

# Corporate governance report

## INTRODUCTION

Saab AB is a Swedish public limited liability company and the company's Series B shares are listed on Nasdaq Stockholm.

Saab's corporate governance is based on the Swedish Companies Act, the Swedish Annual Accounts Act, Nasdaq Stockholm Rules for Issuers, the Swedish Code of Corporate Governance and other relevant Swedish and foreign laws, regulations and guidelines.

Saab has a Code of Conduct containing ethical guidelines in a number of areas on how the company and its employees are expected to act in contacts with customers, business partners and in society as well as their interaction with one another as colleagues. Saab's Code of Conduct is a part of the governance of Saab.

### Swedish Code of Corporate Governance

Since Saab's shares are traded on Nasdaq Stockholm and it must follow good practices in the securities market, Saab is also obligated to comply with the Swedish Code of Corporate Governance (the Code). The Code is available at [www.bolagsstyrning.se](http://www.bolagsstyrning.se).

This Corporate Governance Report is prepared in accordance with the Annual Accounts Act and the Code, and describes how Saab applied the Code in the financial year 2019. Saab's website, [www.saab-group.com](http://www.saab-group.com), has a special section on corporate governance issues, which is updated continuously in accordance with the Code.

The Corporate Governance Report includes the Board of Directors' report on internal control over financial reporting.

This Corporate Governance Report has been reviewed by the company's auditor. Saab did not deviate from the provisions of the Code in 2019.

## 1 SHAREHOLDERS' MEETING AND OWNERSHIP STRUCTURE

The shareholders' meeting is the highest decision-making body in a company. At the shareholders' meeting, the shareholders have the opportunity to exercise their voting rights.

The Annual General Meeting shall be held within six months of the end of each financial year. Shareholders at the Annual General Meeting vote, for example, on resolutions relating to the annual report, dividend, Board election, Board fees, auditor's fees, adoption of remuneration guidelines for senior executives and, when applicable, election of the external auditor and other matters stipulated in the Companies Act. Preparations for and the execution of the AGM 2019 were carried out in accordance with the Code, and the AGM 2020 will also comply with the provisions of the Code. The Annual General Meeting of Saab was held on 11 April 2019 in Linköping and was attended by 597 shareholders, representing about 67 per cent of the total number of votes in the company. This year the Annual General Meeting will be held on 1 April 2020 in Stockholm; for more information, see page 145.

On 31 December 2019, Saab's share capital amounted to SEK 2,173,533,552 and consisted of 2,383,903 Series A shares and 133,461,944 Series B shares. Series A shares have ten votes each, while Series B shares have one vote each. A Series A share may, on demand of the owner, be converted to a Series B share. The Saab shares are registered with Euroclear Sweden AB. The quota value per share is SEK 16. The Series B shares are listed on Nasdaq Stockholm's Large Cap list. The Series A shares are not listed. All Series A shares are owned by Investor AB.

The Board of Directors has an authorisation from the shareholders' meeting to repurchase shares; see page 85. As of 31 December 2019, Saab held 2,919,484 of its own Series B shares, corresponding to 2.15 per cent of the share capital. For more information on the ownership structure, see page 36.

## Largest shareholders, 31 December 2019

Source: Modular Finance	% of capital	% of votes
Investor	30.2	40.4
Knut and Alice Wallenberg Foundation	8.8	7.8
Första AP-fonden	6.4	5.6
Swedbank Robur Fonder	3.7	3.3
AFA Insurance	3.1	2.7
Vanguard	2.0	1.8
Nordea Fonder	1.6	1.4
Unionen	1.2	1.1
BlackRock	0.9	0.8
Amundi	0.8	0.7

## 2 NOMINATION COMMITTEE

According to the Nomination Committee process adopted by the Annual General Meeting 2011, which applies until further notice, Saab shall have a Nomination Committee consisting of one representative of each of the four shareholders or groups of shareholders with the greatest number of votes, along with the Chairman of the Board. The names of the four shareholder representatives and the shareholders they represent shall be announced at least six months prior to the Annual General Meeting based on known votes as per the last business day of August in the year before the Annual General Meeting. The Nomination Committee process includes procedures, where necessary, to replace a member who leaves the committee before its work has been completed.

According to the process, the Nomination Committee shall prepare a proposal on the following issues to be presented to the Annual General Meeting for resolution:

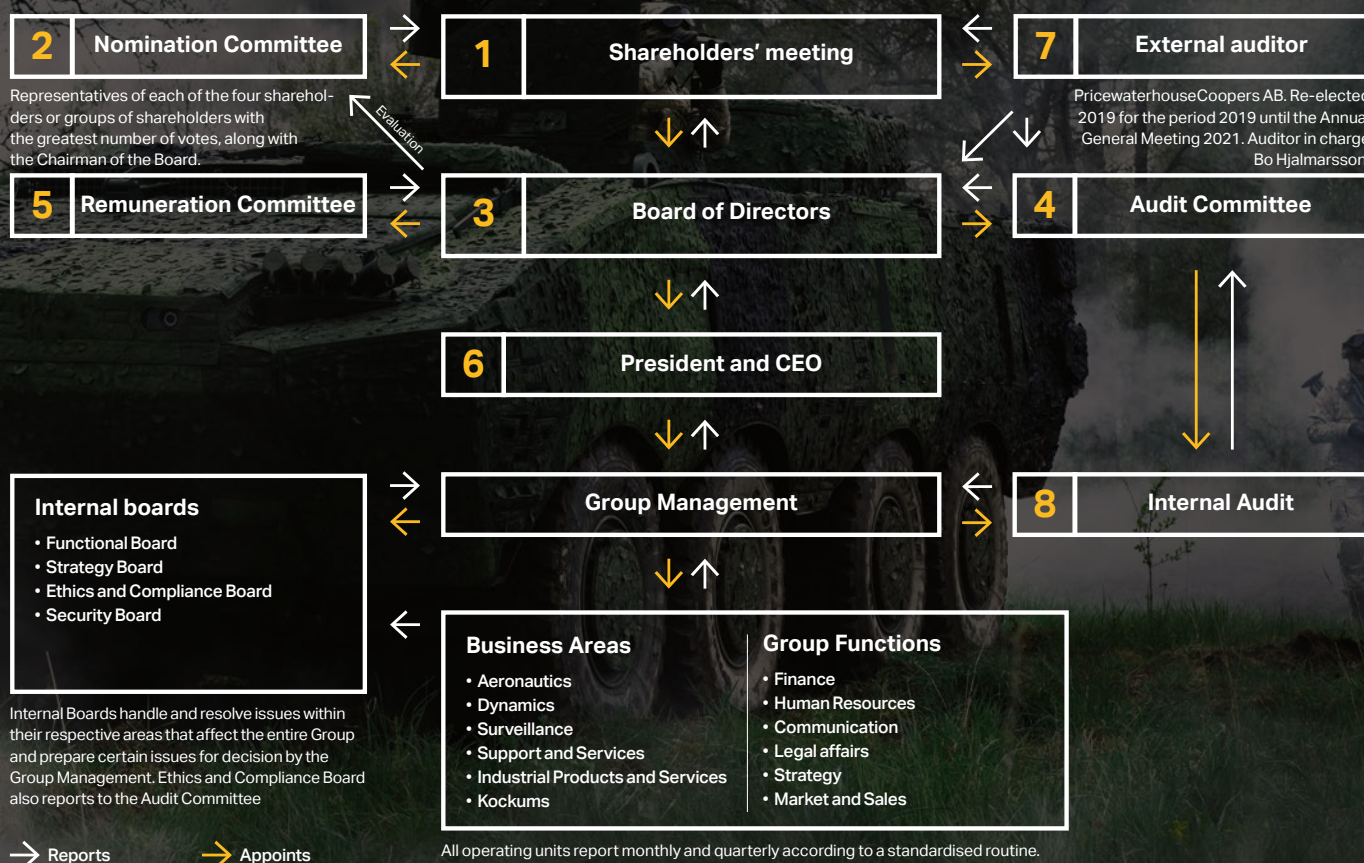
- Chairman of the shareholders' meeting
- Board of Directors
- Chairman of the Board
- Remuneration to the members of the Board, allocated between the Chairman and other members of the Board, and remuneration for committee work
- Election of auditor, (if applicable), and
- Fees paid to the company's auditor.

Prior to the Annual General Meeting on 11 April 2019, the Nomination Committee issued a proposal for resolution on the Chairman of the shareholders' meeting, the Board of Directors, Board fees, auditor fee and auditor. The Nomination Committee announced that it had applied rule 4.1 of the Code as a diversity policy with respect to the Board. The goal of the policy is that the Nomination Committee's proposal shall lead to that Saab will have a board with an appropriate composition and with satisfactory diversity and breadth in terms of gender, competence, age, experience and background.

Prior to the Annual General Meeting on 1 April 2020, it was announced in a press release on 25 September 2019 that, in addition to Chairman of the Board Marcus Wallenberg, the following shareholder representatives had been appointed to the Nomination Committee (shareholder's name in parentheses): Petra Hedengran (Investor AB), Peter Wallenberg Jr (Knut and Alice Wallenberg Foundation), Olof Jonasson (Första AP-fonden) and Jan Andersson (Swedbank Robur Fonder). In late November 2019, the composition of the Nomination Committee was changed when Ossian Ekdahl from Första AP-fonden replaced Olof Jonasson from Första AP-fonden. Petra Hedengran is Chairman of the Nomination Committee.

The Nomination Committee members represent in the aggregate approximately 57 per cent of the votes in Saab based on the ownership structure as of 31 August 2019.

GOVERNANCE AND REPORTING



The proposals of the Nomination Committee for resolution at the Annual General Meeting 2020 were announced in connection with the notice of the Annual General Meeting 2020.

**Members of the Nomination Committee for Annual General Meeting 2020**

Member	Representing	% of votes, 31 Aug 2019	% of votes, 31 Aug 2019
Petra Hedengran	Investor AB	39.69	30.16
Peter Wallenberg Jr	Knut and Alice Wallenberg Foundation	7.62	8.83
Ossian Ekdahl	Första AP-fonden	5.53	6.40
Jan Andersson	Swedbank Robur Fonder	4.54	5.25
Marcus Wallenberg	Chairman of the Board of Saab AB		

**3 BOARD OF DIRECTORS**

**Composition of the Board**

According to Saab's Articles of Association, the Board of Directors shall, in addition to the employee representatives, consist of at least six and not more than twelve members. Board members are elected annually by the shareholders' meeting. According to the resolution of the Annual General Meeting on 11 April 2019, Saab's Board of Directors shall consist of eleven members elected by the shareholders' meeting with no deputies. In addition, employee organisations appoint three Board members with an equal number of deputies.

At the Annual General Meeting on 11 April 2019, Håkan Buskhe, Sten Jakobsson, Danica Kragic Jensfelt, Sara Mazur, Daniel Nodhäll, Bert Nordberg, Cecilia Stegö Chilö, Erika Söderberg Johnson, Marcus Wallenberg and Joakim Westh were re-elected. Johan Menckel was elected as a new Board member. Marcus Wallenberg was elected Chairman of the Board. Håkan Buskhe later resigned from the Board when he

stepped down as President and CEO of Saab on 22 October 2019.

The current composition of the Board is the result of the Nomination Committee's work prior to the Annual General Meeting 2019 applying the diversity policy. The members of the Board of Directors of Saab represent a diversity and breadth in terms of gender, competence, age, experience and background. In the aggregate, the Board combines the competence and experience that are important to Saab's operations and that the Nomination Committee deems are needed to meet Saab's future challenges and needs. Of the Board members elected by the shareholders' meeting, and not employed by the company, 40 per cent are women.

At the statutory Board meeting after the Annual General Meeting, Sten Jakobsson was elected Deputy Chairman of the Board. During the period 1 January-22 October 2019, only CEO Håkan Buskhe was employed by the company and at the same time a member of the Board.

Information on remuneration to the members of the Board as resolved by the AGM 2019 is set forth in note 8.

**Members of the Board elected by the shareholders' meeting**

**Regulars**

Marcus Wallenberg	Sara Mazur	Cecilia Stegö Chilö
Håkan Buskhe*	Johan Menckel	Erika Söderberg Johnson
Sten Jakobsson	Daniel Nodhäll	Joakim Westh
Danica Kragic Jensfelt	Bert Nordberg	

\* resigned on 22 October 2019

**Employee representatives**

**Regulars**

Stefan Andersson	<b>Deputies</b>
Göran Gustavsson	Conny Holm
Nils Lindskog	Magnus Gustafsson
	Tina Mikkelsen

The Board members' other significant professional commitments, work experience, shareholdings etc. are set forth in the presentation of the Board of Directors on pages 78-79.

### Independence requirement

The table below sets forth the Board members elected by the shareholders' meeting who, according to the provisions of the Code, are considered independent in relation to the company and its management, as well as in relation to the company's major shareholders.

### Composition and independence of the Board in 2019

Member	Elected	Independent of company/management	Independent of major shareholders
Marcus Wallenberg	1992	Yes	No <sup>1)</sup>
Håkan Buskhe <sup>2)</sup>	2011	No <sup>2)</sup>	Yes
Sten Jakobsson	2008	Yes	Yes
Danica Kragic Jensfelt	2017	Yes	Yes
Sara Mazur	2013	Yes	No <sup>3)</sup>
Johan Menckel	2019	Yes	Yes
Daniel Nodhäll	2017	Yes	No <sup>4)</sup>
Bert Nordberg	2016	Yes	Yes
Cecilia Stegö Chilò	2010	Yes	Yes
Erika Söderberg Johnson	2017	Yes	Yes
Joakim Westh	2010	Yes	Yes

<sup>1)</sup> Member of Investor AB's Board.

<sup>2)</sup> President and CEO of Saab through 22 October 2019.

<sup>3)</sup> Member of Investor AB's Board.

<sup>4)</sup> Employed by Investor AB.

<sup>5)</sup> Resigned on 22 October 2019.

Accordingly, the company fulfils the Code's requirement that a majority of Board members appointed by the shareholders' meeting are independent of the company and its management, and that at least two are independent of the major shareholders.

### Work of the Board

According to the Board's rules of procedure, seven ordinary meetings shall normally be held each year, in addition to the statutory meeting. The Board can also meet when circumstances demand. In 2019, the Board held one statutory meeting, seven ordinary meetings and three extra meetings, a total of eleven meetings. The Board meetings in 2019 were held in Stockholm, with the exception of two held in connection with the Annual General Meeting in April, which was in Linköping.

The Board annually adopts rules of procedure, an instruction on the division of work between the Board and the CEO, and an instruction on financial reporting to the Board.

The rules of procedure contain provisions on the number of Board meetings, a list of matters to be considered at the meetings, reporting from the auditor, and special decisions to be taken at the statutory meeting. The rules of procedure and special instruction for the CEO set forth the delegation of responsibilities between the Board and its two committees, the Remuneration Committee and the Audit Committee, including the Chairman's role, as well as the division of labour between the Board and the CEO.

The instruction for the CEO sets forth the CEO's duties and authority, including matters which require a Board decision. Policies on investments, financing and reporting are also connected to the instruction.

During the year, the Board was assisted by the Secretary of the Board of Directors, General Counsel Annika Bärems, who is not a member of the Board.

The Board of Directors' meetings follow an agenda. Prior to each meeting, Board members receive documentation and supporting material for the issues on the agenda. At each Board meeting the CEO presents a Market and Operations Report. A financial report is also presented at each Board meeting and is addressed in detail prior to the publication of the interim reports and year-end report. The Board regularly considers investments, research and development, organisational

issues, management of significant risk areas, and acquisitions and divestments. The Board's annual work includes deciding on the company's business plan and strategy, which in 2019 were addressed in December. The Board meeting in December considers the company's budget for the coming year as well as Enterprise Risk Management. The Board then also addressed the performance targets in the company's two performance related share plans. In 2019, the Board especially focused on issues relating to major projects such as Gripen NG to Brazil, Gripen E to Sweden, A26 to Sweden, GlobalEye to the United Arab Emirates and the T-7A jet trainer to the U.S. Air Force as well as other significant export and marketing issues. The Board also worked during the year on the appointment of a new President and CEO and the Reshaping initiative.

The work in the committees represent an important part of the Board's work. After each meeting of the Audit and Remuneration Committees, the respective Chairman submits a report to the Board on the issues that were dealt with at the meeting. The Board then adopts resolutions on any matters prepared by the committees.

### BOARD OF DIRECTORS' COMMITTEE WORK

#### 4 Audit Committee

In accordance with the principles set out in the Swedish Companies Act and the Code, the Board of Directors has appointed an Audit Committee consisting of three members. The work of the Audit Committee is mainly of a preparatory nature, i.e. preparing matters for resolution by the Board. The Audit Committee has certain limited decision-making power. For example, it has established guidelines for services other than auditing that the company may procure from the auditor. The Audit Committee's members following the Annual General Meeting 2019 are Joakim Westh (Chairman of the Committee), Daniel Nodhäll and Erika Söderberg Johnson, whereof both Joakim Westh and Erika Söderberg Johnson are independent of the company and its management as well as of the major shareholders. Moreover, all members of the committee have accounting or auditing competence. The General Counsel, Annika Bärems, was Secretary to the Audit Committee in 2019.

The Audit Committee's assignment is set forth in the Board's rules of procedure. The Audit Committee shall, among other things, monitor the company's financial reporting and submit proposals to ensure the integrity of the financial reporting, oversee the performance of the company's internal control, internal audit and risk management in respect of the financial reporting, keep itself informed of the audit of the annual report and consolidated accounts, inform the Board of the results of the audit, review and monitor the auditor's impartiality and independence, assist the Nomination Committee in preparing the proposal for the shareholders' meeting's election of the auditor and in certain cases procure auditing services, in addition to establishing guidelines for services other than auditing that may be provided by the company's auditor. Moreover, the Audit Committee shall annually monitor and evaluate the effectiveness and appropriateness of the company's business ethics programme, including the Code of Conduct, and keep itself informed of material deviations or non-compliance with the company's business ethics regulations, including whistleblower reports, through regular reporting from the Ethics and Compliance Board. The company's external auditor normally participates in the meetings of the Audit Committee. In 2019, the Audit Committee focused especially on current issues relating to the company's financial position, the financial reporting, execution of major projects, budget, risk management, internal control, assisted the Nomination Committee with its auditor's election proposal, and issues relating to the company's business ethical rules.

The Audit Committee keeps minutes of its meetings, which are distributed upon request to the other members of the Board. In 2019, the Committee held seven meetings.

## 5 Remuneration Committee

In accordance with principles set out in the Code, the Board of Directors has appointed a Remuneration Committee consisting of three members. The Remuneration Committee's members following the Annual General Meeting 2019 are Sten Jakobsson, Marcus Wallenberg and Bert Nordberg. Sten Jakobsson is the Chairman of the Committee. All are independent of the company and its management. The General Counsel, Annika Bärems, was Secretary to the committee in 2019.

The Remuneration Committee's tasks are to prepare the Board's resolutions on remuneration principles, remuneration and other terms of employment for the Group Management, monitor and evaluate variable remuneration programmes for the Group Management, both ongoing and those ended during the year, and monitor and evaluate the application of the remuneration guidelines for senior executives adopted by the Annual General Meeting as well as the current remuneration structures and levels in the company. The Remuneration Committee also proposes remuneration guidelines for senior executives, which, following resolution by the Board of Directors, are submitted to the Annual General Meeting. Matters concerning the employment terms, remuneration and other benefits for the CEO are prepared by the Remuneration Committee for resolution by the Board. The Remuneration Committee is responsible for interpretation and application of the remuneration guidelines for senior executives. The Remuneration Committee has no decision-making powers of its own. In 2019, the Remuneration Committee focused especially on issues relating to the company's long-term incentive programmes, including the proposed performance targets in the company's two performance related share plans, the appointment of a new President and CEO, and a review of the remuneration guidelines due to new regulatory requirements. The Remuneration Committee keeps minutes of its meetings, which are distributed upon request to the other members of the Board. In 2019, the Committee held four meetings.

### EVALUATION

The Chairman of the Board annually performs an evaluation of the Board's work and possible improvement areas, in order to develop the forms and effectiveness of its work. The evaluation is made by having

Board members respond to a questionnaire and give their opinions on the Board's work and performance. The results are then compared with previous years and discussed at the Board meeting in December.

The questionnaire consists of six parts covering the breadth of the Board's competence, how the Board conducts its work, the Chairman, the Board's composition, the cooperative atmosphere and possible improvements. The Chairman of the Board does not participate in the Board's discussion on the results of the Chairman's evaluation.

The Nomination Committee is informed of the results of the evaluation in connection with preparing its proposal on the composition of the Board.

The Board continuously evaluates the CEO's work by monitoring the company's performance relative to established goals. The Board annually evaluates the CEO's work through its members' responses to a questionnaire on the CEO in the areas of performance, organisation, people and leadership. The CEO does not participate in this evaluation. In 2019, there was no CEO evaluation since the Board instead worked on appointing a new President and CEO.

## 6 CHIEF EXECUTIVE OFFICER

The President and CEO of Saab through 22 October 2019 was Håkan Buskhe, who during this period was also a member of the Board. The President and CEO from 23 October 2019 is Micael Johansson. His significant professional commitments outside the company, earlier positions and shareholding in the company are set forth in the presentation of the Group Management, see page 81. Micael Johansson does not own shares nor is he a partner in any company with which Saab has material business ties.

### GUIDELINES FOR REMUNERATION AND OTHER BENEFITS FOR SENIOR EXECUTIVES

The guidelines for remuneration and other benefits for senior executives are explained on page 82 - 85.

### Attendance and board remuneration in 2019

Name	Audit Committee	Remuneration Committee	Board meetings attended <sup>1)</sup>	Committee meetings attended <sup>2)</sup>	Board remuneration KSEK <sup>3)</sup>	Audit Committee remuneration KSEK	Remuneration Committee remuneration KSEK	Total remuneration KSEK
Marcus Wallenberg		x	11	4	1,900		90	1,990
Håkan Buskhe			10 <sup>5)</sup>					
Sten Jakobsson		x	11	4	700		150	850
Cecilia Stegö Chilò			11		620			620
Danica Kragic Jensfelt			11		620			620
Sara Mazur			11		620			620
Johan Menckel			8 <sup>4)</sup>		620			620
Daniel Nodhäll	x		11	7	620	165		785
Bert Nordberg		x	11	4	620		90	710
Erika Söderberg Johnson	x		11	7	620	165		785
Joakim Westh	x		11	7	620	250		870

<sup>1)</sup> Of a total of 11 meetings in 2019.

<sup>2)</sup> Of a total of 7 meetings of the Audit Committee in 2019 and 4 meetings of the Remuneration Committee in 2019.

<sup>3)</sup> Refers to the remuneration resolved by the AGM 2019 for the period until the AGM 2020. CEO Håkan Buskhe does not receive remuneration.

<sup>4)</sup> Elected by the AGM in April 2019; thereafter 8 of a total of 8 Board meetings.

<sup>5)</sup> Resigned from the Board on 22 October 2019 and participated in all the meetings prior to his departure.

## 7 THE COMPANY'S AUDITOR

On behalf of the shareholders and in accordance with current laws and regulations, the external auditor examines the financial statements, consolidated accounts, annual report, and administration and management of the company by the Board of Directors and the CEO, and carries out the statutory audit of the corporate governance report and sustainability report. The company's Q3 interim report has been reviewed by the auditor as well. The auditor presents an auditors' report to the Annual General Meeting. On behalf of the Board, the company's auditor has also reviewed whether the performance targets for the Special Projects Incentive 2019 were met.

The shareholders' meeting elects the auditor. PricewaterhouseCoopers AB was re-elected as auditor by the Annual General Meeting 2019, for the period 2019–2021.

### *PricewaterhouseCoopers (PwC)*

- Elected by the Annual General Meeting 2019 for the period 2019 through the Annual General Meeting 2021.
- Bo Hjalmarsson, Authorised Public Accountant, auditor in charge. Other major audit assignments: Telefonaktiebolaget LM Ericsson.

PricewaterhouseCoopers AB is a member of PwC's global network in around 150 countries. PwC has competence and experience in areas important to Saab: auditing of large and listed companies, accounting issues, industry experience and familiarity with international business.

The Audit Committee is responsible for ensuring the independence of the auditor, including by staying updated on ongoing consulting assignments. The Audit Committee has also established guidelines on which services other than auditing the company may procure from the auditor. Where applicable, the committee will approve such services in accordance with these guidelines.

### **AUDIT FEES 2018–2019**

Saab's auditor receives a fee according to approved invoices as resolved by the Annual General Meeting.

PwC performed limited services on behalf of the company in 2019 in addition to its audit assignments by consulting on accounting and tax issues.

### **Auditor's fees for the Group 2018–2019**

MSEK	2019	2018
Audit assignments:		
PwC	21	22
Other	3	3
Other assignments:		
PwC	1	5

For further information, see note 9.

## **THE BOARD'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

The Board of Directors is responsible for internal control over financial reporting pursuant to the Swedish Companies Act and the Swedish Code of Corporate Governance.

The Board assures the quality of the financial accounting through the Audit Committee and CEO. The entire Board reviews the interim reports before they are published. The Audit Committee follows up the internal control over financial reporting on a regular basis. After each meeting of the Audit Committee, a report is submitted to the Board.

The Audit Committee considers not only critical accounting issues and the financial reports presented by the company, but also matters of strategic importance, e.g. asset acquisitions and sales and how the company will obtain financing. It also covers issues such as internal control, regulatory compliance, any significant uncertainty in reported values, post-statement events, changes in estimates and judgements, and other circumstances that may affect the quality of the financial statements. The auditor, elected by the Annual General Meeting, participated in 5 of 7 meetings of the Audit Committee in 2019.

The Board of Directors has met with the auditor to discuss their review of the company for the financial year 2019. The Board on the same occasion met with the auditor while not in the presence of the CEO or other members of the Group Management.

### *Internal control over financial reporting*

The internal control system applies the principles of the Committee of Sponsoring Organizations' (COSO) framework and assists the business in achieving its financial goals by monitoring risk exposure in a structured way. Moreover, internal control aims to provide reasonable assurance of the reliability of the internal and external financial reporting and to ensure that it is prepared in accordance with laws, applicable accounting standards and other requirements for listed companies.

### *Control environment*

Internal control is based on Saab's organisation, where operating responsibilities and powers are delegated to the business areas and support units, which are also supported and monitored by Group functions. These Group functions issue guidelines that clarify responsibilities and powers.

Saab has a process for monitoring internal control where roles and responsibilities are defined, control matrixes and key controls included, and reporting clarified.

### *Risk assessment*

Saab's operations are characterised by the development, production and supply of technologically advanced hardware and software for military and civil customers around the world. The business largely consists of large projects that stretch over long periods, often several years. Saab identifies and assesses risks with an impact on the financial reporting within a number of processes such as the annual accounts, investments, project implementation and procurement. In addition to the risk of inaccurate financial reporting, internal processes are also assessed on the basis of the risk of exposure to improprieties.

Group Finance continuously coordinates an overall risk assessment of the financial reporting. The current risk assessment is reviewed by Internal Audit and taken into account in the preparation of the annual internal audit plan, which is established by the Audit Committee.

**Control activities**

Key controls are defined within Saab's internal processes and functions to monitor the internal control. There are also general IT key controls. Key controls are performed according to a predefined schedule. The control activities are both manual and automated and include authorisation routines, account reconciliations, process compliance, performance analyses and authorisations.

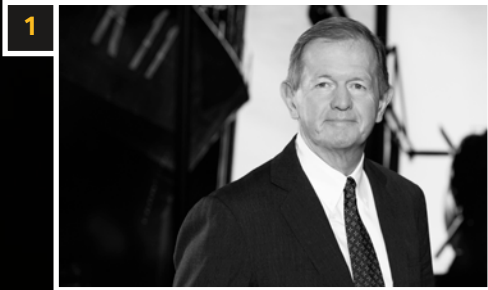
**Information and communication**

Policies, Group directives and manuals are continuously updated, clearly communicated and available through Saab's internal enterprise management system, which is available on the internal web. A web-based tool used to monitor Saab's key controls clearly shows the status and results of performed controls. The results of performed controls are an integral part of Saab's financial closing process and are reported quarterly to the Group Management and the Audit Committee.

**Monitoring and evaluation**

- Each manager of a business area/legal entity and each accounting organisation is responsible for the financial information from their unit.
- The Audit Committee decides on the principles for accounting and financial reporting and monitors them.
- A semi-annual self-assessment on completed key controls. The self-assessment process also includes assessing whether the material risks in each internal process are managed with existing key controls.
- 8 • Saab's Internal Audit reports directly to the Audit Committee and the CFO. Internal Audit follows the internal audit plan adopted by the Audit Committee and performs independent and objective reviews in order to evaluate and increase the efficiency of the internal control. The function also performs an annual review of reporting from the self-assessment process.
- The company's auditor annually reviews the status of Saab's internal control over financial reporting.

# Board of Directors



## 1. MARCUS WALLEMBERG

Chairman of the Board since 2006  
Deputy Chairman of the Board 1993-2006  
and Member of the Board since 1992  
Member of Saab's Remuneration Committee  
Born 1956  
B.Sc. of Foreign Service, Georgetown University  
Lieutenant in Royal Swedish Naval Academy  
Shares in Saab: 125,000

Other board commitments:  
Chairman of the Board of SEB and FAM AB.  
Board member of AstraZeneca PLC, Investor AB, Temasek Holding Ltd and the Knut and Alice Wallenberg Foundation.

Former employment and positions:  
Chairman of the Board of AB Electrolux, LKAB and Svenska ICC Service AB. President and CEO of Investor AB. Board member of, amongst others, Stora Enso Oyj, EQT Holdings AB and Hi3G Holding AB.

## 2. STEN JAKOBSSON

Member of the Board since 2008 and Deputy Chairman since 2010  
Chairman of Saab's Remuneration Committee  
Born 1949  
M.Sc. in Engineering, Royal Institute of Technology (KTH)  
Shares in Saab: 6,875

Other board commitments:  
Board member of Xylem Inc. and Arla Plast AB.

Former employment and positions:  
Chairman of the Board of Power Wind Partners and LKAB. Board member of Stena Metall AB and FLSmidth A/S. President and CEO of ABB, Sweden. Executive Vice President of Asea Brown Boveri AB, Sweden. Business Area Manager, Business Area Cables. President of ABB Cables AB and for Asea Cylinda. Production Manager for Asea Low Voltage Division, Asea central staff - Production trainee.

## 3. DANICA KRAGIC JENSFELT

Member of the Board since 2017  
Professor, School of Electrical Engineering and Computer Science, Royal Institute of Technology (KTH)  
Director of the Centre for Autonomous Systems, KTH  
Born 1971  
Docent, Computer Science, KTH  
Ph.D. Computer Science, KTH  
M.Sc. Mechanical Engineering, Technical University of Rijeka, Croatia  
Honorary Doctorate, Lappeenranta, University of Technology  
Shares in Saab: 2,000

Other board commitments:  
Board member of FAM AB, H&M Group, the Scientific Advisory Board, Max Planck Institute for Intelligent Systems. Member of the Royal Swedish Academy of Engineering Sciences (IVA), Division of Electrical Engineering in the Royal Swedish Academy of Sciences (KVA).

Former employment and positions:  
Board member Institute for Future Studies, Deputy Director, School of Computer Science and Communication, KTH. Member of the Young Academy of Sweden. Chairman of STINT, Natural Sciences and Technology. Researcher at Columbia University, Brown University, Johns Hopkins University and INRIA Rennes. Chairman of IEEE RAS Technical Committee on Computer and Robot Vision and Board member of Research Policy Committee at the KVA.

## 4. SARA MAZUR

Member of the Board since 2013  
Director of Strategic Research, Knut och Alice Wallenbergs Stiftelse  
Born 1966  
Associate Professor Electrical Engineering, Royal Institute of Technology (KTH)  
Ph.D. Electrical Engineering, KTH  
M.Sc. Electrical Engineering, KTH  
Honorary Doctorate Luleå University of Technology  
Shares in Saab: 2,500

Other board commitments:  
Chair of Wallenberg Autonomous System and Software Program (WASP). Board member of Investor AB, Combient AB and Nobel Media AB. Member of the Royal Swedish Academy of Engineering Sciences (IVA), Division Education and Research.

Former employment and positions:  
Vice President and Head of Ericsson Research, Ericsson AB. Vice President System Management, Business Unit Networks, Ericsson AB. Director Wireless Access Networks Research, Ericsson Research, Ericsson AB. Board member of Chalmers University of Technology AB, RISE Research Institutes of Sweden AB, RISE SICS North Swedish ICT AB and Integrated Transport Research Lab, KTH. Member of Skolstyrelsen, the Strategic Counsel of the school of Electrical Engineering, KTH as well as the board of Wireless@KTH.

## 5. JOHAN MENCKEL

Member of the Board since 2019  
President and CEO of Gränges AB  
Born 1971  
M.Sc. Engineering (industrial engineering and management), Royal Institute of Technology (KTH)  
Shares in Saab: 4,000

Other board commitments:  
Board member of Nederman Holding AB and World Materials Forum, France.

Former employment and positions:  
Board member of Svenska postkodföreningen. CEO of Sapa Heat Transfer. Business Area President of Sapa Profiles Asia. MD of Sapa Heat Transfer Shanghai. Management consultant at Accenture and founder of addnature.com.

## 6. DANIEL NODHÄLL

Member of the Board since 2017  
Member of Saab's Audit Committee  
Head of Listed Companies, Investor AB  
Born 1978  
M.Sc. in Economics and Business, Stockholm School of Economics  
Shares in Saab: 2,500

Other board commitments:  
Board member of Electrolux Professional AB and Husqvarna AB.

Former employment and positions:  
Board member of Kunskapsskolan Education Sweden AB. Investment Manager, Head of Capital Goods at Investor AB.

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### 7. BERT NORDBERG

Member of the Board since 2016  
Member of Saab's Remuneration Committee  
Born 1956  
Engineer  
Shares in Saab: 10,625

Other board commitments:  
Chairman of the Board of Vestas Wind Systems A/S and TDC Group A/S. Board member of Svenska Cellulosa Aktiebolag (SCA), Essity Aktiebolag (publ) and Sigma Connectivity AB.

Former employment and positions:  
Board member of AB Electrolux, SkiStar AB and Axis AB. Chairman of the Board of Imagination Technologies Group Plc. and Sony Mobile Communications AB. Chairman of the Board and CEO of Sony Ericsson Communications AB. Various senior positions within the Ericsson-group as well as various positions within Data General Corporation and Digital Equipment Corporation.

### 8. CECILIA STEGÖ CHILÖ

Member of the Board since 2010  
Adviser to management of corporations and organisations  
Born 1959  
Studies in political science and economics  
Shares in Saab: 1,875

Other board commitments:  
Board member of Spendrups Bryggeri AB, Investment AB Spiltan and Centre for Business History.

Former employment and positions:  
Chairman of the Board of Gotlands Bryggeri AB, Fortum Värme AB (current Stockholm Exergi Holding AB). Board member of AMF Fonder AB, Länsförsäkringar Liv, Linköping University Holding AB and Marginalen Group AB. CEO of the Free Enterprise Foundation of Sweden. Head of think tank Timbro, Cabinet member and Head of the Ministry of Culture.

### 9. ERIKA SÖDERBERG JOHNSON

Member of the Board since 2017  
Member of Saab's Audit Committee  
Chief Financial Officer (CFO), Biotage AB (until end of March 2020)  
Chief Financial Officer (CFO), Kinnevik AB (as from April 2020)  
Born 1970  
M.Sc. in Economics and Business, Stockholm School of Economics  
Shares in Saab: 1,950

Other board commitments:  
Board member of Qliro Group AB.

Former employment and positions:  
CFO at Karo Bio AB, Affibody AB and Global Genomics AB. Investment Banking Advisor at Enskilda, SEB. Board member of Sectra AB and MedCap AB.

### 10. JOAKIM WESTH

Member of the Board since 2010  
Chairman of Saab's Audit Committee  
Born 1961  
M.Sc. in Aeronautics, Royal Institute of Technology (KTH)  
M.Sc. in Aerospace Engineering, Massachusetts Institute of Technology (MIT)  
Shares in Saab: 10,000

Other board commitments:  
Chairman of the Board of Amexci AB. Board member of CGI Group Inc., Absolent Group AB and Swedish Match AB.

Former employment and positions:  
Chairman of the Board of EMA Technology AB and Absolent AB. Board member of Arcam AB, Intrum AB, Rörvik Timber AB, Telelogic AB and VKR Holding A/S. Deputy board member of Sony Ericsson Mobile Communications AB. Senior Vice President of Group Function Strategy & Operational Excellence and member of the Group Management Team, LM Ericsson AB. Group Vice President and member of the Executive Management Group of Assa Abloy AB and, Partner at McKinsey & Co. Inc.

### Employee representatives

#### 11. STEFAN ANDERSSON

Member of the Board since 2008  
President of the Local Salaried Employees' union Unionen at Saab Dynamics AB, Linköping  
Born 1974  
B.Sc. Mechanical Engineering, Dalarna University  
Shares in Saab: 2,540

#### 12. GÖRAN GUSTAVSSON

Member of the Board since 2017 and deputy Board member 1995-2000 and 2008-2016  
President of the local trade union IF Metall at Saab AB, Linköping  
Born 1953  
Employed at Saab AB since 1972  
Shares in Saab: 3,055

#### 13. NILS LINDSKOG

Member of the Board since 2016 and deputy Board Member 2007-2015  
Member of the Local Swedish Association of Graduate Engineers at Saab AB, Gothenburg  
Born 1955  
M.Sc.E.E. Chalmers University of Technology  
Shares in Saab: 1,489

### Deputies

#### 14. MAGNUS GUSTAFSSON

Deputy Board member since 2016  
President of the Local Swedish Association of Graduate Engineers at Saab AB, Linköping  
Born 1965  
M.Sc. in Applied Physics and Electrical Engineering, Linköping Institute of Technology  
Shares in Saab: 809


#### 15. CONNY HOLM

Deputy Board member since 2017 and 1995-2008. Member of the Board 2008-2016  
President of the local trade union IF Metall at Avionics Systems, Huskvarna  
Born 1947  
Upper secondary engineering education  
Shares in Saab: 1,083

#### 16. TINA MIKKELSEN

Deputy Board member since 2016  
President of the Local Salaried Employees' union, Unionen at Saab AB, Järfälla  
Born 1973  
Electrical Engineering, Stockholms Tekniska Institut (STI)  
Shares in Saab: 2,024





## Group Management

Standing from left:

### **GÖRGEN JOHANSSON**

Senior Vice President and Head of Business Area Dynamics

Born 1964  
MBA  
Employed 2004  
Shares in Saab: 13,941

### **MAGNUS ÖRNBERG**

Executive Vice President and Chief Financial Officer (CFO)

Born 1965  
MBA  
Employed 2012  
Shares in Saab: 21,643

### **CHRISTIAN HEDELIN**

Senior Vice President and Chief Strategy Officer

Born 1969  
MSc Electronic Engineering  
Employed 2018  
Shares in Saab: 488

### **ANDERS CARP**

Senior Vice President and Head of Business Area Surveillance

Born 1971  
Employed 2001  
Shares in Saab: 6,095

### **ANNIKA BÄREMO**

Senior Vice President and Head of Group Legal Affairs, General Counsel, Secretary of the Board of Directors

Born 1964  
LLB  
Employed 2012  
Shares in Saab: 12,418

### **JONAS HJELM**

Senior Vice President and Head of Business Area Aeronautics

Born 1971  
Employed 2006  
Shares in Saab: 6,822

### **JESSICA ÖBERG**

Senior Vice President and Head of Industrial Products and Service

Born 1972  
Employed 1996  
Shares in Saab: 4,726



Seated from left:

#### LENA ELIASSON

Senior Vice President and Head of Group Human Resources

Born 1967  
M.Sc. in Engineering  
Employed 2012  
Shares in Saab: 13,856

#### ELLEN MOLIN

Senior Vice President and Head of Business Area Support and Services

Born 1973  
MBA  
Employed 2006  
Shares in Saab: 4,435

#### DEAN ROSENFELD

Senior Vice President and Chief Marketing Officer

Born 1968  
Master of Management  
Employed 2001  
Shares in Saab: 1,568

#### MICAEL JOHANSSON

President and Chief Executive Officer

Born 1960  
B.Sc.+ in Mathematics and Computer Science at University of Uppsala  
Employed 1985  
Shares in Saab: 15,292

Other board commitments:  
Board member of AeroSpace and Defence Industries Association of Europe (ASD).

Former employment and positions:  
Deputy CEO Saab AB. Senior Vice President and Head of Business Area Surveillance, Saab AB, President of Avitronics and various senior positions within the Saab group.

#### SEBASTIAN CARLSSON

Senior Vice President and Head of Group Communication

Born 1984  
Employed 2012  
Shares in Saab: 1,009

#### Changes in the Group Management

During fourth quarter 2019 Håkan Buskhe left the President and Chief Executive Officer (CEO) position, and replaced by Micael Johansson.

During first quarter 2020, Dean Rosenfield took over as Chief Marketing Officer and joined the Group Management.

During first quarter 2020, Gunnar Wieslander left the position as Head of Business Area Kockums and the Group Management. He was replaced by Lars Tossman.

# Auditor's report

To the general meeting of the shareholders of Saab AB (publ), corporate identity number 556036-0793

## REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

### Opinions

We have audited the annual accounts and consolidated accounts of Saab AB (publ) for the year 2019 except for the corporate governance statement and the statutory sustainability report on pages 54 to 69 and 72 to 81 respectively. The annual accounts and consolidated accounts of the company are included on pages 38-139 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company as of 31 December 2019 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material

respects, the financial position of the group as of 31 December 2019 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the income statement and statement of financial position for the group.

Our opinions in this report on the the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11. This includes that, based on the best of my (our)

knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

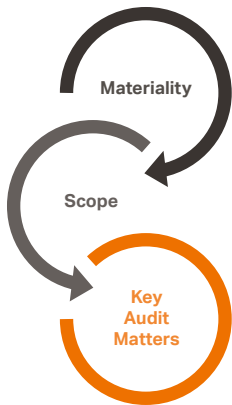
### Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

## OUR AUDIT APPROACH

### Overview



- We have used an overall materiality of SEK 125 million in our audit representing approximately five percent of operating profit.
- In our audit we have focused on the operations in the parent company Saab AB and the subsidiaries Saab Dynamics AB and Saab Kockums AB. In addition, units in Australia, South Africa and USA has been subject to review procedures.
- A significant part of Saab's reported revenue derives from long term contracts where management's estimates and assumptions are critical for recognition of revenue as well as cost of goods sold. In addition to the income items, several balance sheet items are affected by the assumptions and judgments made related to the long term contracts. A significant part of our audit is focused on the review of large projects.

A significant part of Saab's revenue and result is derived from long term customer contracts including substantial development and customization for specific customers, which are associated with technical and commercial risks. Some of Saab's large projects are moving towards a production and delivery phase which can alter the risks in the projects.

Revenue and income are in many projects recognised using percentage of completion, which as such are based on management's estimates and measurement of percentage of completion, estimated profit margin as well as total costs and risks.

This requires a high level of project control and monitoring to be able to, at any given time

confirm the assumptions and estimates for project cost and revenue to give a satisfying base for recognizing revenue and income. In many cases the customer contracts have a significant element of integration with the customer and sub-contractors why the financial outcome is not only dependent on Saab's own activities but other parties as well.

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls and the specific circumstances in larger customer projects.

A significant part of the Saab Group's operation is carried out in the parent company

Saab AB. In addition, substantial parts of the operation is carried out in the subsidiaries Saab Dynamics AB and Saab Kockums AB in Sweden. These units are included in the audit of the group. Foreign operations of some importance for the financial reporting is carried out in Australia, South Africa and USA. In these entities our audit is focused on project oriented parts of the financial reporting.

#### **Materiality**

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for

materiality, including the overall materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

<b>Group Materiality</b>	SEK 125 million
<b>How we determined it</b>	Five percent of operating profit
<b>Rational for the materiality benchmark applied</b>	We chose operating profit as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users and is a generally accepted benchmark. We chose five percent which in auditing standards is a generally accepted benchmark.

#### **Key audit matters**

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed

in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters. A considerable part of the operations in the Saab Group is carried out in the parent

company, Saab AB. The key audit matters described below is applicable for both the group and the parent company.

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**Key audit matter**


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**LONG TERM CUSTOMER CONTRACTS**

Revenue and income are in many projects recognised over time using percentage of completion, which as such are based on management's estimates and measurement of percentage of completion, estimated profit margin as well as total costs and risks. If a project is expected to be in a loss position, the loss is recognised as soon as it can be determined.

Percentage of completion and the income recognised can be based on cost incurred, milestones reached, or units delivered.

The financial reporting risk in the financial reporting is that revenue and income recognised, not correctly reflect Saab's fulfilment of performance obligations in the long term customer contracts and that the risks in the contracts deviate from actual outcome, which can result in revenue being recognised at wrong margin. This in turn might lead to cut off errors in revenue and cost over the project's lifecycle.

Accounting for long term customer contracts also, besides revenue and cost of goods sold, affect balance sheet items such as receivables from customers, inventory and provision for loss contracts.

In the annual report risk related to long term contracts are described on page 50 and in the notes to the financial statements (note 2 and 4) the accounting principles are described in more detail.

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**How our audit addressed the Key audit matter**


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Saab has implemented processes, methods and controls to account for and monitor the long term customer contracts from tender, through execution and completion. These processes include among other project organisation, documentation, financial reviews and reporting as well as guidance on application of the accounting principles. This is further described in the annual report on page 50.

In our audit we have evaluated the design of these processes, methods and controls and tested on a sample basis that they work as designed. In this testing we have focused on the following:

- Test of monitoring controls on business area, business unit of where applicable on product level.
- Test of transaction controls for accounting for cost incurred related to long term customer contracts for procurement to projects.
- Test that project reviews and documentation has been approved according to methods applied within Saab.

We have further selected a sample of long term customer contracts for substantive testing. Our sample is based on quantitative and qualitative factors where we have selected long term contracts that are material from contract value, revenue recognised or risk in residual cost to complete.

For the selected contracts we have in detail obtained an understanding for the project though, among other procedures, review of contract clauses, project plans, analysis of stage of completion and contract forecasts. Each quarter we review the projects together with the project leader, the project controller or similar. In these reviews we perform the

following procedures focusing on whether significant risks are reasonably accounted for:

- We inspect management's assessment of the project execution and how this affect the financial reporting. This includes total contract value, level of completion, method for recognising stage of completion, cost incurred and estimated remaining cost.
- We reconcile management's assessment to underlying documentation and compare this with previous quarters.
- We reconcile financial information between reports and systems and recalculate calculations.

In these reviews we use our knowledge about Saab and how similar long term contracts have been treated to discuss and ask questions and challenge management's estimates and judgements. We also assess consistent application of accounting principles between contracts with similar circumstances. In this we also test items reported as work in progress. We test them from both quantitative and qualitative aspects and assess whether they are accounted for under Saab's accounting policies.

Contracts for Gripen E Sweden, Gripen NG Brazil and Air born surveillance United Arab Emirates have been of specific interest in our audit.

For specific contracts, we have from time to time observations related to both amounts and judgement that we report to management and the audit committee. The projects complexity and judgments involved mean that the amounts recognized by nature is affected by uncertainty where future outcome can deviate significantly from management's judgments.

## OTHER INFORMATION THAN THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1 to 37 and 145 to 148 as well as the statutory sustainability report on page 54 to 69. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without preju-

dice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

## AUDITOR'S RESPONSIBILITY

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: [www.revisorsinspektionen.se/revisornsansvar](http://www.revisorsinspektionen.se/revisornsansvar). This description is part of the auditor's report.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

### Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Saab AB (publ) for the year 2019 and the proposed appropriations of the company's profit or loss. We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

### Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

## Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfil the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

### Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the

company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: [www.revisorsinspektionen.se/revisornsansvar](http://www.revisorsinspektionen.se/revisornsansvar). This description is part of the auditor's report.

#### **The auditor's examination of the corporate governance statement**

The Board of Directors is responsible for that the corporate governance statement on pages 72 to 81 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an

audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

#### **The auditor's opinion regarding the statutory sustainability report**

The Board of Directors is responsible for the statutory sustainability report on pages 54 to 69, and that it is prepared in accordance with the Annual Accounts Act.

Our examination has been conducted in accordance with FAR:s auditing standard RevR

12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion. A statutory sustainability report has been prepared.

PricewaterhouseCoopers AB, Stockholm, was appointed auditor of Saab AB (publ)'s by the general meeting of the shareholders on the 11 April 2019 and has been the company's auditor since the 7 April 2011.

Stockholm 27 February 2020  
PricewaterhouseCoopers AB

Bo Hjalmarsson  
Authorized public accountant

## Auditor's Limited Assurance Report on Greenhouse Gas Emissions

### **TO SAAB AB (PUBL), CORPORATE IDENTITY NUMBER 556036-0793**

#### **Introduction**

We have been engaged by Saab AB (publ) to undertake a limited assurance engagement of Saab's greenhouse gas (GHG) emissions for the year 2019, as disclosed on page 61 of the Annual Report 2019, more specifically in the diagrams "GHG emissions by source", "GHG emissions relative to Saab's climate target 2030" (excluding forecasts), and "Major changes in emissions in 2019 compared to 2018".

#### **Saab's responsibility for the reporting of GHG emissions**

Saab is responsible for the preparation of the GHG emissions data in accordance with the applicable criteria, as explained on page 54. The criteria consist of relevant parts of the GRI Sustainability Reporting Standards, the Greenhouse Gas (GHG) Protocol – A Corporate Accounting and Reporting Standard, and the accounting and calculation principles that the company has developed. This responsibility includes the internal control relevant to the reporting of GHG emissions that is free from material misstatements, whether due to fraud or error.

#### **Our independence and quality control**

We have complied with the Code of Ethics for

Professional Accountants issued by the International Ethics Standards Board for Accountants, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies ISQC 1 International Standard on Quality Control and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

#### **Our responsibility**

Our responsibility is to express a conclusion on the reported GHG emissions based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with ISAE 3410 Assurance Engagements on Greenhouse Gas Statements issued by IAASB. That standard requires that we plan and perform this engagement to obtain limited assurance about whether the GHG emissions are free from material misstatement.

The procedures performed in a limited assurance engagement are different from, and their extent is substantially less than, a reasonable assurance engagement (audit), and consequently they do not enable us to obtain

the assurance necessary to become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express an audit opinion.

Our review has, based on an assessment of materiality and risk, included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

#### **Limited assurance conclusion**

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that Saab's GHG emissions data (as specified above) is not prepared, in all material respects, in accordance with the applicable criteria.

Stockholm, February 27, 2020  
PricewaterhouseCoopers AB

Bo Hjalmarsson  
Authorized Public Accountant

Fredrik Ljungdahl  
Sustainability Expert, Member of FAR