

DUNI AB (PUBL)

Documents for the Annual General Meeting of Shareholders – Tuesday 12 May 2020

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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

The members of Duni's nomination committee in respect of the annual general meeting 2020 are Magnus Yngen, chairman of the board of directors, Johan Andersson nominated by Mellby Gård Investering AB, John Strömgren, nominated by Carnegie fonder and Bernard R. Horn, Jr. nominated by Polaris Capital Management, LLC. Johan Andersson has been the chairman of the nomination committee. The composition of the nomination committee was published 31 October 2019 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 board member Thomas Gustafsson, 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 six and proposes new election of Morten Falkenberg, Sven Knutsson and Pia Marions as directors of the board and re-election of the directors Thomas Gustafsson, Pauline Lindwall and Alex Myers. The nomination committee proposes that Thomas Gustafsson is new elected as chairman of the board of directors. Pia Rudengren and Magnus Yngen 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)

With amendment of the nomination committee's previous proposal, as presented in the company's annual report (the corporate governance report), the nomination committee proposes that the chairman of the board of directors shall receive SEK 578,000 and the other directors appointed by the meeting SEK 309,000 each. In addition, the chairman of the remuneration committee shall receive SEK 65,000 and the other members of the remuneration committee SEK 30,000 each, and the chairman of the audit committee shall receive SEK 125,000 and the other members of the audit committee SEK 59,000 each. The nomination committee's proposal for board and committee remuneration corresponds to a decrease of two percent of the total remuneration level compared to the remuneration resolved by the annual general meeting 2019.

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 2020 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 2020. 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. Given that two out of five board members have declined re-election, the nomination committee considers it appropriate to strengthen the board of directors by increasing the number of board members from five to six, in order to ensure continuity over time. The two board members which are leaving Duni's board of directors have held their seats since 2007 and 2008, respectively.

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 board of directors comprise two women and four men (equivalent to approximately 33.3 per cent and approximately 66.6 per cent, respectively). In April 2014, the Swedish Corporate Governance Board published an aspiration level of a distribution of at least 40 per cent of each gender in the board of directors in the listed companies, after the general meeting season 2020. The share of women in the proposed

board composition is below the nomination committee's long-term objective of an equal gender distribution, but is close with the ambition level which the Swedish Corporate Governance Board has communicated for the annual general meeting season 2020. The nomination committee maintains the ambition to strive for an equal gender distribution, but has focused on achieving an optimal composition of the board of directors with regard to the board members' competence, age, experience and background.

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 Gustafsson and Sven Knutsson are to be regarded as dependent in relation to major shareholders and that Thomas Gustafsson also is to be regarded as dependent in relation to the company and executive management. 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 2020 proposed that the board of directors of the company shall be composed of the following six ordinary members:

Thomas Gustavsson (new election, chairman of the Board)

Board member since 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, KappAhl AB (publ) and OJ Holding Sweden AB and board member of 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

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: President and CEO of Andromeda Group and Chairman of the Board of 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

Morten Falkenberg (new election, board member)

Board member proposed for new election at the annual general meeting 2020.

- Year of birth: 1958
- Education: M. Sc in Business Administration, Copenhagen School of Economics and Business Administration
- On-going assignments: Board member in Velux Group and Aktiebolag Fagerhult (publ)
- Experience: President and CEO, and board member, of Nobia AB (publ), Executive Vice President and Head of Floor Care and Small Appliances at Electrolux and also senior positions at TDC Mobile and the Coca-Cola Company
- Number of shares: 0
- Considered as independent of the company, the company management and Duni's major shareholders

Sven Knutsson (new election, board member)

Board member proposed for new election at the annual general meeting 2020.

- Year of birth: 1969
- Education: MBA in economics
- On-going assignments: CEO of Mellby Gård Innovation och Tillväxt AB, a division within Mellby Gård, and among others, Chairman of the Board at Klarahill AB and Söderberg & Haak Maskin AB and board member in KappAhl AB (publ), Open Air Group AB, Hedson Technologies AB and OJ Holding AB (Oscar Jacobson)
- Experience: Previous experience from various industries such as Thule Group, Cardo Flow Solutions and Alfa Laval and also as CFO of Boxon AB
- Number of shares: 0
- Considered as independent of the company, the company management but not in relation to Duni's major shareholders

Pia Marions (new election, board member)

Board member proposed for new election at the annual general meeting 2020.

- Year of birth: 1963
- Education: M.Sc. in Business and Economics
- On-going assignments: CFO at Skandia Group since 2017 and board member of Vitrolife AB (publ), Skandiabanken Aktiebolag (publ) and Skandia Fastigheter AB
- Experience: CFO at Folksam, Carnegie Group and Skandia Liv and as Chartered accountant and senior positions at Royal Bank of Scotland, Länsförsäkringar Liv and the Swedish Financial Supervisory Authority
- Number of shares: 0
- Considered as independent of the company, the company management and Duni's major shareholders

PROPOSAL BY THE BOARD OF DIRECTORS FOR EXECUTIVE REMUNERATION

Individuals who are members of the Group Management of Duni AB (“senior executives”), during the period of which these guidelines are in force, as well as Board members as set out below, fall within the provisions of these guidelines. These guidelines do not apply to any remuneration decided or approved by the general meeting such as share-related or share price-related incentive programs. These guidelines shall be applicable until new guidelines have been adopted by the general meeting.

Remuneration under employments subject to other rules than Swedish may be duly adjusted to comply with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these guidelines.

A description of Duni’s business strategy and sustainability work is set forth in, inter alia, Duni’s annual and sustainability report. A prerequisite for the successful implementation of the Duni’s business strategy and safeguarding of its long-term interests, including its sustainability, is that the company is able to recruit and retain qualified personnel. The objective of these guidelines for remuneration is to offer a remuneration on market terms, in order to attract, motivate and retain competent and skilled employees.

The total remuneration to senior executives shall be related to the senior executive’s responsibility and authority. The total remuneration may consist of fixed cash salary, variable cash remuneration (bonus), pension benefits and other benefits. Additionally, the general meeting may – irrespective of these guidelines – resolve on, among other things, share-related or share price-related remuneration.

Variable cash remuneration

The variable cash remuneration shall be limited in advance to a maximum amount and be based on the outcome of predetermined and measurable criteria of result, designed with the purpose to promote the business strategy and long-term interests of the company, including its sustainability.

The annual variable cash remuneration (annual bonus) shall amount to a maximum of 75% of the fixed cash salary. The variable cash remuneration may for example be based upon annual criteria in relation to financial profitability and capital tied up, as determined by the Board of Directors, and inter alia, be linked to the group’s adjusted operating profit and adjusted return on capital employed.

When the measurement period of the criteria for awarding variable cash remuneration has been finalised, the Board of Directors shall, based on a proposal from the remuneration committee, determine to what extent the criteria have been satisfied. When determining the satisfaction of the criteria, the Board of Directors may, based on a proposal from the remuneration committee,

grant exceptions from the set criteria on the basis of what is mentioned below under the section *Deviation from the guidelines*. For the satisfaction of financial criteria, the evaluation shall be based on the latest financial information made public by the company, taking into account any adjustments that the Board of Directors has determined in advance when implementing the program.

Variable remuneration shall not be awarded, or variable remuneration may be reclaimed, if senior executive has acted contrary to the company's code of conduct. Variable cash remuneration can be paid after the measurement period has ended or be subject to deferred payment. The Board of Directors shall have the possibility, pursuant to applicable law or contractual provisions, to in whole or in part reclaim variable remuneration paid on incorrect grounds (claw-back).

Further remuneration

Further variable cash remuneration may be awarded as one-off arrangements in extraordinary circumstances, for the purpose of recruiting or retaining executives. Such remuneration may not exceed an amount corresponding to the annual fixed cash salary. Any resolution on such remuneration shall be made by the Board of Directors based on a proposal from the remuneration committee.

Pension

The ITP plan (Sw: *Industrins och handelns tilläggspension*) shall be applicable to senior executives according to collective agreement or equivalent. The ITP plan entails that the pension premium for senior executives does not exceed 40% of the fixed cash salary.

Other benefits

Other benefits such as company car, fuel, supplementary health insurance or occupational health services may be provided to the extent this is considered customary for senior executives holding equivalent positions on the labour market on which the employee operates. The total value of these benefits shall amount to not more than 12% of the fixed cash salary.

Terms of notice

Senior executives shall be employed until further notice. At termination of employment, the fixed cash salary during the applicable notice period shall, together with severance pay, not exceed 18 months of fixed cash salary. At termination by the executive, there shall be no right to severance pay. Senior executives may be compensated for non-compete undertakings after the termination of the employment to the extent severance pay is not paid during the same period of time. Such remuneration may at a maximum correspond to 12 months' fixed cash salary.

Remuneration to Board members

If a Board member (including a Board member acting through a wholly owned subsidiary) perform work for Duni in addition to the assignment as Board member, certain cash

remuneration may be paid for such work (consulting fee). The remuneration shall be in line with market terms and be related to the benefits for Duni. Such remuneration, as well as other terms and conditions, is to be resolved by the Board of Directors.

Decision process and deviations, etc.

In the preparation of the Board of Directors' proposal for these guidelines, salary and employment conditions for employees of Duni have been taken into account by including information on the employees' total income, the components of the remuneration and increase and growth rate over time, in the remuneration committee's and the Board of Directors' basis of decision when evaluating whether the guidelines and the limitations set out herein are reasonable.

The remuneration committee prepares the Board of Directors' decision to propose guidelines for senior executive remuneration. These guidelines are reviewed annually and submitted for resolution by the annual general meeting when amendments are proposed or at least every fourth year. The CEO and other members of the executive management do not participate in the Board of Directors' processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters.

The Board of Directors may temporarily resolve to derogate from the guidelines, in whole or in part, if in a specific case there is special cause for the derogation and a derogation is necessary to serve the company's long-term interests, including its sustainability, or to ensure the company's financial viability. As set out above, the remuneration committee's tasks include preparing the Board of Directors' resolutions in remuneration-related matters. This includes any resolutions to derogate from the guidelines.

Transitional provisions applicable for the annual general meeting 2020

Information on remuneration, etc. to senior executives during the financial year 2019 is set forth on the page of note 16 of the Annual Report 2019, including previous commitments not yet due for payment.

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

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. In order to adjust the guidelines to the new rules that follows from the implementation of the EU Shareholders Rights Directive, the Remuneration Committee, ahead of the Annual General Meeting 2020, has prepared the Board of Directors' proposal for revised guidelines for remuneration to senior executives.

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 2019. 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 2020
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 2019, complied with the guidelines for remuneration to senior executives adopted by the annual general meetings of shareholders held on 8 May 2018 and 7 May 2019, 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 2019, complied with the guidelines for remuneration to senior executives adopted by the annual general meetings of shareholders held on 8 May 2018 and 7 May 2019, respectively.

Malmö, 26 March 2020
PricewaterhouseCoopers AB

Carl Fogelberg
Authorised Public Accountant