

# CLEAR RESPONSIBILITY FOR OPERATIONS CREATES CONFIDENCE

Essential to Doro's continued success is having the confidence of the market, shareholders and the public. To achieve this, the Board of Directors and the management must work in a way that is responsible, transparent and committed. It is thus reassuring that over the year our Company has had an effective Board of Directors that has worked constructively with the Company's management and other employees. The role of the Board is becoming increasingly important in a global business environment where change occurs ever more rapidly – not only in terms of the macroeconomic climate and the specific business conditions in which Doro operates, but also the increased competition that we are now seeing in some of our markets. We are well prepared to face market developments and can adapt the Company quickly to new circumstances.

We are also seeing a period of significant investment in new products and services that make life easier for the world's seniors. This makes great demands of the Board's ability to take well-founded decisions and to balance the risks and opportunities that are always associated with a commercial enterprise.

Just as important for Doro's credibility is our openness to the market and the fact that we continually provide information about our ongoing measures and business results. This forms the basis of a value-adding relationship with all our stakeholders in which both existing and new shareholders can feel sure that they will receive accurate information at the right time.

Doro AB is a Swedish public limited company listed on OMX Nasdaq Stockholm ("the Stockholm stock exchange"). Doro's corporate governance is based on Swedish legislation, primarily Sweden's Companies Act, but also on the Stockholm stock exchange's rule book

for issuers, the Swedish Corporate Governance Code ("the Code") and other applicable rules. In addition to these, the Company is governed in accordance with its articles of association, internal instructions and policies, and recommendations issued by relevant organisations. 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 Code. The report forms part of the formal Annual Report.

## SHAREHOLDERS

According to Euroclear Sweden AB's register of shareholders, as of 31 December 2015 Doro AB had 7,405 shareholders. Foreign investors accounted for 48.7 percent of the total number of shares. The number of shares in Doro AB as of 31 December 2015 amounted to SEK 23,238,255 and on the same date Doro's market capitalisation was SEK 1,440.8 million.

Doro's largest shareholder is AIF Clients, which owns 7.7 percent of the Company's shares.

## SWEDISH CORPORATE GOVERNANCE CODE

The Swedish Corporate Governance Code is to be applied to all companies that are listed on the Stockholm stock exchange. The aim is to improve corporate governance in listed companies and to create confidence in these companies, both among the general public and among players in the capital market. The Code is based on the principle of "comply or explain", which means that companies may deviate from the rules provided they give a satisfactory explanation for the deviation and describe the chosen alternative. The Code is available on the website [www.corporategovernanceboard.se](http://www.corporategovernanceboard.se).

## ANNUAL GENERAL MEETING

The Annual General Meeting is the Company's highest decision-making body. The Board of Directors and Chairman of the Board of Doro AB are elected at the Annual General Meeting. The Company's auditors are also appointed. The Annual General Meeting approves the income statement and balance sheet, and the appropriation of the profit or loss for the year. The other matters to be dealt with are laid down in the Swedish Companies Act. The Annual General Meeting is to be held within six months of the end of the financial year. Shareholders who are registered in Euroclear Sweden's register of shareholders on the record day and have notified their intention to attend are entitled to participate in the general meeting.

## NOMINATION COMMITTEE

The Annual General Meeting appoints the members of the Company's Nomination Committee. The tasks of the Nomination Committee are to nominate Board members and, where relevant, auditors for election at the next Annual General Meeting, and to propose to the Annual General Meeting remuneration for work on the Board and its committees. The Nomination Committee also proposes a chairman for the Annual General Meeting.

The Nomination Committee consists of Helmut Schweiger; Bengt Belfrage, nominated by Nordea Fonder AB; Mark Shay, nominated by Accendo Capital and Bo Kastensson (Chairman of the Board of Doro AB).

## BOARD OF DIRECTORS

Doro AB's Board of Directors consists of the Company's CEO along with six other members, all elected by the Annual General Meeting held on 27 April 2015. A more detailed presentation of each member can be found on

page 25. The Company's CFO Magnus Eriksson is co-opted onto the Board as secretary. Other senior executives participate in Board meetings by presenting information.

## BOARD MEETINGS

The Board met eleven times in 2015. Six meetings were held in Stockholm, two on the Company's premises in Lund and one off-site. In addition, two meetings were held by telephone. All members were present at all the meetings. The Company's CFO and the Board secretary were present at all the meetings.

The Board deals with matters arising such as the market situation, budget, results for the period and cost efficiency. All the Board meetings follow an agenda approved in advance. This is sent out to each Board member a week in advance of the meeting, along with relevant documentation and a list of matters outstanding from the previous meeting. The meetings of the Remuneration Committee and Audit Committee are reported back to the Board and minutes of these meetings are distributed to the Board.

Each month the previous month's results are also sent out with comments.

## THE BOARD'S RULES OF PROCEDURE

The Board's rules of procedure lay down the form that work of the Board of Doro AB is to take. The Board's rules of procedure are based on the articles of association, the Companies Act and the Code. The Board has an overall responsibility for the Doro Group.

The Board's responsibility also includes Doro's relations with shareholders, the public, authorities and other organisations and stakeholders. The Board is responsible for executing decisions made by the Annual

General Meeting and for achieving the business objectives set out in the articles of association. The Board's mandate is described in the articles of association and in the Companies Act.

### **DISTRIBUTION OF DUTIES BETWEEN THE BOARD OF DIRECTORS AND THE CEO**

The Company's Board appoints its Chief Executive Officer. The distribution of duties between the Board of Directors and the CEO is described in the Board's rules of procedure and in the instructions for the CEO. These documents establish that the Board is responsible for the Company's governance, supervision, organisation, strategies, internal control and policies. In addition, the Board decides on matters concerning major investments, matters of principle relating to the governance of subsidiaries and on the election of board members and managing directors of subsidiaries.

The Board ensures the quality of the financial reporting. The CEO is in turn responsible for the Company being managed in accordance with the Board's guidelines and instructions. In addition, the CEO is responsible for budget work and the planning of the Company's operations 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 via monthly reports.

### **REMUNERATION COMMITTEE**

The Board as a whole is responsible for remuneration matters and other terms of employment for the Group management and five other key employees. The Chairman of the Board is to approve the terms for managers who report to the CEO. In total, the terms of employment for twelve people are dealt with (11 in 2014).

The Board fees are decided annually by the Annual General Meeting.

Proposals for fees are prepared in the Company's Nomination Committee.

The Board then sets the remuneration to the CEO. The Board has appointed Jonas Mårtensson and Henri Österlund to the Remuneration Committee from among its members. The Committee met for the first time on 8 May 2015 to determine the remuneration principles for 2015, including the packages to Group management team. Both members were present at the meeting. A second meeting was held on 9 December

2015 to discuss current pay levels, bonus schemes and the remuneration principles for 2015; both members also attended this meeting. The minutes of these meetings were presented at the subsequent Board meetings.

### **REMUNERATION**

The total fees to the members of the Board amounted to SEK 1,100,000 in accordance with the decision by the Annual General Meeting. Of this amount, the fees to the Chairman of the Board amounted to SEK 350,000 and to other Board members SEK 150,000. The Company's CEO received no Board fee.

The Company's CEO received a salary of SEK 4,164,000 for his work in 2015. Variable remuneration to the CEO amounted to SEK 820,000 for 2015. Salaries to the other six members of the Group management amounted to SEK 8,004,000. These six members were paid variable remuneration of SEK 582,000 for the 2015 financial year. All employed members of the Group management including the CEO receive employment benefits in the form of a company car. The Annual General Meeting held on 27 April 2015 adopted guidelines for remuneration of senior executives for the 2015 financial year.

Under his current employment contract, the CEO and the Company have a reciprocal notice period of 12 months. The CEO is entitled to full salary and other employment benefits during the notice period. Other senior executives have a notice period of three to nine months.

### **GOVERNANCE OF SUBSIDIARIES**

The fifteen subsidiaries are governed and supervised by their own boards of directors in the country concerned, primarily consisting of representatives of Doro AB in Sweden. Doro AB's President and CEO is the chairman of the board of each subsidiary with the exception of Doro SAS in France, where Bo Kastensson is chairman. The subsidiaries report to the Board of Doro AB whenever they meet. The reports contain information on each company's development and financial position.

### **STEERING GROUP FINANCE**

The Steering Group Finance consists of the Chairman of the Board Bo Kastensson and the Board members Jonas Mårtensson and Henri Österlund along with the Company's CEO Jérôme Arnaud and CFO Magnus Eriksson. The Committee's primary task is to prepare quarterly reports and decision-making documentation for acquisitions and the Group's financing.

### **CONTROL AND AUDITING**

The Board of Directors has ultimate responsibility for ensuring that the Company has a satisfactory structure for internal control and the preparation of reliable financial reports. It is the responsibility of the Board and the Group management to monitor and identify commercial risks and to govern the Company in such a way that it is able to manage the main risks.

The auditors monitor and review how the Company is being managed by its Board of Directors and CEO, and the quality of the Company's financial reporting.

The 2015 Annual General Meeting appointed Ernst & Young as Doro's auditor for a period of one year, with Stefan Engdahl as chief auditor.

In the past three years the fees for audit work within the Doro Group amounted to SEK 2.1m (2015), SEK 1.2m (2014) and SEK 1.3m (2013) respectively.

### **AUDIT COMMITTEE**

The responsibilities of the Audit Committee are performed by the Steering Group Finance as an integrated part of both the board meeting and minutes of these meetings. The auditor is scheduled to participate the meetings twice a year.

The focus and scope of the audit is presented by the Company's auditor. An audit is performed based on the quarterly close as of 30 September, the result of which is reported at a meeting with the Audit Committee.

All members attended all the meetings, along with the auditor Stefan Engdahl. The Audit Committee satisfies the independence requirement in the Swedish Corporate Governance Code.

The Committee's primary task is to support the Board in its work on auditing and internal control, accounting and financial reporting. In 2015 the work focused mainly on follow-up of the 2014 audit and on more detailed review of the period January–September 2015, known as the hard close.

### **INTERNAL CONTROL**

An important part of the control environment is that the organisation, decision-making structures, responsibilities and authority levels are clearly defined and communicated in the Company's steering documents. More information on the Company's internal control can be found in the directors' report on page 24.

The Group controller is responsible for raising certain matters with the CFO. In view of the limited size of the finance department, there is judged to be no need for a separate internal audit function.

# INTERNAL CONTROL

## THE BOARD'S REPORT ON INTERNAL CONTROL FOR THE 2015 FINANCIAL YEAR

According to Swedish Corporate Governance Code, the Board shall ensure that the Company has sound internal control and shall constantly be kept informed concerning, and evaluate the functioning of, the Company's system for internal control. In addition, the Board shall submit a report showing how internal control over financial reporting is organised and, if there is no internal audit function, evaluate the need for such a function and justify its position.

## CONTROL ENVIRONMENT

With a view to creating and maintaining a functioning control environment, the Board has established a number of fundamental documents of significance for financial reporting, including in particular the Board's rules of procedure and instructions for the CEO and the committees. The CEO has the primary responsibility for maintaining the control environment established by the Board in the day-to-day work of the Company. He reports regularly to the Board as part of established procedures. In addition, reports are received from the Company's auditors.

The internal control system also rests on a management system based on the Company's organisation and method of conducting operations, with clearly defined roles, areas of responsibility and delegation of powers. Steering documents such as policies and guidelines also play an important role in the control structure.

## RISK ASSESSMENT

The Group conducts ongoing risk assessment to identify material risks in respect of the financial statements. The main risk relating to the financial

statements is considered to be that of material misstatement, e.g. in bookkeeping and the measurement of assets, liabilities, income and expenses, or other discrepancies.

Fraud and losses through embezzlement are a further risk. Risk management is an integral part of each process and various methods are used to evaluate and limit risks, and to ensure that the risks to which Doro is exposed are managed according to established rules, instructions and follow-up procedures. The purpose of this is to minimise any risks and promote accurate accounting, reporting and disclosure.

## CONTROL ACTIVITIES

Control activities are in place to manage the risks that the Board and Company management consider to be material to the business, internal control and financial reporting. The control structure sets out clear roles within the organisation that enable the efficient distribution of responsibility for specific control activities aimed at the timely detection and prevention of the risk of reporting errors. Such control activities include a clear decision-making hierarchy and procedures for major decisions such as acquisitions, other types of major investments, divestments, agreements and analyses.

An important duty of Doro's staff units is to implement, develop further and maintain the Group's control procedures and conduct internal control geared to business-critical matters. Those responsible for processes at different levels are responsible for implementing the necessary controls in respect of financial reporting. The period close and reporting processes include controls relating to measurement, accounting principles and estimates.

Continual analysis of financial reporting is carried out and this, along with the analysis performed at Group level, is of great importance in ensuring that the financial statements are free from material misstatement.

The Group controller plays an important role in the internal control process, bearing responsibility for the financial reporting from each unit being accurate, complete and timely.

## INFORMATION AND COMMUNICATION

Doro works with the communications consultancy Hallvarsson & Halvarsson AB, which aims to promote completeness and accuracy in financial statements released to the stock market. Regular updates and bulletins inform the employees concerned of changes to accounting principles and reporting requirements and also provide them with other information. The organisation has access to policies and guidelines.

The Board receives monthly financial reports. External information and communication is governed by the Company's Communications Policy, among other things, which describes Doro's general disclosure principles.

## FOLLOW-UP

Doro's compliance with adopted policies and guidelines is monitored by the Board and management team. The Company's financial position is discussed at each Board meeting. The Board's Remuneration Committee and Steering Group Finance play an important role in matters such as remuneration, financial reporting and internal control.

Before publication of interim reports and the Annual Report the Board and management review the financial statements.

Doro's management conducts monthly follow-up of earnings, analysing deviations from budget, forecasts and the previous year. The duties of the external auditor include performing an annual review of the internal controls implemented by Group subsidiaries.

The Board meets with the auditors twice a year to discuss internal control and, in specific cases, to instruct the auditors to perform separate reviews focusing on specific areas. In light of this, the Board has not found it necessary to establish a separate internal audit function.

Lund, 11 April 2016  
The Board of Doro AB

# BOARD OF DIRECTORS



## BO KASTENSSON

**Primary occupation:** CEO Kastensson Holding AB

**Education:** Bachelor of Arts, Lund University

**Year of election:** 2006, Chairman since 2007

**Year of birth:** 1951

**Nationality:** Swedish

**Other assignments:** Industrial Adisor, EQT, Chairman of the Board: Pricer AB (publ.), Coromatic Group AB, Axema Access Control AB

**Dependence:** Company: No  
Owners: No

**Previous assignments:** Formerly CEO of Bewator Group, Incentive Development, held various positions in the Axel Johnson Group

**Own and related parties shareholdings, 2015:** 335,000 shares (through companies)

**Own and related parties shareholdings, 2014:** 285,000 shares (through companies)

**Board attendance:** 11/11

**Attendance:**  
– Steering Group Finance: 2/2

**Board remuneration:** 350,000



## CHARLOTTA FALVIN

**Primary occupation:**

**Education:** MBA, Lund University

**Year of election:** 2011

**Year of birth:** 1966

**Nationality:** Swedish

**Other assignments:** Chairman of the Board: Ideon AB, Lund Business Incubator AB  
Board member: Sydsvenska Industri & Handelskammaren, Fasiro AB, Invisio Communications AB, Bure Equity AB, CLX Communications AB

**Dependence:** Company: No  
Owners: No

**Previous assignments:** CEO TAT, CEO Decuma, COO Axis

**Own and related parties shareholdings, 2015:** –

**Own and related parties shareholdings, 2014:** –

**Board attendance:** 11/11

**Board remuneration:** 150,000



## KARIN MOBERG

**Primary occupation:** Founder and CEO of Friends of Adam

**Education:** MBA, Stockholm University

**Year of election:** 2009

**Year of birth:** 1963

**Nationality:** Swedish

**Other assignments:** Board member: Friends of Adam AB, Doro Care AB, SBAB

**Dependence:** Company: No  
Owners: No

**Previous assignments:** 14 years within TeliaSonera Group including Communications Director and Managing Director Telia e-bolaget  
Chairman of the Board: Caretech AB, Board member: IAR AB, AP 7

**Own and related parties shareholdings, 2015:** 5,000 shares

**Own and related parties shareholdings, 2014:** 5,000 shares

**Board attendance:** 11/11

**Board remuneration:** 150,000



## JONAS MÅRTENSSON

**Primary occupation:** Partner and board member in Alted AB

**Education:** MBA, Stockholm School of Economics

**Year of election:** 2007

**Year of birth:** 1963

**Nationality:** Swedish

**Other assignments:** Chairman of the Board: Ownpower Projects Europe AB, Board member: DistIT AB, Alcadon Holding AB, IAR Systems Group AB, JNM Invest AB

**Dependence:** Company: No  
Owners: No

**Previous assignments:** 17 years in corporate finance at SEB Enskilda, Maizels Westberg & Co and Nordea

**Own and related parties shareholdings, 2015:** 100,000 shares

**Own and related parties shareholdings, 2014:** 85,000 shares (through companies)

**Board attendance:** 11/11

**Attendance:**  
– Steering Group Finance: 2/2  
– Remuneration Committee: 2/2

**Board remuneration:** 150,000



## JÉRÔME ARNAUD

**Primary occupation:** President and CEO, Doro AB

**Education:** MSc Engineering, École Centrale de Paris

**Year of election:** 2007

**Year of birth:** 1963

**Nationality:** French

**Other assignments:**

**Dependence:** Company: Yes  
Owners: No

**Previous assignments:** Matra Nortel Communications

**Own and related parties shareholdings, 2015:** 163,336 shares, 200,000 warrants

**Own and related parties shareholdings, 2014:** 163,336 shares, 200,000 warrants

**Board attendance:** 11/11



## LENA HOFBSBERGER

**Primary occupation:** Professional Board member and industrial adviser

**Education:** Master of Business Administration, Bachelor of Arts, Bothe degrees Gothenburg University

**Year of election:** 2015

**Year of birth:** 1954

**Nationality:** Swedish

**Other assignments:** Chairman of the Board: Ambea Sweden, PharmaRelations, Leos Lekland, RestaurangAssistans  
Board member: Max Hamburgerrestauranger, Anders Löfberg, SABIS, Rent-A-Doctor AB

**Dependence:** Company: No  
Owners: No

**Previous assignments:** Board member: SSP Group Ltd

**Own and related parties shareholdings, 2015:** –

**Own and related parties shareholdings, 2014:** –

**Board attendance:** 11/11



## HENRI ÖSTERLUND

**Primary occupation:** Managing Partner, Accendo Capital

**Education:** M.Sc. (econ.), Helsinki School of Economics

**Year of election:** 2015

**Year of birth:** 1971

**Nationality:** Finnish

**Other assignments:** Vice Chairman of the Board: Okmettic Oyj

**Dependence:** Company: No  
Owners: No

**Previous assignments:** Associate, Doughty Hanson & Co; Partner, Triton; Partner, Conventum Corporate Finance; Chairman, InterQuest

**Own and related parties shareholdings, 2015:** 50 shares

**Own and related parties shareholdings, 2014:** –

**Board attendance:** 11/11

**Attendance:**  
– Steering Group Finance: 2/2  
– Remuneration Committee: 2/2

# MANAGEMENT



## JÉRÔME ARNAUD

**Position:** CEO, Doro AB, Deputy Director of Sales (interim)

**Employed since:** 2000

**Education:** MSc Engineering, École Centrale de Paris

**Year of birth:** 1963

**Nationality:** French

**Previous experience:** Business Development at Matra Nortel Communications

**Own and related parties shareholdings, 2015:** 163,336 shares, 200,000 warrants

**Own and related parties shareholdings, 2014:** 163,336 shares, 200,000 warrants



## THOMAS BERGDAHL

**Position:** Vice President Product Development

**Employed since:** 2002

**Education:** MSc, Industrial Engineering and Management, Institute of Technology Linköping

**Year of birth:** 1964

**Nationality:** Swedish

**Previous experience:** Director of manufacturing, Anoto

**Own and related parties shareholdings, 2015:** 39,082 shares, 65,000 warrants

**Own and related parties shareholdings, 2014:** 39,082 shares, 50,000 warrants



## ULRIK NILSSON

**Position:** Vice President Operations

**Employed since:** 1991

**Education:** Technician, telecoms

**Year of birth:** 1971

**Nationality:** Swedish

**Previous experience:** Supply manager

**Own and related parties shareholdings, 2015:** 3,897 shares, 65,000 warrants

**Own and related parties shareholdings, 2014:** 3,897 shares, 65,000 warrants



## CAROLINE NOUBLANCHE

**Position:** Vice President Marketing & Portfolio

**Employed since:** 2011

**Education:** HEC Business School, Paris

**Year of birth:** 1976

**Nationality:** French

**Previous experience:** Founder and CEO of Prylos

**Own and related parties shareholdings, 2015:** 2,449 shares, 65,000 warrants

**Own and related parties shareholdings, 2014:** 2,449 shares, 65,000 warrants



## ULF LINDSTEN

**Position:** CEO Doro Care AB

**Employed since:** 2015

**Education:** Telecom Engineering

**Year of birth:** 1960

**Nationality:** Swedish

**Previous experience:** CEO global telecom systems supplier, International Business Development, telecom

**Own and related parties shareholdings, 2015:** 29,994 shares, 42,000 warrants

**Own and related parties shareholdings, 2014:** –



## MAGNUS ERIKSSON

**Position:** Chief Financial Officer

**Employed since:** 2015

**Education:** Master of Science in Business Administration, Lunds University

**Year of birth:** 1969

**Nationality:** Swedish

**Previous experience:** CFO at Lekolar, CEO BRIO Holding AB, Head of Corporate Business Control at Sony Ericsson

**Own and related parties shareholdings, 2015:** –

**Own and related parties shareholdings, 2014:** –



## SUSANNE VON WÖVERN

**Position:** Human Resources Director

**Employed since:** 2015

**Education:** Master of Science in Business Administration, Gothenburg University

**Year of birth:** 1971

**Nationality:** Danish

**Previous experience:** HR manager Itella, HR manager DT Group

**Own and related parties shareholdings, 2015:** –

**Own and related parties shareholdings, 2014:** –