



## DUNI AB (PUBL)

# Documents for the Annual General Meeting of Shareholders – Tuesday 7 May 2019

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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 2019 are Magnus Yngen, chairman of the board of directors, Rune Andersson nominated by Mellby Gård Investerings AB, John Strömgren, nominated by Carnegie fonder and Bernard R. Horn, Jr. nominated by Polaris Capital Management, LLC. Rune Andersson has been the chairman of the nomination committee. The composition of the nomination committee was published 31 October 2018 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 Pauline Lindwall, Alex Myers, Pia Rudengren and Magnus Yngen and new election of Thomas Gustafsson. The nomination committee proposes that Magnus Yngen is re-elected as chairman of the board of directors. Johan Andersson has declined re-election.

For further information about the proposals of directors for re-election and new 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 590,000 (previously SEK 562,000) and the other directors appointed by the meeting SEK 315,000 (previously SEK 300,000) each. In addition, the chairman of the remuneration committee shall receive SEK 67,000 (previously SEK 63,000) and the other

members of the remuneration committee SEK 31,000 (previously SEK 29,000) each, and the chairman of the audit committee shall receive SEK 128,000 (previously SEK 121,000) and the other members of the audit committee SEK 60,000 (previously SEK 57,000) 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 2019 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 2019. 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 2018, the percentage of women on all Swedish listed company boards amounted to 34.3 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, especially in the light of that Johan Andersson has declined re-election. In view of this, the Nomination Committee has proposed new election of Thomas Gustavsson, previous CEO of Duni (2012-2017), in his capacity as representative of Duni's main shareholder and re-election of all other 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 Thomas Gustavsson, in his capacity as previous CEO of the company and representative of the main shareholder Mellby Gård Investering AB, is to be regarded as dependent in relation to the company and executive management as well as 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)**

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The Nomination Committee of Duni AB (publ) has in respect of the annual general meeting 2019 proposed that the board of directors of the company shall be composed of the following five ordinary members:

### **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 and Swedish Match AB
- ↪ 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: 4,500
- ↪ 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 and Tikkurila Oyj
- ↪ Experience: Full-time non-executive 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 and Vålinge Group AB, Vice Chairman of the board of Intrum 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: 14,000
- ⌞ Considered as independent of the company, the company management and Duni's major shareholders

### **Thomas Gustafsson (new election, board member)**

Board member proposed for new election at the annual general meeting 2019.

- ⌞ Year of birth: 1965
- ⌞ Education: Diploma in Business Administration
- ⌞ On-going assignments: Vice CEO and board member of Mellby Gård AB, Chairman of the board of Smart Eyes International AB and OJ Holding Sweden AB and board member of KappAhl AB (publ), Topeja Holding AB and Aros Kapital AB
- ⌞ Experience: CEO of Duni AB (publ) 2012-2017, previous responsible for overseeing Mellby Gård's consumer goods companies and before then President and CEO of 2E Group AB (publ). Senior executive positions at Spendrups Bryggeri AB, Brämhults Juice AB and Eckes Granini GmbH.
- ⌞ Number of shares: 26,400
- ⌞ Not considered as independent of the company, the company management or 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 2018, shall be disposed so that SEK 234 995 160 is distributed to the shareholders and that the remaining unappropriated earnings amounting to SEK 1 497 320 535 are carried forward.

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

- SEK 5.00 shall be distributed per share, distributed to the shareholders in two equal payments of SEK 2.50 per share,
- 9 May 2019 is record date for the first instalment,
- payment of the first instalment is estimated to be made on 14 May 2019,
- 12 November 2019 is record date for the second instalment, and
- payment of the second instalment is estimated to be made on 15 November 2019.

It is proposed that the dividend shall be divided into two installments to achieve a more balanced cash flow in relation to Duni's seasonal variation.

**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 2018 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 2018, the proposed dividend is in line with the company's dividend policy.

The proposed dividend amounts to 13% of the parent company's shareholders' equity and 9% of the consolidated shareholders' equity. The board of directors assesses that Duni with major acquisitions and investments along with a challenging year in terms of raw material prices, still has a financial position and future competitiveness that allows a dividend in line with the previous year. After the distribution of the dividend, the parent company's and the group's equity/asset ratios are approximately 44% and 41%, 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 MSEK 1.7 lower 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 2019  
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, unless otherwise follows from local mandatory law. 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 2019 in principal will be equivalent with the level of remuneration for the financial year 2018.

Information on remuneration, etc. to senior executives during the financial year 2018 is set forth in note 13 of the 2018 Annual Report.

Malmö, March 2019  
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 2018. 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 2019  
DUNI AB (publ)

*The Board of Directors*



*This is an literal translation of the Swedish original document*

## **Auditor's statement pursuant to Chapter 8, Section 54 of the Swedish Companies Act (2005:551) regarding whether the guidelines for remuneration to senior executives adopted by the annual general meeting of shareholders have been complied with**

To the annual general meeting of shareholders in Duni AB (publ), Corporate Identity Number 556536-7488

We have performed procedures to determine whether the Board of Directors and the Managing Director of Duni AB (publ) have, for the year 2018, complied with the guidelines for remuneration to senior executives adopted by the annual general meetings of shareholders held on 3 May 2017 and 8 May 2018, respectively.

### *Responsibilities of the Board of Directors and the Managing Director*

The Board of Directors and the Managing Director are responsible for compliance with the guidelines and for such internal control as the Board of Directors and the Managing Director determine is necessary to ensure compliance with the guidelines.

### *Auditor's responsibility*

Our responsibility is to express an opinion, based on our procedures, to the annual general meeting of shareholders regarding as to whether the guidelines for remuneration to senior executives have been complied with. We conducted our procedures in accordance with FAR's recommendation, RevR 8 *Examination of remuneration to senior executives of listed companies*. This recommendation requires that we comply with ethical requirements and have planned and performed the procedures to obtain reasonable assurance that the guidelines adopted by the annual general meeting of shareholders have, in all material aspects, been complied with. The firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We are independent of the Duni AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

The procedures have involved the company's organisation for and documentation of matters pertaining to remuneration to senior executives, recent resolutions regarding remuneration and a selection of payments made to senior executives during the financial year. The procedures selected depend on the auditor's judgment, including the assessment of the risk that the guidelines have not, in all material aspects, been complied with. In making this risk assessment, the auditor considers the aspects of internal control relevant to compliance with the guidelines, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control

We believe that the procedures performed provide a reasonable basis for our opinion below.

### *Opinion*

In our opinion, the Board of Directors and the Managing Director of Duni AB (publ) have, for the year 2018, complied with the guidelines for remuneration to senior executives adopted by the annual general meetings of shareholders held on 3 May 2017 and 8 May 2018, respectively.

Malmö, 22 March 2019  
PricewaterhouseCoopers AB

Carl Fogelberg  
Authorised Public Accountant