

Corporate Governance Report for Duni AB (publ)

Duni AB is a Swedish limited public company which has been listed on NASDAQ OMX 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. In light of Duni's group structure, the composition of the boards of operational subsidiaries, often with representatives from group management, constitutes a further component in the governance of Duni.

Duni applies the Swedish Code of Corporate Governance. This corporate governance report does not constitute a part of the formal annual report and has not been reviewed by the Company's auditors.

SWEDISH CODE OF CORPORATE GOVERNANCE

The Swedish Code of Corporate Governance (the "Code") must be applied by all Swedish companies whose shares are admitted to trading on a regulated market in Sweden. Duni has undertaken vis-à-vis NASDAQ OMX Stockholm to comply with the Code. The Code is based on the principle "comply or explain", entailing that a company which applies the Code may derogate from its provisions provided that each derogation can be explained in a satisfactory manner.

Duni applies the Code subject to a single derogation, namely that the Chairman of the Board, Anders Bülow, is also the Chairman of Duni's Nomination Committee. Duni's major shareholders have explained that the reason for the derogation is that the Chairman of the Board, Anders Bülow, is very suitable to preside over the work of the Nomination Committee in an efficient manner in order to achieve the best result for Duni's shareholders.

Pursuant to the Code, the Company must, among other things, have a Nomination Committee, an Audit Committee and a Remuneration Committee. The Code also states how these committees are to be comprised.

ARTICLES OF ASSOCIATION

The Articles of Association are adopted by the general meeting and contain certain mandatory information of a fundamental nature for the Company. The complete Articles of Association are available on Duni's website, www.duni.com.

Duni's Articles of Association provide, among other things, that the directors are elected each year at the annual general meeting for a term until the close of the next annual general meeting. All shares in Duni carry equal voting rights.

GENERAL MEETINGS

The general meeting is the highest decision-making body at which the shareholders exercise their influence by voting on key issues, such as the adoption of the income statements and balance sheets, allocation of the Company's profits, 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 Direc-

tors and auditors.

Pursuant to the Swedish Companies Act, notice to attend Duni's annual general meeting must be given not earlier than six weeks and not later than four weeks prior to the meeting. Notice shall be given through an announcement in Post och Inrikes Tidningar (The Official Gazette) and in Svenska Dagbladet. Duni has also chosen to publish the notice on the Company's website and through an announcement in Sydsvenska Dagbladet. In order to participate at the general meeting, a shareholder must notify the Company thereof not later than the date stated in the notice.

2009 Annual General Meeting

The annual general meeting of the shareholders of Duni was held in Malmö on May 6, 2009.

2010 Annual General Meeting

The next annual general meeting of the shareholders of Duni will be held at 3 pm on May 5, 2010 at Skånes Dansteater (Östra Varvsgatan 13 A) in Malmö.

Nomination Committee

The Chairman of the Board convenes a Nomination Committee. The Nomination Committee is a shareholder committee which is responsible for nominating the persons who, at the annual general meeting, are to be proposed for election to Duni's Board of Directors.

The Nomination Committee provides proposals as regards the Chairman of the Board and other directors. It also produces proposals regarding board fees, including the allocation between the Chairman and other directors, as well as any remuneration for committee work. These proposals are presented at the annual general meeting and set forth in the notice and on the website prior to the annual general meeting.

The intention is that the Nomination Committee shall be composed of representatives of at least three of Duni's largest owners. Duni's Nomination Committee comprises the following members:

Name	Represents	Ownership share Dec 31, 2009
Anders Bülow (Chairman)	Mellby Gård Investering AB	
Rune Andersson	Mellby Gård Investering AB	29.99%
Bernard R. Horn Jr	Polaris Capital Management, LLC	12.19%
Göran Espelund	Lannebo Fonder	6.17%
Total		48.35%

THE BOARD OF DIRECTORS

The Board of Directors is the Company's highest decision-making body after the general meeting. The Board's overarching duties are to decide on 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 Board's general obligations also include regular assessment of the Company's financial position and approval of the Company's business plan. The general obligations include decisions by the Board on overarching issues, for example the Company's strategy, acquisitions, major

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investments, divestments, issuance of the annual report and interim reports. The Board appoints the CEO, who is responsible for the day-to-day management in accordance with instructions issued by the Board.

THE DIRECTORS

The directors are elected each year by the annual general meeting for a term 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. In addition, there may be employee representatives.

Duni's Board consists of five directors elected by the annual general meeting on May 6, 2009 and two employee representatives, plus one alternate. Duni's CEO is not a member of the Board but, similarly to the CFO, regularly participates as a presenter at board meetings. The Chairman of the Board does not participate in the executive management of the Company.

The directors are presented in greater detail in the Annual Report in the section entitled "Board of Directors".

THE BOARD'S WORK

The Board complies with a written instrument, namely the Board's rules of procedure which are adopted annually at the initial board meeting. The rules of procedure state the allocation of work, where appropriate, between the directors and the frequency of board meetings. In addition, the rules of procedure, in instructions to the CEO, govern the Board's obligations, quorum, and the allocation of responsibilities between the Board and the CEO, etc. The Board has also established two committees from among its members, namely the Audit Committee and the Remuneration Committee, which are described in greater detail below.

Board meetings are held in accordance with a pre-determined annual schedule. In addition to these meetings, further meetings may be arranged if unusually important events occur. During 2009 financial year, a total of 10 board meetings were held at which minutes

were taken. Meetings have been held in connection with the adoption of the Group's consolidated financial statements, interim reports, report of unaudited annual results, budget and strategy.

In addition to the Board meetings, the Chairman of the Board and the CEO maintain a regular dialogue concerning the management of the Company. As mentioned above, the allocation of work between the Board and the CEO is governed by the Board's rules of procedure and instructions to the CEO. The CEO is responsible for the execution of the business plan and the ongoing management of the Company's affairs, as well as the day-to-day business in the Company. Accordingly, without the Board's authorization the CEO may take measures which are extraordinary in nature or of major significance for the Company's operations, relative to the scope and nature of the Company's operations, provided that a decision by the Board of Directors cannot be awaited without significant detriment to the Company. In such cases, the Board of Directors shall immediately be informed of any measures taken. The instructions to the CEO also govern the CEO's responsibility for reporting to the Board of Directors.

The Board receives each month written information in the form of a monthly report containing follow-up of the Company's sales, operating income and working capital trends. In addition, the material contains comments by the CEO and CFO, for example brief comments on the various markets. Those months in which board meetings are held, the monthly report is more extensive and includes, among other things, also balance sheets and cash flow.

Once per year, the entire Board undertakes a systematic evaluation of the senior executives. In this context, 'senior executives' include also certain second line managers, i.e. a broader group of employees than those defined as senior executives in other parts of the annual report. The management group is presented in greater detail in the section of the Annual Report entitled "Management".

The main owners, the directors and the CEO 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 Code also 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. A director is not considered to be independent in a number of situations, among others if the director

- i) is the CEO of the Company or was the CEO during the past five years;
- ii) receives from the Company or an affiliated company or from any member of company management, not insignificant compensation for advice or services over and above the Board appointment;
- iii) has, or has had during the past year, extensive commercial relations or other extensive business dealings with the Company or an affiliated company; or
- iv) has been a director of the Company for more than twelve years.

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 the Company. Not more than one member of company management may be a member of the board.

Board attendance

	Funktion	Independent ¹	Board meetings ⁵	Audit Committee	Remuneration Committee
Anders Bülow	Chairman	²	10 of 10	8 of 8	4 of 4
Peter Nilsson	Chairman	³	3 of 3	-	1 of 1
Harry Klagsbrun	Director	⁴	2 of 3	4 of 4	1 of 1
Pia Rudengren	Director	x	10 of 10	8 of 8	-
Sanna Suvanto-Harsaae	Director	x	10 of 10	4 of 4	1 of 1
Magnus Yngen	Director	x	8 of 10	-	3 of 4
Tomas Gustafsson	Director	x	6 of 7	-	2 of 3
Per-Åke Halvordsson	Employee representative	³	10 of 10	-	-
Göran Andreasson	Employee representative	³	9 of 10	-	-
Inge Larsson	Employee representative	³	10 of 10	-	-

1) As defined in the Swedish Code of Corporate Governance.

2) Not independent (in relation to Duni's major owners).

3) Not independent (in relation to Duni).

4) Was not independent in relation to Duni's major owners until Aug. 27, 2008, when EQT Partners divested its entire shareholding in Duni.

5) Peter Nilsson and Harry Klagsbrun resigned and Tomas Gustafsson was elected at the annual general meeting held on May 6, 2009.

THE BOARD'S COMMITTEES

The Remuneration Committee prepares issues regarding remuneration to Duni's senior executives based on

guidelines for remuneration to senior executives adopted at the annual general meeting and also negotiates with the CEO regarding his remuneration. The Audit Committee prepares the Board's work by reviewing guidelines for the Group's risk management, governance and control, financial reporting and tax situation. In this work, the Audit Committee maintains regular contacts with the CFO and the auditors.

REMUNERATION COMMITTEE

The Remuneration Committee comprises three members: Magnus Yngen (Chairman), Anders Bülow, and Tommy Gustafsson. The Chairman of the Board may be the chairman of the Remuneration Committee. The other members of the Remuneration Committee must be independent of the Company and company management. The Remuneration Committee and its chairman shall be elected annually at the initial board meeting and shall comprise at least two of Duni's directors, one of whom shall be the Chairman of the Board. The Remuneration Committee must meet at least three times per year. Duni's CEO participates at the Remuneration Committee's meetings, apart from when questions regarding his own remuneration are addressed.

Duni's Remuneration Committee is responsible for preparing matters concerning remuneration and other benefits for company management. Decisions are thereafter taken by Duni's Board of Directors. The Remuneration Committee also participates in the preparation of, and proposals for, the adoption of any share-related incentive programs at Duni.

AUDIT COMMITTEE

Duni has an Audit Committee comprising three members: Pia Rudengren (Chairman), Anders Bülow and Sanna Suvanto-Harsaae. The Audit Committee and its chairman are appointed annually at the initial board meeting and consist of at least three of Duni's directors. Duni's Group Accounting Manager serves as secretary to the committee. A majority of the members of the Audit Committee must be independent of the Company and company management. At least one member of the Audit Committee must be independent of the Company's major shareholders. Executive directors may not be members of the Audit Committee. A member of the Committee must possess such skills and experience in accounting, auditing and/or risk management that he/she can perform the duties imposed on the Committee. Duni's Board chooses the chairman of the Committee. The Company's Audit Committee meets at least three times per year.

Duni's Audit Committee is responsible for ensuring the quality of the Company's financial and business reporting. The Audit 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 cov-

ers 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.

CEO

Duni's CEO is Fredrik von Oelreich (1961), MBA. 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, 2009, Fredrik von Oelreich held 205,000 shares in Duni AB. No party closely related to the CEO has any significant shareholding in Duni AB. Fredrik von Oelreich has no ownership interests in companies with which Duni has significant commercial relations and holds no important appointments outside Duni. Further information regarding the CEO is provided in Note 13 in the Annual Report.

REMUNERATION TO THE BOARD

Fees and other remuneration to the Board, including the Chairman of the Board, are decided upon by the annual general meeting.

In accordance with a resolution adopted by the annual general meeting on May 6, 2009, the annual fee was set at a total of SEK 1.5 m, of which SEK 0.5 m is payable to the Chairman of the Board. In addition, a resolution was adopted regarding fees for committee work totaling SEK 0.3 m. The allocation of the remuneration among the members of the Board is shown in the table below:

Board remuneration for the period May 2009 – April 2010

SEK	Board meetings	Audit committee	Remuneration Committee	Total
Anders Bülow	500 000	50 000	25 000	575 000
Pia Rudengren	250 000	100 000	-	350 000
Sanna Suvanto-Harsaae	250 000	50 000	-	300 000
Magnus Yngen	250 000	-	50 000	300 000
Tomas Gustafsson	250 000	-	25 000	275 000
Per-Åke Halvordsson	-	-	-	-
Göran Andreasson	-	-	-	-
Inge Larsson	-	-	-	-
	1 500 000	200 000	100 000	1 800 000

REMUNERATION TO SENIOR EXECUTIVES

According to guidelines regarding remuneration to senior executives adopted by the annual general meeting on May 6, 2009, remuneration to the CEO and other members of the management group shall be on market terms and comprise fixed and variable salary, long-term share-related incentive programs, other benefits as well as pension. The variable salary shall never exceed the fixed salary. At present, there are no long-term incentive programs.

2009, MSEK	Basic	Variable remuneration	Other benefits	Pension cost	Total
CEO - Fredrik von Oelreich	4.2	2.1	0.1	1.4	7.8
Other senior executives	10.5	3.7	0.4	2.9	17.4
	14.7	5.8	0.5	4.3	25.3

The table above shows the total gross remuneration paid to the management group, include basic salaries, variable remuneration, pension payments and other benefits.

Duni's CEO, Fredrik von Oelreich, receives an annual gross salary of CHF 598,740 and has a possibility to achieve a bonus equivalent to not more than 50% 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 von Oelreich may terminate the agreement subject to six months' written notice of termination. In addition, except in the event of termination by the Company due to negligence, von Oelreich is entitled to an amount equal to 12 times his monthly salary. Von Oelreich participates in a contribution-based pension plan to which Duni makes an annual contribution equal to 35% of his annual gross salary until termination of the agreement. Von Oelreich's retirement age is 62.

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.

FINANCIAL REPORTING

The Company has an information policy pursuant to which the Company shall publish quarterly reports, a half-yearly report, a report of unaudited annual results and an annual report. In connection with the publication of earnings reports, the Company may arrange analyst meetings and meetings with the media to discuss the Company's operations, earnings and financial position. The Board assesses and approves the content of the financial reporting based on monthly reports, management reports and discussions at board meetings, as well as opinions issued by the auditor.

AUDIT

The auditor shall review the Company's annual report and bookkeeping as well as management by the Board of Directors and CEO. There shall also be a general review of Duni's interim report for the third quarter. After each financial year, the auditor shall submit an auditor's report to the general meeting. The general meeting appoints auditors for four years. At an extraordinary general meeting held on August 28, 2007, PricewaterhouseCoopers AB was elected auditor, with Bo Hjalmarsson as auditor-in-charge, for the next four years. The Company's auditor reviews 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-February. Other than Duni, Bo Hjalmarsson has no engagements in companies over which Duni's major owners, directors or the CEO have a significant influence. Bo Hjalmarsson is an authorized public accountant and member of FAR SRS. Apart from the audit engagement, fees to Pricewa-

terhouseCoopers AB for other engagements during 2009 totaled MSEK 6.0.

Compensation to audit companies

MSEK	Group		Parent Company	
	2009	2008	2009	2008
Compensation for audit	4.8	4.7	1.8	1.8
Compensation for other consultations	7.1	7.9	2.2	4.3

THE BOARD'S DESCRIPTION OF THE INTERNAL CONTROL WITH RESPECT TO THE FINANCIAL REPORTING FOR THE 2009 FINANCIAL YEAR

Pursuant to the Swedish Companies Act and the Swedish Code of Corporate Governance, the Board of Directors is responsible for the internal control. This description has been prepared in accordance with sections 10.5 and 10.6 of the Swedish Code of Corporate Governance and is thus limited to the internal control with respect to financial reporting. This description does not constitute a part of the formal annual report documents and has not been reviewed by the Company's auditor.

The internal control system with respect to the financial reporting constitutes a part of the general business procedures and is structured to ensure that the financial reports are prepared in accordance with statutes and recommendations.

The internal control system is often described based on the Internal Control – Integrated Framework issued by COSO. Duni has proceeded based on the areas that constitute the basis for an internal control in accordance with this framework: control environment, risk assessment, control activities, information and communication, as well as follow-up.

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 allocation of responsibilities and powers, with the aim of ensuring efficient management of risks in the business operations. An Audit Committee has been established to review the instructions and routines used in the financial reporting process, as well as accounting principles and changes therein. Group management reports each month to the Board in accordance with established routines. Furthermore, in a business ethics policy, group management has formulated its view on how the operations are to be conducted.

Risk assessment and control structure

Material risks for the operations are analyzed by the Board as a part of the 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 which impact on them. Risk areas are documented and assessed based on likelihood and impact. Based on this, control processes are structured to ensure high quality in the financial reporting.

The organization structure together with the allocation 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 a European accounting function which independently provides accounting services to the operations. This function complies with standardized procedures and routines. The head of the accounting function reports to the CFO.

Information and communication

Information, both externally and internally, is governed by Duni's communications and IR policy. A specific section addresses responsibility, routines and rules. The policy is regularly evaluated to ensure that information to the stock market is constantly 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 Company's website. Meetings with financial analysts are arranged regularly in connection with publication of quarterly reports. The intranet is the main source of information internally in the Company. 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.

Follow-up

The Board and Audit Committee review all financial reports before they are formally approved by the Board. The Audit Committee receives regular reports from the auditor regarding the internal control and monitors significant issues. Review of monthly financial reports constitutes a standing item on the agenda at all board meetings and each month group management analyses financial trends within the business areas. Regular follow-up compared with budget and plans, as well as an evaluation of key performance indicators, takes place generally at all levels in the organization.

Statement regarding internal audit

Duni has found no need for a formal internal audit department. The primary reason for this is that the centralized European accounting function provides accounting services to the operations based on standardized processes and routines, is independent of the business operations, and reports directly to the CFO. This centralized and independent process for accounting and financial reporting is considered to constitute a platform for sound internal control with respect to the financial reporting.

Board of directors



Anders Bülow

Born 1953.

- Chairman of the Board since 2009.
- Managing Director in Mellby Gård Industri AB.
- Mr Bülow holds a BA in business economics from the University of Stockholm.
- Elected 2008
- Shares in Duni: 0



Tomas Gustafsson

Born 1965.

- General Manager in 2E Group (publ).
- Market economist.
- Elected 2009
- Shares in Duni: 1 400
- Independent of the company, the company management and Duni's major shareholders.



Pia Rudengren

Born 1965.

- Member of the Board of BioPhausia AB, WeMind Digital Psykologi AB, Social Initiative AB, RusForest AB, Tikkurila Oyj, Metso Oyj and Swedbank AB.
- Ms. Rudengren has a MSc in economics and business administration from the Stockholm School of Economics.
- Elected 2007
- Shares in Duni: 1 200
- Independent of the company, the company management and Duni's major shareholders.



Sanna Suvanto-Harsaa

Born 1966.

- Chairman of the Board of Babysam AS and Sunset Boulevard AS.
- Member of the Board of Jetpak AB, CandyKing AB, Paulig AB, Symrise AG and Sats AB.
- Ms. Suvanto-Harsaa has BA in business administration from Lund University.
- Elected 2004
- Shares in Duni: 0
- Independent of the company, the company management and Duni's major shareholders.



Magnus Yngen

Born 1958.

- President & CEO Husqvarna Group.
- Mr Yngen holds a Master of Engineering and Licentiate of Technology from the Royal Institute of Technology, Stockholm.
- Elected 2008
- Shares in Duni: 0
- Independent of the company, the company management and Duni's major shareholders.



Göran Andréasson

Born 1947.

- Employee Representative for SPIAF (Swedish Paper Workers Union).
- Mr. Andréasson is employed as responsible for the working environment at Rexcell Tissue & Airlaid AB.
- Employee Representative of the Board of Rexcell Tissue & Airlaid AB.
- Chairman of the Board of Bengtforshus AB and Majberget Utveckling AB.
- Member of the Board of Bengtsfors Energi Handel Aktiebolag, Bengtsfors Energi Nät Aktiebolag and Bengtsfors Teknik Aktiebolag.
- Elected 2001
- Shares in Duni: 0



Per-Åke Halvordsson

Born 1959.

- Employee Representative for PTK (Unionen).
- Mr. Halvordsson is employed as Production Manager by Rexcell Tissue & Airlaid AB.
- Deputy Employee Representative of the Board of Rexcell Tissue & Airlaid AB.
- Mr. Halvordsson has made the PTK board of directors training.
- Elected 2005
- Shares in Duni: 0

Senior Executives



Fredrik von Oelreich

Born 1961.

- Chief Executive Officer
- MSc in economics and business administration
- Engaged since 2005
- Shares: 205 000



Mats Lindroth

Born 1960.

- Chief Financial Officer
- MSc in economics and business administration
- Employed since 1987
- Shares: 22 018



Øyvind Førland

Born 1962.

- Director of Marketing
- Degree in economics and business administration
- Employed since 1987
- Shares: 22 018



Leendert Amersfoort

Born 1958.

- Director of Sales, Professional Nordic, West & South
- Degree in marketing and business administration
- Employed since 1995
- Shares: 22 018



Patrik Söderstjerna

Born 1964.

- President of Rexcell Tissue & Airlaid AB
- MSc in mechanical engineering
- Employed since 2007
- Shares: 16 000



Manfred Meuser

Born 1948.

- Director of Sales, Professional Central & East
- Diploma in industrial engineering and management
- Employed since 1971
- Shares: 22 018



Ketil Årdal

Born 1970.

- Director of Sales, Retail
- Diploma in business and marketing
- Employed since 2005
- Shares: 1 818



Dr Ulfert Rott

Born 1960.

- Director of Converting and Logistics
- PhD in Mechanical Engineering and MSc in business administration
- Employed since 2004
- Shares: 22 018