

# CORPORATE GOVERNANCE REPORT

Dometic is a global market leader in branded solutions for mobile living in the areas of Climate, Hygiene & Sanitation, Food & Beverage, Power & Control and Safety & Security. Dometic operates in the Americas, EMEA and Asia Pacific, providing products for use in recreational vehicles, pleasure boats, work boats, trucks, premium cars and for a variety of other uses. Dometic offers products and solutions that enrich people's experiences away from home, whether in a motorhome, caravan, boat or a truck. Dometic's motivation is to create smart and reliable products with outstanding design. Dometic operates 28 manufacturing and assembly sites in 11 countries, sells products in approximately 100 countries and manufactures approximately 85 percent of the products sold in-house. Dometic has a global distribution and dealer network in place to serve the after-market. In 2017, Dometic had net sales of SEK 14.0 billion and approximately 8,800 employees worldwide.

The parent company of the Dometic group of companies (the "Group") is Dometic Group AB (publ) ("Dometic" or the "Company"), registered under number 556829-4390 with the Swedish Companies Registration Office. The registered office of the Board of Directors of Dometic (the "Board") is in Solna, Sweden. The address of the Group headquarters is Hemvärnsgatan 15, SE-171 54 Solna, Sweden.

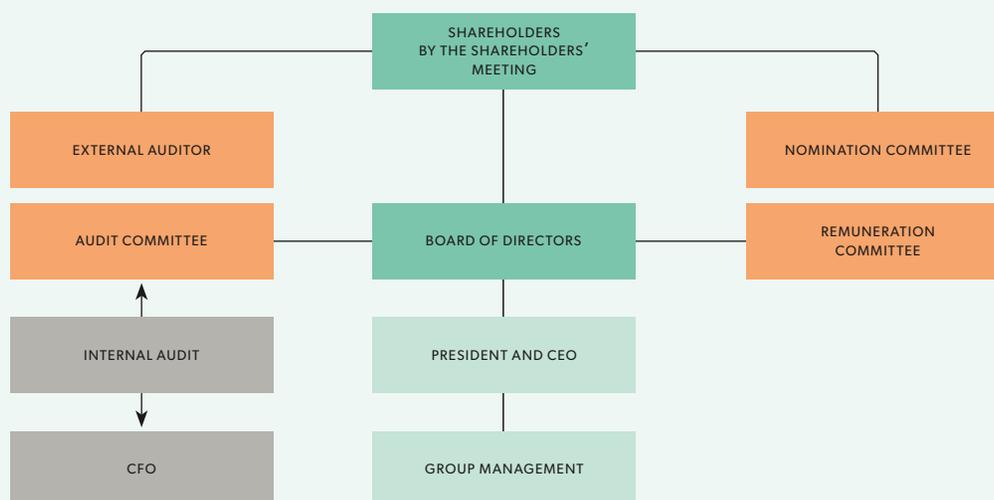
Dometic is a public Swedish limited liability company. The Company's shares are listed on the Nasdaq Stockholm Large Cap List.

Dometic aims at implementing strict norms and efficient processes to ensure that all operations create long-term value for shareholders and other stakeholders. This involves the maintenance of an efficient organizational structure, systems for internal control and risk management and transparent internal and external reporting.

The governance of Dometic is based on the Swedish Companies Act, the Swedish Annual Accounts Act, the Rule Book for Issuers at Nasdaq Stockholm and the Swedish Corporate Governance Code (the "Code") and other applicable Swedish and foreign laws, rules and regulations as well as internal governance documents, jointly named Dometic's governing documents. The Code is published on the website of the Swedish Corporate Governance Board, which administrates the Code: [www.corporategovernanceboard.se](http://www.corporategovernanceboard.se). Dometic's formal governance structure is presented below.

This corporate governance report has been drawn up as a part of Dometic's application of the Code. Dometic does not report any deviations from the Code in 2017. There has been no infringement by Dometic of the applicable stock exchange rules and no breach of good practice on the securities market reported by the disciplinary committee of Nasdaq Stockholm or the Swedish Securities Council in 2017.

## Dometic's corporate governance structure



Major external laws, rules and regulations	Major internal regulations (incl. governing policies)
<ul style="list-style-type: none"> <li>Swedish Companies Act.</li> <li>Swedish Annual Accounts Act.</li> <li>Rule Book for Issuers at Nasdaq Stockholm.</li> <li>Swedish Corporate Governance Code.</li> </ul>	<ul style="list-style-type: none"> <li>Articles of Association.</li> <li>Rules of procedure for the Board of Directors.</li> <li>Instructions for the CEO.</li> <li>Instructions for the Remuneration and Audit Committees.</li> <li>Instructions for the reporting of financial situation of Dometic Group AB (publ) and the Dometic Group.</li> <li>Finance policy (incl. Tax policy, Treasury policy and Credit policy).</li> <li>Information policy.</li> <li>Insider policy.</li> <li>Internal Audit policy.</li> <li>Dividend policy.</li> <li>IT and Infrastructure Services Security policy.</li> <li>Processes for internal control and risk management.</li> <li>Remuneration policy.</li> <li>Code of Conduct.</li> </ul>

## Highlights 2017

- Re-election of Fredrik Cappelen as the Chairman of the Board and election of Heléne Vibbleus, Jacqueline Hoogerbrugge and Peter Sjölander as new Board members.
- CEO shift. Roger Johansson, President and CEO, decided in joint understanding with the Board to leave his assignment. Juan Vargues, Head of Entrance Systems at ASSA ABLOY, was appointed as new President and CEO of Dometic as from January 8, 2018.
- Introduction and implementation of a performance-based, long-term incentive program from 2017 for selected senior managers and key specialists in form of a three year rolling cash-based plan.
- Closing of the acquisition of IPV, a Germany-based provider of coolers and other outdoor products. The acquisition strengthens Dometic's position in the EMEA market for mobile coolers. The acquisition was closed on January 3, 2017.
- Acquisition of Oceanair, a UK-based market leading manufacturer of marine blinds, screens and soft furnishings primarily for the leisure marine and super yacht segments. The acquisition strengthens Dometic's presence in the marine market and broadens the product portfolio. The acquisition was closed on February 7, 2017.
- Acquisition of SeaStar Solutions, a leading North American-based provider of vessel control systems and aftermarket products to the leisure marine industry. The acquisition strengthens and expands Dometic's position as a global supplier to the marine industry through new product areas and a broader distribution network and market presence. The acquisition was closed on December 15, 2017.

## Shareholders' Meeting

Pursuant to the Swedish Companies Act, the shareholders' meeting is the Company's highest decision-making body and the shareholders exercise their voting rights at such meetings. At the annual shareholders' meeting, shareholders

have the opportunity to ask questions about the Company and its results for the past year. The annual shareholders' meeting of Dometic is held in Stockholm, Sweden, usually in April or May.

The annual shareholders' meeting resolves upon:

- The adoption of statutory financial statements.
- Disposition of the Company's result and dividend.
- Discharge from liability of the Board members and the CEO.
- Principles for the appointment and work of the Nomination Committee.
- Guidelines for remuneration for the CEO and the Group management, and, if applicable, adoption of long-term incentive programs.
- Election of Board members, Chairman of the Board and external auditor.
- Remuneration to Board members and external auditor.
- Other important matters, such as repurchase and transfer of the Company's shares, issuance of new shares, amendments to the Articles of Association, if applicable.

Extraordinary shareholders' meetings may be held at the discretion of the Board or, if requested, by the external auditor or by shareholders owning at least 10% of all shares in the Company.

Participation in decision-making requires the shareholder's presence at the meeting, either personally or through a proxy. In addition, the shareholder shall be registered in the share register by a stipulated date prior to the meeting and shall provide notice of participation in the manner prescribed in the notice convening the meeting. According to the Company's Articles of Association, meetings are convened by publication of the convening notice in the Swedish National Gazette (Sw. Post- och Inrikes Tidningar) and on the Group's website. At the time of the notice convening the meeting, information regarding the notice is published in the Swedish daily newspaper Svenska Dagbladet. The Articles of Association of Dometic are available on the Group's website, [www.dometic.com](http://www.dometic.com).

Individual shareholders may request that the Board includes a specific issue in the agenda of a shareholders' meeting. The address and the last date for making such a request for the respective meeting shall be published on the Group's website.

Decisions at the meeting are usually taken on the basis of a simple majority. However, as regards certain issues, the Swedish Companies Act stipulates that proposals must be approved by shareholders representing a larger number of the votes cast and the shares represented at the meeting. The minutes recorded at the meeting shall be published on the Group's website not later than two weeks following the meeting. A press release containing the decisions made by the shareholders' meeting shall be published on the Group's website immediately after the meeting.

All shares in the Company carry equal voting rights, namely one vote per share.

The Articles of Association do not have any specific provisions regarding the appointment and dismissal of directors or about amending the Articles.

## Annual Shareholder's Meeting 2017

The 2017 annual shareholders' meeting was held at Meeting Room in Stockholm, Sweden, on April 7, 2017. 215 shareholders representing a total of 53.7% of the votes were represented at the meeting. The CEO's speech was recorded and is available on the Group's website together with the minutes.

Decisions at the 2017 annual shareholders' meeting included:

- Adoption of statutory financial statements.
- Discharge from liability of the Board members and the CEO.
- Approval of the dividend payment of SEK 1.85 per share for fiscal year 2016. The record date for the dividend was set for April 11, 2017. The dividend was paid out to shareholders on April 18, 2017.
- Election of Heléne Vibbleus, Jacqueline Hoogerbrugge and Peter Sjölander as new Board members and re-election of the Board members: Fredrik Cappelen, Rainer Schmückle, Magnus Yngen and Erik Olsson.
- Re-election of Fredrik Cappelen as the Chairman of the Board.
- Re-election of the audit firm PricewaterhouseCoopers as external auditor, with Magnus Brändström as the auditor in charge.
- Approval of remuneration to the Board members and the external auditor.
- Approval of the guidelines for remuneration for the CEO and the Group management.
- Introduction and implementation of a performance-based, long-term incentive program from 2017 for selected senior managers and key specialists in form of a three year rolling cash-based plan.
- Authorization for the Board to acquire shares.
- Adoption of the principles for the appointment and work of the Nomination Committee.

### Annual Shareholders' Meeting 2018

The 2018 annual shareholders' meeting of Dometic will be held on Tuesday, April 10, 2018, at Meeting Room, Alströmergatan 20, 112 47, Stockholm, Sweden. For additional information regarding the next annual shareholders' meeting and how to register attendance, see the Group's website, [www.dometic.com](http://www.dometic.com).

### Nomination Committee

The 2017 annual shareholders' meeting resolved to adopt the following principles for the appointment of the Nomination Committee for the 2018 annual shareholders' meeting.

The Nomination Committee shall be composed of the Chairman of the Board together with one representative of each of the three largest shareholders, based on ownership in the Company as of the expiry of the third quarter of the financial year. Should any of the three largest shareholders renounce its right to appoint one representative to the Nomination Committee, such right shall transfer to the shareholder who then in turn, after these three, is the largest shareholder in the Company. The Board shall convene the Nomination Committee. The member representing the largest shareholder shall be appointed the chairman of the Nomination Committee, unless the Nomination Committee unanimously appoints someone else.

Should a shareholder having appointed a representative to the Nomination Committee no longer be among the three largest shareholders at a point in time falling three months before the annual shareholders' meeting at the latest, the representative appointed by such shareholder shall resign and the shareholder who is then among the three largest shareholders shall have the right to appoint one representative to the Nomination Committee. Should such change in the ownership occur during the three month period prior to the annual shareholders' meeting, the already established composition of the Nomination Committee shall remain unchanged.

Should a member resign from the Nomination Committee before his or her work is completed, the shareholder who has appointed such member shall appoint a new member, unless that shareholder is no longer one of the three largest shareholders, in which case the largest shareholder in turn shall appoint

the substitute member. A shareholder who has appointed a representative to the Nomination Committee shall have the right to discharge such representative and appoint a new representative. Changes to the composition of the Nomination Committee shall be announced immediately.

The term of the office for the Nomination Committee ends when the next Nomination Committee has been appointed. The Nomination Committee shall carry out its duties as set out in the Code.

The composition of the Nomination Committee for the annual shareholders' meeting is publicly announced on the Company's website no later than six months before the annual shareholders' meeting.

The Nomination Committee's tasks include preparing a proposal for the next annual shareholders' meeting regarding:

- Chairman of the annual shareholders' meeting.
- Board members.
- Chairman of the Board.
- Remuneration to Board members.
- Remuneration for committee work.
- Amendments of the principles for the appointment of the Nomination Committee, if deemed necessary.
- External auditor and external auditor's fee.

In addition, the Nomination Committee shall assess the independence of the Board members in relation to the Company and the largest shareholders. The Nomination Committee's proposals are publicly announced not later than on the date of notification of the annual shareholders' meeting. Shareholders wishing to submit proposals to the Nomination Committee should send a letter to Nomination Committee, Dometic Group AB (publ), Hemvärnsgatan 15, 6th floor, SE-171 54 Solna, Sweden.

No remuneration is paid to members of the Nomination Committee. The Company shall pay any necessary expenses that the Nomination Committee may incur in its work.

Further information regarding the Nomination Committee and its work can be found on the Group's website; [www.dometic.com](http://www.dometic.com).

### Nomination Committee for the 2017 Annual Shareholders' Meeting

The Nomination Committee for the 2017 annual shareholders' meeting was comprised of four members. Simon Blecher of Carnegie funds led the Nomination Committee's work.

For the proposal for the 2017 annual shareholders' meeting, the Nomination Committee made an assessment of the composition and size of the then current Board as well as the Group's operations. Areas of particular interest were Dometic's strategies and goals and the demands on the Board that were expected from the Group's positioning for the future. The Nomination Committee also considered that a breadth and variety as regards age, nationality, gender, educational background, experience, competence and term of office were represented among the Board members.

The Nomination Committee proposed Heléne Vibbleus, Jacqueline Hoogerbrugge and Peter Sjölander as new Board members, the re-election of the Board members: Fredrik Cappelen, Rainer Schmückle, Magnus Yngen and Erik Olsson and the re-election of Fredrik Cappelen as the Chairman of the Board. After the election at the 2017 annual shareholders' meeting, two out of seven Board members are women.

### Nomination Committee for the 2018 Annual Shareholders' Meeting

The Nomination Committee for the 2018 annual shareholders' meeting is based on the Company ownership structure as of September 30, 2017. The composition of the Nomination Committee was announced on the Group's website on October 10, 2017, i.e. six months prior to the 2018 annual shareholders' meeting, in accordance with the Code's announcement requirement.

The Nomination Committee's members are: Joachim Spetz (Swedbank Robur funds), Simon Blecher (Carnegie funds), Christian Brunlid (Handelsbanken funds) and Fredrik Cappelen, Chairman of the Board. Joachim Spetz is the Chairman of the Nomination Committee.

### Nomination Committee

Name	Appointed by	Percentage of votes, September 30, 2017
Joachim Spetz	Swedbank Robur funds	8.1
Simon Blecher	Carnegie funds	7.1
Christian Brunlid	Handelsbanken funds	4.9
Fredrik Cappelen	Chairman of the Board of Dometic	0.31

### The Board of Directors

The Board has the overall responsibility for the Company's organization and administration by continuously monitoring the operations, ensuring an appropriate organization, management, internal regulations and internal control. The Board establishes strategies and goals and makes decisions concerning major investments and operational changes. The Chairman has a leading role and is responsible for ensuring that the Board's work is well organized and performed efficiently.

### Composition of the Board

The Board is comprised of seven members without deputies, who are elected by the annual shareholders' meeting. The annual shareholders' meeting elects the Chairman of the Board. Directly after the annual shareholders' meeting, the Board holds a meeting for formal constitution at which the members of the committees of the Board are elected. The Chairman of the Board is Fredrik Cappelen.

Two of the seven Board members are not Swedish citizens. All members of the Board are non-executive members.

For additional information regarding the Board members, see page 55 and the table on page 56–57. The information is updated regularly at the Group's website, [www.dometic.com](http://www.dometic.com).

### Diversity Policy

The Nomination Committee shall apply the Swedish Corporate Governance Code article 4.1 as its diversity policy in respect of the Board. The goal of the policy is for the Board to have a composition appropriate to the Company's operations, phase of development and other relevant circumstances. The Board members elected by the shareholders' meeting are collectively to exhibit diversity and breadth of qualifications, experience and background. The Company shall strive for gender balance on the Board.

As set out in the Nomination Committee's proposal on election of the Board members for the 2017 annual shareholders' meeting, the Nomination Commit-

tee applied article 4.1 of the Swedish Corporate Governance Code as diversity policy in its nomination process. The 2017 annual shareholders' meeting resolved to appoint the Board members in accordance with the Nomination Committee's proposal. After the election at the 2017 annual shareholders' meeting, two out of seven Board members are women (28.5% women).

The above mentioned assessment and application of the diversity policy has also been made in respect of the Nomination Committee's preparation of the proposals for the 2018 annual shareholders' meeting. While the Nomination Committee has explicitly stated that diversity and equal gender balance is a prioritized matter, the Nomination Committee has not proposed any changes to the composition of the Board, considering that three out of seven Board members have served on the Board for less than one year. According to the Nomination Committee's proposal all seven Board members should be re-appointed, of which two are women and five are men.

### Independence

The Board is considered to be in compliance with relevant requirements for independence. The assessment of each Board member's independence is presented in the table on page 56–57. All Board members have been considered independent. Accordingly, the Company is in compliance with the Code's independence requirement.

### The Board's Tasks

One of the main tasks of the Board is to manage the Group's operations in such a manner as to assure that the interests of the owners in terms of a long-term profitable growth and value creation are being met in the best possible manner. The Board's work is governed by the major external laws, rules and regulations and the major internal regulations that constitute the framework for corporate governance at Dometic.

The Board deals with and decides on the Group-related issues, such as:

- Main goals.
- Strategic orientation.
- Essential issues related to financing, investments, acquisitions and divestments.
- Follow-up and control of operations, communication and organization, including evaluation of the Group's operational management.
- Appointment of and, if necessary, dismissal of the CEO.
- Overall responsibility for establishing an effective system of internal control and risk management as well as a satisfactory process for monitoring the Company's compliance with the major external laws, rules and regulations as well as the major internal regulations.

For information regarding the major external laws, rules and regulations and the major internal regulations, see the table on page 50.

### Working Procedures and Board Meetings

The Board determines its working procedures, documented in the rules of procedure for the Board of Directors, each year and reviews these rules of procedure as required. The rules of procedure describe the Chairman's specific role and tasks as well as the responsibilities delegated to the committees appointed by the Board.

In accordance with the rules of procedure and the Code, the Chairman shall, among other things:

- Organize and distribute the Board's work.
- Ensure that the Board discharges its duties and has relevant knowledge of the Company.
- Secure the efficient functioning of the Board.
- Ensure that the Board's decisions are implemented efficiently.
- Ensure that the Board evaluates its work annually.

The rules of procedure stipulate that the meeting for the formal constitution of the Board shall be held directly after the annual shareholder's meeting. Decisions at such statutory meeting include the election of members of the committees of the Board and authorization to sign on behalf of the Company. In addition to the statutory Board meeting, the Board shall hold at least four other ordinary meetings during the year. Meetings are held in conjunction with the publication of the Company's full-year report, interim reports and annual report, in connection with visits to the Group manufacturing facilities and coordinated with the most important processes at the Company, such as strategy, budget and risk. Additional meetings, including telephone conferences, are held when necessary.

### The Board's Work in 2017

During the year, the Board held twelve meetings, including statutory, extraordinary and per capsulam meetings. The attendance of each Board member at these meetings is presented in the table on page 56–57.

Ordinary Board meetings follow a calendar that is established annually. In addition to the Board meetings, the Chairman of the Board and the CEO have continuous contact pertaining to operations and other important matters. All Board meetings during the year followed an agenda, which, together with the documentation for each item on the agenda, was sent to Board members in advance of the meetings. Meetings usually last for half a day or one entire day in order to allow time for presentations and discussions. Normally the CEO and the CFO are present at ordinary Board meetings and Dometic's General Counsel serves as secretary at the Board meetings.

Each scheduled Board meeting includes a review of the Group's business and the results and financial position as well as the outlook for the forthcoming quarters, as presented by the CEO and the CFO. The meetings also deal with investments, the establishment of new operations acquisitions and divestments. The Board decides on all investments exceeding SEK 10m.

Major issues addressed by the Board during 2017 included:

- Dividend payment for the fiscal year 2016.
- Closing of the acquisition of lIPV, a Germany-based provider of coolers and other outdoor products.
- Acquisition of Oceanair, a UK-based market leading manufacturer of marine blinds, screens and soft furnishings primarily for the leisure marine and super yacht segments.
- Acquisition of SeaStar Solutions, a leading North American-based provider of vessel control systems and aftermarket products to the leisure marine industry.
- CEO shift.
- Appointment of the CFO as Deputy CEO.
- Divestment of Dometic's industrial property in Shenzhen, China.
- Introduction and implementation of a performance-based, long-term incentive program from 2017 for selected senior managers and key specialists in form of a three year rolling cash-based plan.

### Ensuring Quality in Financial Reporting

The rules of procedure for the Board of Directors determined annually by the Board include detailed instructions on the type of financial reports and similar information which shall be submitted to the Board. In addition to the full-year report, interim reports and the annual report, the Board reviews and evaluates comprehensive financial information regarding the Group as a whole and the entities within the Group.

The Board also reviews, primarily through the Board's Audit Committee, the most important accounting principles applied by the Group in financial reporting as well as major changes in these principles. The tasks of the Audit Committee also include reviewing reports regarding internal control, internal audit and financial reporting processes.

The Company's external auditor reports to the Board as necessary. The external auditor also attend the meetings of the Audit Committee. The Audit Committee reports to the Board after each of its meetings. Minutes are taken at all meetings and are made available to all Board members and to the external auditor.

### Board Work Evaluation

The Board evaluates its work annually with regard to its rules of procedure for the Board of Directors and the working climate as well as regards the focus of the Board work. This evaluation also focuses on access to and requirements of special competence in the Board. The evaluation is a tool for the development of the Board work and also serves as input for the Nomination Committee's work. The evaluation of the Board is each year initiated and lead by the Chairman of the Board.

In 2017 the annual evaluation was carried out in survey form. All Board members responded to the written questionnaire. The result of the evaluation was discussed at a Board meeting and also presented for the Nomination Committee by the Chairman of the Board.

The Board's work is progressing well. The members are making a constructive contribution to both the strategic discussion and the governance of the Company. The discussions are seen as open and the dialogue between the Board and the management is also considered positive and constructive.

### Remuneration to Board Members

Remuneration to Board members is determined by the annual shareholders' meeting. The remuneration to the Chairman and the Board members was revised during 2017. For an overview of remuneration to Board members please see the table below.

#### Remuneration to the Board of Directors 2016–2017 (applicable from the respective annual shareholders' meeting)

SEK	2017	2016
Chairman of the Board	725,000	625,000
Board member	360,000	325,000
Chairman of the Audit Committee	100,000	100,000
Member of the Audit Committee	50,000	50,000
Chairman of the Remuneration Committee	100,000	100,000
Member of the Remuneration Committee	50,000	50,000

### Committees of the Board

The Board has established an Audit Committee and a Remuneration Committee. The work of the respective committee is carried out pursuant to the rules of procedure for the Board of Directors and the instructions for the Audit and Remuneration Committees. The major tasks of these committees are preparatory and advisory, but the Board may delegate decision-making powers on specific issues to the committees. The issues considered at committee meetings shall be recorded in minutes of the meetings and reported at the following Board meeting. The members and Chairmen of the committees are appointed at the statutory Board meeting following election of Board members, or when a committee member needs to be replaced.

### Audit Committee

The Audit Committee shall primarily ensure the quality of the financial reporting and the effectiveness of the Company's risk management and internal control as well as regulatory compliance.

The Audit Committee is as from the 2017 annual shareholders' meeting comprised of four members: Magnus Yngen (Chairman), Rainer Schmückle, Jacqueline Hoogerbrugge and Heléne Vibbleus. The Audit Committee meets all the requirements in relation to auditing and accounting competence as stipulated in the Swedish Companies Act.

At least three meetings are held annually. Additional meetings are held as needed. In 2017, the Audit Committee held five meetings, which were recorded in minutes. The attendance of each member at these meetings is shown in the table on page 56–57. Dometic's CFO, the Heads of Internal Audit, Accounting, Business Control, Internal Control, Tax and Treasury have participated in the Audit Committee meetings. The General Counsel serves as secretary at the Audit Committee meetings. The external auditor has participated in the ordinary Audit Committee meetings.

The Audit Committee's tasks include:

- To monitor and review the financial reporting.
- To monitor the effectiveness of the internal control, internal audit and risk management, concerning the financial reporting.
- To maintain regular contact with the external auditor and keep itself informed of the outcome of the external audit of the Company and the Group, including the audit of the financial statements and the consolidated financial statements and the conclusions from the quality control carried out by the Swedish Inspectorate of Auditors (Sw. Revisorsinspektionen).
- To inform the Board of the outcome of the external audit and explain how the audit contributed to the integrity of the financial reporting and of the role of the Committee in that process.
- To review and monitor the objectivity and independence of the external auditor as well as the external auditor's engagements in other tasks than audit services.
- To prepare the Board's proposal concerning election of external auditor for adoption by the annual shareholders' meeting.

In 2017, the work of the Audit Committee focused mainly on monitoring improvements pertaining to the financial reporting and financial processes, with a special focus on identifying risks and evaluating the internal control environment as well as following up the results of the review by external auditor.

The review of the Company's financial reports, examination of the Company risks and examination of internal control were standing items on the agenda. During the financial year the Audit Committee also reviewed the annual impairment test, evaluated the Company's dividend policy, and reviewed the audit plans of the external auditor.

### Remuneration Committee

One of the Remuneration Committee's primary tasks is to prepare the Board's proposal concerning remuneration principles, remuneration and other employment terms for the CEO and the Group management for adoption by the annual shareholders' meeting. The Remuneration Committee monitors and evaluates the applied remuneration structure and remuneration levels in the Company, as well as programs for variable remuneration, both ongoing and those that have ended during the year, for the CEO and the Group management. The Remuneration Committee also monitors the application of the guidelines for remuneration for the CEO and the Group management adopted by the annual shareholders' meeting.

The Remuneration Committee is as from the 2017 annual shareholders' meeting comprised of three members as follows: Erik Olsson (Chairman), Fredrik Cappelen and Peter Sjölander. At least two meetings are convened annually. Additional meetings are held as needed.

In 2017 the Remuneration Committee held three meetings, which were recorded in minutes. The attendance of each member at these meetings is shown in the table on page 56–57. Significant issues addressed include review and preparation of a performance-based, long-term incentive program for selected senior managers and key specialists and review and preparation of guidelines for remuneration for the CEO and the Group management for adoption by the 2017 annual shareholders' meeting as well as preparation of a proposal for the remuneration to the new President and CEO. The Head of Human Resources participated in the meetings and was responsible for meeting preparations. The CEO also participated in the meetings, however, not as regards the items on the agenda that related to remuneration of the CEO.

The Remuneration Committee's tasks include among others:

- To review and recommend to the Board the guidelines for remuneration for the CEO and the Group management.
- To review and make a recommendation to the Board for any changes in the compensation of the CEO and the Group management.
- To monitor and evaluate programs for variable remuneration, both ongoing and those that have ended during the year, for the CEO and the Group management.
- To monitor and evaluate compliance with the guidelines for remuneration adopted by the annual shareholders' meeting, as well as the current remuneration structures and levels in the Company.
- To prepare any proposals for shareholders' resolutions regarding share or share-price related incentive programs.
- To prepare any Board resolutions regarding short-term variable salary and incentive programs not requiring shareholder approval (i.e. variable cash remuneration schemes) for the CEO and the Group management.

# THE BOARD OF DIRECTORS



**1. FREDRIK CAPPELEN**

Chairman since 2013

**2. HELÉNE VIBBLEUS**

Board member since 2017

**3. ERIK OLSSON**

Board member since 2015

**4. JACQUELINE  
HOGERBRUGGE**

Board member since 2017

**5. PETER SJÖLANDER**

Board member since 2017

**6. MAGNUS YNGEN**

Board member since 2012

**7. RAINER SCHMÜCKLE**

Board member since 2011

Board of Directors	Fredrik Cappelen	Heléne Vibbleus	Erik Olsson
	Chairman Born 1957. Sweden. Bachelor of Business Administration and A-level Diploma in Political Science, University of Uppsala. Elected 2013. Member of the Remuneration Committee.	Born 1958. Sweden. B.Sc. in Business Administration and Economics University of Linköping. Elected 2017. Member of the Audit Committee.	Born 1962. Sweden. B.Sc. in Business Administration and Economics, Gothenburg School of Business, Economics and Law. Elected 2015. Chairman of the Remuneration Committee.
<b>Position and Board membership<sup>1)</sup></b>	Chairman of the board of directors of Dustin Group AB and Terveystalo Oy. Chairman and member of the board of directors of Transcom AB. Member of the board of Securitas AB.	Vice President, Internal Audit, CAE, of Autoliv Inc. Member of the board of directors and Chairman of the Audit Committee of Scandi Standard AB.	Member of the board of directors of Ritchie Bros. Auctioneers, Inc. Member of the board of directors and CEO of Mobile Mini, Inc. Member of the board of directors of the non-profit organization St Mary's Food Bank Alliance.
<b>Previous positions</b>	Chairman of the board of directors of Byggmax Group AB, Granngården AB, Svedbergs AB, Sanitec Oy. and several subsidiaries of Dometic Group AB (publ). Vice chairman of the board of Munksjö AB. CEO of Nobia AB (1994–2008). Member of the board of Carnegie Investment Bank AB and Cramo Oy. Managing Director and member of the Group Management of STORA Building-products AB. Vice President Marketing and Sales and member of Group Management of STORA Finepaper AB. Managing Director of Kauko GmbH and Kauko International.	Member of the board of directors and Chairman of the Audit Committee of Trelleborg AB. Member of the board of directors and the Audit Committee and Chairman of the Remuneration Committee of Trade-Doubler AB. Member of the board of directors and the Audit Committee of Marine Harvest ASA. Member of the board of directors, the Audit Committee and the Remuneration Committee of Renewable Energy Corporation ASA. Member of the board of directors and Chairman of the Audit Committee of Orio AB. Member of the board of directors and the Risk and Audit Committee of Swedbank Sjuhärad AB. Member of the board of directors of Tyréns AB. Member and Vice Chairman of the board of directors of SIDA. Member and Chairman of the board of directors of Nordic Growth Market NGM AB. Chairman of the board of directors of Invisio Communications AB. Chief Audit Executive, CAE of Elekta AB. Senior Vice President Group Controller of AB Electrolux. Partner (authorized public accountant) and Member of the board of directors of PricewaterhouseCoopers PwC.	Member of the board and CEO of RSC Holdings, Inc. Various senior positions in the United States, Brazil, and Sweden with Atlas Copco Group.
<b>Board meeting attendance</b>	12/12	9/10 <sup>2)</sup>	11/12
<b>Remuneration Committee attendance</b>	3/3		3/3
<b>Audit Committee attendance</b>		3/3 <sup>2)</sup>	
<b>Holdings in Dometic<sup>3)</sup></b>	904,140 <sup>4)</sup>	2,500	12,000
<b>Independence in relation to the company and its executive management/In relation to major shareholders<sup>5)</sup></b>	Yes/Yes	Yes/Yes	Yes/Yes

<sup>1)</sup> Position and board membership as of December 31, 2017.

<sup>2)</sup> Board member as from the annual shareholders' meeting held on April 7, 2017.

<sup>3)</sup> Holdings in Dometic Group AB (publ) as of December 31, 2017.

<sup>4)</sup> Shareholding in Dometic through related party.

<sup>5)</sup> For further information about the independence assessment, see page 52.

Jacqueline Hoogerbrugge	Peter Sjölander	Magnus Yngen	Rainer Schmückle
Born 1963. The Netherlands. M.Sc. in Chemical Engineering from Rijks Universiteit Groningen. Elected 2017. Member of the Audit Committee.	Born 1959. Sweden. M.Sc. in Economics from Gothenburg University. Elected 2017. Member of the Remuneration Committee.	Born 1958. Sweden. M.Sc. and Licentiate of Technology, Royal Institute of Technology in Stockholm. Elected 2012. Chairman of the Audit Committee.	Born 1959. Germany. Degree in Industrial Engineering, University of Karlsruhe. Elected 2011. Member of the Audit Committee.
Member of the board of directors of Swedish Match and IKEA Industries	Senior Executive Advisor of Altor. Senior advisor to F&S (London, UK). Member of the board of directors of Eton Group AB, Fiskars Oy, SATS Elixia, Fit Flop Ltd. and Varier Furniture (Oslo, Norway). Chairman of the board of directors of Grundéns Rainwear and Revolution Race (Borås, Sweden).	Chairman of the board of directors of Fractal Design AB and Duni AB. Deputy Chairman of the board of directors of Intrum Justitia AB.	Member of the board of directors of Autoneum Holding Ltd, Autoneum AG and Kunststoffteile Schwanden AG.
President Operations of Cloetta. Member of the board of directors of Cederroth International. Vice President Operations Medical Division Danone and Vice President Procurement of Danone's Worldwide Baby Division. Procurement Director, Factory Director, Supply Chain Manger, Operations Manager and Services Manager of Unilever. Sales Manager Hydrocarbon Sector, Marketing Co-ordinator and Process Engineer of Fluor Daniel.	CEO of Helly Hansen AS. SVP; Product & Brand Europe, CMO Global Brand & Global Licensing of Electrolux AB. General Manager Central Europe NIKE CEE and Global Business Director, Nike ACG of Nike Inc. European Director of Footwear, Marketing Director European Outdoor and Director of Marketing Nordics of Nike Europe BV. Marketing and Buying Director of Intersport. Brand Director of Mölnlycke AB. Member of the board of directors of Swims AS, BTX Group A/S, OBH Nordica Group and Stadium AB.	President and CEO of Camfil AB. CEO and member of the board of Husqvarna AB. Chairman of the board, member of the board and/or CEO in several subsidiaries of Dometic Group AB (publ). Chairman of the board of Sveba-Dahlén Group AB. Member of the board of Intrum Justitia AB, Camfil AB, Frostbite Holding AB and of the non-profit organizations Teknikarbetsgivarna i Sverige and Teknikföretagen i Sverige.	Member of the board of Wittur GmbH, Frostbite Holding AB and several subsidiaries of Dometic Group AB (publ). CEO of MAG IAS GmbH. COO Automotive of Johnson Controls, Inc. and COO of Mercedes Cars of Daimler AG. President and CEO of Freightliner Corporation.
9/10 <sup>2)</sup>	10/10 <sup>2)</sup>	11/12	12/12
	2/3 <sup>2)</sup>		
3/3 <sup>2)</sup>		5/5	5/5
10,000	–	278,460	78,895 <sup>4)</sup>
Yes/Yes	Yes/Yes	Yes/Yes	Yes/Yes

## CEO and Group Management

Group management includes the CEO, the CFO, the three regional presidents and four group staff heads. The CEO is appointed by the Board. The CEO, in turn, appoints other members of the Group management and shall administer the Company's and the Group's on-going operations pursuant to the instructions and directives issued by the Board. Group management holds monthly meetings to review the previous month's results, to update forecasts and plans and to discuss strategic issues. The CEO reports to the Board and ensures that the Board receives the information required to be able to make well-founded decisions.

The Company's CEO in 2017 was Mr. Roger Johansson (born 1965). Mr. Johansson has a B.Sc. in International Business and Trade from Gothenburg School of Business, Economics and Law. Roger Johansson has been President of Trelleborg Automotive and CEO of BE Group AB (publ). Before that he spent sixteen years with General Motors Corporation leading purchasing and also powertrain operations in Europe. He holds 905,180 shares in the Company as of December 31, 2017. Mr. Johansson had no significant assignments outside Dometic.

For details regarding members of Group management, see pages 60–61. The information is updated regularly at the Group's website, [www.dometic.com](http://www.dometic.com).

## Changes in Group Management during 2017 and 2018

Mattias Nordin, Head of Product Management & Innovation, left the Company on January 18, 2017.

On July 18, 2017, it was announced that Juan Vargues (born 1959) was appointed President and CEO of Dometic, effective January 8, 2018. Juan Vargues succeeded Roger Johansson, who had decided in joint understanding with the Board to leave Dometic after 5 years as President and CEO.

Anton Lundqvist was appointed Chief Technology Officer as from February 23, 2018.

On February 27, 2018, it was announced that Bengt Thorsson, President of the EMEA region, had decided to leave Dometic for another assignment outside the Group.

On March 5, 2018, it was announced that Silke Ernst was appointed Head of Group Human Resources, effective August 28, 2018. She succeeds Liselotte Bergmark, who had decided to leave Dometic for another assignment outside the Group.

## Remuneration for the CEO and the Group Management

Guidelines for remuneration for the CEO and the Group management (the "Group Management") are resolved upon by the annual shareholders' meeting, based on the proposal from the Board. Remuneration to the CEO is then resolved upon by the Board, based on proposals from the Remuneration Committee. Changes in the remuneration to other members of Group Management are resolved upon by the Remuneration Committee, based on proposals from the CEO, and reported to the Board.

The total remuneration shall be based on the position held, individual performance, performance of the Group and be competitive in the country of employment.

Remuneration may comprise of:

- Base salary.
- Variable salary.
- Other benefits such as pension and insurance.

Members of the Group Management shall, in addition to the base salary, dependent on an annual decision by the Board, be eligible to variable salary that is based on short-term annual predetermined and measurable performance targets.

Each year, the Board will evaluate whether or not a long-term incentive program shall be proposed to the annual shareholders' meeting. The 2017 annual shareholders' meeting decided on a performance-based, long-term incentive program for selected senior managers and key specialists in form of a three year rolling cash-based plan.

Under special circumstances, the Board may in an individual case deviate from the guidelines for remuneration. In case of such deviation, the next annual shareholders' meeting shall be informed of the reasons.

As regards the guidelines for remuneration adopted by the 2017 annual shareholders' meeting, the Board has exercised its mandate given by the 2017 annual shareholders' meeting to deviate from the guidelines for remuneration in connection with the recruitment of a new CEO. The pension of the new CEO has been agreed to 35% of the base salary instead of 30% that is the maximum level in the guidelines for remuneration adopted by the 2017 annual shareholders' meeting. The notice period to be given by the company to the new CEO, in case of termination of the employment, has been agreed to 12 months instead of 6 months. The new CEO will also be compensated for parts of lost compensation from the previous employer up to a maximum of 15 MSEK.

The guidelines for remuneration for the CEO and the Group Management can be found on the Group's website, [www.dometic.com](http://www.dometic.com).

## External Auditor

The 2017 annual shareholders' meeting re-elected PricewaterhouseCoopers AB (PwC) as the Company's external auditor for a one-year period until the annual shareholders' meeting in 2018. Authorized Public Accountant Magnus Brändström is the auditor in charge of the Company.

The external auditor provides an audit opinion on the income statement and the balance sheet for the Company and the Group and recommends the annual shareholders' meeting on appropriation of the profit based on the proposal in the statutory administration report and on the discharge of liability for the financial year for the Board members and the CEO. The external auditor provides a review report of the interim report for the third quarter.

Pursuant to the decision of the 2017 annual shareholders' meeting, the external auditor's fee until the 2018 annual shareholders' meeting is paid on the basis of approved invoice.

When PwC is engaged to provide services other than the ordinary audit, decisions pertaining to the nature, scope and fees for such work are made by the Audit Committee.

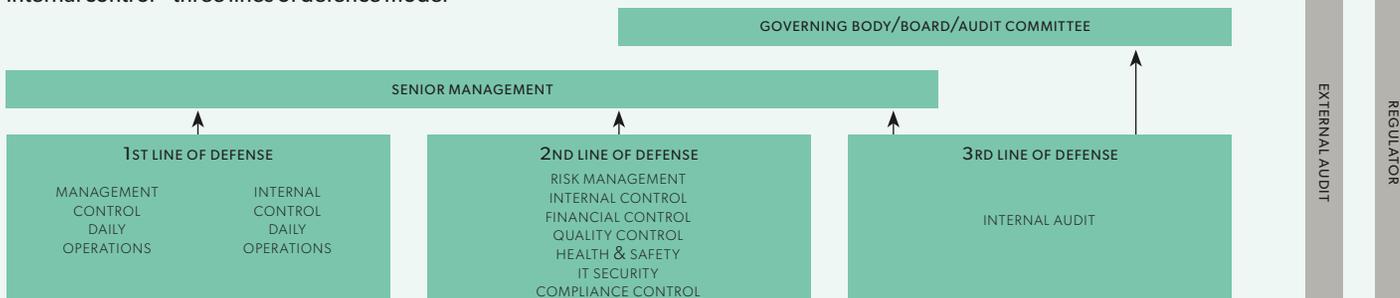
The audit is conducted in accordance with the Swedish Companies Act, International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden.

Audits of local statutory financial statements for legal entities outside of Sweden are performed as required by law or applicable regulations in the respective countries and as required by IFAC GAAS, including issuance of audit opinions for the various legal entities.

## Dometic's Governing Documents

Dometic's governing documents, in the form of policies and guidelines, insofar as they concern the financial reporting, are updated at least once per year and mainly communicated via the intranet. There is also a financial manual with principles for financial reporting according to applicable accounting standards. The

## Internal control – three lines of defence model



financial manual is updated continuously based on changes in external requirements or changes in Dometic's operations and processes.

An information policy is in place describing how external information shall be communicated. The purpose of the policy is to ensure that the Company complies with the requirements for disseminating correct and complete information to the market.

### Internal Control

Internal control over financial reporting within Dometic is designed, in line with the generally accepted COSO framework<sup>1)</sup>, to ensure reliable financial reporting. In addition to the financial reporting, the internal control procedures support the organization in managing identified risks and processes in the organization. Dometic has developed an internal system for internal control with control functions, such as financial and business control, functions for quality control, internal control and internal audit, in line with the generally accepted three lines of defense model.

### Control Environment

The control environment at Dometic constitutes the framework and tone at the top for the direction and culture communicated to the organization by the Board, the CEO and the Group management.

Internal guidance and control in accordance with established frameworks is a prioritized part of the management work. The Board and the Group management define and formulate decision-making channels, authority and responsibilities, which are communicated throughout the organization. The Board also strives to ensure that governance documents, such as internal policies and guidelines, cover identified and significant areas and that they provide proper guidance for the relevant employees in the Group.

### Risk Assessment

In 2016, Dometic established a risk management process with a risk committee. The quarterly risk committee meetings are ministrated by an appointed risk coordinator. The Chairman of the risk committee is the CFO. The risk committee consists of representatives from regional operations, product development and innovation, finance, HR, legal, quality and internal audit. The main tasks of the risk committee are to evaluate company risks and risk assessment, discuss recent risk-related issues, evaluate and approve risk-related actions and activities, discuss and approve risk governance (policies and activities), and facilitate input from risk committee members and significant risk-related reports. The committee is the internal forum to address risks. A summary of the committee's work is presented to the Audit Committee and the Board.

Dometic conducts an annual risk assessment of the likelihood and impact of each defined risk and related risk activities. As part of this assessment, risk owners are listed in a risk register, and global and regional risk maps are drawn and used as a foundation for Dometic's control activities, especially internal control and internal audit plans.

### Control Activities

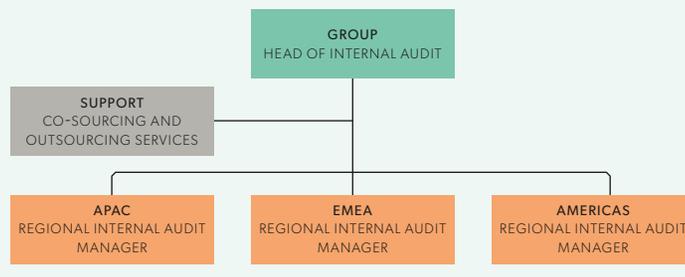
Dometic maintains a comprehensive financial reporting system which enables comprehensive monitoring of Group performance. Financial reports for the different legal entities and regions are reviewed on a continuous basis by the central finance function. This entails a thorough monitoring of the financial results in accordance with the financial reporting calendar for the financial year.

Financial data is reported by approximately eighty reporting units and the CFO as well as other representatives of the central finance function meet the region managers and review the region's results every month in accordance with the standardized routines for reporting that are stipulated in Dometic's finance manual. These reports are the basis for the Group's consolidated financial reporting.

Business reviews are carried out on a quarterly basis, where the CEO, the CFO and relevant representatives of the central functions meet the management of the respective region to discuss the business.

The product portfolio is reviewed on a monthly and quarterly basis as part of the internal process for product development. Larger projects are reviewed at least on a quarterly basis.

### Dometic's internal audit organization



Dometic has implemented an internal control framework, so called Minimum Internal Control Requirements (MICR), which covers eight key processes (entity level controls, purchase to pay, production, inventory, order to cash, payroll, fixed assets and financial closing). The MICR framework was rolled-out in 2016 and further developed during 2017. MICR self-assessments are conducted on entity level. MICR is supported by regional coordinators and monitored by the Company's central internal control function and evaluated by the internal audit function.

### Internal Control

Since November 2015 Dometic has a central function for internal control to maintain the quality of internal control and strengthen Dometic's internal control processes. In 2016 the Company implanted a systematic tool for self-assessment, MICR, which during 2017 has undergone several improvements and adjustments to suit the Company's current needs. Internal control provides a risk based control over financial reporting and ensures compliance with the Group policies and guidelines for efficient operations. The MICR framework has a risk based and dynamic approach and its goal is to add value to the Company by primarily reducing and preventing losses and increase efficiency.

### Internal Audit

Dometic's internal audit function was established in November 2015 and strengthened during 2016 with regional internal audit managers in each of the three regions reporting directly to the Head of Internal Audit. The Head of Internal Audit reports to the chairman of the Audit Committee and to the Group's CFO, as described on page 49. The function has a risk based and dynamic approach, where besides providing reasonable assurance of the effectiveness of the corporate governance, risk management and internal control, it strives for adding value to the operations by identifying weaknesses that can lead to non-compliance with the Company policies and guidelines, unexpected losses and inefficiency. Internal audit reports quarterly to the Audit Committee.

Dometic uses regional internal audit plans based on the outcome of the annual global and regional risk assessments to secure internal audit targeting and input from regional senior management to capture business needs. Since 2017 internal audits are conducted systematically in line with a defined internal audit process that includes several steps resulting in formal internal audit reports and follow up on agreed actions. Internal audit plans are presented by the Head of Internal Audit and approved by the Audit Committee. Dometic's internal audit policy is approved by the Board and a global internal audit instruction is guiding how internal audit shall be performed in each region.

### Monitoring

The Audit Committee evaluates the Company's internal control based on the result of the work performed by the Company's control functions that has a role to play in the control over financial reporting. Important governing documents, frameworks and processes are the financial manual, the information policy, the internal control framework and the internal audit process. These Company's control functions are present at the Audit Committee's meetings to report on the effectiveness of internal control over financial reporting when the Company's full-year report, interim reports and annual report are on the agenda for the Audit Committee. The Audit Committee reports the results of its work to the Board.

The Board is ultimately responsible for internal control over financial reporting.

<sup>1)</sup> The 2013 COSO (The Committee of Sponsoring Organizations of the Treadway Commission) Framework and Appendices.

# GROUP MANAGEMENT



## 1. ROGER JOHANSSON

Born 1965. President and CEO since 2012.

B.Sc. in International Business and Trade from Gothenburg School of Business, Economics and Law.

Shareholding: 905,180

## 2. JUAN VARGUES

Born: 1959. New President and CEO from January 8th 2018.

Management Education IMD Lausanne (CH), Executive MBA Lunds Universitet (EFL), High School Degree in Mechanical Engineering Tekniska Vuxengymnasiet, Göteborg

Shareholding: 240,183

## 3. LISELOTTE BERGMARK

Born 1966. Head of Group HR since 2015.

B.Sc. and M.Sc. in Human Resources from Linköping University.

Shareholding: 4,700

## 4. PER-ARNE BLOMQUIST

Born 1962. CFO since 2014. Deputy CEO since 2017.

B.Sc. in Business Administration and Economics from Stockholm School of Economics.

Member of the Board of Directors of Djurgården Hockey AB.

Shareholding: 701,172

## 5. CHIALING HSUEH

Born 1963. President APAC since 2016.

M.Sc. in Marketing, University of Massachusetts, USA. B.Sc., Soochow University, Taiwan.

Shareholding: 0

## 6. PER-NICKLAS HÖGLUND

Born 1973. Head of Strategy, Group Projects and M&A since 2014.

M.Sc. degree in Civil Engineering from Chalmers University of Technology in Gothenburg and M.Sc. degree in Accounting & Business Administration from School of Business, Economics and Law at Gothenburg University.

Shareholding: 742,356 through related party



### 7. PETER KJELLBERG

Born 1965. Chief Marketing Officer since 2015.

Marketing Economy, DIHM, IHM Business School. Member of the Board of Directors of USWE Sports AB and XO Boats.

Shareholding: 138,241



### 8. SCOTT NELSON

Born 1964. President The Americas since 2016.

B.Sc. in Economics & Management, Albion College, USA and MBA studies, Indiana University, USA.

Shareholding: 0



### 9. ANNA SMIESZEK

Born 1964. Group General Counsel since 2015.

Masters of Laws from University of Silesia and Stockholm University. PhD studies at Oxford University, Diploma Program in International Law from Stockholm University.

Shareholding: 2,500



### 10. BENGT THORSSON

Born 1964. President EMEA since 2016.

B.Sc. degree from Gothenburg School of Business, Sweden.

Shareholding: 25,000 through related party