

Remuneration report 2020

The board of directors, in accordance with Chapter 8, Section 53 a of the Swedish Companies Act, presents a report below regarding remuneration to board members, the CEO and the Deputy CEO (the Report). Remuneration to board members over and above board fees is also covered in this report, where applicable. The report describes how the guidelines for remuneration for senior executives at Doro AB, as adopted by the 2020 annual general meeting, were applied during 2020. The report also contains information about remuneration to the CEO and a summary of the company's outstanding share and share price-related incentive programmes. The report has been prepared in accordance with the Swedish Companies Act and the Swedish Corporate Governance Board's.

Rules on remuneration to senior executives and on incentive programmes.

Further information about remuneration to senior executives can be found in Note 5 (Employees and staff costs) on pages 68-69 in the 2020 annual report. Information about the work of the remuneration committee during 2020 can be found in the corporate governance report on pages 43-46 of the 2020 annual report. Board fees are not covered by this report.

Such fees are determined annually by the annual general meeting and are presented in Note 5 on pages 68-69 in the 2020 annual report.

DEVELOPMENT IN 2020

The CEO summarises the company's overall results in his statement on pages 9-10 of the 2020 annual report. The main purpose of the Report is to provide shareholders with the opportunity to form an opinion on the application of the guidelines in respect of such remuneration that is covered by the guidelines under chapter 8, Section 51 of the Swedish Companies Act, i.e. guidelines for salary and other remuneration to board members, the CEO and the Deputy CEO. The principles and the governance model for remuneration are set out in the Policy, which states that remuneration must be in line with the company's business strategy, long-term interests and sustainability, and that it must ensure the avoidance of conflicts of interest. It may be noted that CEO Carl-Johan Zetterberg Boudrie still holds this position, and that no Deputy CEO has been registered. At the 2020 annual general meeting, board member Niklas Savander left his position and Juha Mört and Cecilia Ardstrom were appointed board members.

EXCERPTS FROM THE POLICY ARE MARKED WITH ""BELOW, FOLLOWED BY A REPORT IN FIGURES WITH COMPARATIVE MATERIAL:

""The guidelines' promotion of the company's business strategy, long-term interests and sustainability

In order for Doro successfully to be able to carry out the implementation of the company's business strategy as described on its website, and to safeguard the company's long-term interests, including its sustainability, the company must be able to recruit, retain and continue to motivate qualified employees. 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. This process takes into account not only “what” is delivered, but also “how” it is delivered, i.e. performance in combination with behaviour. Decisions regarding the payment of remuneration should only be made on the basis of the guidelines set out in policies and instructions. Discrimination relating to factors such as race, gender, age, religion or ethnicity is not permitted under any circumstances.

The remuneration to senior executives and employees normally consists of:

- Fixed basic salary
- Short-term variable remuneration paid in cash (key individuals)
- The potential to participate in long-term incentive plans (key individuals) and
- Pension and other customary benefits

The fixed basic salary should consist of a fixed annual cash salary corresponding to remuneration for the role and the position. The size of the remuneration is influenced by: the complexity of the work, responsibility, performance, local market conditions and the way in which it contributes to achieving the business goals. Since the fixed salary should reflect the performance of the employee, it is individual and differentiated.”

Table 1 –Total remuneration to the CEO in 2020 (SEK thousand) *						
CEO	Fixed remuneration	Variable remuneration	Other benefits	Pension costs	Total remuneration	Share of fixed or variable remuneration**
Carl-Johan Zetterberg Boudrie	2,725	722	75	855	4,378	82/18

**The table presents remuneration payable in 2020. This applies regardless of whether or not payment has been made in the same year*

*** Pension costs (column 4), which relate in their entirety to Basic salary and are defined contribution, have been recognised in full as fixed remuneration*

It is noted that the CEO has not received any remuneration from any other company within the same group.

Furthermore, it is noted that there have been no deviations from the decision-making process provided for in the guidelines for determining the remuneration.

A fixed term, variable remuneration must be based on the achievement of predetermined targets, and the variable remuneration must have a predetermined ceiling. The outcome must be linked to measurable targets (qualitative, quantitative, general and individual). No remuneration can be paid if there is no clear link to the achievement of the targets. In the case of financial targets, the assessment must be based on the latest financial information published by the company. A short-term programme with variable salary aims to safeguard the company’s long-term sustainability, and a maximum cost including social security contributions for variable remuneration may not exceed the fixed remuneration of the company’s senior executives.

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.

Additional variable cash remuneration may be paid in extraordinary circumstances, provided that such extraordinary arrangements are for a limited time period and are only made at an individual level, either for the purpose of recruiting or retaining employees, or as remuneration for extraordinary work over and above the person's regular duties.””””

The board's view is that the total remuneration to the CEO is in accordance with the company's guidelines. The remuneration contributes to the company's long-term results by being market-based and founded on predetermined targets. The CEO's remuneration is a consequence of the achievement of measurable goals (qualitative, quantitative, general and individual). These goals are set out in the Policy and the process presented therein, in accordance with the follow-up and assessment thereof carried out by the board of directors.

Table 2 – Changes in remuneration and the company's results in the last five reported financial years (SEK thousands) *

	2015–2016	2016–2017	2017–2018	2018–2019	2019–2020	2020
Remuneration to the CEO*	-140 (-3%)	- 1,071 (-22 %)	+ 413 (+23%)	+1,555 (+37%)	-2,294 (-40%)	3,447
Group operating profit	-47,517 (-50%)	+44,245 (+93%)	+30,374 (+33%)	-10,242 (-8%)	-26,440 (-24%)	85,662
Average remuneration based on the number of fulltime equivalent employees in the parent company**	-17.8 (-3%)	-28.0 (-5%)	-122.5 (-23%)	+14.2 (+3%)	-4.0 (-1%)	421.1

*Ersättningen exkluderar avgångsvederlag (för mer information se not 5 i årsredovisningen)

** Exklusive medlemmar i koncernledningen

During the period, the company has not recovered any variable remuneration. The company's process regarding the payment of variable remuneration is such that payment is only made following verification that the relevant targets have been achieved, but provides the potential for recovery if a situation arises that brings the issue to the fore.

““Long-term incentive plans

These can be introduced for some of the company's employees to generate confidence in and commitment to the group's long-term financial results. The drawing up of a long-term incentive plan is proposed by the board of directors and will be decided at the annual general meeting.

The 2018 annual general meeting decided on the implementation of a new options

programme and issue of warrants (“The Options Programme that is presented on the website”). It was proposed that a total not exceeding 1,000,000 warrants be issued in the Options Programme, which includes senior executives and other employees. The entitlement to subscribe for warrants was added for the wholly owned subsidiary Doro Incentive AB, for subsequent transfer of the options to employees in the group. The warrants were issued free of charge to Doro Incentive AB. Warrants have been transferred to the participants at a price corresponding to the market value of the warrants (i.e. the option premium), calculated in accordance with the Black & Scholes formula. The valuation of the options has been carried out by an independent valuation institution or audit company.”

No changes have been made to the terms and conditions during the year.

Table 3 – Share option programme (CEO)

CEO	Programme	Period	Date of allocation	Share options at the beginning of the year	Change during the year	Share options at the end of the year
Carl-Johan Zetterberg Boudrie	2018/2021	2018–2021	2018-08-10	121 100	0	121 100

* During 2020, there were no changes to the Share Programme 2018/2021, in which the CEO holds 121,100 options.

EXCERPTS FROM THE POLICY

“Preparation and decision-making process

A remuneration committee exists within the board of directors. The committee’s duties include preparing principles for remuneration to the group management and for the board’s decision regarding proposed guidelines for remuneration to senior executives. New guidelines will be drawn up at least every four years and be submitted for a decision at the annual general meeting. The guidelines always apply until new guidelines have been adopted by the general meeting. The remuneration committee will also follow and evaluate programmes for variable remuneration to the group management, the application of guidelines for remuneration to senior executives and applicable remuneration structures and remuneration levels within the company. The CEO’s remuneration will be determined within the framework of approved principles by the board of directors following preparatory work and a recommendation by the remuneration committee. The CEO’s decision regarding remuneration to other senior executives will be made within the framework of established principles and following reconciliation with the remuneration committee. The members of the remuneration committee are independent in relation to the company and the group management. The CEO or other members of the group management, to the extent that they are affected by the issues, are not present during the board’s discussion of and decisions on remuneration-related matters.

Departures from the guidelines

The board may decide to temporarily suspend the guidelines in whole or in part if, in REMUNERATION REPORT an individual case, there are special reasons for doing so and a deviation is necessary to satisfy the long-term interests of the company, including its sustainability, or to ensure the company’s financial viability. As stated

above, it is part of the remuneration committee's task to prepare the board's decisions on remuneration issues, which includes decisions on deviations from the guidelines.”

It can be seen from Chapter 8, Section 52, Subsection 2(6) of the Swedish Companies Act, that the guidelines for remuneration to senior executives must include a description of the decision-making process that is applied in order to establish, review and implement the guidelines, as well as the measures taken to avoid or manage conflicts of interest. At the same time, the board of directors is given the opportunity, under certain conditions, to deviate from these temporarily and in individual cases, in accordance with Chapter 8, Section 53 of the Swedish Companies Act, if there is support for this in the guidelines. However, there have not been any deviations from the guidelines or from the decision-making process. The auditor's statement on the company's compliance with the guidelines can be found on the company's website <https://www.doro.com/sv-se/corporate>.

In connection with a shareholders' meeting decision on an earlier report on remuneration, no comments have been made that give reason to provide any supplementary information or account of the board's assessment in the Report.
