

CORPORATE GOVERNANCE REPORT FOR DUNI AB (PUBL)

Duni AB is a Swedish public limited company and has been listed on the NASDAQ Stockholm Mid Cap list since November 14, 2007. The Group is governed via General Meetings, the Board of Directors and the CEO, as well as 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 Group Management also serve as directors on the boards of subsidiaries.

Duni AB 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 AB 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 AB 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 the Group.

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, Duni.se.

GENERAL MEETING

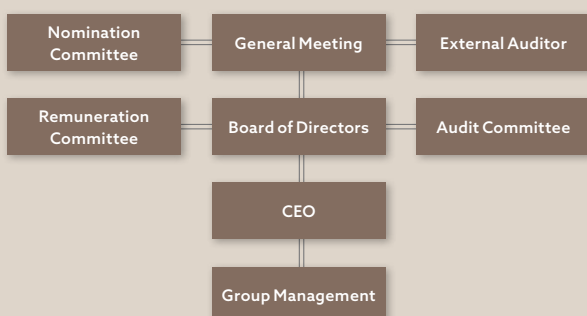
At the General Meeting, the shareholders decide upon key issues. Among other things, the General Meeting adopts the income statements and balance sheets, resolves upon allocation of the Company's earnings, discharge from liability for the directors and the CEO, election of the Board of Directors and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

Pursuant to the Swedish Companies Act, notice of Duni AB'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 the Group's website. The fact that notice has been issued shall be announced in Svenska 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.

2020 Annual General Meeting

The 2020 Annual General Meeting was held on Tuesday, May 12, 2020, in Malmö, Sweden. 49 shareholders, representing 56% of the voting rights, were present at the General Meeting, primarily through proxies.

CORPORATE GOVERNANCE



Thomas Gustafsson was elected to chair the meeting. No other directors or employee representatives were present in person besides Thomas Gustafsson. Magnus Yngen, Pia Rudengren and the Company's auditor Carl Fogelberg participated over the phone. The meeting was shortened to reduce the risk of spreading COVID-19. Shareholders were requested to vote in advance of the meeting instead of attending it in person. The CEO did not give a speech, as is customary. The minutes from the meeting are available on the Group's website, Duni.se. All resolutions were adopted in accordance with the Nomination Committee's proposals. The reasoning for the resolutions can be found on the Group's website. Some of the resolutions adopted at the General Meeting were:

- Adoption of income statements and balance sheets
- That no dividend be paid for the 2019 financial year
- Discharge from liability for the directors and CEO
- That the Board shall comprise six directors without alternates
- The re-election of directors Thomas Gustafsson, Pauline Lindwall and Alex Myers
- Election of Morten Falkenberg, Sven Knutsson and Pia Marions as new directors
- Thomas Gustafsson was elected the 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 578,000 (590,000) and all other directors shall each receive SEK 309,000 (315,000).
- Changed remuneration of SEK 125,000 (128,000) to the chairman of the Audit Committee and SEK 59,000 (60,000) to other members of the Audit Committee
- Changed remuneration of SEK 65,000 (67,000) to the chairman of the Remuneration Committee and SEK 30,000 (31,000) 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

2021 Annual General Meeting

In consideration of applicable government guidelines and the Pandemic Act, the Annual General Meeting of Duni AB will be conducted using mandatory postal voting. The AGM will be held on May 4, 2021. On the same day, a video of the CEO's speech will be posted to the Group's website. Shareholders will have the opportunity to submit written questions in advance of the meeting. A notice of the Annual General Meeting, containing the Board's proposals, will be published on March 25, 2021. More information is available on the Group's website.

Nomination Committee

The Nomination Committee nominates the individuals to be proposed at the Annual General Meeting for election to Duni AB's Board. It also presents proposals regarding audit fees, board fees, including the allocation of such fees between the Chairman and other board directors, as well as any 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.

For the 2020 Annual General Meeting, the Nomination Committee proposed the re-election of directors Pauline Lindwall and Alex Myers. Pia Rudengren and Magnus Yngen declined re-election. Thomas Gustafsson was proposed to be the new Chairman of the Board. Morten Falkenberg, Sven Knutsson and Pia Marions were proposed as new directors. Given that two of five directors declined re-election, the Nomination Committee determined that it was appropriate to strengthen the Board by increasing the number of directors from five to six to ensure continuity over time. The two directors leaving the Board of Directors had been in office since 2007 and 2008, respectively.

The reasoned opinion of the Nomination Committee for the 2020 Annual General Meeting also 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. Two of the directors now proposed are women and four are men (equivalent to 33.3 percent and 66.6 percent, respectively). The Swedish Corporate Governance Board published an aim in April 2014 for at least 40 percent representation of each gender on the boards of listed companies following the 2020 AGM season. The percentage of women in the proposed board composition is below the Nomination Committee's long-term goal of an equal gender distribution but is close to the target level formulated by the Swedish Corporate Governance Board for the 2020 AGM season. The Nomination Committee still aims for an equal gender distribution but has focused on creating an optimally composed board in consideration of the directors' expertise, age, experience and background. The Annual General Meeting resolved to elect directors in accordance with the proposals of the Nomination Committee.

The Nomination Committee shall be comprised of representatives of Duni AB's three largest shareholders at September 30. Board Chairman Thomas Gustafsson convened the Nomination Committee in October 2020 and the composition was presented on November 2, 2020.

The Nomination Committee comprises the following members:

Name	Represents	Ownership stake 12/31/2020
Thomas Gustafsson	Director of the Board	
Johan Andersson (Chairman)	Mellby Gård AB	29.99 %
Bernard R. Horn, Jr.	Polaris Capital Management, LLC	10.22 %
John Strömgren	Carnegie fonder	8.51 %
Total		48.72 %

The Nomination Committee held meetings on November 17, 2020 and January 21, 2021. Prior to the 2021 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 is of the opinion that the Board functions well. The Board of Directors is effective, and all directors are duly engaged and committed, including employee representatives. The Nomination Committee is aware that the long-term goal for diversity has not been met. However, given that the Company is going through a pandemic, and got mostly new directors at the last AGM, the Nomi-

nation Committee concludes that the Board consists of a nice, relevant mix of education, expertise, industry experience and international experience for the time being. All current directors are proposed for re-election at the 2021 Annual General Meeting. Other elections are presented in the notice of the Annual General Meeting.

BOARD OF DIRECTORS

The Board of Directors 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 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.

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 May 12, 2020, the Board comprises six directors and four employee representatives (two directors and two alternates). The 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 57-58. The Board of Directors comprises the following directors.

The board's work

The Board meets in accordance with a predetermined yearly plan, and additional meetings are scheduled as needed. 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

2020 BOARD ATTENDANCE

	Function	Independent ¹⁾	Board meetings	Audit Committee	Remuneration Committee
Magnus Yngen	Chairman	X	5 of 5	2 of 2	1 of 1
Thomas Gustafsson	Director	^{2,3)}	5 of 5	-	1 of 1
Pauline Lindwall	Director	X	14 of 14	-	3 of 3
Alex Myers	Director	X	14 of 14	2 of 2	-
Pia Rudengren	Director	X	5 of 5	2 of 2	-
Thomas Gustafsson	Chairman	^{2,3)}	9 of 9	2 of 2	2 of 2
Morten Falkenberg	Director	X	9 of 9	-	2 of 2
Sven Knutsson	Director	²⁾	9 of 9	2 of 2	-
Pia Marions	Director	X	9 of 9	2 of 2	-
Per-Åke Halvordsson	Employee representative, director	³⁾	14 of 14	-	-
David Green	Employee representative, director	³⁾	9 of 14	-	-
Marcus Hall	Employee representative, alternate	³⁾	14 of 14	-	-
Peter Lundin	Employee representative, alternate	³⁾	12 of 14	-	-

¹⁾ As per definition in Swedish Corporate Governance Code.

²⁾ Not independent (in relation to largest shareholders).

³⁾ Not independent (in relation to the Duni Group).

Magnus Yngen and Pia Rudengren resigned at the 2020 Annual General Meeting and were replaced by Morten Falkenberg, Sven Knutsson and Pia Marions. Thomas Gustafsson was elected the Chairman of the Board. Thomas is not considered independent of the Company, management or the Company's largest shareholder.

management of the Company's affairs as well as the day-to-day operations of the Company.

The Board of Directors evaluates the work of the CEO regularly. During the year, the Board of Directors determined that Johan Sundelin's leadership failed to meet the Board's expectations, leading to his resignation as CEO on July 17, 2020. Mats Lindroth was then appointed acting CEO. Robert Dackeskog was appointed the new CEO starting on January 1, 2021.

The Board of Directors held fourteen board meetings at which minutes were taken in 2020. In a normal year, the Board has seven planned meetings. In light of COVID-19 and the impact government restrictions have on sales and income, the Board held five extra meetings with a focus on COVID-19 in addition to the planned meetings as well as two meetings to discuss organizational matters.

The regular meetings and the meetings for organizational matters included the following agenda items in 2020:

- 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
- Organizational matters
- Financing and loan conditions
- Discussions and resolution to create two complete business areas for Duni and BioPak instead of two brand segments.
- Regular evaluation and analyses regarding the profitability and growth of each segment
- Strategic matters such as sustainability, market trends and digitalization
- The economic climate and economic conditions

The social restrictions across Europe and the rest of the world, which were intended to slow down the spread of COVID-19, led to a decrease in sales for the year by slightly more than SEK one billion or 18.9%.

The Board was regularly updated on business planning, sales performance, remedial actions and financing. A cost-cutting program for COVID-19 was presented to the Board early on including short-time work, government assistance, a freeze on investments, suspended consulting services, fewer marketing activities, and less travel. In total, the cost-cutting program saved approximately SEK 270 m for the year, of which approximately SEK 80 m is for government assistance. Follow-up reports on the cost-cutting program have been sent to the board regularly. The Group has a large share of fixed expenses for the sales force, administration, conversion plants and paper mills. Despite an extensive and powerful cost-cutting program, operating income took a heavy hit as a result of the lower sales.

In addition to the regular and extraordinary board meetings, 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 segment 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. In 2020, information provided to the Board was more extensive and detailed, mainly involving the impact of COVID-19 on sales and income.

Remuneration Committee

The Remuneration Committee prepares issues concerning remuneration and other benefits for corporate management, while decisions thereon are taken by the 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 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 2020 and comprises three members: Pauline Lindwall (Chairman), Thomas Gustafsson and Morten Falkenberg. The 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. The Audit Committee is responsible for ensuring the quality of the Company's financial reporting. The Committee also evaluates 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. Particular focus was on risks involving COVID-19 and financing during the year. 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 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 four meetings in 2020 and comprises three members: Pia Marions (chair), Thomas Gustafsson and Sven Knutsson. 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 the Board Chairman, are decided upon by the Annual General Meeting. In accordance with a resolution adopted by the Annual General Meeting on May 12, 2020, the annual fee was set at a total of SEK 2,123,000, of which SEK 578,000 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 368,000.

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

BOARD REMUNERATION FOR THE MAY 2020-APRIL 2021 PERIOD

SEK	Board fees	Audit Committee fee	Remuneration Committee fee	Total
Thomas Gustafsson	578,000	59,000	30,000	667,000
Morten Falkenberg	309,000	-	30,000	339,000
Sven Knutsson	309,000	59,000	-	368,000
Pauline Lindwall	309,000	-	65,000	374,000
Pia Marions	309,000	125,000	-	434,000
Alex Myers	309,000	-	-	309,000
Total	2,123,000	243,000	125,000	2,491,000

CEO

Robert Dackeskog has served as the Chief Executive Officer (CEO) since January, 1, 2021. In 2020, Johan Sundelin served as CEO until July 17 when the Board decided that he should resign effective immediately. Deputy CEO Mats Lindroth was appointed acting CEO for the rest of the year. On August 3, 2020, the Board announced that Robert Dackeskog would be the new CEO. 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.

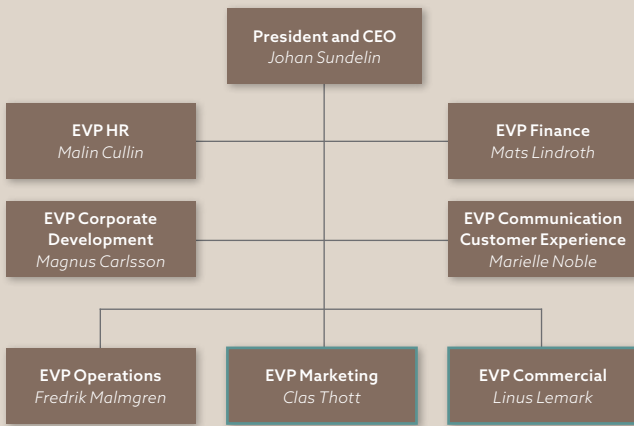
As of December 31, 2020, Mats Lindroth held 25,200 shares and 12,500 synthetic options in Duni AB. The synthetic options are issued by Mellby Gård AB. He does not have any ownership interest in companies with which the Group has significant commercial relations. Further information regarding the CEO 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 staff functions.

Group Management, including the CEO, comprised ten individuals at the start of the year. 2020 Group Management

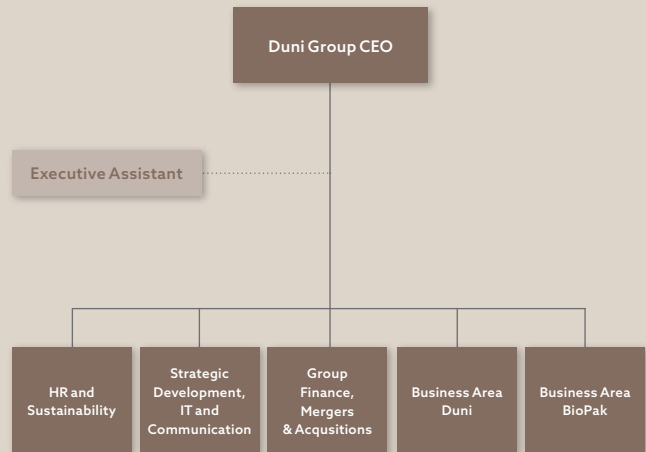
GROUP MANAGEMENT AS OF JANUARY 1, 2020:



 New role vs today

At the year's meetings, the cost-cutting package due to COVID-19 was the dominant topic but evaluation and fine-tuning of the reorganization implemented on January 1, 2020, was also on the agenda. On January 1, 2020, a consolidated sales and marketing organization was implemented. The four business areas were discontinued and segment reporting was changed to reporting sales and profitability for two brand segments: Duni and BioPak. Group Management was then structured by function and comprised 8 individuals instead of 10 as before. The organization was evaluated during the year, and in November 2020, a decision was made to create two business areas out of Duni and BioPak instead of the Duni and BioPak brand segments. Creating business areas will make responsibilities clearer because each business area will have full responsibility for its respective value chain. As a result, the central marketing department will also be divided between Duni and BioPak. The sales directors for each region will report directly to the CEO. This strengthened organization is effective from January 1, 2021, and Group Management is then reduced from eight to six individuals.

GROUP MANAGEMENT AS OF JANUARY 1, 2021:



The year started off with Group Management holding two-day meetings each month. When COVID-19 broke out in the middle of March 2020, Group Management meetings were held more frequently. When social restrictions were at their more extensive, and thus the impact on sales and income was greatest, Group Management meetings were held three times a week for updates on matters including logistics, the performance of orders received, planning of short-time work, and planning of shutdowns of conversion plants and machinery at the Skåpafors paper mill. An immediate freeze on investments was implemented and all external consulting projects were re-scheduled. The Board proposed to cancel the dividend, which was passed as a resolution at the AGM in May. Negotiations were also initiated early on to renegotiate the covenants of the financing agreement. This led to increased financing expenses totaling SEK 21 m. At most, over 2,000 of the Group's 2,300 employees were on short-time work.

Regular monitoring of delivery performance, logistics and growth along with other strategic issues and plans of action were also on the yearly agenda for Group Management. These were naturally still deliberated on but COVID-19 dominated the agenda during the year. However, the annual strategy meeting between the Board and Group Management was held in September, which was important for updating and reviewing Duni's strategy and focus areas.

REMUNERATION OF SENIOR EXECUTIVES

The Group has not granted any loans, extended or issued any guarantees or provided any security to the benefit of directors, senior executives or auditors. None of the directors, senior executives or auditors have entered into transactions with the Duni Group 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 12, 2020 and apply until the next Annual General Meeting. These are proposed to be left unchanged at the Annual General Meeting in May 2021.

Remuneration guidelines for senior executives

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 business strategies and sustainability efforts can be found in Duni AB's annual and sustainability report. Successful

implementation of business strategies 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 the 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 of employment

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. In the event of termination on the part of the executive, the 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 the equivalent of 12 months' fixed cash salary.

Remuneration of directors

In the event that board directors (including via wholly-owned companies) render services for the Group in addition to board work, a cash fee can be paid for this (consulting fee). This fee shall be on market terms and be aligned with how much such services benefit the Duni Group. 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 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 deliberates on the Board's resolution proposed guidelines for the remuneration of senior executives. These are reviewed annually and presented for resolution at the AGM in the event of proposed amendments 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 of Directors is permitted to resolve to temporarily deviate from the guidelines, fully or partially, in the event that there are special grounds justifying this in an individual case and such deviation is necessary to satisfy the Company's long-term interests, including its viability, or to secure the Company's financial strength. As stated above, the Remuneration Committee's tasks include deliberating on the Board's resolutions on matters of remuneration, which includes resolving to deviate from the guidelines.

For more information about the remuneration of senior executives, see Note 16 Salaries and other remuneration.

AUDITING

At the Annual General Meeting held on May 12, 2020, PricewaterhouseCoopers AB was re-elected auditor, with Carl Fogelberg as auditor-in-charge. The auditors review the annual financial statements 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 financial statements 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 the third quarter report. In addition to Duni AB, Carl Fogelberg is also the auditor-in-charge for companies such as Eniro AB and Ascelia Pharma AB and co-signing auditor for Haldex. Carl Fogelberg is an authorized public accountant and member of FAR SRS. Apart from the audit engagement, fees to PwC for other engagements during 2020 totaled SEK 3.4 m (2019: 2.8). 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 FINANCIAL REPORTING FOR THE 2020 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 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 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.

The Group 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, and monitoring.

With the support of the Audit Committee, Group Management performs risk mapping in accordance with COSO 2013 and the 17 fundamental principles. However, the Group 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. The Board 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. There is an independent whistleblower system to which all 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 business is organized into business areas with profit centers. The Audit Committee regularly communicates with the auditors in order to evaluate and improve the internal control. The Group has established an accounting center for the European countries within the Group. The accounting center provides independent accounting services to the business. 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 a communications and IR policy as well as an 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 the Group'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. 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

Management has found no need for a formal internal audit department but annually evaluates whether such a function is needed. The Group 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 BioPak 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 the Group. 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. The 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 six directors 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.



THOMAS GUSTAFSSON *Born 1965*

Chairman of the Board since 2020

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: Business administration degree

Elected in 2019

Shares in Duni: 26,400

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



ALEX MYERS *Born 1963*

President and CEO, Avramar Seafood Group

Professional experience: President and CEO, Getinge AB, and before that President and CEO, Hilding Anders Group. CEO, ArjoHuntleigh / Executive Vice President Getinge Group. Senior Vice President, Western Europe and Global Sales & Marketing, Carlsberg Breweries. Vice President Marketing & Innovation, Orkla Beverages (Pripps-Ringnes). 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: 7,000

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



PAULINE LINDWALL *Born 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



PIA MARIONS *Born 1963*

CFO at Skandia Group

Board member of Skandiabanken Aktiebolag (publ), Skandia Fastigheter AB and Vitrolife AB (publ)

Professional experience: CFO at Folksam Group, Carnegie Group and Skandia Liv, senior positions at Royal Bank of Scotland, Länsförsäkringar Liv and the Swedish Financial Supervisory Authority, worked as a chartered accountant.

Education: Ms Marions holds a M.Sc. in Business and Economics from Stockholm University

Elected in 2020

Shares in Duni: 1,000

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



MORTEN FALKENBERG *Born 1958*

Board member of Velux Group, Aktiebolag Fagerhult (publ) and Caljan

Professional experience: President and CEO, and board member, of Nobia AB (publ). Executive Vice President and Head of Floor Care and Small Appliances at Electrolux. Before that, senior positions at TDC Mobile and the Coca-Cola Company.

Education: Mr Falkenberg holds a B.Sc in Business Administration from Copenhagen School of Economics and Business Administration

Elected in 2020

Shares in Duni: 2,891

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



SVEN KNUTSSON *Born 1965*

CEO of Mellby Gärd Innovation and Tillväxt AB. Chairman of the Board at Klarahill AB and Söderberg & Haak Maskin. Board member of KappAhl AB, Open Air Group AB, Hedson Technologies AB and OJ Holding AB (Oscar Jacobsson)

Professional experience: Previous experience from various industries and companies, including Thule Group, Cardo Flow Solutions and Alfa Laval, also CFO of Boxon AB.

Education: Mr Knutsson holds an MBA in economics from Lund University

Elected in 2020

Shares in Duni: 2,000

Independent of the Company and company management but not of Duni's major shareholders



DAVID GREEN *Born 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 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