

The nominating committee's proposal to the 2018 Annual General Meeting of shareholders in IAR Systems Group AB (publ) and reasoned statement concerning proposed Board members



The nominating committee for IAR Systems Group AB comprises Chairman Jonas Eixmann (Andra AP-fonden), Malin Björkmo (Handelsbanken Fonder), Anders Bladh (Ribbskottet AB) and Mats Larsson (Första AP-fonden).

The nominating committee presents the following proposal ahead of the Annual General Meeting (AGM) to be held on April 25, 2018:

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

The nominating committee also proposes that the principles for establishing a nominating committee remain unchanged. The proposed guidelines for appointment of the nominating committee to be resolved on by the AGM are presented in Appendix 2.

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

Stockholm, March 2018

Nominating committee for IAR Systems Group AB

Jonas Eixmann, Chairman

Malin Björkmo

Anders Bladh

Mats Larsson

Work of the nominating committee

In accordance with the guidelines adopted by the 2017 AGM, the nominating committee formed in September 2017 comprised Chairman Jonas Eixmann (Andra AP-fonden), Malin Björkmo (Handelsbanken Fonder), Anders Bladh (Ribbskottet AB) and Mats Larsson (Första AP-fonden)

As part of its work to prepare proposals ahead of the 2018 AGM, the nominating committee held four meetings during which minutes were taken and maintained ongoing contact by e-mail and telephone. The nominating committee held individual meetings and interviews with each Board member as well as a meeting with CEO Stefan Skarin for a presentation of IAR Systems. In addition, the nominating committee received information regarding the results of the Board evaluation from the Chairman of the Board.

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

As part of its work, the nominating committee also analyzed the company's Board fees in relation to similar companies in terms of industry and size. The nominating committee does not intend to propose any changes in fees to the 2018 AGM. The total remuneration to the Board amounts to SEK 870,000. The nominating committee also proposes that a remuneration pool of up to a maximum of SEK 50,000 be made available to the Board of Directors for project work carried out on behalf of the Board of Directors above and beyond normal Board work.

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

Reasoned statement concerning proposed Board members

The nominating committee proposes that the 2018 AGM re-elect Board members Maria Wasing, Lisa Kaati, Kent Sander and Stefan Skarin, and elect Helena Nordman-Knutson as a new Board member. The nominating committee also proposes that Maria Wasing be elected as Chairman of the Board.

Current Board member Jonas Mårtensson has declined re-election.

Information about current Board members is available on the company's website: www.iar.com.

Helena Nordman-Knutson, born in 1964, is a Finnish citizen with an MSc in Political Science from the University of Helsinki and an MSc in Business Administration from the Hanken School of Economics in Helsinki. Helena Nordman-Knutson is Executive Director, Corporate and Financial Communications at Hallvarsson & Halvarsson, and has extensive expertise in technology and digital development after working for 20 years as a financial analyst in the telecom and technology sectors and several years at Ericsson. Helena is currently a Board member of the Finnish company Excel Composites, Alimak Group, Rejlers and Bygga Bostäder.

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

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

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

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

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

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

Not later than September 30, 2018, the Board of Directors is to convene a meeting of the three largest shareholders or known shareholder groups in the company in terms of voting power, which in turn are entitled to appoint at least three members to the nominating committee, one from each of the largest shareholders or shareholder groups in terms of voting power. If any of the three largest shareholders or known shareholder groups waives the right to appoint a member to the nominating committee, the next-largest shareholder or known shareholder group is to be given the opportunity to appoint a member to the nominating committee. In addition, the Chairman of the Board may be appointed to the nominating committee. The CEO and other members of executive management may not serve as a member of the nominating committee.

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

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

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

The composition of the nominating committee is to be announced publicly not later than six months before the 2019 AGM.

The nominating committee is to be appointed based on known shareholdings in the company at August 31, 2018. If significant changes in ownership structure occur after the nominating committee has been appointed, the nominating committee is entitled to decide whether changes are to be made to the composition of the nominating committee. Changes in the nominating committee are to be publicized immediately.

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

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