

# Corporate governance report

This report describes Doro's corporate governance principles. 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 the Board of Directors of Doro AB in accordance with the Swedish Annual Accounts Act and the Swedish Corporate Governance Code (the "Code") and forms part of the Company's formal annual report and is reviewed 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.

## SHAREHOLDERS

According to Euroclear Sweden AB's shareholder register as of 31 December 2021, Doro AB had 5,560 shareholders. Of the total number of shares, foreign shareholders accounted for 60.1 percent. The number of shares in Doro AB as at 31 December 2021 was 24,532,500 and on the same date Doro's market capitalisation was SEK 752 million. Doro's largest shareholder is Accendo capital (RBCB LUX UCITS EX-MIG) who owns 17.2 percent of the company's shares.

## GENERAL MEETING

The general meeting is the company's highest decision-making body. At the annual general meeting, Doro 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.

## Extraordinary General Meeting on the distribution of all shares in Careium AB (publ)

On 22 November 2021, an Extraordinary General Meeting was held to resolve on the distribution of all shares in Careium AB (publ). It was subsequently decided that the Board of Directors shall consist of three members elected by the General Meeting. Fees for the Board of Directors were determined in accordance with the resolution at Doro's Annual General Meeting 2021. The Extraordinary General Meeting sub-

sequently elected a new Board of Directors (see below, Board members).

## NOMINATION COMMITTEE

The nomination committee's tasks consist of:

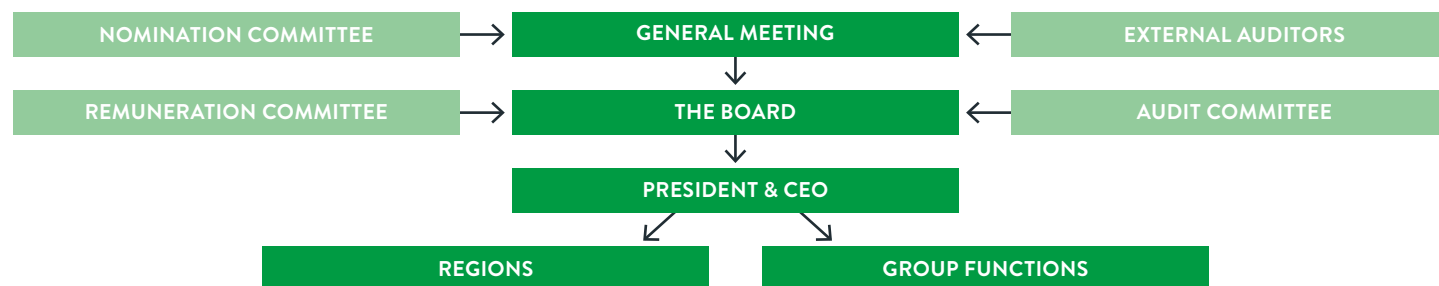
- Evaluating the composition and work of the Board
- Submitting proposals to the meeting regarding the election of the Board and the chair of the Board
- Submitting proposals, where applicable, for the selection of auditors
- Proposing remuneration for work within the Board and its committees
- Submitting proposals regarding the chair of the meeting.

For the 2022 Annual General Meeting, the Nomination Committee consists of Chair Mark Shay (Accendo Capital), Peter Lindell (Rite Ventures) and Erik Durhan (Nordea Fonder) and Lennart Jacobsen, Chair of Doro AB (until November 2021), who has been co-opted to the Nomination Committee.

## THE BOARD

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

Until the Extraordinary General Meeting in November 2021, Doro AB's Board of Directors consisted of six members elected by the Annual General Meeting on 29 April 2021 and one employee member. Lennart Jacobsen was elected chair of the Board. The six members were independent of the company and its management. Two of the Board members, Henri Österlund and Josephine Salenstedt, were dependent on the company's largest shareholder. At the 2021 AGM, Josephine Salenstedt declined re-election. Victor Saeijs, independent of the company's largest shareholders, was elected. Doro thus meets the 2021 requirements of the Stockholm Stock Exchange and the rules in the Swedish Corporate Governance Code regarding the independence of Board members.

A new Board of Directors was elected at the Extraordinary General Meeting in November 2021. The meeting decided to re-elect Henri Österlund, Juha Mört and

Victor Saeijs as members of the Board of Directors for the period until the end of the next Annual General Meeting. The meeting also decided to re-elect Henri Österlund as Chair of the Board.

Lennart Jacobsen, Cecilia Ardström and Towa Jexmark, who were elected by the Annual General Meeting, and Mona Sahlberg, the employee representative, will resign as members of the Board. The trade union Akademikerna decided to appoint Fredrik Löthgren as new employee representative.

The composition of the Board and a detailed presentation of each member can be found on page 38.

#### 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 share-

holders, 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 22 times in 2021. CEO Jörgen Nilsson (until November 2021, Carl-Johan Zetterberg Boudrie) is present at all Board meetings. Doro's CFO Isabelle Senges (until June 2021, Linda Nilsson) attends the Board meetings and acts as secretary to the Board.

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 of the deal and the company's financial performance. 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 2021 are risks, policies, sustainability issues, the company's strategy, restructuring and reorganisation, as well as acquisition issues.

The remuneration and Audit Committees' meetings are reported to the Board of Directors and minutes of these meetings

are distributed to the Board. The Board also receives regular monthly reports.

#### Evaluation of the work of the Board

Doro's Chair Henri Österlund is responsible for ensuring that an evaluation of the work of the Board, including its committees, is carried out. The evaluation is conducted annually together with an independent party.

#### Remuneration of the Board

Remuneration for Board members, the chair of the Board and for committee work is decided annually by the annual general meeting. A proposal for remuneration is being prepared by the company's Nomination Committee.

The 2021 Annual General Meeting and the Extraordinary General Meeting in November 2021 set the remuneration of the Board of Directors as follows:

Fees to the Board of Directors shall amount to SEK 600,000 to the Chair of the Board, SEK 350,000 to the Deputy Chair and SEK 250,000 each to the other members elected by the Annual General Meeting who are not employees of Doro. In addition, it was resolved that remuneration to the Audit Committee and the Remuneration Committee shall amount to SEK 80,000 to the Chair of the Audit Committee, SEK 40,000 to members of the Audit Committee, SEK 60,000 to the Chair of the Remuneration Committee and SEK 30,000 to members of the Remuneration Committee.

Total remuneration for Board and committee work amounted to SEK 2,070 thousand (2,050), in line with the decision of the Annual General Meeting.

Name	Board meetings	Audit committee	Remuneration committee
<b>Number of meetings in 2021</b>	<b>22</b>	<b>6</b>	<b>3</b>
Lennart Jacobsen	18	6	3
Henri Österlund	22		3
Josephine Salenstedt	6		
Towa Jexmark	16		
Juha Mört	21		
Cecilia Ardström	17	6	
Victor Saeijs	20		
Mona Sahlberg	17		
Fredrik Löthgren	3		

One board member, Henri Österlund, was dependent on the Company's largest shareholder.

**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 establish that the Board of Directors is responsible for the company's governance, supervision of day-to-day operations, organisation, strategies, internal control and policies. The Board also decides on issues concerning major investments, policy issues regarding governance of subsidiaries, as well as 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 Board of Directors has appointed an Audit Committee consisting of Henri Österlund, Chair and Juha Mört, Member after the Extraordinary General Meeting in November 2021, prior to which the Audit Committee consisted of Cecilia Ardström, Chair and Lennart Jacobsen, member. The Audit Committee is responsible for the preparation of questions and supporting documentation for the Board, as well as quality-assuring the company's financial reporting.

The audit of the quarterly financial statements as at 30 September, the audit of the company's internal control and the audit of the annual financial statements are reported to the Audit Committee. The focus and scope of the audit is presented by the company's auditor. During the year, the Audit Committee held 6 minutes meetings, which were reported to the Board. The Company's auditor attended all of these meetings. The Audit Committee fulfils the requirement for independence in the Swedish Corporate Governance Code.

**THE REMUNERATION COMMITTEE**

The Board of Directors has appointed a Remuneration Committee comprising Henri Österlund, Chair, Victor Saeijs, member (before the Extraordinary General Meeting in November 2021, the Committee consisted of Henri Österlund, Chair, Lennart Jacobsen, member). The Remuneration Committee prepares questions and supporting documentation for the Board. The Committee has held 3 minutes

meetings during the year, which have been reported to the Board. The Board as a whole decides on remuneration issues and other conditions of employment for group management.

The Chair of the Board shall approve the terms and conditions of managers reporting to the Chief Executive. The Board of Directors shall determine the remuneration of the CEO.

**AUDITOR**

The auditors monitor and review the management of the company by its Board of Directors and Chief Executive Officer and the quality of the company's financial reporting. The Annual General Meeting 2021 appointed the auditing firm PricewaterhouseCoopers AB as Doro AB's auditors for a period of one year. In the last three years, fees for audit work within the Doro Group have amounted to SEK 4.5 million (2021), SEK 2.6 million (2020) and SEK 2.9 million (2019) for each year.

**CHAIR AND CEO AND GROUP MANAGEMENT**

Doro's Group Management consists of Doro's Chair and CEO and twelve other executives. The composition of group management and a detailed presentation of the Chair and CEO and the respective managers may be found on page 39.

**Remuneration to group management**

The annual general meeting on 29 April 2021 decided on guidelines for remuneration to the CEO and other senior executives for the 2021 financial year. The total remuneration shall be reviewed annually to ensure that it is market-based and

competitive. The remuneration to senior executives and employees within Doro Group must reflect the individual's performance, behaviour and responsibilities, both in the short and the long term. When assessing the performance of the CEO and the group management, in relation to a number of predetermined, well-defined goals (individual, departmental and team-related), Doro applies a structured process in order to assess performance accurately. In addition to fixed basic salary, members of the management team can also receive variable cash remuneration, which must have a predetermined ceiling and be based on measurable targets (qualitative, quantitative, general and individual). Terms and conditions for variable salary must be designed in such a way that the Board of Directors has the potential to limit or refuse to pay variable salary if such a measure is deemed reasonable. Such remuneration must not exceed an amount corresponding to 30 percent of the fixed annual salary, and must not be paid more than once per year per individual for a member of the group management, with the exception of the CEO, who may receive up to 50 percent.

Decisions regarding such remuneration must be made by the Board of Directors following a proposal by the Remuneration Committee.

The Company's current CEO received a salary and remuneration of SEK 215 thousand for his work in December. Variable remuneration has been paid for 2021 of SEK 31 thousand. In accordance with the employment contract 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 2021, the company's former CEO has received salary and remuneration of SEK 4,903 thousand. Variable remuneration has been paid for 2021 of SEK 1,271 thousand. Salaries and remuneration to other members of Group Management amounted to SEK 9,909 thousand. Variable remuneration has been paid for 2021 in the amount of SEK 1,054 thousand. The company's other senior executives have a notice period of six months.

#### GOVERNANCE OF SUBSIDIARIES

The 8 subsidiaries are governed and supervised by their own boards in each country, mainly consisting of representatives of Doro AB in Sweden. Either Doro AB's Chair, Group CEO or CFO is the Chair of the Board of each subsidiary. The subsidiaries report to Doro AB's Board of Directors at all meetings. The reports contain information on the performance and financial position of each company.

#### THE BOARD'S REPORT ON INTERNAL CONTROL FOR THE 2021 FINANCIAL YEAR

According to the Swedish Code of Corporate Governance, the Board of Directors must ensure that the company has good internal control and continuously keep itself informed about and evaluate how the company's system of internal control is functioning. Furthermore, the Board shall report on how the internal control over financial reporting is organised and, if there is no internal audit function, evaluate the need for such a function and give reasons for its position.

#### CONTROL ENVIRONMENT

In order to create and maintain an effective control environment, the Board has established a number of basic documents relevant to financial reporting, including in particular the Rules of Procedure of the Board and the Instructions to the CEO and the 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 are described in more detail in the Risk Management section on pages 32–33. The specific financial risks are described in more detail in note 23. Doro continually carries out risk assessments to identify significant risks. Risk management is embedded in each process and various methods are used to assess and mitigate risks and to ensure that the risks to which Doro is exposed are managed in accordance with established regulations, instructions and monitoring procedures.

The purpose of this is to reduce any risks

and promote correct accounting, reporting and information disclosure.

#### CONTROL ACTIVITIES

Control activities are designed to manage the risks that the Board and the Company's management deem to be material to 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 of Directors receives monthly financial reports on the Group's position

and performance. 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. External information and communication is governed, among other things, by the company's information policy, which describes Doro's general principles for providing information.

#### 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 of financial results, with analysis of deviations from the budget, forecasts and the previous year. It is also part of the external auditors' task to review annually the internal control of 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, April 2022

Board of Directors of Doro AB