

CORPORATE GOVERNANCE REPORT FOR DUNI AB (PUBL)

Duni AB is a Swedish limited public company which has been listed on NASDAQ in Stockholm since November 14, 2007. Governance of Duni takes place through General Meetings, the Board of Directors and the CEO, as well as Duni's group management, in accordance with, among other things, the Swedish Companies Act, the Company's Articles of Association and rules of procedure for the Board of Directors and the CEO. Representatives from Duni's group management also serve as directors on the boards of subsidiaries.

Duni has undertaken to NASDAQ Stockholm to apply the Swedish Corporate Governance Code (the "Code"), which is applied by all Swedish companies whose shares are admitted to trading on a regulated market in Sweden. Duni applies the Code in its entirety.

ARTICLES OF ASSOCIATION

The current articles of association were adopted at the Annual General Meeting held on May 6, 2009. They provide, among other things, that the registered office shall be in Malmö, that members of the Board of Directors shall be elected each year for a term of office until the close of the next Annual General Meeting, and that each share shall carry one vote. The complete articles of association are available on Duni's website, www.duni.com.

GENERAL MEETING

At the General Meeting, the shareholders decide upon key issues. Among other things, the General Meeting adopts the income statements and balance sheets, resolves upon allocation of the Company's earnings, discharge from liability for the directors and the CEO, election of the Board of Directors and auditors, as well as remuneration to the Board of Directors and auditors.

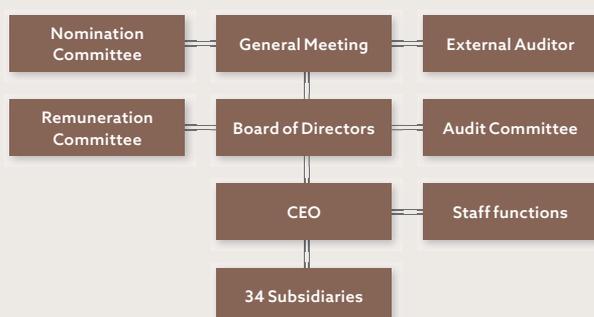
Pursuant to the Swedish Companies Act, notice of Duni's Annual General Meeting must be issued not earlier than six weeks and not later than four weeks prior to the meeting. Notice shall be issued through an announcement in Post och Inrikes Tidningar (The Official Gazette) and on Duni's website. The fact that notice has been issued shall be announced in Svenska Dagbladet and in Sydsvenska Dagbladet. In order to participate at the Annual General Meeting, a shareholder must notify the Company not later than the date stated in the notice.

2016 Annual General Meeting

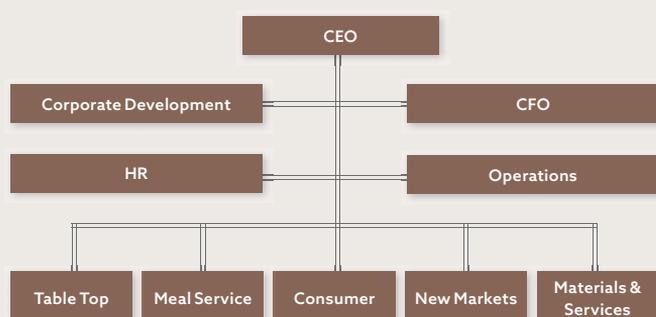
Duni's 2016 Annual General Meeting was held on Tuesday, May 3, 2016 in Malmö. 267 shareholders, representing approximately 72.5% of the voting rights, were present at the General Meeting in person or through proxies. The Chairman of the Board, Anders Bülow, was elected to chair the meeting. All directors and employee representatives were present. Members of group management and the auditor were also present. The minutes from the meeting are available on Duni's website, www.Duni.com. All resolutions were adopted in accordance with the Nomination Committee's proposals. Some of the resolutions adopted at the General Meeting were:

- Adoption of income statements and balance sheets;
- A dividend of SEK 5.00 per share for the 2015 financial year;
- Discharge from liability for the directors and CEO;
- That the Board shall comprise five directors without alternates;
- The re-election of directors Pauline Lindwall, Alex Myers, Pia Rudengren and Magnus Yngen. Anders Bülow had declined re-election;
- The election of Johan Andersson as a new director;
- The election of Magnus Yngen as Chairman of the Board;
- The re-election of PwC as auditors;
- Unchanged Board fees: the Chairman of the Board shall receive SEK 535,000 and all other directors shall each receive SEK 285,000;
- Remuneration of SEK 115,000 (unchanged) to the chairman of the Audit Committee and SEK 54,000 (unchanged) to other members of the Audit Committee;
- Remuneration of SEK 60,000 (unchanged) to the chairman of the Remuneration Committee and SEK 27,500 (unchanged) to other members of the Remuneration Committee;
- Adoption of the Board's proposals for guidelines for remuneration to senior executives;
- Procedures regarding the composition and work of the Nomination Committee;
- That the Board be authorized, on one or more occasions until the next Annual General Meeting, to decide upon an increase in the Company's share capital not exceeding SEK 5,800,000 through the issuance of not more than 4,640,000 new shares.

CORPORATE GOVERNANCE



GROUP MANAGEMENT 2016



2017 Annual General Meeting

The next Annual General Meeting of the shareholders of Duni will be held at 3pm on Wednesday, May 3, 2017 at Akvaret, Dockplatsen 12 in Malmö. A notice of the Annual General Meeting, containing the Board's proposals, will be published at the end of March 2017. More information about the Annual General Meeting, notice of participation, etc. is available on Duni's website.

Nomination Committee

The Nomination Committee nominates the individuals to be proposed at the Annual General Meeting for election to Duni's Board. Proposals are also produced regarding audit fees, board fees for the Chairman of the Board and other directors, as well as compensation for committee work. All proposals are presented at the Annual General Meeting as well as in the notice to attend and on the website prior to the Annual General Meeting. The Nomination Committee shall be comprised of representatives of Duni's three largest shareholders as per September 30. Board Chairman Anders Bülow convened the Nomination Committee in October 2016 and the composition was presented on November 1, 2016.

The Nomination Committee held its first meeting on January 12, 2017. Prior to the 2017 Annual General Meeting, the Nomination Committee held two meetings at which minutes were taken. The work of the Nomination Committee begins by reviewing the independent evaluation of the current Board, which is carried out each year. The Nomination Committee considers that the Board functions well, that a composition comprising only five members provides for an effective Board of Directors, and that all directors are duly engaged and committed, including employee representatives. The Nomination Committee also notes that the Board is comprised of a sound and relevant mix of gender, skills and experience. All current directors are proposed for re-election at the 2017 Annual General Meeting. Other elections are presented in the notice to attend the Annual General Meeting.

The Nomination Committee comprises the following members:

Name	Represents	Ownership stake, Dec 31, 2016
Magnus Yngen	Chairman of the Board	
Rune Andersson (Chairman)	Mellby Gård Investering AB	29.99%
Bernard R. Horn Jr	Polaris Capital Management, LLC	10.63%
Bo Lundgren	Swedbank Robur fonder	9.14%
Total		49.76%

THE BOARD OF DIRECTORS

Duni's Board decides on the Company's business focus, strategy, business plans, resources and capital structure, organization, acquisitions, major investments, divestments, the annual report and interim reports, and other overarching issues of a strategic nature. The Board also appoints the CEO, who is responsible for the day-to-day management in accordance with the Board's instructions.

The directors

The directors are elected each year by the Annual General Meeting for a term of office until the close of the next Annual General Meeting. Pursuant to the Articles of Association, the Board shall comprise no fewer than three and no more than twelve directors, as well as employee representatives. Since the Annual General Meeting held on May 3, 2016, the Board comprises five directors and four employee representatives (two directors and two alternates). Duni's CEO is not a member of the Board but usually participates at board meetings to present matters, as does the CFO.

The Board's work

At the first ordinary board meeting which is held after the Annual General Meeting, Duni's Board adopts written instructions which describe the Board's rules of procedure. The adopted rules of procedure state how the work is to be allocated between the Board's members, and how often the Board shall meet. In addition, the rules of procedure regulate the Board's obligations, quorum, instructions to the CEO, the allocation of responsibility between the Board and the CEO, etc. The Board has also established two committees from among its members: the Audit Committee and the Remuneration Committee.

The Board meets in accordance with a predetermined yearly plan, and additional meetings are arranged as needed. During 2016, the Board held nine meetings at which minutes were taken.

The following items, among others, were on the agenda in 2016:

- Annual accounts, including reports from the auditors, proposed allocation of earnings and Year-End report;
- Annual Report and preparations pending the Annual General Meeting;
- Follow-up of the audit performed with the auditor-in-charge;
- Interim reports;
- Rules of procedure for the Board and the CEO;
- Annual review of the policy manual;
- Review of the updated business plan for the coming three years;
- Growth issues and acquisition issues;

ATTENDANCE AT BOARD MEETINGS, 2016:

	Function	Independent ¹⁾	Board meetings	Audit Committee	Remuneration Committee
Anders Bülow	Chairman ⁴⁾	²⁾	4 of 9	2 of 4	1 of 4
Magnus Yngen	Chairman, Director ⁴⁾	x	9 of 9	2 of 4	4 of 4
Pauline Lindwall	Director	x	9 of 9	-	4 of 4
Alex Myers	Director	x	9 of 9	4 of 4	-
Pia Rudengren	Director	x	8 of 9	4 of 4	-
Johan Andersson	Director ⁴⁾	²⁾	5 of 9	-	3 of 4
Per-Åke Halvordsson	Employee representative, director	³⁾	9 of 9	-	-
Henry Olsen	Employee representative, director	³⁾	7 of 9	-	-
Åsa Lundqvist	Employee representative, alternate	³⁾	9 of 9	-	-
Inge Larsson	Employee representative, alternate	³⁾	9 of 9	-	-

¹⁾ As defined in the Swedish Corporate Governance Code. ²⁾ Not independent (in relation to Duni's larger shareholder). ³⁾ Not independent (in relation to Duni). ⁴⁾ Anders Bülow was Chairman of the Board until the Annual General Meeting held on May 3, 2016. Magnus Yngen was elected as Chairman of the Board, and Johan Andersson as a director, at the Annual General Meeting held on May 3, 2016.

- Regular evaluation and analyses regarding the performance of each business area in terms of growth and profitability;
- Strategic issues and risks;
- Goods supply and logistics issues;
- Regular forecasts for 2016;
- Ongoing investments and follow-up on the ongoing investment in capacity in Skåpafors;
- The economic climate and economic conditions.

In addition to the board meetings, the Chairman of the Board and the CEO hold regular discussions concerning the management of the Company.

The CEO, Thomas Gustafsson, is responsible for implementation of the business plan as well as the regular management of the Company's affairs, and also the day-to-day operations in the Company.

The Board receives monthly written information in the form of a monthly report containing monitoring of the Company's sales, operating income and working capital trend, as well as comments on how the various business areas and markets are developing. Prior to each board meeting, the Board also reviews the most recent balance sheet and the cash flow.

The main owners, the directors and the CEO also conduct each year a detailed evaluation of the Board of Directors based on the adopted rules of procedure. The evaluation covers, among other things, the composition of the Board, individual directors, as well as the Board's work and routines. The result of this evaluation is reported to the Board and the Nomination Committee.

The "Code" contains rules regarding the independence of the directors and imposes the requirement that a majority of the directors must be independent of the Company and company management.

At least two of the directors who are independent of the Company and company management must also be independent in relation to all shareholders who control ten percent or more of the share capital or voting capital of Duni AB. Not more than one member of company management may be a member of the Board.

Remuneration Committee

The Remuneration Committee prepares issues concerning remuneration and other benefits for corporate management, while decisions thereon are taken by Duni's Board of Directors. Compensation and benefits for corporate management are evaluated through comparisons with market data provided by external sources. Such data demonstrates that Duni has competitive compensation levels and that the total compensation package is reasonable and not excessively high. Once a year, the Remuneration Committee evaluates

the performance of senior executives and also certain second-tier managers in accordance with a systematic procedure.

The Remuneration Committee held three meetings in 2016 and comprises three members: Pauline Lindwall (Chairman), Johan Andersson and Magnus Yngen. Until the Annual General Meeting held on May 3, 2016, the Remuneration Committee comprised Magnus Yngen (Chairman), Anders Bülow and Pauline Lindwall. Duni's CEO, Thomas Gustafsson, participates at the meetings, as does the HR Director, who serves as a secretary at meetings of the Remuneration Committee.

Audit Committee

Duni's Audit Committee is responsible for ensuring the quality of the Company's financial and business reporting. The Committee also evaluates Duni's internal control processes and management of financial and operating risks. The Committee meets regularly with the Company's auditors in order to obtain information regarding the focus and scope of the external audit and to evaluate the work of the external auditors. The evaluation also covers the scope of any non-audit-related work performed by the auditors on behalf of Duni. When preparing a proposal regarding the election of auditors and compensation for audit work, the Nomination Committee is assisted by the Audit Committee. During the year, the Audit Committee, together with management, conducted a procurement process for retention of an accounting firm as well as fees for the coming year. Proposals and reasons have been conveyed to the Nomination Committee for a further decision at the 2017 Annual General Meeting.

The Audit Committee held four meetings in 2016 and comprises three members: Pia Rudengren (Chairman), Magnus Yngen and Alex Myers. Until the Annual General Meeting held on May 3, 2016, the Audit Committee comprised Pia Rudengren (Chairman), Anders Bülow and Alex Myers. The CFO and the Group Accounting Manager, as well as the auditors, participate at all meetings.

Remuneration to the board of directors

Fees and other remuneration to the Board, including Duni's Board Chairman, are decided upon by the Annual General Meeting. In accordance with a resolution adopted by the Annual General Meeting on May 3, 2016, the annual fee was set at a total of SEK 1,675,000, of which SEK 535,000 is payable to the Chairman of the Board. In addition, a resolution was adopted regarding fees for committee work totaling SEK 338,000.

The allocation of the remuneration among the members of the Board is shown in the table below.

BOARD REMUNERATION FOR THE PERIOD MAY 2016 – APRIL 2017

SEK	Board meetings	Audit Committee	Remuneration Committee	Total
Magnus Yngen	535 000	54 000	27 500	616 500
Johan Andersson	285 000	-	27 500	312 500
Pauline Lindwall	285 000	-	60 000	345 000
Alex Myers	285 000	54 000	-	339 000
Pia Rudengren	285 000	115 000	-	400 000
Total	1 675 000	223 000	115 000	2 013 000

REMUNERATION TO SENIOR EXECUTIVES

2016, SEK m	Basic salary	Variable remuneration	Other benefits	Pension – cost	Severance package	Total
CEO – Thomas Gustafsson	3.9	-	0	1.9	-	5.9
Other senior executives	11.8	0.8	0.5	3.8	-	17.0

CEO

Duni's CEO is Thomas Gustafsson. The Board has adopted instructions regarding the work and role of the CEO. The CEO is responsible for the day-to-day management of the Company's operations in accordance with guidelines issued by the Board of Directors.

On December 31, 2016, Thomas Gustafsson held 26,400 shares in Duni AB. No party closely related to the CEO has any significant shareholding in Duni AB. Thomas Gustafsson has no ownership interests in companies with which Duni has significant commercial relations. Further information regarding the CEO is provided in Note 13 in the Annual Report.

GROUP MANAGEMENT

Thomas Gustafsson presides over the work of group management and adopts decisions, in consultation with other members of group management, consisting of the heads of business areas and heads of staff functions.

Group management, including the CEO, comprises nine individuals. HR Director Kettil Wedin, left Duni on May 31, 2016. At the same time, Sofie Lindström, former HR Manager for the Nordic countries, was appointed to the position. On June 1, 2016, Tina Andersson left her position as Director of Business Area Consumer & Corporate Marketing. Anna Lundqvist, former Marketing Director Consumer, served as temporary Director of Business Area Consumer until August 2016, when the appointment was made permanent and she thereby also became a member of Duni's group management.

During the year, management held four two-day meetings. The year's meetings have been characterized by regular monitoring of the rolling business plan, strategy and plans of action. During the year, particular focus was placed on efficiency within logistics and delivery performance, acquisitions and growth issues outside Europe, as well as the market trend in Europe. Integration between Duni and the acquired companies was also a standing item on the agenda. Group management addresses matters concerning the Group as a whole, as well as individual business areas. In addition, group management holds a half-day meeting each month together with Duni's Group Controller in order to jointly review the month's sales and results for each business area, production, logistics and central functions.

REMUNERATION TO SENIOR EXECUTIVES

Remuneration to the CEO and other members of group management is in accordance with guidelines regarding remuneration to senior executives adopted by the Annual General Meeting on May 3, 2016 and which apply until the next Annual General Meeting. The guidelines proposed to the 2017 Annual General Meeting are in all essential respects equivalent to the guidelines which applied in 2016. Remuneration shall be on market terms and comprise fixed and variable salary, other benefits as well as pension. The variable salary may never exceed the fixed salary.

The table on page 45 shows the total gross remuneration paid to group management, including basic salaries, variable remuneration, pension payments and other benefits. Thomas Gustafsson receives an annual gross salary of SEK 3,904,000 and has a possibility to achieve a bonus not exceeding 75% of his annual basic salary, based on predetermined targets for the Group. In addition, he is entitled to certain other employment benefits such as a company car. Both Duni and Gustafsson may terminate the agreement upon six months' written notice. In addition, except in the event of termination by the Company due to negligence, Gustafsson is entitled to an amount equal to twelve times his monthly salary.

Thomas Gustafsson is covered by Duni's pension policy for salaried employees holding positions within group management, with the supplement that on the pension-qualifying income in excess of 7.5 income base amounts, Duni pays 35% to the alternative ITP solution. Pension-qualifying income also includes a three-year average of paid bonuses. Thomas Gustafsson's retirement age is 65. The pension cost corresponds to costs for fee-defined pension schemes. The provision for occupational pension is fully deductible for Duni. There are no other outstanding pension commitments to the CEO.

Duni has not granted any loans, extended or issued any guarantees or provided any security to the benefit of Duni's directors, senior executives or auditors. None of the directors, senior executives or auditors has entered into transactions with Duni, whether directly or indirectly through any affiliated company.

AUDIT

At the Annual General Meeting held on May 3, 2016, PricewaterhouseCoopers AB was elected auditor, with Eva Carlsvi as auditor-in-charge. The auditors review the annual accounts and the Annual Report as well as the Company's ongoing operations and routines in order to express an opinion regarding the accounts and management by the Board of Directors and the CEO. The audit of the annual accounts and Annual Report is conducted in January and February. Thereafter, compliance with the Annual General Meeting's guidelines regarding remuneration for senior executives is audited. The auditors participate at all meetings of the Audit Committee during the year. In October, an interim audit is carried out in combination with a general review of Duni's report for the third quarter. In addition to Duni, Eva Carlsvi is also auditor-in-charge in respect of, among other companies, BE Group AB (publ), Eolus Vind Aktiebolag (publ), E.ON Nordic Aktiebolag and Kappahl AB (publ). Eva Carlsvi is an authorized public accountant and member of FAR SRS. Apart from the audit engagement, fees to PwC for other engagements during 2016 totalled SEK 4.8 (2015: SEK 3.0).

COMPENSATION TO ACCOUNTING FIRM

SEK m	Group		Parent Company	
	2016	2015	2016	2015
Compensation for audit engagement	4.3	4.4	1.8	1.8
Compensation for accounting work other than audit engagement	0.6	0.5	0.4	0.5
Compensation for tax consultation	2.3	1.6	0.1	0.1
Compensation for other consultations	1.9	0.9	1.8	0.8
Total compensation, accounting firm	9.2	7.4	4.1	3.2