

# A clear responsibility for the business creates confidence

## CORPORATE GOVERNANCE

The confidence of the market, the owners and the public is central to Doros continued success. This requires responsible, committed and transparent board and management work. It is therefore reassuring that during the year our company has had a well-functioning board that has constructively worked with the company's management and other employees. The board's role is becoming even more important in a global business environment with accelerating changes in both the macro climate and the specific business conditions in which Doros operates and the increased competition that we now see in some of our markets. We are well prepared for developments in the market and can quickly adapt the company to new conditions.

We are also in a period that requires significant investment in new services and products that will make life easier for the world's seniors. This places great demands on the board's ability to make informed

decisions and balance the risks and opportunities that are always associated with a commercial activity.

Just as important for Doros's credibility is our openness to the market and that we provide continuous information about our ongoing activities and the outcome of operations. This is the basis of a value-creating relationship with all our stakeholders, where both existing and new shareholders can feel confident of obtaining accurate information at the right time.

Doro AB is a Swedish public limited company listed on OMX Nasdaq Stockholm (Stockholm Stock Exchange). The company has corporate registration number 556161-9429 and has its registered office and head office in Malmö. This corporate governance report has been prepared by Doros AB's board in accordance with the Annual Reports Act and the Swedish Corporate Governance Code (the "Code") and is part of the company's formal annual report and is scrutinised by the company's auditors.

## EXTERNAL AND INTERNAL CONTROL INSTRUMENTS

Doro's corporate governance is based on Swedish legislation, mainly the Companies Act, but also the Stockholm Stock Exchange regulations, the Code and other applicable rules and regulations. In addition to these, the company is governed by its articles of association, internal instructions and policies, as well as recommendations issued by relevant organisations and authorities.

### The Swedish Corporate Governance Code

The Swedish Corporate Governance Code shall be applied by all companies listed on the Stockholm Stock Exchange. The purpose is to improve corporate governance in listed companies and to create confidence in these companies, both among the public and among those active on the capital markets. The Code is based on the "comply or explain" principle, which means that it is possible to deviate from the rules provided that the company gives an account of the selected alternative and a satisfactory explanation for the change. The Code is available on the website [www.bolagsstyrning.se](http://www.bolagsstyrning.se).

### SHAREHOLDERS

According to Euroclear Sweden AB's shareholder register as of 31 December 2019, Doros AB had 7,176 shareholders. Of the total number of shares, foreign shareholders accounted for 51.9 per cent. On 31 December 2019, the number of shares in Doros AB amounted to 24,204,568 and, on the same date, Doros's market capitalisation

amounted to SEK 1,200 million.

Doro's largest shareholder is Accendo Capital, which owns 15.5 per cent of the company's shares.

### GENERAL MEETING

The general meeting is the company's highest decision-making body. At the annual general meeting, Doros AB's board of directors and the chair of the board are elected. The company's auditors are also appointed. The annual general meeting establishes the income statement and balance sheet and the allocation of profit for the year. Other matters follow from the Swedish Companies Act. The annual general meeting shall be held within six months after the end of the financial year. Shareholders who are registered in Euroclear Sweden's share register as of the record date and have registered have the right to participate at the general meeting.

### NOMINATION COMMITTEE

The annual general meeting appoints the members of the company's nomination committee. The nomination committee's task is to nominate board members and, where applicable, auditors for election at the next annual general meeting and to propose remuneration for the work of the board and its committees. The nomination committee also proposes the chair for the annual general meeting.

The nomination committee consists of chair Mark Shay, nominated by Accendo Capital, Christoffer Häggblom, nominated by Rite Ventures and Erik Durhan, nominated by Nordea. Lennart Jacobsen, chair

of Doro AB, is adjunct to the nomination committee.

**THE BOARD OF DIRECTORS**

The board of Doro has overall responsibility for creating a value-creating and sustainable business for shareholders and other stakeholders with continuity and long-term sustainability. The board is responsible for the overall strategy of the company, ensures a well-founded decision-making process and has a good perception of how the industry and Doro's world is developing.

**Board members**

Doro AB's board consists of five members elected by the annual general meeting on 3 May 2019 and an employee board member. Lennart Jacobsen was elected chair of the board.

The five members are independent of the company and its management. Two of the board members, Henri Österlund and Josephine Salenstedt, are dependent in relation to the company's largest shareholders. Doro thus meets the 2019 requirements of the Stockholm Stock Exchange and the rules in the Swedish Corporate Governance Code regarding the independence of board members. The composition of the board and a detailed presentation of each member may be found on page 34.

**The rules of procedure for the board**

The board's rules of procedure lay down the working methods of Doro AB's board of directors. The board's rules of procedure are based on the articles of association, the

Companies Act and the code. The board has overall responsibility for the Doro group.

The board's responsibilities also include Doro's relations with the shareholders, the public, authorities and other organisations and interest groups. The board is responsible for executing decisions taken by the annual general meeting and for achieving the business objectives specified in the company's articles of association. The board's authorisation is described in the articles of association and in the Swedish Companies Act.

**The work of the board**

The board met 7 times in 2019. All members were present at all meetings except Josephine Salenstedt absent on 5 March, Henri Österlund absent on 5 August and 14 November, Mona Sahilberg absent on 8 September and Niklas Savander absent on 14 November.

CEO Carl-Johan Zetterberg Boudrie is present at all board meetings. Doro's acting CFO Ronnie Ekman attends board meetings and is the board's secretary. Other senior executives participate in board meetings as rapporteurs.

The board deals with current issues such as market situation, budget, profit and loss for the period and cost-effectiveness. All board meetings follow a pre-approved agenda. This is sent to each board member one week before each meeting, along with relevant documentation and a list of open items from the previous meeting. Board meetings normally start with a discussion

about business and the company's financial results. Quarterly reports and the annual report are reviewed and approved before publication. Other issues that have been discussed and dealt with at board meetings in 2019 are risks, policies, sustainability issues, the company's new strategy and acquisition issues. At the end of the year, the CEO presented the budget for the following year. The budget was discussed and approved. The remuneration committee's meetings are reported to the board of directors and minutes of these meetings are distributed to the board. The board also receives a monthly report on an ongoing basis.

**Evaluation of the work of the board**

Doro's chair Lennart Jacobsen is responsible for ensuring that an evaluation of the Board's work, including its committees (audit and remuneration committee), is carried out annually. An evaluation of the board's work process, competence, background, experience and composition was carried out during the autumn. The work was presented to the nomination committee and reviewed by the board so as to continuously improve the board's work.

**Remuneration of the Board**

Remuneration for board members, the chair of the board and committee work is decided annually by the annual general meeting. Proposals for fees are prepared by the company's nomination committee. Remuneration to the board during the year has been paid as follows:

- Chair Lennart Jacobsen received SEK 600,000 for the chairmanship of Doro's board of directors.
- Deputy chair Henri Österlund received SEK 350,000 for the deputy chairmanship of Doro's board of directors.
- Josephine Salenstedt, Towa Jexmark and Niklas Savander have each received a board fee of SEK 250,000.

In total, the remuneration for board and committee work amounted to SEK 1,700 (1,483) thousand, which follows the decision of the annual general meeting.

**Diversity policy on the board of directors**

As a group, the members of Doro's board shall have a composition that is characterised by the diversity and breadth of competence, experience and background of the members elected by the general meeting, taking into account the company's activities, stages of development and conditions in other respects. An even gender division shall always be sought.

**Distribution of work between the board and the CEO**

The company's board of directors appoints its CEO. The distribution of work between the board and the CEO is described in the rules of procedure for the board and in the instructions to the CEO. These documents determine that the board is responsible for the company's governance, supervision of the ongoing operations, organisation, strategies, internal control and policies. The board also decides on issues concerning

major investments, policy issues regarding governance of subsidiaries and the election of board members and managing directors of subsidiaries. The board ensures the quality of financial reporting.

In turn, the CEO is responsible for managing the company in accordance with the board's guidelines and instructions. In addition, the CEO is responsible for the budget work and the planning of the company's activities in order to achieve specific objectives. The CEO shall ensure a good control environment and that the group's risk-taking always complies with the board's instructions.

Any deviations must be reported to the board. The board also receives regular updates from the CEO in the form of monthly reports.

#### **THE AUDIT COMMITTEE**

The audit committee's responsibility is carried out as an integral part of the board meetings and their minutes. All Doro's board members are also members of the audit committee. Investigation of quarterly financial statements as of 30 September, investigation of the company's internal control and annual financial statements are reported to the audit committee. The audit's focus and scope are presented by the company's auditor.

During the year, the audit committee held two minutes meetings. All members and the company's auditor attended both meetings.

The audit committee fulfils the requirement for independence in the Swedish Corporate Governance Code.

#### **THE REMUNERATION COMMITTEE**

The board as a whole is responsible for remuneration issues and other conditions of employment for group management. The chair of the board shall approve the terms and conditions for managers who report to the CEO. In total, employment conditions are handled for seven people. The board determines the remuneration of the CEO.

The board has appointed Jonas Mårtensson and Henri Österlund to the remuneration committee. The remuneration committee prepare questions and proposals for the board. During the year, the committee held four minutes meetings, attended by both members, which have been reported to the board.

#### **AUDITOR**

The auditors follow and investigate how the company is led by its board and CEO, as well as the quality of the company's financial reporting.

The annual general meeting 2019 appointed the auditing company PricewaterhouseCoopers AB as Doro AB's auditors for a period of one year, with Magnus Willfors as chief auditor.

For the past three years, fees for audit work in the Doro group amounted to SEK 2.9 million (2019), SEK 1.6 million (2018) and SEK 1.6 million (2017) for each year.

#### **PRESIDENT AND CEO AND GROUP MANAGEMENT**

Doro's group management consists of Doro's President and CEO and six other managers. Group management is made up of five men and two women. Robert

Puskalic was CEO from 1 February 2017 until 13 May 2019. Carl-Johan Zetterberg Boudrie took over as CEO on 13 May 2019. The composition of group management and a detailed presentation of the President and CEO and the respective managers may be found on page 35.

#### **Remuneration to group management**

The annual general meeting on 3 May 2019 decided on guidelines for remuneration to the CEO and other senior executives for the financial year 2019. The total remuneration shall be reviewed annually to ensure that it is market-based and competitive.

When comparing, account shall be taken of the position, the size of the company, salary and the person's experience. In addition to a fixed base salary, management may also receive variable cash remuneration (including any bonuses), which shall have a predetermined ceiling and be based on results achieved in relation to the company's established performance targets (and in some cases other key figures).

The company's present CEO received a salary of SEK 1,685 thousand for his work during May to December 2019. Variable remuneration of SEK 986 thousand has been paid for 2019. In accordance with the employment contracts in force, the CEO and the company have a mutual period of notice of twelve months. During the period of notice, the CEO is entitled to full salary and other employment benefits. In 2019, the company's former CEO received a salary of SEK 5,271 thousand, which includes severance pay of SEK 3,700 thousand. Variable remuneration of SEK 1,498 thousand

has been paid. Salaries to the seven other members of group management amounted to SEK 7,597 thousand. Variable remuneration of SEK 1,477 thousand has been paid for 2019. All members of the group management team, including the CEO, are offered a benefit in the form of a company car if desired. The company's other senior executives have a notice period of six months.

#### **GOVERNANCE OF SUBSIDIARIES**

The 17 subsidiaries are controlled and supervised by their own boards in each country, which mainly consist of representatives of Doro AB in Sweden. Doro AB's President and CEO or CFO is chair of each subsidiary. The subsidiaries report to Doro AB's board of directors at all meetings. The reports contain information on the respective company's development and financial position.

# The board's report on internal control

**THE BOARD'S REPORT ON INTERNAL CONTROL FOR THE FINANCIAL YEAR 2019**  
The board shall, according to the Swedish Corporate Governance Code, ensure that the company has good internal control and is continuously kept informed, as well as evaluating how the company's internal control system is functioning. The board shall also report on the organisation of internal controls relating to financial reporting and, if there is no internal audit, evaluate the need for such a function and justify its decision.

## CONTROL ENVIRONMENT

In order to create and maintain a functioning control environment, the board has established a number of basic documents relevant to financial reporting, including in particular the board's rules of procedure and instructions to the CEO and committees. There is a precise instruction to the CEO that is reviewed annually and approved by the board. It is primarily the responsibility of the CEO to maintain the control environment directed by the board in day-to-day work. The CEO regularly reports to the board according to established procedures. In addition to this, there is reporting from the company's auditors. The internal control structure is also

based on a management system based on the company's organisation and way of running the business, with clearly defined roles and responsibilities and delegation of authority. Governing documents, such as policies and guidelines, also play an important role in the control structure.

## RISK ASSESSMENT

Risk and risk management in Doro's operations is described in more detail in the section Risk management on pages 28-29. The specific financial risks are described in more detail in Note 23. Doro carries out an ongoing risk assessment to identify significant risks that could lead to errors in financial reporting. Risk management is built into each process and different methods are used to evaluate and limit risks and to ensure that the risks to which Doro is exposed are managed in accordance with established regulations, instructions and follow-up procedures. The purpose of this is to reduce any risks and promote correct accounting, reporting and information disclosure.

## CONTROL ACTIVITIES

Control activities are intended to manage the risks that the board of directors and the company's management deem impor-

tant for the business, internal control and financial reporting.

The control structure consists of, among other things, clear roles within the organisation that enable an effective division of responsibility for specific control activities, the purpose of which is timely detection and prevention of the risk of errors in reporting. Examples of such control activities are a clear decision-making procedure and clear decision-making processes for major decisions, such as acquisitions, other types of major investments, divestments, contracts and analysis.

An important task for Doro's group functions is to implement, further develop and maintain the group's control routines and to perform internal control focused on business-critical issues. Process controllers at different levels are responsible for the performance of the necessary controls on financial reporting. The year-end and reporting processes include controls on valuation, accounting principles and estimates.

The continuous analysis carried out on financial reporting, together with the analysis performed at group level, is very important in order to ensure that financial reporting does not contain any material inaccuracies.

## INFORMATION AND COMMUNICATION

Doro's board receives on a monthly basis financial reports regarding the group's position and profit development. The board discusses all quarterly financial statements as well as annual reports before they are published externally and monitors the review of internal control and financial

statements that is made.

Regular updates and notifications inform the relevant employees about changes in accounting principles, changes in reporting requirements or other information.

The organisation has access to policies and guidelines. The board receives monthly financial reports.

The external information and communication is governed by, among other things, the company's information policy, which describes Doro's general principles for information disclosure.

## FOLLOW-UP

Doro's compliance with adopted policies and guidelines is followed up by the board and executive management. The company's financial situation is discussed at every board meeting.

Before publication of interim reports and the annual report, the board and management review the financial reporting.

Doro's management performs a monthly follow-up on financial results, with analysis of deviations from budget, forecasts and the previous year. It is also part of the external auditors' task every year to review internal control at the group's subsidiaries. The board meets with the auditors twice a year, partly to go through internal control and partly to give the auditors the task of carrying out special audits aimed at any area.

In view of this combined background, the board of directors has not considered it necessary to establish a separate internal audit.

Malmö, March 2020  
Board of Directors of Doro AB