associated with risks to people and the environment and may be regulated by authorities and customers. It is critical therefore that we work strategically to phase out

these substances and develop alternatives. In the same way we take responsibility for reducing the amount of hazardous waste from our operations.

How we work with the issue

We have extensive experience with the phase-out of hazardous substances in complex products, where security and product quality requirements are extremely high. We actively participate in international organisations that are devising industry-wide alternatives to hazardous chemical substances and developing standardised processes for handling chemicals. Certain hazardous chemicals are still needed at times to meet security and technical performance requirements in the aviation and defence fields.

To improve efficiencies and create synergies between business areas, Saab has internal collaboration groups in the areas of chemicals management and product-related environmental issues.

For more information on Saab's environmental work with waste, soil contamination and noise, see www.saabgroup.com/responsibility

What we achieved in 2017

- Saab's business areas submit annual strategic plans to phase out hazardous substances. During the year, we among other things ramped up a new surface treatment process free from hexavalent chromium.
- By actively participating in global collaboration groups, we contributed to international standardised methods for reporting substances in articles.
- We were part of several projects promoted by the International Aerospace Environmental Group (IAEG) to phase out hazardous substances, including cadmium and chromium.
- Several phase-out projects and studies are underway in Saab's business areas.

Planned activities in 2018

- Participate in technological collaborations within IAEG (International Aerospace Environmental Group).
- Introduce methodology to follow and manage international standards to minimise risks related to hazardous chemical substances.
- Continue to participate in external phase-out projects and drive internal projects and improvements.

Environmentally sustainable innovations

Saab participates in research and development collaborations to create sustainable solutions for the future.

Aspiration and position

Saab participates in research and development collaborations to create sustainable solutions for the future. Through new, resource-

efficient technology, we can compete in a global market.

How we work with the issue

A few examples of research collaborations and products in the current product portfolio:

Clean Sky: Saab is one of the main suppliers to Clean Sky, the EU's largest research programme, to reduce aircraft emissions. We have among other things contributed with an innovative aircraft wing that reduces wind resistance with laminar flow and thereby cuts fuel consumption.

Efficient and safe traffic flows: By more efficiently planning and managing traffic, carbon dioxide emissions can be dramatically reduced. We supply a variety of services and products that provide a better traffic overview and status updates, while simplifying planning and increasing security. One example is the traffic management system Aerobahn, which reduces ground times for aircraft awaiting take-off. At Kennedy Airport in New York, it has hel-

ped to reduce fuel consumption by 1,300 tonnes and carbon dioxide emissions by 4,300 tonnes in a month.

Hull cleaning: Saab has developed a remotely operated underwater vehicle being used by the Danish company C-leanship to clean the hulls of large ships without damaging their paint. Removing organic material reduces fuel consumption and the spread of microorganisms. Moreover, it reduces the need to drydock vessels to repaint them, cutting the shipping company's costs and use of environmentally harmful processes

For more information on environmental sustainable innovations and Saab's other environmental work, see www.saabgroup.com/responsibility

What we achieved in 2017

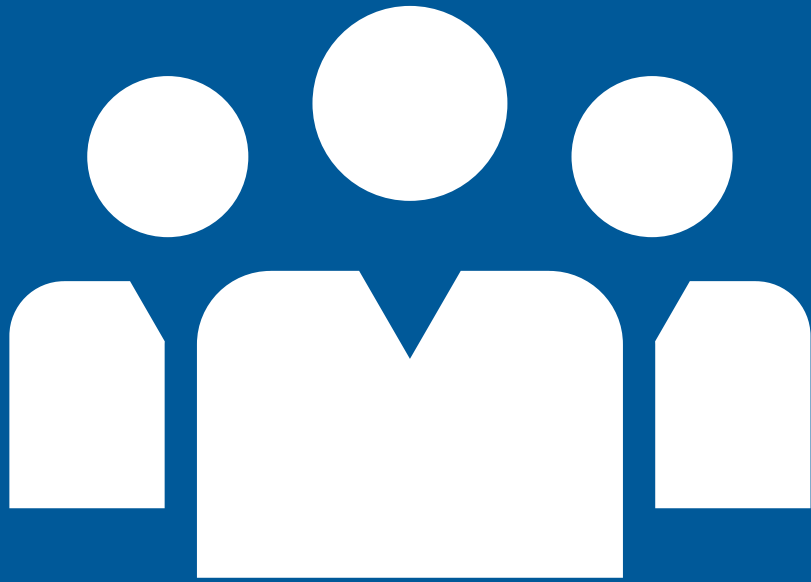
Two examples:

- Conducted test flights of Gripen D on biofuel. The flights went off as planned. This marked the first time a single-engine fighter jet flew on 100 per cent biofuel.

- Successfully test flew the aircraft wing Saab developed as part of the Clean Sky project on an Airbus 340.

Planned activities in 2018

- Further develop Saab's concept for environmental sustainable innovations



Employer
of choice

Develop leaders and employees

Employees' skills are an important factor for Saab's ability to meet its business goals.

Aspiration and position

Employees' skills are an important factor for Saab's ability to meet its business goals. For every employee to have an opportunity to maximise their potential and contribute to these goals requires competent leaders. Our

aspiration is to develop a more business-oriented and performance-driven culture, where internationalisation is an important element to create opportunities for cooperation and understanding between countries.

How we work with the issue

For the individual employee, we offer a variety of opportunities to develop within the Group, both nationally and internationally. Saab offers skills and leadership development in a number of different forms: partly through traditional training, some of which is mandatory for all employees, and partly through e-training, which can be provided more flexibly and cost efficiently. We also promote learning in the form of networks and mentorships and by encouraging employees to take on new challenges as a way to gain professional experience.

Saab focuses on four areas to strengthen its leadership culture: business acumen, performance-oriented leadership, internationalisation, and being both a manager and a leader. We offer a number of leadership development programmes that prepare leaders for global business. Through the FEM and TIO training programmes, which are conducted

together with other large multinationals, senior leaders have the opportunity to develop the skills needed to professionally manage complex businesses that focus on international growth.

To identify young talents we use a well-established talent process where they are trained before getting to a leadership position. Those selected as high potentials are given development plans to further improve their skills and contributions to the company. The Saab Graduate Leadership Programme (SGLP) is available to recent graduates or those just starting out in their career.

Individual Performance Management (IPM) reviews are an important tool where the employee and their supervisor together set personal goals that are tied into the company's business goals. Every employee should clearly understand their expectations.

What we achieved in 2017

- Developed "Make it Stick" - a toolbox to support the cultural transformation that began in 2015.
- Held several talent days for both general leadership talent and specific functions. One result of these talent days is that a number of mentorship programmes have and will be started.

- Conducted additional SPU training for those who have shown an interest in a leadership position.
- 10 participants in the Saab Graduate Leadership Programme.
- Other talent and leadership training as described above.

Planned activities in 2018

- Focus on developing Performance Management for the future, which will affect the way we conduct IPM reviews.

- Clarify various career options using a consistent structure to create transparency and promote internal mobility.

Attract and retain talent

To succeed, we have to be able to retain and develop our employees and attract new talent.

Aspiration and position

Employees who feel proud of and engaged in the company and their work perform better and are good ambassadors for Saab as an employer. To be even more competitive in the future, it is important that we stay on the fore-

front of technology and that we lead and organise in a way that encourages innovation. To do so, we have to be able to retain and develop our employees and attract new talent.

How we work with the issue

Saab measures employee engagement through brief periodic surveys, the results of which serve as the basis for the dialogue between employees and their managers.

We encourage primary and secondary school students to pursue a higher education by demonstrating the opportunities they can find in mathematics, technology and research. At the university level, it is important to position ourselves as an employer of choice. In Universum's ranking of Swedish engineering students' favourite places to work, Saab came in sixth.

An annual summer job programme for around 400 interns, 150 master's students, school visits, study visits and career fairs are examples of how we engage with young people.

Through Saab's technical high school in Arboga, Saab is growing the base of employable engineers. Saab's technical high school is a national, three-year programme Saab runs in cooperation with Vasagymnasiet and the muni-

cipality of Arboga. Saab employees serve as teachers and technical advisors in certain areas. Saab is also responsible for study visits, language studies abroad, traineeships and summer jobs.

Another example is Tekniksprånget, a trainee programme arranged collaboratively by Swedish employers and the government to attract more young people to higher engineering education.

We also realise that we have to get more women interested in technology and aware of what we do for women. The aim is to eventually build a broader base to recruit from. One example is that we invite girls to visit Saab on IGE Day (Introduce a Girl to Engineering). We also partner with the Swedish Equestrian Federation to build awareness of Saab among young women.

For more information on what Saab is doing to promote education and technology among young people, see page 26.

What we achieved in 2017

- Saab ranked sixth in Universum's ranking of Swedish engineering students' favourite places to work.

- Mentored 191 PhD students in Sweden.
- Brought in 466 summer interns in Sweden.

Planned activities in 2018

- Develop a new way to market ourselves as an employer linked to Saab's overarching communication concept, Thinking Edge. This will serve as the basis of all the work we do to build Saab's employer brand.
- Continue activities to attract people to

engineering professions and to Saab. Initiatives we will be engaged in include Saab University Day, where we invite in around 300 students to show them the opportunities we can offer.

Increase gender equality and diversity

We at Saab have a firm belief, which is supported by research, that the different perspectives diversity brings to the organisation are a source of innovation.

Aspiration and position

For us, diversity means respecting the equality of every human being regardless, for example, of age, gender, sexual orientation, religion, disability or ethnicity. It is also about mixing people with different experiences and educational backgrounds. Saab is an inclusive workplace where diversity and gender equality is a given. We at Saab have a firm belief, which is supported by research, that the different perspectives diversity brings to the organisation are a source of innovation.

- By 2025, Saab globally will have at least 30 per cent female managers and 25 per cent women in total.
- By 2025, Saab in Sweden will have at least 35 per cent female managers and 30 per cent women in total.
- Saab in Sweden will have at least 30 per cent women among its PhD candidates and 50 per cent women among summer interns.

How we work with the issue

All those who work with recruiting receive training in diversity issues, and diversity is also a parameter in leadership training and the global recruitment process. It is important that all employees realise the importance of diversity and appreciate every individual's unique contribution to the company.

Gender equality is an important issue, and much of our focus is on increasing the share of women in management positions. We are also working to increase interest in engineering and familiarity with Saab among women in order to broaden our recruiting base.

To help people with a foreign background

enter the job market, we work with various initiatives such as Äntligen arbete ("A Job At Last"), the Stockholm School of Economics' Rapid Acceleration Management Programme (RAMP) and Novare Potential to create a fast track for those with the right education.

Saab in South Africa has initiated several projects targeted at individuals who are having difficulty entering the job market, including development programs to help young people find a job. The projects align with the government's action plan to overcome social and economic imbalances in South Africa.

What we achieved in 2017

- Presented an award for female role model of the year.
- Drew attention for our gender equality work in articles, at seminars, at breakfast meetings, etc.
- Started the Minerva network, an employee initiative to spread information on why it is important for everyone to take part in efforts to promote diversity and equal treatment at Saab.
- 43% of those who took summer jobs at Saab in Sweden were women.
- 28% of PhD candidates at Saab in Sweden were women.
- Share of female managers globally: 25.2%
- Share of women in total globally: 23.2%
- Share of female managers Sweden: 28.4%
- Share of women in total Sweden: 23.0%
- Share of women on the Board of Directors (those elected by the Annual General Meeting, excluding the CEO): 44.4%.
- Reached level 4 B-BBEE (Broad Based Black Economic Empowerment) status.

Planned activities in 2018

- Continue activities to promote diversity.
- Diversity as a theme at Saab's global Top Management Conference.
- Focus on creating clarity by formulating Group-level goals.

Promote health and safety

All of Saab's workplaces must be safe, secure and healthy from a physical, organisational and social perspective.

Aspiration and position

By working actively with occupational health and safety, Saab reduces the risk of accidents, illnesses and injuries in both the short and long term. All of Saab's workplaces must be safe, secure and healthy from a physical, organisational and social perspective. Health and safety are part of Saab's DNA, which requires every-

one to contribute, since we are each other's work environment.

- A global occupational health and safety process implemented by 2020
- The propensity to report incidents will increase. For every accident, we want ten reported incidents.

How we work with the issue

Saab has a global policy for its occupational health and safety work. It underscores that each employee shares a responsibility to actively contribute to a safe and healthy work environment and has been translated into several languages. Our focus is on identifying and reducing risks in the workplace early on. A global process that will support proactive occupational health and safety work is under

development. To address early on any risks that may be associated with various deals and projects in high risk environments, occupational health and safety is built into our business processes. The management training program "Organisational and social health and safety" has been put together collaboratively with occupational health professionals.

What we achieved in 2017

- In Sweden, we updated the occupational health and safety process and policies to identify and minimise risks in the workplace from a physical, organisational and social perspective.
- Designed and tested system support for reporting and investigating workplace injuries.
- Began interpreting the requirements in the ISO 45001 occupational health and safety standard and adapting Saab's processes accordingly.
- Placed a greater focus on occupational health and safety in the Management Review.
- The annual employee survey was designed

with a clearer focus on occupational health and safety from an organisational and social perspective.

- Number of reported incidents, Sweden: 779
- Number of workplace injuries, Sweden: 211
- Number of commuting accidents, Sweden: 78
- Health index*, Sweden: 74.9%
- Absenteeism, Sweden: 2.94%
- Absenteeism, women, Sweden: 4.55%
- Absenteeism, men, Sweden: 2.48%.

* Health index is measured as the percentage of employees who have taken less than 40 hours of sick leave in a year.

Planned activities in 2018

- The management training "Organisational and social work environment" will be mandatory.
- Launch the web training "Occupational health and safety from an organisational and social perspective". The training is mandatory for all employees in Sweden and will be implemented in 2018.

- Complete a global occupational health process and draft an implementation plan.
- Introduce two global performance measures: lost time injury and number of incidents, which will be followed up once a year.
- Initiate a collaboration with a global occupational health provider (outside Sweden).



**Contribute
to society**

Industrial cooperation and technology transfer

Our aspiration is that industrial cooperation will lead to long-term and sustainable economic development for the country that continues long after Saab has fulfilled its commitment.

Aspiration and position

For Saab, there are benefits to spreading knowledge through technology transfer. People from different companies and organisations get the opportunity to meet and come up with new business ideas that create value for everyone involved. To grow internationally, we have to

work together with even more industries in the future. Our aspiration is that industrial cooperation will lead to long-term and sustainable economic development for the country that continues long after Saab has fulfilled its commitment.

How we work with the issue

When Saab does business with another country, the customer will often demand industrial cooperation, where technology transfer is usually an important element. This is common in the defence industry when big deals are considered. Industrial cooperation can mean that industries in the customer's country engage in the production and development of the contracted system. It can also involve investments in areas that are a priority for the country, such as achieving strategic military goals, or more general investments that help to raise the GDP. Certain countries want investments in infrastructure; others want Saab to outsource work packages. And others want a combination of investments, training, technology transfers and work packages.

As far as possible Saab tries to offer industrial cooperation that is tied to its products through technology transfer. One example of technology transfer is the industrial cooperation associated with the Gripen contract with Brazil. In total, 400 Brazilian engineers will work at Saab in Sweden to learn how to build a combat aircraft.

Saab's Head of Industrial Cooperation is responsible for policies and strategies for this work. Saab's code of conduct and code of conduct for suppliers serve as guidance. Saab does due diligence on all partners, the scope of which depends on the type of partner.

What we achieved in 2017

- Fulfilled the first part of the commitment in the industrial cooperation agreement associated with the Gripen contract with Brazil.
- Conducted an analysis of the EU directive on

defence procurement to better understand the consequences when conducting business within EU.

Planned activities in 2018

- Continue to support business opportunities with the help of various forms of industrial cooperation.
- Continue to provide training for Saab's mana-

gement, employees, partners and suppliers to ensure that industrial cooperation we enter into are aligned with our strategy as well as our code of conduct and values.

Research and development

Saab's high-tech operations play an important role in driving technological development in society for the benefit of economic growth, security and sustainability.

Aspiration and position

Investing in innovation is necessary for Saab to compete in the market and stay at the forefront of technology. Saab's high-technology operations play a significant role in driving technological development in society for the benefit of economic growth, security and sustainability. Our advanced product develop-

ment generates know-how, technological solutions and innovations for the future.

- Saab will be the industry leader in innovation
- Saab will have a product portfolio consisting of technologically leading solutions and products adapted to the market's needs.

How we work with the issue

To stay on the forefront of technology, we invest in pioneering technologies and work together with our customers. The strategy is to concentrate R&D investments in five core areas: aeronautics, advanced weapon systems, command and control systems, sensors and underwater systems. We invest in areas where we are, or can be, a market or technology leader.

Examples of the major R&D projects in which Saab has invested in recent years are the further development of Gripen, the new generations of surveillance radar and submarines, and the collaboration with Boeing to bid on the US Air Force's new jet trainer as part of the so-called T-X programme.

R&D partnerships with customers

To compete in key markets, we have to strengthen our global presence. This enables us to work with local companies and participate in tenders that require local research and development. We are shifting from tech- to customer-driven product development, which requires us to be more systematic in our innovation work. To succeed, we have to be better at predicting our customers' future needs, which we can do only by being close to the market. Today we have an established presence on every continent.

University partnerships

An important factor for Saab's innovative capabilities are its partnerships with universities. Currently, Saab mainly works with KTH Royal Institute of Technology in Stockholm, the Institute of Technology at Linköping University, Chalmers University of Technology in Göteborg, the Swedish Defence University in Stockholm, Aalto University in Esbo, Finland, and Nanyang Technological University in

Singapore. Among other things, Saab employees have the opportunity to research for a PhD, while researchers and students from the schools can get involved in Saab's work. In collaboration with the universities, a number of adjunct professors have been appointed as well.

Global innovation programme

Saab builds relationships through a global innovation programme. Primarily the programme is designed for countries where Saab wants to establish a long-term presence. Saab brings along its way of doing research and development in Sweden to new markets by building relationships with universities, companies and the public sector.

One example of cooperation is the Swedish-Brazilian Research and Innovation Centre, CISB. Its mission is to identify and support research and development in advanced technology primarily in the areas of the environment, defence and transportation. The organisation has 17 members and over 100 partners. Many potential customers want access to the technology and capabilities Saab can offer. At the same time, Saab has the opportunity to take part at an early stage in customer projects.

Promote innovation internally

To encourage innovation within the company, Saab annually arranges a contest for all employees. Participants who qualify receive the support of innovation coaches every step of the way. The selected ideas are then evaluated by members of the management team, who name winners and provide them with the resources they need to drive their projects.

What we achieved in 2017

- Invested SEK 7,3 billion in self- and customer-financed R&D.
- Invested 23 per cent of sales in R&D.
- Mentored 36 PhD candidates.
- Entered partnership with Nanyang Technology University in Singapore. The collaboration focuses on digitisation and is an important step to ensure Saab's leading position in the field.
- Formed the company Amexci together with ten other Swedish industrial companies. The company aims to increase the rate of innovation in additive manufacturing.
- Saab's Chief Technology Officer Pontus de Laval received a gold medal for Saab's cooperation with KTH Royal Institute of Technology in Stockholm.

Planned activities in 2018

- Sign collaborative agreement with Lund University.
- Continue to invest in the product portfolio in line with 2017 investments.
- Continue cooperation with our partner universities.
- Work more internationally, primarily with Aalto University in Finland and Nanyang Technology University in Singapore.
- Participate actively in the Knut and Alice Wallenberg Foundation's investments in autonomy, artificial intelligence and quantum technology.

Social engagement to promote education and an interest in technology

Community involvement is mainly done with the help of the company's employees to create pride and engagement internally.

Aspiration and position

Saab's aspiration is to contribute to social development in the markets where we operate with a focus on promoting education and an interest in technology. This creates goodwill for Saab and helps to build skills that are beneficial

for society as a whole as well as for Saab. Community involvement is mainly done with the help of the company's employees, who gain valuable experience and networking opportunities.

How we work with the issue

Saab's educational contributions range from tutoring and afterschool activities for children living in slums to university scholarships and mentorships for students from previously at-risk groups in South Africa. In Sweden, Saab works with Mattecentrum and our employees

serve as math tutors in their free time. We also have employees who are class mentors in schools in disadvantaged areas.

For more examples of Saab's community involvement, see www.saabgroup.com.

What we achieved in 2017

- In Sweden, 64 employees were math volunteers or class mentors.
- Financed university studies for 14 students from previously neglected groups in South Africa; 14 of Saab's employees supported them as mentors.
- Financed the Arabic translation of matteboken.se for secondary school students.
- Built a classroom in Chumvi Masai School and a kitchen in Vassco School in Kenya with the help of money donated from Saab's employees.
- Started a partnership with the Indian learning organisation Pratham.
- Gave leadership training to 200 school principals in South Africa.

Planned activities in 2018

- Workshop with various employee groups to discuss ideas on how to further develop Saab's community involvement.

Meeting our long-term targets

Based on the three priority areas in its business strategy, Saab has identified long-term targets, which activities are required to reach them and how performance will be tracked. Saab's priority sustainability issues are integrated in the strategy work.

Prioritised areas	Long-term targets	Getting there
Market	<ul style="list-style-type: none"> • Be well established in selected markets and have a strong local presence. • Organic sales growth will average 5 per cent over a business cycle. 	<ul style="list-style-type: none"> • Industrial cooperation and technology transfer. • Focused marketing. • Increased local presence and partnerships. • Increased order bookings medium-sized orders. • Compliance with export regulations. • Zero tolerance for corruption.
Performance	<ul style="list-style-type: none"> • The operating margin (EBIT) will average at least 10 per cent over a business cycle. • Equity/assets ratio will exceed 30 per cent over a business cycle. • Reduce environmental impact. 	<ul style="list-style-type: none"> • Digitisation and automation. • Information security. • Responsible supplier relationships. • More efficient processes. • Develop leaders and employees. • Reduce GHG emissions. • Phase out hazardous chemical substances.
Innovation	<ul style="list-style-type: none"> • Be an industry leader in innovation. • Have a product portfolio consisting of technologically leading solutions and products adapted to the market's needs. 	<ul style="list-style-type: none"> • Invest in pioneering technologies. • Concentrate the product portfolio on innovations in five core areas. • Increase R&D collaborations with selected customers internationally. • University partnerships. • Attract talent and promote education and an interest in technology. • Promote diversity.

Results 2017

- 55 per cent of order bookings and 63 per cent of the order backlog were outside Sweden.
- 18 per cent of our employees were outside Sweden.
- Organic sales growth was 10 per cent.

55%
order bookings
outside Sweden

- The operating margin was 6.9 per cent.
- The equity/assets ratio was 32.2 per cent.
- GHG emissions decreased by 26 per cent as related to sales from 2007.

6.9%
operating margin

- Invested 23 per cent of sales in R&D.
- Globally, 25.2 per cent female managers and 23.2 per cent female employees in total. In Sweden, 28.4 per cent female managers and 23.1 per cent female employees in total.
- 36 PhD candidates during the year.

36
PhD candidates

Connection to the UN's Global Goals



Sustainable industry, innovation and infrastructure with a target of supporting domestic technological development, research and innovation.



Peace, justice and strong institutions with a target of substantially reducing all forms of corruption.



Climate action.



Quality education for all.

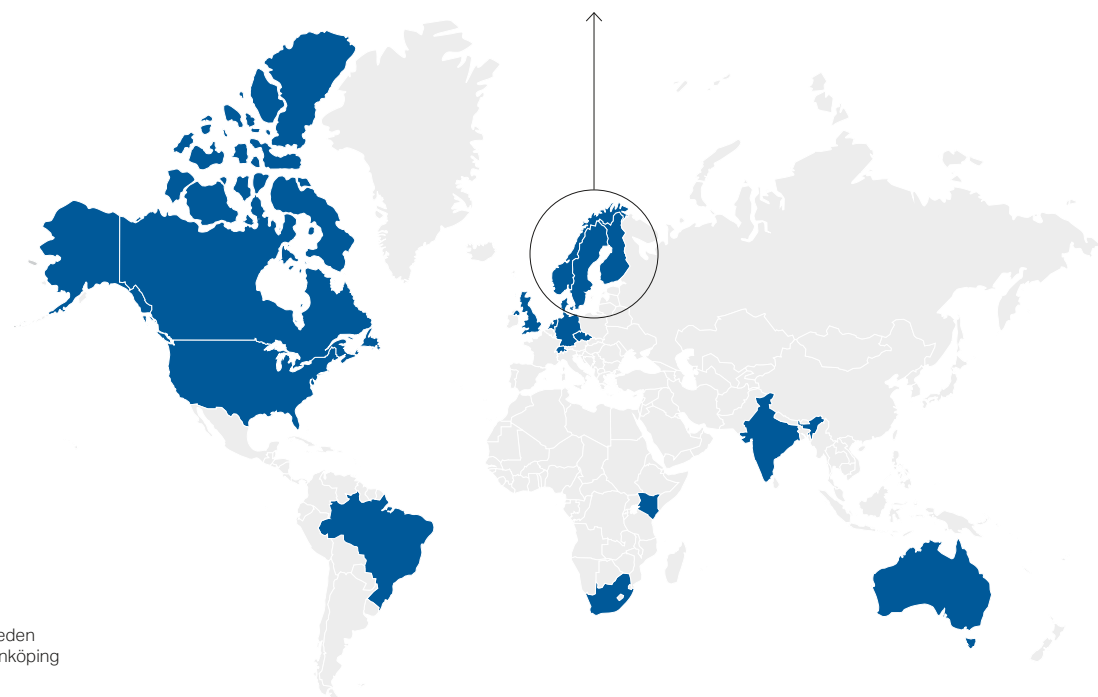
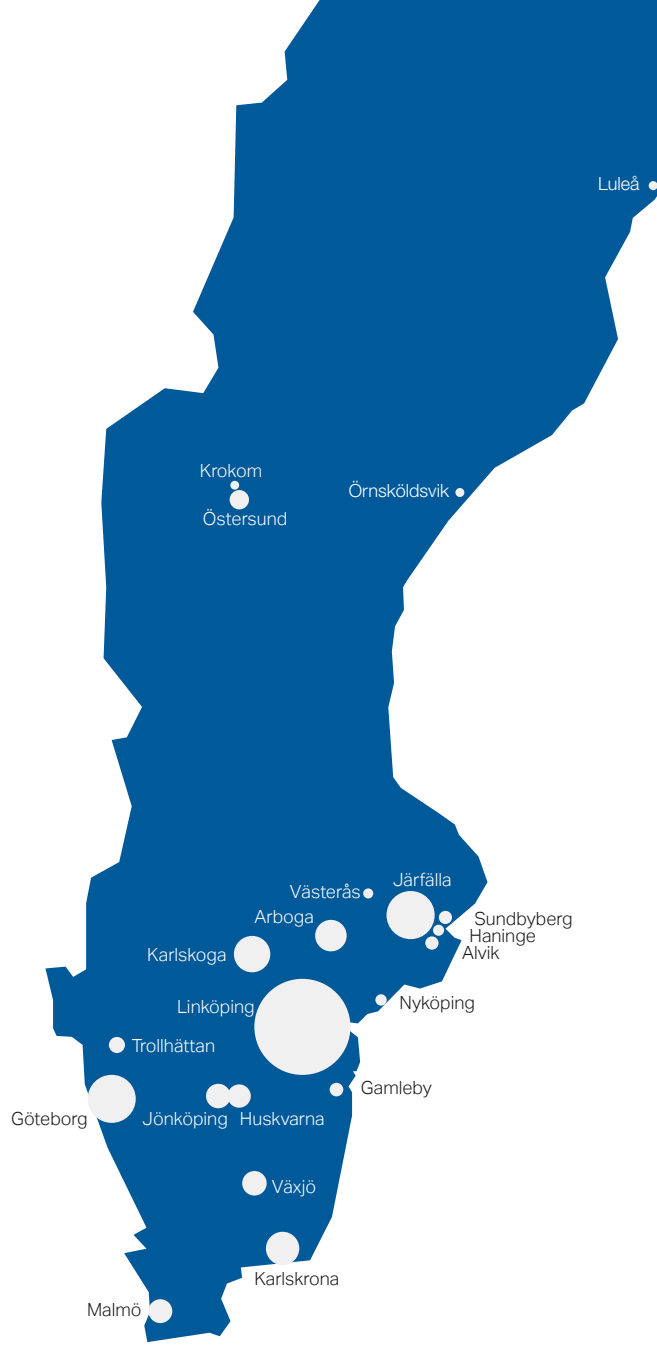


Gender equality.

Saab in the world

Number of employees

Number of employees by city	31 Dec 2017	Number of employees by country	31 Dec 2017
Linköping, Sweden	5,996	Sweden	13,545
Göteborg, Sweden	1,573	South Africa	714
Järfälla, Sweden	1,221	USA	620
Karlskoga, Sweden	870	Australia	328
Karlskrona, Sweden	676	UK	195
Gauteng/Centurion/Pretoria/Johannesburg/Bedfordview, South Africa	650	Netherlands	148
Huskvarna, Sweden	519	Germany	131
Arboga, Sweden	503	Czech Republic	88
East Syracuse NY, USA	484	Norway	82
Malmö, Sweden	452	Denmark	81
Växjö, Sweden	342	Finland	77
Adelaide SA, Australia	253	Canada	59
Östersund, Sweden	199	Switzerland	58
Trollhättan, Sweden	144	India	53
Fareham, UK	139	Brazil	42
Apeldoorn, Netherlands	104	Kenya	36
Uttenreuth, Germany	98	Other	170
Gamleby, Sweden	94	Total	16,427
Kista, Sweden	92		
Stockholm, Sweden	90		
Jönköping, Sweden	79		
Sönderborg, Denmark	79		
Sundbyberg, Sweden	78		
Slavkov, Czech Republic	78		
Nyköping, Sweden	77		
Western Cape/Cape Town/Hermanus/Bredasdorp, South Africa	63		
Haninge, Sweden	63		
Lillington, USA	58		
Thun BE, Switzerland	58		
Luleå, Sweden	52		
Rockingham WA, Australia	51		
Norrköping, Sweden	48		
Halden, Norway	47		
Örnsköldsvik, Sweden	45		
Tammerfors, Finland	40		
Helsingborg, Sweden	38		
Karlstad, Sweden	35		
Other	1,056		
Total	16,427		



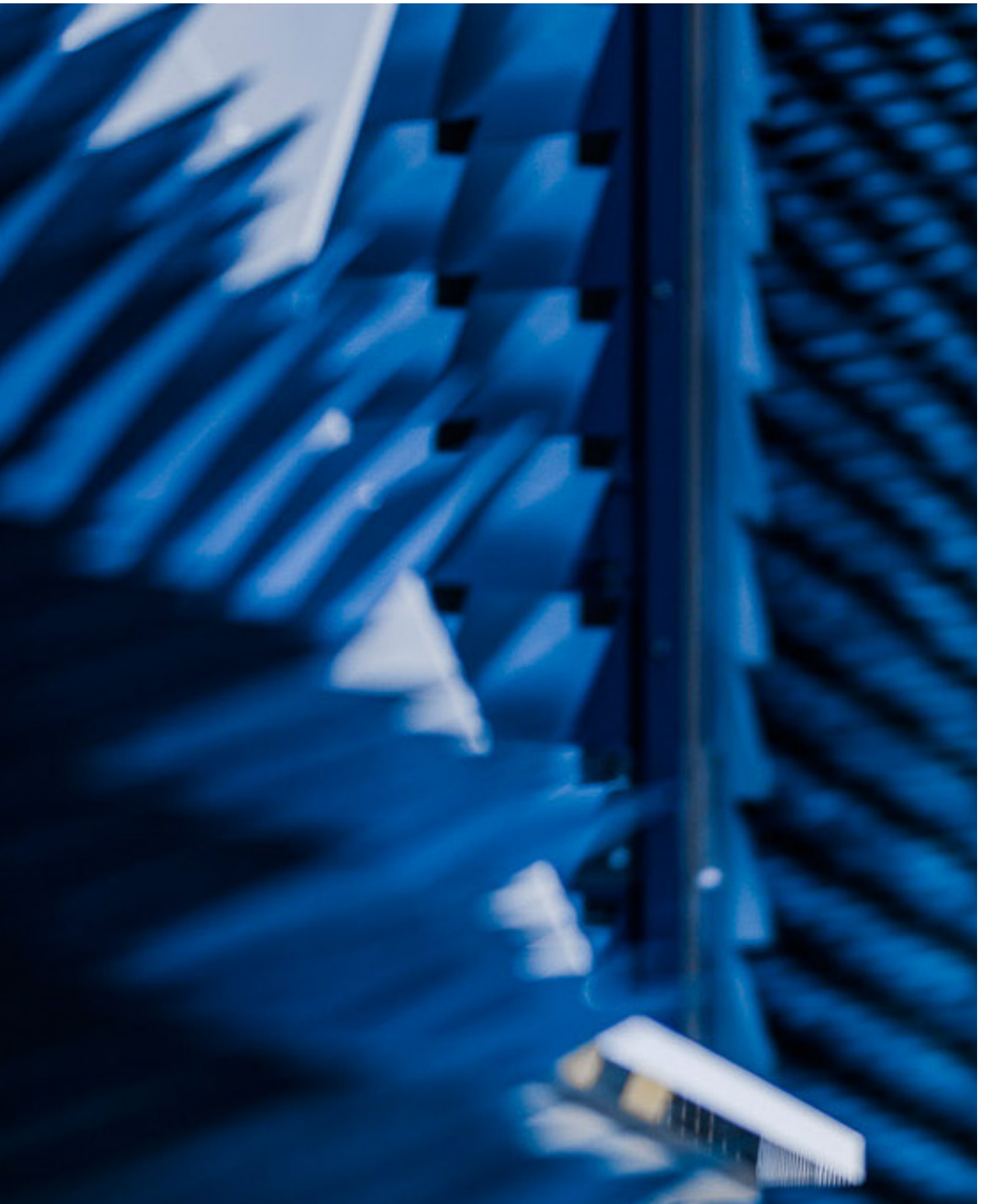
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