

CORPORATE GOVERNANCE REPORT FOR DUNI AB (PUBL)

Duni AB is a Swedish public limited company (publikt aktiebolag) and has been listed on the NASDAQ Stockholm Mid Cap list since November 14, 2007. Duni is governed via General Meetings, the Board of Directors and the CEO, as well as Duni's Group Management, in accordance with the Swedish Companies Act, the Company's Articles of Association and the rules of procedure and internal guidelines 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 except for one rule, 9.2. Thomas Gustafsson is a member of the Remuneration Committee although he cannot be considered independent of the Company and management because he was CEO of Duni between December 2012 and October 2017. The reason for the deviation from the Code in this case is that Thomas Gustafsson is very well acquainted with the Company's circumstances in issues such as employee situations, talent provision and remuneration structures given his many years as CEO and before that director at Duni.

ARTICLES OF ASSOCIATION

The current Articles of Association were adopted at the Annual General Meeting held on May 6, 2009. Their stipulations include that the registered office shall be in Malmö, that members of the Board of Directors are 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 the remuneration of the Board of Directors and auditors.

Pursuant to the Swedish Companies Act, notice of Duni's Annual General Meeting must be issued no earlier than six weeks and no 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 no later than the date stated in the notice.

2019 Annual General Meeting

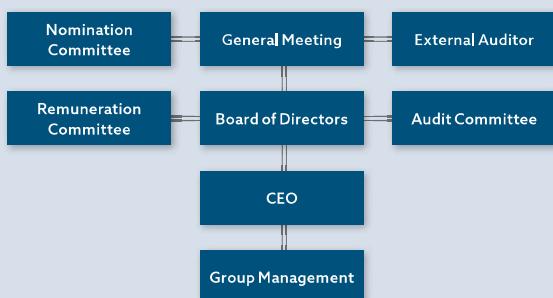
Duni's 2019 Annual General Meeting was held on Tuesday, May 7, 2019, in Malmö. 161 shareholders, representing approximately 73% of the voting rights, were present at the General Meeting in person or through proxies. The Chairman of the Board, Magnus Yngen, was elected to chair the meeting. All directors 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 2018 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.
- The election of new director Thomas Gustafsson
- The election of Magnus Yngen as Chairman of the Board
- The re-election of PwC as auditors;
- Change in the Board's remuneration, the Chairman of the Board shall receive SEK 590,000 (562,000) and all other directors shall each receive SEK 315,000 (300,000)
- Changed remuneration of SEK 128,000 (121,000) to the chairman of the Audit Committee and SEK 60,000 (57,000) to other members of the Audit Committee
- Changed remuneration of SEK 67,000 (63,000) to the chairman of the Remuneration Committee and SEK 31,000 (29,000) to other members of the remuneration Committee
- Adoption of the Board's proposed guidelines for the remuneration of senior executives;
- Procedures regarding the composition and work of the Nomination Committee;

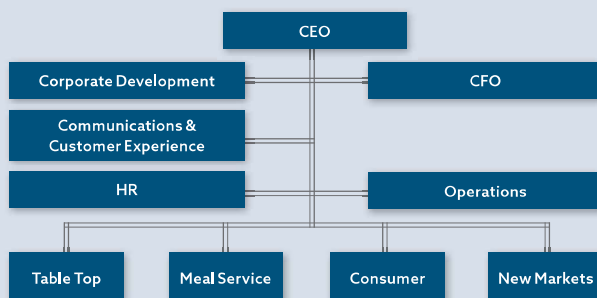
2020 Annual General Meeting

The next Annual General Meeting of the Shareholders of Duni will be held at 3 PM on May 12, 2020 at Radisson Blu Hotel, Östergatan 10, Malmö, Sweden. A notice of the Annual General Meeting, containing the Board's proposals, will be published at the beginning of April 2020. More information about the Annual General Meeting, notice of participation, etc. is available on Duni's website.

CORPORATE GOVERNANCE



2019 GROUP MANAGEMENT



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 remuneration 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.

For the 2019 Annual General Meeting, the Nomination Committee proposed the re-election of directors Magnus Yngen (Chairman), Johan Andersson, Pauline Lindwall, Alex Myers and Pia Rudengren. Given that Johan Andersson declined re-election, Thomas Gustafsson was proposed to replace him as a new director. The reasoned opinion of the Nomination Committee for the 2019 Annual General Meeting shows that the Nomination Committee applied Rule 4.1 of the Code as diversity policy in its proposals to the Board of Directors. The aim of the policy is to ensure that the composition of the Board of Directors is suited to the Company's operations, stage of development and other circumstances, that the Board of Directors is characterized by diversity and breadth in terms of skills, experience and background, and that an even gender distribution is prioritized. The Annual General Meeting resolved to elect directors in accordance with the proposals of the Nomination Committee, which resulted in the election of five directors, two women and three men (40 and 60 percent, respectively).

The Nomination Committee shall be comprised of representatives of Duni's three largest shareholders at September 30. Board Chairman Magnus Yngen convened the Nomination Committee in October 2019 and the composition was presented on October 31, 2019.

The Nomination Committee comprises the following members:

Name	Represents	Ownership stake 12/31/2019
Magnus Yngen	Director of the Board	
Johan Andersson (Chairman)	Mellby Gård Investerings AB	29.99%
John Strömgren	Carnegie fonder	9.57%
Bernard R. Horn, Jr.	Polaris Capital Management, LLC	9.80%
Total		49.36%

The Nomination Committee held meetings on December 10, 2019, January 24, 2020 and March 5, 2020. Prior to the 2020 Annual General Meeting, the Nomination Committee thus held three 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 is of the opinion 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. In spite of this, the Nomination Committee this year resolved to increase the number of directors to six to ensure continuity in the board. The Nomination Committee also notes that the Board is comprised of a sound and relevant mix of genders, education, skills, industry experience and international experience. Magnus Yngen and Pia Rudengren have declined re-election. Morten Falkenberg, Sven Knutsson and Pia Marions are proposed for election as new directors and Thomas Gustafsson is proposed for election as the new Chairman of the Board. In addition, the Nomination Committee proposes the re-election of the other directors: Pauline Lindwall and Alex Myers. Other elections, information about all directors proposed for the board and the Nomination Committee's complete proposals and opinions substantiating their proposals will be presented in the notice of the Annual General Meeting.

BOARD OF DIRECTORS

Duni's Board decides on the Company's strategies, resources, 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 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 and employee representatives. Since the Annual General Meeting held on Tuesday, May 7, 2019, 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. For a more detailed presentation of the directors, see pages 50-51.

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 divided between the Board's members, and how often the Board shall meet. In addition, the rules of procedure govern the Board's obligations, quorum, instructions to the CEO, the division 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 scheduled as needed. In 2019, the Board held eight meetings at which minutes were taken.

2019 BOARD ATTENDANCE:

	Function	Independent ¹⁾	Board meetings	Audit Committee	Remuneration Committee
Magnus Yngen	Chairman	x	8 of 8	5 of 5	2 of 3
Johan Andersson	Director	²⁾	4 of 4	-	0 of 1
Thomas Gustafsson	Director	²⁾ ³⁾	4 of 4	-	2 of 2
Pauline Lindwall	Director	x	8 of 8	-	3 of 3
Alex Myers	Director	x	8 of 8	5 of 5	-
Pia Rudengren	Director	x	8 of 8	5 of 5	-
Per-Åke Halvordsson	Employee representative, director	³⁾	8 of 8	-	-
David Green	Employee representative, director	³⁾	4 of 8	-	-
Marcus Hall	Employee representative, alternate	³⁾	7 of 8	-	-
Peter Lundin	Employee representative, alternate	³⁾	5 of 8	-	-

¹⁾ As per definition in Swedish Corporate Governance Code.

²⁾ Not independent (in relation to Duni's largest shareholders).

³⁾ Not independent (in relation to Duni).

⁴⁾ Johan Andersson resigned at the 2019 AGM and was replaced by Thomas Gustafsson, a former CEO and director at Duni. Thomas is not considered independent of the Company, management or the Company's largest shareholder.

The following items were among those on the agenda in 2019:

- The annual accounts, including the auditors' report, the proposed allocation of earnings and the year-end report;
- The annual report and approval of the notice of the Annual General Meeting
- Follow-up of the annual audit with the auditor-in-charge;
- Interim reports;
- Rules of procedure for the Board and the CEO;
- Annual review of the policy manual;
- Discussions and report on a new sales and marketing organization;
- Follow-up on income-improvement program initiated in fall 2018;
- Follow-up on acquired companies;
- Growth issues and acquisition issues;
- Regular evaluation and analyses regarding the performance of each business area in terms of growth and profitability;
- Strategic issues and risks;
- Mapping of the Company's financial and operational risks;
- Regular forecasts for 2019;
- Ongoing investments and follow-up of approved investments;
- 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 is responsible for implementation of the business plan and the regular management of the Company's affairs as well as the day-to-day operations of the Company.

The Board receives monthly written information in the form of a monthly report containing updates on the Company's sales, operating income and changes in working capital as well as comments on the performance of each business area and market. This also includes a report on the number of injuries that occurred at the production and conversion companies during the month. 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 a detailed evaluation of the Board of Directors each year based on the adopted rules of procedure. The evaluation includes the composition of the Board, individual directors as well as the Board's work and procedures. 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. No 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. The Remuneration Committee shall also follow and evaluate the guidelines for the remuneration of senior executives adopted by the Annual General Meeting. Remuneration and benefits for company management are

evaluated through comparisons with market data provided by external sources. Such data demonstrates that Duni has competitive remuneration levels and that the total remuneration package is reasonable and not excessively high. The Remuneration Committee evaluates bonus policies prior to each new year. Once a year, the Remuneration Committee evaluates senior executives and also certain second-tier managers in accordance with a systematic procedure. What is discussed at each meeting is reported by the committee chair at the next board meeting, which is usually held later on the same day.

The Remuneration Committee held three meetings in 2019 and comprises three members: Pauline Lindwall (Chairman), Thomas Gustafsson and Magnus Yngen. Duni's CEO attends the meetings, except for matters regarding his own remuneration, as does the HR Director, who serves as a secretary at meetings of the Remuneration Committee.

Audit Committee

The Audit Committee works according to an agenda adopted annually and its activities meet the requirements set out in the Swedish Companies Act and the EU Audit Regulation. Duni's Audit Committee is responsible for ensuring the quality of the Company's financial reporting. The Committee also evaluates Duni's internal control processes and management of financial and operating risks. There is a special item on the annual agenda for fraud and anti-corruption issues. The acquisition of Horizons Supply in Australia and the efficiency and organizational problems in Duni Song Seng in Singapore and Sharp Serviettes in New Zealand were also on the agenda during the year. Goodwill impairment was also discussed in connection with this. 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 as well as reviewing and monitoring the impartiality and independence of the auditor. When preparing a proposal regarding the election of auditors and remuneration for audit work, the Nomination Committee is assisted by the Audit Committee, which shall monitor whether the auditor's term of office exceeds applicable rules, procure audits and submit a recommendation in accordance with the EU Audit Regulation. What is discussed at each meeting is reported by the committee chair at the next board meeting, which is usually held later on the same day.

The Audit Committee held five meetings in 2019 and comprises three members: Pia Rudengren (Chairman), Magnus Yngen and Alex Myers. The CFO and the Group Accounting Manager, as well as the auditors, attend all meetings.

REMUNERATION OF THE BOARD OF DIRECTORS

Fees and other remuneration for the Board of Directors, 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 7, 2019, the annual fee was set at a total of SEK 1,850,000, of which SEK 590,000 is payable to the Chairman of the Board. In addition, a resolution was adopted to set the fee for committee work at a total of SEK 377,000.

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

BOARD REMUNERATION FOR THE MAY 2019-APRIL 2020 PERIOD

SEK	Board fees	Audit Committee fee	Remuneration Committee fee	Total
Magnus Yngen	590,000	60,000	31,000	681,000
Thomas Gustafsson	315,000	-	31,000	346,000
Pauline Lindwall	315,000	-	67,000	382,000
Alex Myers	315,000	60,000	-	375,000
Pia Rudengren	315,000	128,000	-	443,000
Total	1,850,000	248,000	129,000	2,227,000

CEO

Johan Sundelin is the Chief Executive Officer of Duni. 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 Group's operations in accordance with guidelines issued by the Board of Directors.

As of December 31, 2019, Johan Sundelin held 4,000 shares and 75,000 synthetic options in Duni AB. He does not have any ownership interest in companies with which Duni has significant commercial relations. Further information regarding the CEO is provided in Note 16 of the Annual Report.

GROUP MANAGEMENT

The CEO presides over the work of Group Management and adopts decisions in consultation with the other members of Group Management consisting of the heads of business areas and heads of staff functions.

Group Management, including the CEO, comprises ten individuals. In January, Robert Dackeskog resigned as the Table Top Business Area Director. He was replaced by Linus Lemark, the former Meal Service Business Area Director. In March, Franck Bancarel was appointed the new Meal Service Business Area Director.

Management had two-day meetings every month during the year. Implementation plans for Duni's strategy were in focus at this year's meetings. Regular monitoring of delivery performance, logistics and growth along with other strategic issues and plans of action were also on the yearly agenda. 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. The Duni's Group Controller has an agenda item at each meeting to present and review the month's sales and results for each business area, production, logistics and central functions.

REMUNERATION OF SENIOR EXECUTIVES

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 have entered into transactions with Duni directly or indirectly through any affiliated company.

Below are the remuneration guidelines for the CEO and other members of Management that were adopted by the Annual General Meeting on May 7, 2019 and apply until the next Annual General Meeting.

"Remuneration of the CEO and the other executives who are a part of management shall normally consist of a fixed salary, a variable salary, other benefits and a pension. The cumulative remuneration shall be on market terms, competitive and aligned with responsibilities and authorities. The variable salary shall be based on performance with respect to pre-determined and measurable performance goals, which are designed to promote long-term value creation for the Company. The variable salary may never exceed the fixed salary. Upon termination of the employment agreement by the Company, termination pay and severance compensation taken together shall not exceed 18 monthly salaries, unless otherwise stipulated by local mandatory legislation. Pension benefits shall be under defined contribution plans, unless special grounds justify another approach. The retirement age for management shall normally be 65.

These guidelines shall apply to agreements entered into after the AGM's resolution and to changes to existing agreements made after this point in time. The Board of Directors may diverge from these guidelines only if there are special grounds for doing so in an individual case.

If the AGM resolves to pass the proposed guidelines, the remuneration level of the 2019 financial year will largely match that of the 2018 financial year.

Proposed guidelines for remuneration of senior executives for resolution at the 2020 AGM:

These guidelines apply to those who are a part of Duni AB's Group Management ("senior executives") and directors during the time the guidelines apply, in the manner specified below. The guidelines do not apply to remuneration decided on by the AGM, such as share-related or share price-related incentive programs. The guidelines shall apply until new guidelines are adopted by the AGM.

With respect to employment relationships subject to rules other

than Swedish rules, appropriate adaptations may be made to comply with such mandatory rules or fixed local practices, in which case the overall purpose of these guidelines shall be fulfilled as far as possible.

A description of Duni's business strategy and sustainability efforts can be found in Duni's annual and sustainability report. Successful implementation of Duni's business strategy and safeguarding of the Company's long-term interests, including its longevity, require that the Company is able to recruit and retain qualified employees. The goal of Duni's remuneration policy is to offer remuneration on market terms in order to attract, motivate and retain skilled and talented employees.

The total remuneration of senior executives shall be aligned with the senior executive's responsibilities and authorities. The total remuneration may consist of a fixed cash salary, a variable cash salary (bonus), pension benefits and other benefits. In addition to this, and irrespective of these guidelines, the AGM may resolve on share-related and share price-related remuneration.

Variable cash salary

The variable cash salary shall be limited in advance to a maximum amount and based on performance with respect to pre-determined and measurable performance goals, which are designed to promote the Company's business strategy and long-term value creation, including its longevity. The annual variable cash salary (annual bonus) shall be capped at 75 percent of the fixed cash salary. The variable cash salary may be based on metrics such as the annual profitability and capital tie-up targets set by the board, and may be linked to the Group's adjusted EBIT and adjusted capital employed.

Once the period for measuring attainment of the criteria for payment of the variable cash salary has ended, the board shall determine to what extent the criteria have been met based on a proposal from the Remuneration Committee. In its assessment of whether the criteria have been met, the board, upon proposal from the Remuneration Committee, has the option to grant exemptions from the goals that were set on the grounds set out below under deviation from guidelines. With respect to the attainment of financial targets, the assessment shall be based on the most recently published financial information of the Company with any adjustments that the board made in advance upon implementation of the program.

Variable remuneration shall not be paid, or variable remuneration shall be reclaimable, if the senior executive acted in breach of the Company's code of conduct. The variable cash salary may be paid once the measurement period has ended or it may be deferred for later payment. In compliance with legislation, the board shall have the option to fully or partially reclaim variable cash salaries paid on incorrect grounds.

Other remuneration

Additional cash remuneration may be paid as a one-time arrangement under extraordinary circumstances in order to recruit or retain executives. Such remuneration may not exceed an amount equivalent to one year of the fixed cash salary. Resolutions on such remuneration shall be passed by the board upon proposal from the Remuneration Committee.

Pensions

Senior executives shall be covered by the ITP plan in accordance with the applicable collective bargaining agreement or equivalent. Under the ITP plan, the pension premium for senior executives does not exceed 40 percent of their fixed cash salary.

Other benefits

Other benefits, such as company cars, fuel, disability insurance and health insurance, shall be eligible to be provided to the extent this is considered to be on market terms for senior executives in equivalent positions in the labor market in which the senior executive participates. The cumulative value of these benefits is not permitted to exceed 12 percent of the fixed cash salary.

Terms and conditions upon termination

Senior executives shall be employed until further notice (permanent employees). Upon termination of employment, the fixed cash salary during the applicable notice period and severance compensation

combined shall not exceed 18 months of the fixed cash salary. Upon termination by the senior executive, the senior executive shall not be entitled to severance compensation. Senior executives shall be able to be compensated for non-compete obligations after termination of employment to the extent that severance compensation is not paid for the corresponding period. Such compensation shall be capped at 12 months of the fixed cash salary.

Remuneration of directors

In cases where directors (including through wholly-owned companies) render services for Duni apart from board work, a separate cash fee may be paid for this (consulting fee). This fee shall be on market terms and be aligned with how much such services benefit Duni. Remuneration of directors, as well as other terms and conditions, are determined by the board.

Decision-making process and deviations

In preparing the board's proposal for these remuneration guidelines, salaries and employment conditions for Duni's employees have been taken into consideration because information on the total remuneration of employees, the components of the remuneration and the increase and rate of increase in the remuneration over time have been a part of the Remuneration Committee and the board's supporting documents for evaluating whether the guidelines and the restrictions imposed by them are fair.

The Remuneration Committee prepares the board's proposed guidelines for the remuneration of senior executives. These are reviewed annually and presented for resolution at the AGM if amendments are proposed or at least every fourth year. The CEO and other executives that are a part of management do not attend the board's discussions and resolutions on remuneration-related issues to the extent that such issues affect them.

The board may resolve to temporarily deviate from the guidelines in full or in part if there are special grounds to substantiate this in an individual case and if such deviation is necessary to safeguard the

Company's long-term interests, including its longevity, or to secure the Company's financial viability. As specified above, it is a part of the Remuneration Committee's job to prepare board resolutions on remuneration issues, which includes resolutions to deviate from the guidelines.

Transitory provisions applicable for 2020 AGM

Disclosures on the remuneration of senior executives and related disclosures for the 2019 financial year can be found in Note 16 of the 2019 Annual Report, including any previously adopted remuneration that has not yet fallen due for payment.

AUDITING

At the Annual General Meeting held on May 7, 2019, PricewaterhouseCoopers AB was re-elected auditor, with Carl Fogelberg as auditor-in-charge. The auditors review the annual accounts and the Annual Report as well as the Company's ongoing operations and procedures 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 for remuneration of senior executives is audited. The auditors attend all meetings of the Audit Committee during the year. In October, an interim audit is performed in combination with a general review of Duni's third quarter report. In addition to Duni, Carl Fogelberg is also the auditor-in-charge for companies such as Öresundsbro Konsortiet I/S and Sparbanken Sjuhärad AB (Publ) and co-signing auditor for Hal-dex and Eniro AB. Carl Fogelberg is an authorized public accountant and member of FAR SRS. Apart from the audit engagement, fees to PwC for other engagements during 2019 totaled SEK 2.8 (2018: SEK 4.7 m). For detailed information about the remuneration of external auditors, see Note 9 Remuneration for auditors.

THE BOARD'S DESCRIPTION OF INTERNAL CONTROL WITH RESPECT TO THE FINANCIAL REPORTING FOR THE 2019 FINANCIAL YEAR

Pursuant to the Swedish Companies Act and the Swedish Corporate Governance Code, the Board of Directors is responsible for internal control. Among other things, this entails monitoring Duni's financial reporting and efficiency in the Company's internal control and risk assessment.

Internal control as regards financial reporting is aimed at providing reasonable certainty regarding the reliability of external financial reporting in the form of the annual reports and interim reports published by Duni each year, and to ensure that financial reports are prepared in accordance with the law, applicable accounting standards, and other requirements imposed on listed companies. The internal control also aims to ensure the quality of financial reporting to Company management and the Board of Directors so that decisions are made based on the right grounds and established principles and guidelines are observed.

Duni describes the internal control system for financial reporting based on the areas that constitute the basis for internal control in accordance with the "Internal Control – Integrated Framework" issued by COSO, namely the following areas: control environment, risk assessment, control structure, information and communication, as well as monitoring.

With the support of the Audit Committee, Duni's management is engaged in risk mapping in accordance with COSO 2013 and the 17 fundamental principles. However, Duni chooses to describe the internal control system in relation to the 1992 version of the COSO framework.

CONTROL ENVIRONMENT

The rules of procedure of the Board and the instructions issued by the Board regarding the work of the CEO and board committees clearly define the division of responsibilities and powers with the aim of ensuring efficient management of risks in business operations. Duni has established an Audit Committee to review the instructions and procedures used in the financial reporting process as well as accounting principles and changes to them. Group Management reports each month to the Board in accordance with established procedures. Internal control instruments for financial reporting consist primarily of the finance policy, communications policy, and the Group's finance handbook, which defines accounting and reporting rules.

In addition, Group Management has formulated its view on how business is to be conducted in a business ethics policy, which is reviewed each year by the Board of Directors. Duni has an independent whistleblower system to which Duni employees and other external parties can report experienced or observed irregularities on the part of senior executives. The whistleblower may choose to be anonymous and the chairman of the Audit Committee, the CFO and the HR Director are recipients of the information.

RISK ASSESSMENT AND CONTROL STRUCTURE

Material risks for operations are analyzed by the Board as a part of financial reporting. In addition, Group Management provides the Audit Committee with an overall risk analysis of income statements and balance sheets as well as the factors that impact them. Risk areas are documented and assessed based on likelihood and impact. Based on this, control processes are structured to ensure high quality in financial reporting. The risk areas are evaluated by the Audit Committee at least once per year.

The organizational structure together with the division of responsibilities and payment authorization procedure are clearly described and communicated by means of instructions and policies. The operations are organized into business areas with profit centers. The Audit Committee regularly communicates with the auditors in order to evaluate and improve the internal control. Duni has established an accounting center for the European countries within Duni. The accounting center provides independent accounting services to the operations. This function complies with standardized procedures and routines. The head of the accounting center reports directly to the Group CFO.

INFORMATION AND COMMUNICATION

Information, both externally and internally, is governed by Duni's communications and IR policy as well as its insider policy and guidelines. These address responsibilities, routines and rules. The policies are regularly evaluated to ensure that information disclosed to the stock market is consistently of a high quality and in accordance with the stock exchange rules. Financial information, such as quarterly reports, annual reports, and important events are published through press releases and on Duni's website. Meetings with financial analysts are arranged regularly in connection with the publication of quarterly reports. The intranet is the main source of information internally in Duni. Accounting handbooks and instructions regarding financial reporting are available on the intranet and these are regularly updated in light of changes to IFRS and other recommendations.

MONITORING

The Board and Audit Committee review all external financial reports before they are formally approved by the Board. The Audit Committee receives regular reports from the auditors regarding the internal control and monitors significant issues. The Board receives a monthly written report covering sales, operating income, the market trend, as well as other material information regarding the operations, and a review of current financial reports constitutes a standing item on the agenda at all meetings. Group Management analyses the financial trend within the Group's business areas each month. Comparisons with the preceding year, budgets and plans, and evaluation of the key performance indicators are used for monitoring generally at all levels in the organization.

STATEMENT REGARDING INTERNAL AUDIT

Duni has found no need for a formal internal audit department but annually evaluates whether such a function is needed. Duni has an accounting center in Poznan, Poland, which functions as a centralized accounting function providing accounting services to all subsidiaries in Europe, apart from Russia, Paper+Design and Biopac UK Ltd. The accounting center along with the accounts department at the head office serve as consultants to the countries within the Group that are not included in the center. The accounting center operates based on standardized processes and routines, is independent of the operational business, and reports directly to the CFO. They also perform engagements for external customers, similar to the engagements they perform for Duni. This centralized and independent process for accounting and financial reporting is considered to constitute a platform for sound internal control with respect to financial reporting. Duni's Group accounts department also performs certain internal audit work in the form of controls at subsidiaries.

BOARD OF DIRECTORS

Duni's Board of Directors comprises five members elected by the Annual General Meeting as well as two employee representatives and two alternates.

The Board of Directors is the Company's highest decision-making body after the General Meeting. The Board's overarching duty is to decide upon the Company's business focus, the Company's resources and capital structure, as well as the Company's organization and management of the Company's affairs.

The directors are elected each year at the Annual General Meeting for a term of office until the close of the next annual general meeting. The Board shall comprise no fewer than three and no more than 12 ordinary members. In addition, there may be employee representatives.



MAGNUS YNGEN *Born in 1958*

Chairman of the Board since 2016.

Board Chairman, Fractal Design AB and Vålinge Group AB, Deputy Chairman, Intrum AB, Director, Dometic AB

PROFESSIONAL EXPERIENCE: President and CEO, Camfil, President and CEO, Dometic, President and CEO, Husqvarna, Executive Vice President, Electrolux

EDUCATION: Mr Yngen holds a Master of Engineering and Licentiate of Technology from the Royal Institute of Technology, Stockholm.

Elected in 2008

SHARES IN DUNI: 14,000

Independent of the company, company management and Duni's major shareholders.



PAULINE LINDWALL *Born in 1961*

Director, McKesson Europe AG and Swedish Match AB.

PROFESSIONAL EXPERIENCE: Category Director for Coffee France and Southern Europe at Kraft/Mondelez in Switzerland.

Many years' experience in various executive positions within the Nestlé Group, both in Asia and in Europe, such as Country Business Manager Nestlé Nutrition in Germany and Indonesia.

EDUCATION: Ms Lindwall holds a Bachelor of Science in Business Administration and Economics from the University of Växjö.

Elected in 2014

SHARES IN DUNI: 1,000

Independent of the company, company management and Duni's major shareholders.



THOMAS GUSTAFSSON *Born in 1965*

Vice President and Director of Mellby Gård AB, Board Chairman of Smart Eyes International AB, Kappahl AB (publ) and OJ Holding Sweden AB, and Board Director of Topeja Holding AB and Aros Kapital AB.

PROFESSIONAL EXPERIENCE: CEO of Duni AB (publ) 2012-2017, previously responsible for overseeing Mellby Gård AB's consumer goods companies and, before that, he served as President and CEO of 2E Group AB (publ). Senior executive positions at Spendrups Bryggeri AB, Bråmhults Juice AB and Eckes Granini GmbH.

EDUCATION: Mr Gustafsson holds a business administration degree (Marknadsekonom)

SHARES IN DUNI: 26,400

He is not considered independent of the company, company management or Duni's major shareholders.



PIA RUDENGRÉN *Born in 1965*

Board Chairman, Social Initiative AB, Director, Boliden AB and AcadeMedia AB.

PROFESSIONAL EXPERIENCE: Full-time director. Vice President, W Capital Management AB, CFO and management group member, Investor AB.

EDUCATION: Ms Rudengren holds an MSc from the Stockholm School of Economics. Elected in 2007

SHARES IN DUNI: 1,200

Independent of the company, company management and Duni's major shareholders.



ALEX MYERS *Born in 1963*

President and CEO, Andromeda Group, Board Chairman, NoseOption AB.

PROFESSIONAL EXPERIENCE: President and CEO, Getinge AB. President and CEO, Hilding Anders Group. CEO, ArjoHuntleigh/Executive Vice President, Getinge Group. Senior Vice President, Western Europe and Global Sales & Marketing as well as member of the management group of Carlsberg Breweries. Vice President Marketing & Innovation and member of the management group of Pripps-Ringnes (Orkla Drinks). Several middle management positions at Unilever in Sweden and Germany.

EDUCATION: Mr Myers holds a BA in Organizational Behavior from Yale University, USA. Elected in 2013

SHARES IN DUNI: 2,000

Independent of the company, company management and Duni's major shareholders.



DAVID GREEN *Born in 1978*

Employee representative for LO/Pappers.

Mr Green is employed as a machine operator at TM3 with Rexcell Tissue & Airlaid AB.

Elected in 2018

SHARES IN DUNI: 0

Not independent of the company



PER-ÅKE HALVORDSSON *Born in 1959*

Employee representative, PTK.

Mr Halvordsson is employed as a management and organization resources at Rexcell Tissue & Airlaid AB.

Mr Halvordsson has undertaken PTK board training.

Elected in 2005

SHARES IN DUNI: 0

Not independent of the company.