

Clear responsibility for the operations creates confidence

The confidence of the market, shareholders and the general public is crucial to Doro's continuing success. It requires responsible, committed and transparent work by the Board of Directors and management team. It is therefore reassuring to know that, throughout the year, our Company had a smoothly functioning Board of Directors that cooperated constructively with the Company's management team and other employees. The role of the Board of Directors is all the more important in a global business environment with increasingly rapid changes in both the macroeconomic climate and the specific business conditions in which Doro operates, and in the increasing competition we are now seeing in some of our markets. We are well prepared to meet developments in the market and can quickly adapt the Company to new conditions.

We are also in a period of significant investment in new products and services that enable the world's seniors. This places great demands on the Board's ability to make well-founded decisions and to balance the risks and opportunities that are always associated with commercial operations.

Equally important for Doro's credibility is our openness to the market and our provision of regular information on our ongoing measures and the results of our operations. This is the foundation for a value-generating relationship with all of our stakeholders, in which our shareholders – both existing and new – must be able to feel secure in receiving accurate, timely information.

Doro AB is a Swedish public limited liability company listed on the OMX Nasdaq Stockholm ("the Stockholm stock exchange"). Corporate governance at Doro is based on Swedish legislation, primarily the Swedish Companies Act, but also on Stockholm stock exchange regulations, the Swedish Code of Corporate Governance ("the Code") and other applicable rules. In addition, governance follows the articles of association, internal instructions and policies and recommendations issued by relevant organisations. This corporate governance report was prepared by the Board of Directors of Doro AB in accordance with the Swedish Annual Accounts Act and the Code. It forms part of the formal Annual Report and it has been reviewed by the Company's auditors.

SHAREHOLDERS

According to the shareholder register held by Euroclear Sweden AB, Doro AB had 7,944 shareholders at 31 December 2013. Out of the total number of shares, foreign investors held 37.5 percent. The number of shares in Doro AB at 31 December 2013 was 20,806,174. Doro's market capitalisation on the same date was SEK 915.5 million.

The largest shareholder in Doro is Försäkringsaktiebolaget Avanza Pension with a holding of 8.8 percent of the shares.

SWEDISH CODE OF CORPORATE GOVERNANCE

The Swedish Code of Corporate Governance shall be applied by all companies listed on the Stockholm stock exchange. The aim is to improve corporate governance at listed companies and foster confidence in these companies both from the general public and in the capital market. The Code is based on the "comply or explain" principle, which means that it is possible to deviate from the Code provided that the Company provides an account of the chosen alternative solution and a satisfactory explanation for the deviation. The Code is available on the website www.bolagsstyrning.se.

ANNUAL GENERAL MEETING

The Annual General Meeting is the Company's highest decision-making body. At the Annual General Meeting, the Board of Directors and Chairman of the Board of Directors of Doro AB are elected. The Company auditors are also appointed. The Annual General Meeting adopts the income statement and balance sheet, and decides how profits or losses are to be appropriated. Other matters ensue from the Swedish Companies Act. The Annual General Meeting shall be held within six months of the close of the financial year. Shareholders who are registered in the shareholders' register held by Euroclear Sweden on the record day, and who have notified the Company of their participation, are entitled to participate in the Annual General Meeting.

NOMINATING PROCEDURE

The Annual General Meeting appoints members of the Company's Nomination Committee. The Nomination Committee's task is to submit proposals for Board members and auditors and their fees as well as fees for work on the Board committees to the next Annual General Meeting, at which the Board and auditors are due to be elected. The Nomination Committee also proposes the chair of the AGM.

The Nomination Committee consists of Tedde Jeansson who is elected chairman of the Nomination Committee, Arne Bernroth nominated by Nordea Fonder AB and Bo Kastensson (Chairman of Doro AB).

BOARD OF DIRECTORS

Doro AB's Board consists of the Company's CEO and five other members, all elected at the AGM on 14 May 2013. The Board members are presented in more detail on page 20. The Company's CFO Christian Lindholm is co-opted to the Board as its secretary. Other senior executives take part in Board meetings in a reporting capacity.

BOARD MEETINGS

The Board held 15 meetings in 2013. Four were held in Stockholm, three at Doro's premises in Lund and one meeting in Paris. In addition, seven meetings were held by telephone. All Board members attended all meetings. The Company's CFO and Board secretary was present at almost all meetings.

On an ongoing basis, the Board addresses matters such as the market climate, the budget, periodical accounts and cost efficiency. Each Board meeting follows an agenda approved in advance. The agenda, relevant source material and a list of outstanding matters from previous meetings are sent to the Board members a week prior to meetings. Meetings of the Remuneration and Audit Committees are reported to the Board and the minutes are distributed to them.

Each month, the previous month's results are sent out along with comments.

BOARD'S RULES OF PROCEDURE

The Board's rules of procedure determine the mode of work of the Board of Doro AB. The Board's rules of procedure are based on the articles of association, the Swedish Companies Act and the Code. The Board has overarching responsibility for the Doro Group.

The Board's responsibility also comprises Doro's relations with shareholders, the general public, authorities and other organisations and stakeholders. The Board is responsible for executing decisions taken by the AGM and for achieving the business targets set out in the articles of association. The Board has the powers granted by the articles of association and the Swedish Companies Act.

DISTRIBUTION OF DUTIES BETWEEN BOARD AND CEO

The Board of the Company appoints its CEO. The distribution of duties between the Board and CEO is described in the Board's rules of procedure and instructions for the CEO.

These documents establish that the Board is responsible for the governance, supervision, organisation, strategies, internal control and policies of the Company. Furthermore, the Board decides on major investments, matters of principle relating to the governance of subsidiaries, and election of the board members and managing directors of subsidiaries. The Board ensures the quality of financial statements. The CEO is in turn responsible for ensuring that the Company is managed in accordance with Board's guidelines and instructions. In addition, the CEO is responsible for budgeting and planning the Company's operations with a view to achieving specific targets. The CEO shall ensure that the control environment is sound and that the Group's risk-taking complies with the Board's guidelines at all times. Any deviations must be reported to the Board. The Board also receives regular updates from the CEO through monthly reports.

REMUNERATION COMMITTEE

The Board as a whole bears responsibility for remuneration matters and other employment terms for Group management and three of the heads of subsidiaries. The Chairman of the Board shall approve the terms for managers who report to the CEO. In total, the terms of employment for eleven people are addressed.

Board fees are decided each year by the Annual General Meeting. Fee proposals are prepared by the Nomination Committee of the Company. The Board then decides on remuneration for the CEO. Bo Kastensson and Karin Moberg were appointed to the Remuneration Committee from within and by the Board. The Remuneration Committee held its first meeting on 12 February 2013 to determine remuneration policies for 2013. Both members were present at the meeting. A second meeting was held on 7 November 2013 to discuss applicable salary levels, bonus programmes and remuneration policies for 2014. Both members also attended that meeting. Minutes from these meetings were presented at the following Board meeting.

REMUNERATION

Total fees for Board members amounted to SEK 950,000, in accordance with a decision of the Annual General Meeting. Of this amount, SEK 350,000 was paid to the Chairman of the Board and SEK 150,000 to other Board members. The Company's CEO did not receive any Board fee.

The Company's CEO received salary totalling SEK 3,722 thousand for his work in 2013. Variable remuneration for the CEO amounted to SEK 745 thousand for 2013. Salaries for the other six members of Group management totalled SEK 4,302 million. Variable remuneration for these six members

amounted to SEK 927 thousand for the 2013 financial year. Other Group management members received SEK 188 thousand in bonus in 2012. The Group management includes two individuals engaged as consultants: the interim CFO until November 2013 and a second person who was active throughout the year. These two individuals invoice their fees to the Company. In 2013 total invoiced fees were SEK 4.4 m. All employed members of Group management, including the CEO, receive the additional benefit of a company car. The Annual General Meeting of 14 May 2013 resolved on guidelines for senior executive remuneration for the 2013 financial year.

Under the current contract of employment, the CEO and the Company have a mutual termination notice period of 12 months. During the notice period, the CEO is entitled to receive full salary and other employment benefits. Other senior executives have notice periods of three to nine months.

GOVERNANCE OF SUBSIDIARIES

The eight subsidiaries Doro A/S, Doro GmbH, IVS GmbH, Doro SAS, Doro UK Ltd., Doro Hong Kong Ltd., Doro Inc. and Doro Incentive AB are governed and monitored by their own boards in the country in question, mainly made up of representatives of Doro AB in Sweden. Doro AB's President and CEO is the chairman of each subsidiary, except of Doro SAS in France, of which Bo Kastensson is chairman. The subsidiaries report to the Board of Doro AB at all meetings. The reports include information about the performance and financial position of each company.

FINANCIAL COMMITTEE

The Financial Committee consists of Chairman of the Board Bo Kastensson and Board member Jonas Mårtensson together with the Company's CEO Jérôme Arnaud and CFO Christian Lindholm. The Committee's duty is primarily to prepare quarterly reports and decision-making documentation in acquisitions and Group financing.

CONTROL AND AUDITING

The Board of Directors has ultimate responsibility for ensuring that the Company has a satisfactory structure for internal control and preparing reliable financial statements. It is the responsibility of the Board of Directors and Group management to monitor and identify the business risks and govern the Company such that it can manage the most significant risks.

The auditors monitor and review how the Company is managed by its Board of Directors and the CEO, and the quality of the Company's financial statements.

The 2013 AGM elected auditing firm Ernst & Young AB as auditor to Doro with a one-year mandate, with Göran Neckmar as chief auditor.

In the last three years, auditing fees for the Doro Group have amounted to SEK 1,300 thousand (2013) SEK 779 thousand (2012) and SEK 600 thousand (2011).

AUDIT COMMITTEE

The focus and scope of the audit are presented by the Company's auditor. A review is performed based on the quarterly report of 30 September and the result is reported at a meeting with the Audit Committee.

In 2013, the Audit Committee consisted of Board members Bo Kastensson, Karin Moberg, Jonas Mårtensson and Charlotta Falvin. The Committee held meetings on 14 February and 7 November. Minutes from these meetings are included in the minutes of the Board meeting held concurrently. All members were present at all meetings, together with auditor Göran Neckmar. The Audit Committee fulfils the independence requirement in the Swedish Code of Corporate Governance.

The Committee's primary task is to support the Board in its work with auditing and internal control, accounting and financial statements. Work in 2013 focused mainly on following up on the 2012 audit and a more detailed review (hard-close audit) of the period January–September 2013. In addition, the Committee conducted an in-depth review of the third quarter interim report (for the period through September 2013).

INTERNAL CONTROL

An important part of the control environment is that the organisation, decision-making hierarchy and responsibilities and powers are clearly defined and communicated in the Company's steering documents. More information about internal control at the Company is provided in the Directors' Report on page 19.

The group controller is responsible for escalating certain matters to the CFO. In light of the limited size of the finance department, a separate internal auditor is not judged necessary.

Internal control

THE BOARD'S REPORT ON INTERNAL CONTROL FOR THE 2013 FINANCIAL YEAR

According to Swedish Code of Corporate Governance, the Board shall ensure that the Company has sound internal control and is constantly up to date on and evaluates the functioning of the Company's internal control system. Furthermore, the Board shall submit a report showing how internal control of the financial statements is organised and, if there is no internal audit, evaluate the need for such a function and justify its position.

CONTROL ENVIRONMENT

With a view to creating and maintaining a functioning control environment, the Board has established a number of fundamental documents of importance to the financial statements. These specifically include the Board's rules of procedure and instructions for the CEO and committees. The CEO bears primary responsibility for implementing the Board's instructions regarding the control environment in day-to-day work. He reports regularly to the Board as part of established procedures. Furthermore, there are reports from the Company's auditors.

The internal control system also rests on a management system based on the Company's organisation and method of conducting operations, with clearly defined roles, areas of responsibility and delegation of powers. Steering documents such as policies and guidelines also play an important role in the control structure.

RISK ASSESSMENT

The Group conducts regular risk assessment to identify material risks in the financial statements.

In terms of the financial statements, the main risk is considered to be material misstatements, e.g. regarding book keeping and the valuation of assets, liabilities, income and expense or other discrepancies.

Fraud and losses through embezzlement are a further risk. Risk management is an integral part of each process and different methods are used for evaluating and limiting risks and to ensure that the risks to which Doro is exposed are managed according to established rules, instructions and follow-up procedures. The purpose is to minimise any risks and promote accurate accounting, reporting and information disclosure.

CONTROL ACTIVITIES

Control activities are in place to manage the risks that the Board and Company management consider to be material to the business, internal control and financial statements. The control structure comprises clear roles within the organisation that enable the efficient distribution of responsibility for specific control activities aimed at detecting and preventing the risk of reporting errors in time. Such control activities include a clear decision-making hierarchy and procedure for major decisions such as acquisitions, other types of major investment, divestments, agreements and analysis.

An important duty of Doro's staff is to implement, enhance and enforce the Group's control procedures and conduct internal control geared to business-critical matters. Those responsible for the process at different levels are responsible for implementing the necessary controls in the financial statements. The annual accounts and reporting processes include controls pertaining to valuation, accounting principles and estimates.

The continual analysis performed of the financial statements is, together with the analysis performed at Group level, of great importance to ensuring that the financial statements do not contain any material misstatements.

The Group's controller plays an important role in the internal control process, bearing responsibility for the financial statements from each unit being accurate, complete and timely.

INFORMATION AND COMMUNICATION

Doro works with the communication consultancy Vero Kommunikation AB, which aims to promote completeness and accuracy in financial statements released to the stock market. Through regular updates and bulletins, the employees concerned are informed of changes to accounting principles and reporting requirements, or other information. The organisation has access to policies and guidelines.

The Board receives monthly financial reports. External information and communication is notably governed by the Communication Policy, which describes Doro's general information disclosure principles.

FOLLOW UP

Doro's compliance with adopted policies and guidelines is monitored by the Board and Management team. At each Board meeting the Company's financial position is addressed. The Board's Remuneration and Audit Committees play important roles in terms of, for example, remuneration, financial statements and internal control.

Before publication of interim reports and the Annual Report, the Board reviews the financial statements.







Doro's management conducts a monthly follow-up of earnings, analysing deviations from budget, forecasts and the previous year. The duties of the external auditor include performing an annual review of the internal controls of Group subsidiaries.

The Board meets with the auditors twice a year to go through the internal controls and, in specific cases, to instruct the auditors to perform separate reviews of specific areas.







In light of this, the Board has not found it necessary to appoint a separate internal audit.

Lund, April 10, 2014
The Board of Doro AB

The Board

						
Name	Bo Kastensson	Charlotta Falvin	Karin Moberg	Jonas Mårtensson	Jérôme Arnaud	Fredrik Hedlund
Primary occupation	CEO Kastensson Holding AB		Founder and CEO of Friends of Adam	Partner, Altied AB	President and CEO, Doro AB	
Education	Bachelor of Arts, Lund University	MBA, Lund University	MBA, Stockholm University	MBA, Stockholm School of Economics	MSc Engineering, École Centrale de Paris	MBA, Halmstad Univ. and University of Humberside, UK
Year of election	2006. Chairman since 2007	2011	2009	2007	2007	2013
Year of birth	1951	1966	1963	1963	1963	1974
Nationality	Swedish	Swedish	Swedish	Swedish	French	Swedish
Other assignments	Chairman of the board: • Coromatic Group AB • Axema Access Control AB Board member: • Skandinaviska Kraft AB • Reservekraft AS • Industrial Advisor EQT	Chairman of the board: • MultiQ Intl. AB • Barista BFT Coffee AB • Ideon AB Board member: • Axis AB • Sydsvenska Industri & Handelskammaren • Fasiro AB	Chairman of the board: • Caretech AB Board member: • IAR Systems Group AB • SBAB	Chairman of the board: • Ownpower Projects Europe AB • Transticket AB Board member: • Deltaco AB • IAR Systems Group AB	–	
Dependence – Company – Owners	No No	No No	No No	No No	Yes No	No No
Previous assignments	Formerly CEO of Bewator Group, Incentive Development held various positions in the Axel Johnson Group	CEO TAT, CEO Decuma, COO Axis	Managing Director Telia e-bolaget, Marketing Director and Communications Director TeliaSonera	17 years in corporate finance at SEB Enskilda, Maizels, Westerberg & Co and Nordea	Matra Nortel Communications	
Own and related parties' shareholdings, 2013	400,000 shares (via bolag)	–	5,000 shares	125,000 shares (through companies)	147,004 shares 200,000 warrants	–
Own and related parties' shareholdings, 2012	513,000 shares (through companies)	–	20,000 shares	125,000 shares (through companies)	147,004 shares 200,000 warrants	–
Board attendance	15/15	15/15	15/15	15/15	15/15	8/15
Attendance – Audit Committee – Remuneration Committee	2/2 2/2	2/2 –	2/2 2/2	2/2 –	– –	– –
Board remuneration	350,000	150,000	150,000	150,000	–	100,000

Management team

						
Name	Jérôme Arnaud	Christian Lindholm	Thomas Bergdahl	Ulrik Nilsson	Caroline Noublanche	Chris Millington
Position	CEO, Doro AB Deputy Director of Sales (interim)	CFO	Vice President Product Development	Vice President Operations	Deputy MD Marketing & Portfolio	Director Brand & Marketing Strategy and Managing Director UK/IRE
Employed since	2000	2013	2002	1991	2011	2005
Education	MSc Engineering, École Centrale de Paris	BSc Economics, Växjö University	MSc, Industrial Engineering and Management, Institute of Technology Linköping	Technician, telecoms	HEC Business School, Paris	Economics and finance, Leeds City College
Year of birth	1963	1964	1964	1971	1976	1970
Nationality	French	Swedish	Swedish	Swedish	French	British
Previous experience	Business development at Matra Nortel Communications	CFO of TFS International AB, Clinical Data Care AB, Wilnor AB and BU Controller at Perstorp AB	Director of manufacturing, Anoto	Supply manager	CEO and founder of Prylos	Sales Management and Business Development Oregon Scientific Sony UK and Kenwood Electronics UK
Own and related parties' shareholdings, 2013	147,004 shares 200,000 warrants	– –	35,000 shares 50,000 warrants	632 shares 40,000 warrants	– 30,000 warrants	13 800 shares 52,000 warrants
Own and related parties' shareholdings, 2012	147,004 shares 200,000 warrants	– –	50,000 shares 50,000 warrants	632 shares 40,000 warrants	– 30,000 warrants	20,000 shares 52,000 warrants