

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 Doro AB's board in accordance with the Annual Accounts 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.

SHAREHOLDERS

According to Euroclear Sweden AB's shareholder register as of December 31, 2020, Doro AB had 6,267 shareholders. Of the total number of shares, foreign shareholders accounted for 52.5 per cent. On December 31, 2020, the number of shares in Doro AB amounted to 24,204,568 and, on the same date, Doro's market capitalisation amounted to SEK 1,121 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, Doro AB's board of direc-

tors 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 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.

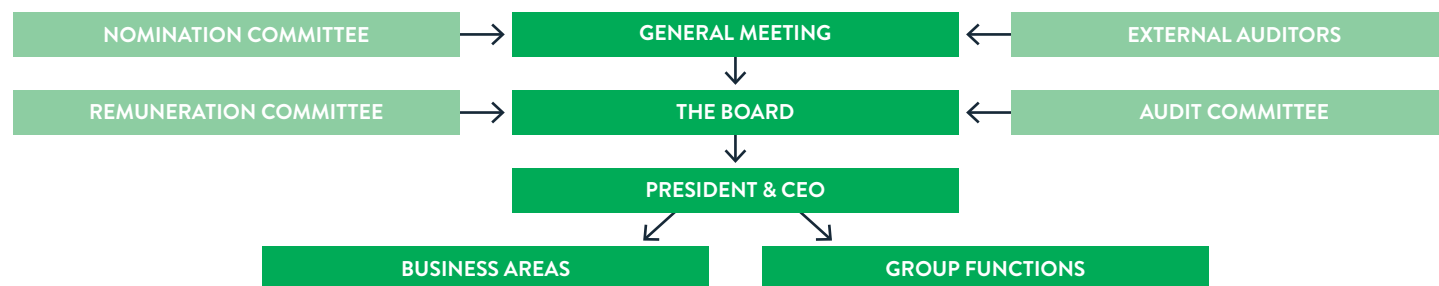
Prior to the 2021 annual general meeting, the nomination committee is made up of the chair, Mark Shay (Accendo Capital), Christoffer Häggblom (Rite Ventures) and Erik Durhan (Nordea Fonder), as well as Lennart Jacobsen, chair of the board of Doro AB, who has been co-opted to the nomination committee.

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 six members elected by the annual general meeting on 24 April 2020 and employee representative. Lennart Jacobsen was elected chair of the board. The six members are independent of the company and its manage-



ment. Two of the board members, Henri Österlund and Josephine Salenstedt, are dependent in relation to the company's largest shareholders. Doro thus meets the 2020 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 47.

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 deci-

sions 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 14 times in 2020. CEO Carl-Johan Zetterberg Boudrie is present at all board meetings. Doro's CFO Linda Nilsson attends the 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 2020 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 monthly reports 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, is carried out. The evaluation is carried out annually together with an independent party.

Remuneration for the board

Remuneration for board members, the chair of the board and for 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 670,000 for the chairmanship of Doro's board of directors.
- Deputy chair Henri Österlund received SEK 410,000 for the deputy chairmanship of Doro's board of directors.

- Josephine Salenstedt and Towa Jexmark have each received a board fee of SEK 250,000.
- Juha Mört and Cecilia Ardström have each received a board fee of SEK 167,000 resp. SEK 220,000.
- Niklas Savander who left the board at the annual general meeting, April 24 2020, received a board fee of SEK 83,333.

In total, the remuneration for the board and committee work amounted to SEK 2,050 thousand (1,683), 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

Name	Board meetings	Audit committee	Remuneration committee
Number of meetings in 2020	14	3	4
Lennart Jacobsen	14	3	4
Henri Österlund	14		4
Josephine Salenstedt	12		
Towa Jexmark	13		
Juha Mört	10		
Cecilia Ardström	9	3	
Niklas Savander	4		
Mona Sahlberg	14		

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 has appointed an audit committee consisting 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. Investigation of quarterly financial statements as of 30 September, investigation of the company's internal control and audit of annual financial statements are reported to the audit committee. The audit's focus and scope are presented by the company's auditor. The audit committee has held three minuted meetings during the year, which have been 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 its own remuneration committee, made up of Henri Österlund, chair, and Lennart Jacobsen, member. The remuneration committee prepares questions and supporting documentation for the Board. The committee has held four minuted 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 must approve the terms and conditions for managers who report to the CEO. The board determines the remuneration for the CEO.

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 2020 annual general meeting 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 have amounted to SEK 2.6 million (2020), SEK 2.9 million (2019) and SEK 1.6 million (2018) for each year.

PRESIDENT, CEO AND GROUP MANAGEMENT

Doro's group management consists of Doro's President and CEO and five other managers. The composition of group management and a detailed presentation of the President and CEO and the respective managers may be found on page 48.

Remuneration to group management

The annual general meeting on 24 April 2020 decided on guidelines for remuneration to the CEO and other senior executives for the 2020 financial year. The total remuneration will 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 per cent 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 per cent. Decisions regarding such remuneration must be made by the board of directors following a proposal by the remuneration committee. The company's present CEO received a salary of SEK 4,377 thousand for his work during 2020. Variable remuneration of SEK 722 thousand has been paid for 2020. 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. Salaries to the other members of the group management amounted to SEK 9,443 thousand. Variable remuneration of SEK 971 thousand has been paid for 2020. 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 18 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 FOR THE 2020 FINANCIAL YEAR

The board must, according to the Swedish Corporate Governance Code, ensure that the company has good internal control, and must continuously keep itself informed about as well as evaluate how the company's internal control system is functioning. The board will 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 are described in more detail in the section Risk management on pages 40-42. 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 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 significant 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 financial reports regarding the group's position and profit development on a monthly basis. 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 external information and communication are governed, for example, by 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 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 internal control at the group's subsidiaries every year. 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 2021

Board of Directors of Doro AB