



## DUNI AB (PUBL)

# Documents for the Annual General Meeting of Shareholders – Tuesday 8 May 2018

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## **THE PROPOSALS BY THE NOMINATION COMMITTEE TO THE ANNUAL GENERAL MEETING OF DUNI AB (ITEM 2, 12-14 AND 16 ON THE AGENDA) AND THE REASONED OPINION IN RESPECT OF THE PROPOSAL REGARDING BOARD OF DIRECTORS**

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The members of Duni's nomination committee in respect of the annual general meeting 2018 are Magnus Yngen, chairman of the board of directors, Rune Andersson nominated by Mellby Gård Investerings AB, Johan Strömgren, nominated by Carnegie fonder and Bo Lundgren nominated by Swedbank Robur fonder. Rune Andersson has been the chairman of the nomination committee. The composition of the nomination committee was published 7 November 2017 and all shareholders had the opportunity to contact the nomination committee with nomination proposals. The proposals by the nomination committee for resolutions to be passed at the annual general meeting, and the reasoned opinion in respect of the proposal regarding the board of directors are as follows:

### **Election of chairman of the annual general meeting (item 2 on the agenda)**

The nomination committee proposes Magnus Yngen, the chairman of the board of directors, as chairman of the annual general meeting.

### **Resolution on the number of directors, election of directors and chairman of the board of directors and auditor (item 12 and 14 on the agenda)**

The nomination committee proposes that the number of directors shall be, unchanged, five and proposes re-election of Johan Andersson, Pauline Lindwall, Alex Myers, Pia Rudengren and Magnus Yngen. The nomination committee proposes that Magnus Yngen is re-elected as chairman of the board of directors.

For further information about the proposals of directors for re-election, see [Appendix A](#).

The nomination committee proposes, in accordance with the Audit Committee's recommendation, re-election of the registered public accounting firm PricewaterhouseCoopers AB for the period until the end of the next annual general meeting. PricewaterhouseCoopers AB has informed that Carl Fogelberg will be auditor in charge.

### **Resolution on the remuneration to the chairman of the board of directors, the other directors, and to the auditor (item 13 on the agenda)**

The nomination committee proposes that the chairman of the board of directors shall receive SEK 562,000 (unchanged) and the other directors appointed by the meeting SEK 300,000 (unchanged) each. In addition, the chairman of the remuneration committee shall receive SEK 63,000 (unchanged) and the other members of the remuneration committee SEK 29,000 (unchanged) each, and the chairman of the audit committee shall receive SEK 121,000 (unchanged) and the other members of the audit committee SEK

57,000 (unchanged) each. The nomination committee has further proposed that fair remuneration to the auditor is to be paid as charged.

**Proposal regarding the nomination committee (item 16 on the agenda)**

The nomination committee proposes that the representatives of the nomination committee shall be appointed through a procedure where the chairman of the board of directors contacts the three largest shareholders in terms of votes as per 30 September 2018 and that each such shareholder appoints a representative to, together with the chairman of the board of directors, constitute the nomination committee up until the next annual general meeting, or, if applicable, up until a new nomination committee has been appointed. The nomination committee shall be convened no later than 31 October 2018. If any of the three largest shareholders, in terms of votes, renounces from its right to appoint a representative, the right shall pass to the largest shareholder in turn. Should a representative resign from the nomination committee before its work is completed, a substitute shall be appointed by the same shareholder that has appointed the resigning representative, if considered necessary, or, if this shareholder does not belong to the three largest shareholders in terms of votes anymore, by the new shareholder that belongs to this group. The nomination committee shall appoint one of its members as chairman. The composition of the nomination committee shall be made public as soon as the nomination committee has been formed and no later than six months before the annual general meeting. In the event that the ownership structure is changed after the nomination committee has been composed such that one or several shareholders that have appointed a representative to the nomination committee is no longer in the group of the three largest shareholders in terms of votes, the composition of the nomination committee may be changed in accordance therewith if the nomination committee considers that it is necessary. The tasks of the nomination committee shall be to prepare, for the next annual general meeting, proposals in respect of number of members of the board of directors to be elected by the annual general meeting, remuneration to the members of the board of directors and the auditors, remuneration, if any, for committee work, the composition of the board of directors, the chairman of the board of directors, resolution regarding the nomination committee, chairman at the meeting and election of auditors.

**The nomination committee's reasoned opinion in respect of the proposal regarding board of directors**

Considering the company's operations, stage of development and other relevant circumstances, the nomination committee has discussed the size of the board of directors and its composition in respect of industry experience, competence and international experience. As a basis for its work, the nomination committee has, inter alia, used an external evaluation of the board of directors and its work.

The nomination committee has noted that the evaluation of the board of directors of Duni, as well as the nomination committee's own assessment, indicate that the board of directors is well-functioning. The nomination committee has previously assessed that the relatively limited size of the board of directors encourages efficiency at board meetings and active commitment.

As diversity policy, the nomination committee has applied Section 4.1 in the Swedish Corporate Governance Code whereby the board is to have a composition appropriate to the company's operations, phase of development and other relevant circumstances. The board members elected by the shareholders' meeting are collectively to exhibit diversity and breadth of qualifications, experience and background and the company is to strive for gender balance on the board.

The proposed directors comprise two women and three men (equivalent to 40 per cent and 60 per cent, respectively). As per 10 June 2017, the percentage of women on all Swedish listed company boards amounted to 33.2 per cent. In April 2014, the Swedish Corporate Governance Board published certain aspiration levels concerning gender distribution in the boards of listed companies, namely at least 40 per cent of each gender after General Meetings held in 2020 and at least 35 per cent of each gender in major companies after the General Meetings in 2017. Accordingly, Duni fulfills the aspiration level for 2020 of the Swedish Corporate Governance Board. The question of equal gender distribution should be given particular attention in connection with new election of board members. However, the Nomination Committee makes the assessment continuity in the Board's work is of great importance for Duni. In view of this, the Nomination Committee has proposed re-election of all board members and re-election of Magnus Yngen as the Chairman of the Board.

In addition, the nomination committee has assessed the independence of the directors. The nomination committee believes that its proposal regarding the composition of the board of directors fulfills the requirements for independence as stipulated in the Swedish Corporate Governance Code. It is the opinion of the nomination committee that Johan Andersson, in his capacity as representative of the main shareholder Mellby Gård Investering AB, is to be regarded as dependent in relation to major shareholders. Other proposed directors, are to be regarded as independent in relation to the company and executive management as well as to major shareholders.

The nomination committee makes the overall assessment that the proposed board of directors meets the demands well that will be imposed on the board of directors in the future as a consequence of Duni's situation and future direction.

## **Information about members of the Board of Directors proposed by the Nomination Committee of Duni AB (publ)**

The Nomination Committee of Duni AB (publ) has in respect of the annual general meeting 2018 proposed that the board of directors of the company shall be composed of the following five ordinary members:

### **Johan Andersson (re-election, board member)**

Board member since 2016.

- ⌞ Year of birth: 1978
- ⌞ Education: Master of engineering, Chalmers University of Technology and MBA from INSEAD, Singapore
- ⌞ On-going assignments: CEO and President and board member of Mellby Gård AB and several board assignments within the Mellby Gård Group
- ⌞ Experience: CEO of Smarteyes International AB, employed at EQT Partners AB
- ⌞ Number of shares: 14,094,500 owned via Mellby Gård Investering AB
- ⌞ Considered as independent of the company, the company management but not of Duni's major shareholders

### **Pauline Lindwall (re-election, board member)**

Board member since 2014.

- ⌞ Year of birth: 1961
- ⌞ Education: MBA from University of Växjö
- ⌞ On-going assignments: Member of the board of McKesson Europe AG, Lantmännen and Swedish Match
- ⌞ Experience: Category Director Coffee for France and southern Europe, Kraft/Mondelez, Schweiz and several years of experience from management positions within the Nestlé group in Asia and Europe such as Country Business Manager of Nestlé Nutrition in Germany and Indonesia
- ⌞ Number of shares: 1,000
- ⌞ Considered as independent of the company, the company management and Duni's major shareholders

### **Alex Myers (re-election, board member)**

Board member since 2013.

- ⌞ Year of birth: 1963
- ⌞ Education: BA organizational behaviour, Yale University, USA
- ⌞ On-going assignments: Senior Industrial Advisor, Advent International and Chairman of the Board, NoseOption AB
- ⌞ Experience: President and CEO of Getinge AB, President and CEO of Hilding Anders Group, CEO of ArjoHuntleigh / Executive Vice President Getinge Group, Senior Vice President Western Europe and Global Sales & Marketing and member of the management team of Carlsberg Breweries, Vice President Marketing & Innovation and member of the management team of Pripps-Ringnes (Orkla Drinks) and several middle management positions within Unilever in Sweden and Germany
- ⌞ Number of shares: 2,000
- ⌞ Considered as independent of the company, the company management and Duni's major shareholders

**Pia Rudengren (re-election, board member)**

Board member since 2007.

- ↪ Year of birth: 1965
- ↪ Education: MSc in economics and business administration, Stockholm School of Economics
- ↪ On-going assignments: Chairman of the board of Social Initiative AB, member of the board of KappAhl AB, Boliden AB, AcadeMedia AB, Tikkurila Oyj and WeMind AB
- ↪ Experience: Full-time working director, Executive Vice President W Capital Management AB, CFO and member of the management team of Investor AB
- ↪ Number of shares: 1,200
- ↪ Considered as independent of the company, the company management and Duni's major shareholders

**Magnus Yngen (re-election, chairman of the board)**

Board member since 2008.

- ↪ Year of birth: 1958
- ↪ Education: Master of engineering and Licentiate of technology, KTH Royal Institute of Technology, Stockholm
- ↪ On-going assignments: Chairman of the board of Fractal Design AB, Vice Chairman of the board of Intrum Justitia AB and member of the board of Dometic AB
- ↪ Experience: CEO and President of Camfil, CEO and President of Dometic, CEO and President of Husqvarna, Executive Vice President of Electrolux
- ↪ Number of shares: 6,000
- ↪ Considered as independent of the company, the company management and Duni's major shareholders

**THE PROPOSAL BY THE BOARD OF DIRECTORS OF DUNI AB REGARDING RESOLUTION ON DISPOSITION OF THE COMPANY'S PROFITS AND THE REASONED STATEMENT IN ACCORDANCE WITH CHAPTER 18 SECTION 4 OF THE SWEDISH COMPANIES ACT (ITEM 10 B ON THE AGENDA)**

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**The proposal by the board of directors on a dividend:**

The board of directors proposes that the profit, according to the adopted balance sheet for 2017, shall be disposed so that SEK 234,995,160 is distributed to the shareholders and that the remaining unappropriated earnings amounting to SEK 1,473,948,477 are carried forward.

The board of directors proposes that the following will apply for the dividend:

- SEK 5.00 shall be distributed per share,
- 11 May 2018 is record date for the dividend, and
- payment of the dividend is estimated to be made on 16 May 2018.

**The board of directors' reasoned statement according to Chapter 18 Section 4 of the Swedish Companies Act:**

The board of directors makes the following reasoned statement according to Chapter 18 Section 4 of the Swedish Companies Act (2005:551):

The parent company's and the group's position is good, which is demonstrated by the year-end report for 2017 and by the audited annual report that has been submitted by the board of directors. There will be sufficient coverage for the company's restricted equity after distribution of the proposed dividend. Based on the profits after tax for 2017, the proposed dividend is more than well in line with the company's dividend policy.

The proposed dividend amounts to 13.1% of the parent company's shareholders' equity and 9.1% of the consolidated shareholders' equity. The group generates good cash-flows and the board of directors assesses that Duni has a strong balance sheet. After the distribution of the dividend, the parent company's and the group's equity/asset ratios are approximately 52.4% and 51.3%, respectively. The equity/assets ratio and liquidity will also after the proposed dividend, be satisfactory considering the line of business in which the company and the group operate, and the company and the group are expected to be able to fulfill its respective obligations in the short and long term and carry out planned investments.

Shareholders' equity would have been SEK 2 m higher if financial instruments valued at fair value pursuant to Chapter 4, section 14 a of the Swedish Annual Accounts Act, instead had been valued on the basis of the lower of cost or market value principle (*Sw. lägsta värdets princip*).

With reference to the foregoing, the board of directors assess that the dividend is justifiable considering;

1. the requirements that the nature, scope and risks of the operations (of the group as well as of the parent company) impose on the size of the equity, and
2. the parent company's and the group's consolidation requirements, liquidity and position in general.

Malmö, March 2018  
DUNI AB (publ)

*The Board of Directors*



## **THE PROPOSAL BY THE BOARD OF DIRECTORS OF DUNI AB REGARDING GUIDELINES FOR REMUNERATION TO SENIOR EXECUTIVES (ITEM 15 ON THE AGENDA)**

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The board of directors proposes that the annual general meeting shall adopt the following guidelines for remuneration to senior executives.

Remuneration to the CEO and the other individuals in the executive management shall normally consist of basic salary, a variable remuneration and additional benefits and pensions. The total remuneration shall be in line with market conditions and be competitive, and be related to responsibility and authority. The variable remuneration shall be based on the outcome in proportion to pre-determined and measurable profit targets, created to promote creation of long-term value in the company. The variable remuneration shall not exceed the basic salary. In the event of termination of employment initiated by the company, salary during the notice period together with severance pay shall not exceed 18 months' salary. Pension benefits shall be fee based, unless specific reasons exist. The age of retirement for the executive management shall normally be 65 years.

The guidelines shall apply to agreements entered into after the adoption by the annual general meeting and to changes made in existing agreements after this date. The board of directors may deviate from these guidelines only if in an individual case, there are specific grounds for such deviation.

If the annual general meeting resolves in accordance with the proposed guidelines it entails that the level of remuneration for the financial year 2018 in principal will be equivalent with the level of remuneration for the financial year 2017.

Information on remuneration, etc. to senior executives during the financial year 2017 is set forth in note 13 of the 2017 Annual Report.

Malmö, March 2018  
DUNI AB (publ)

*The Board of Directors*

## **THE BOARD OF DIRECTOR'S OF DUNI AB REPORT ON THE REMUNERATION COMMITTEE'S EVALUATION OF REMUNERATION TO SENIOR EXECUTIVES**

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The board of directors has established a Remuneration Committee which prepares the board of director's decisions on matters concerning remuneration principles, remuneration, and other employment terms for group management and the CEO. Guidelines for remuneration to senior executives are presented to the board of directors, which submits proposals on such guidelines to the annual general meeting for approval.

During the year, the Remuneration Committee is also entrusted with the task of monitoring and evaluating variable remuneration programs for group management, the application of the guidelines adopted by the annual general meeting, as well as applicable remuneration structures and remuneration levels in the company. Pursuant to the section 10.3 of the Swedish Corporate Governance Code, the board of directors hereby gives the following report on the results of the Remuneration Committee's evaluation.

The Remuneration Committee has evaluated and come to the conclusion that Duni is complying with the guidelines for remuneration to senior executives as adopted at the annual general meeting 2017. The guidelines function well and serve their purpose of promoting the long-term creation of value in the company. The variable remuneration is linked to the individual's responsibility for results as well as the group's profitability targets, a factor which contributes to an increase in value for the company's shareholders.

Market surveys are carried out regularly with respect to applicable salary statistics, remuneration structures, and levels for variable remuneration. In relation to these, the Remuneration Committee considers Duni's remuneration structures and remuneration levels to be on market terms.

Malmö, March 2018  
DUNI AB (publ)

*The Board of Directors*



## Revisorsyttrande enligt 8 kap. 54 § aktiebolagslagen (2005:551) om huruvida årsstämman riktlinjer om ersättningar till ledande befattningshavare har följts

Till årsstämman i Duni AB (publ), org.nr 556536-7488

Vi har granskat om styrelsen och verkställande direktören för Duni AB (publ) under år 2017 har följt de riktlinjer för ersättningar till ledande befattningshavare som fastställdes på årsstämman den 3 maj 2016 respektive årsstämman den 3 maj 2017.

### *Styrelsens och verkställande direktörens ansvar*

Det är styrelsen och verkställande direktören som har ansvaret för att riktlinjerna följs och för den interna kontroll som styrelsen och verkställande direktören bedömer är nödvändig för att tillse att riktlinjerna följs.

### *Revisorns ansvar*

Vårt ansvar är att lämna ett yttrande, grundat på vår granskning, till årsstämman om huruvida riktlinjerna har följts. Vi har utfört granskningen enligt FARs rekommendation RevR 8 *Granskning av ersättningar till ledande befattningshavare i aktiemarknadsbolag*. Denna rekommendation kräver att vi följer yrkesetiska krav samt planerar och utför granskningen för att uppnå rimlig säkerhet att årsstämman riktlinjer i allt väsentligt följts. Revisionsföretaget tillämpar ISQC 1 (International Standard on Quality Control) och har därmed ett allsidigt system för kvalitetskontroll vilket innefattar dokumenterade riktlinjer och rutiner avseende efterlevnad av yrkesetiska krav, standarder för yrkesutövningen och tillämpliga krav i lagar och andra författningar.

Vi är oberoende i förhållande till Duni AB (publ) enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Granskningen har omfattat bolagets organisation för och dokumentation av ersättningsfrågor för ledande befattningshavare, de nya beslut om ersättningar som fattats samt ett urval av de utbetalningar som gjorts under räkenskapsåret till de ledande befattningshavarna. Revisorn väljer vilka åtgärder som ska genomföras, bland annat genom att bedöma risken för att riktlinjerna inte i allt väsentligt följts. Vid denna riskbedömning beaktar revisorn de delar av den interna kontrollen som är relevant för riktlinjernas efterlevnad i syfte att utforma granskningsåtgärder som är ändamålsenliga med hänsyn till omständigheterna, men inte i syfte att göra ett uttalande om effektiviteten i bolagets interna kontroll.

Vi anser att vår granskning ger oss rimlig grund för vårt uttalande nedan.

### *Uttalande*

Vi anser att styrelsen och den verkställande direktören för Duni AB (publ) under 2017 följt de riktlinjer för ersättningar till ledande befattningshavare som fastställdes på årsstämman den 3 maj 2016 respektive årsstämman den 3 maj 2017.

Malmö den 21 mars 2018  
PricewaterhouseCoopers AB

Eva Carlsvi  
Auktoriserad revisor