This is an in-house translation. In case of any discrepancies between the Swedish original and this translation, the Swedish original shall prevail.

Attachment to item 16

PROPOSAL BY THE BOARD OF DIRECTORS OF CLOETTA AB (PUBL) REGARDING A LONG TERM SHARE BASED INCENTIVE PLAN (LTI 2016)

The Board of Directors proposes that the Annual General Meeting resolves on a long term share based incentive plan (LTI 2016) for Cloetta AB (publ) ("Cloetta") as follows.

1.1 LTI 2016 in brief

The Annual General Meetings 2013, 2014 and 2015 resolved to introduce long term share based incentive plans. The Board of Directors now proposes a long term share based incentive plan with a similar structure as the incentive plans that were adopted the preceding years. The main reason for LTI 2016 is to align the interests of the shareholders on the one hand and group management and other key employees on the other hand in order to ensure maximum long term value creation. LTI 2016 will also create a long term group-wide focus on value growth among the participants. It is also considered that incentive plans facilitate Cloetta's recruitment and retention of group management and other key employees.

LTI 2016 comprises of 73 employees as a maximum, consisting of the group management and other key employees. To participate in LTI 2016, a personal shareholding in Cloetta is required. Following a defined vesting period, the participants will be allocated B-shares in Cloetta free of charge provided that certain conditions are fulfilled. In order for so-called matching share rights to entitle the participant to receive B-shares in Cloetta, continued employment with Cloetta is required and the personal shareholding in Cloetta must have been continuously maintained. Allocation of B-shares on the basis of performance share rights requires, in addition, that two performance targets have been met, one of which is related to Cloetta's EBIT and the other to Cloetta's net sales value. The maximum number of B-shares in Cloetta which may be allocated under LTI 2016 shall be limited to 1,524,100 representing approximately 0.5 per cent of all the shares and 0.4 per cent of all the votes in Cloetta.

1.2 Participants in LTI 2016

LTI 2016 comprises of 73 employees as a maximum, consisting of group management and certain key employees within the Cloetta Group, divided into three categories. The first category comprises of the President and the other ten members of the group management, the second category is comprised of up to 33 other employees, who have been considered to have a significant direct impact on the results of Cloetta. The third category is comprised of up to 29 employees, consisting of individuals who have been considered to have an indirect impact on the results of Cloetta.

1.3 Personal shareholding, grant of share rights and vesting period

To participate in LTI 2016, the participant must have a personal shareholding in Cloetta ("Investment Shares"), which shall be allocated to LTI 2016. The Investment Shares may be acquired specifically for purposes of LTI 2016, or be shares already held by the participant, provided that these have not been allocated to the previous incentive plan. The participant may as a maximum invest 10 per cent of the participant's annual salary for 2016 before tax, in LTI 2016.

For the first category of participants, each Investment Share gives entitlement to one (1) matching share right ("Matching Share Right") and six (6) performance share rights ("Performance Share Right") (together referred to as "Share Rights"). For the second category, each Investment Share gives entitlement to one (1) Matching Share Right and four (4) Performance Share Rights. For the third category, each Investment Share gives entitlement to one (1) Matching Share Right and two (2) Performance Share Rights. The Share Rights will be granted to the participant following the Annual General Meeting 2016 in connection with, or shortly after, an agreement is made between the participant and Cloetta concerning participation in LTI 2016. Allocation of B-shares, if any, on the basis of Share Rights will, except for in exceptional circumstances, occur after the announcement of Cloetta's interim report for the first quarter 2019 (the "Vesting Period").

1.4 Terms for all Share Rights

For all Share Rights the following conditions apply:

- The Share Rights are granted free of charge.
- Each Matching Share Right entitles the participant to receive, free of charge, one (1) Cloetta B-share on condition that the participant remains employed within the Cloetta Group and that the participant continues to hold all the Investment Shares during the entire Vesting Period. Allocation of B-shares on the basis of Performance Share Rights requires, in addition, fulfilment of two performance targets.
- The participants are not entitled to transfer, pledge or dispose of the Share Rights or perform any shareholders' rights regarding the Share Rights during the Vesting Period.
- Cloetta will not compensate the participants in the plan for dividends made in respect of the shares that the respective Share Right qualifies for.

1.5 Performance Share Rights

The number of Cloetta B-shares that will be allocated to the participant based on the participant's holding of Performance Share Rights will depend on the level of fulfilment of two performance targets, one of which relates to Cloetta's EBIT level during 2018 and the other relates to growth in Cloetta's compounded net sales value during 2016, 2017 and 2018. A minimum level and a maximum level for each of the performance targets have been established by the Board of Directors. In order for every Performance Share Right to give entitlement to one (1) B-share in Cloetta, the maximum level for both performance targets must have been fulfilled. Where the level of fulfilment is between the minimum and maximum levels, allotment will occur on a linear basis, whereby each of the two performance targets is given equal importance in terms of entitling the participant to B-shares.[1] Cloetta intends to present the level of fulfilment of the performance targets in the 2018 annual report.

1.6 Formulation and administration

The Board of Directors, or a specific committee appointed by the Board of Directors, shall be responsible for the formulation and administration of LTI 2016, and the terms that will apply between Cloetta and the participant in the plan, within the scope of the terms and directions set out herein. In connection therewith, the Board of Directors shall be authorised to establish divergent terms for the plan regarding

[1] For the purpose of determining the level of fulfilment of the performance targets, Cloetta's EBIT and net sales value will be adjusted so to be unaffected by structural changes such as acquisitions and divestures as well as extra ordinary items.

inter alia the Vesting Period and allocation of Cloetta shares in the event of termination of employment during the Vesting Period as a result of e.g. early retirement. The Board of Directors shall be authorised to make the necessary adjustments to fulfil specific rules or market prerequisites in other jurisdictions. In the event that the delivery of shares to persons outside of Sweden cannot be achieved at reasonable cost and with reasonable administrative efforts, the Board of Directors may decide that the participating person may instead be offered cash based settlement. The Board of Directors shall, in certain circumstances, be entitled to reduce the final allocation of Cloetta shares or, in whole or in part, terminate the plan prematurely without compensation to the participants if significant changes occur in the company or on the market.

1.7 Scope

As a maximum, 1,524,100 B-shares in Cloetta can be allocated to the participants under LTI 2016, which represents approximately 0.5 per cent of all shares and 0.4 per cent of all votes in the company. The number of B-shares included in LTI 2016 shall, under conditions that the Board of Directors stipulates, be subject to recalculation where Cloetta implements a bonus issue, a share split or a reverse share split, a rights issue or similar measures, taking into account customary practice for similar incentive plans.

1.8 Hedging

Cloetta will enter into a share swap agreement with a bank, whereby the bank shall be able to in its own name acquire and transfer shares to the participants in order to fulfil Cloetta's obligation to deliver shares under the plan. Such a share swap agreement with a bank may also be used for the purpose to cover social security fees that accrue under LTI 2016.

1.9 Estimated costs, and value, of LTI 2016

The Share Rights cannot be pledged or transferred to others, but an estimated value for each right can be calculated. The Board of Directors has estimated that the value of each Share Right is SEK 26.3. This estimate is based on the closing price for the Cloetta share on 25 February 2016. Based on the assumption that all persons who have been offered participation in the plan participate, that they make the maximum investment, that there is a 100 per cent fulfilment of the two performance targets and that they continue as employees of Cloetta, the aggregate estimated value of the Share Rights is approximately MSEK 40.1. This value is equivalent to approximately 0.5 per cent of the market capitalisation for Cloetta as of 25 February 2016.

The costs are treated as staff costs in the profit and loss accounts during the Vesting Period, in accordance with IFRS 2 on share-based payments. In the profit and loss accounts, social security costs will accrue in accordance with UFR 7 over the Vesting Period. The size of these costs will be calculated based on the Cloetta share price development during the Vesting Period and allocation of the Share Rights. Based on the assumptions stated above and a constant share price during the plan, and a Vesting Period of approximately three (3) years, the total cost of LTI 2016 including social security costs is estimated to amount to approximately MSEK 49.4, which on an annual basis is approximately 1.3 per cent of Cloetta's total staff costs during the financial year 2015. LTI 2016 has no limitation on maximum profits per Share Right for the participants and therefore no maximum social security costs can be calculated.

The interest cost for the equity swap is estimated to amount to approximately MSEK 2.8 based on market conditions as of 25 February 2016 and a three-year term. In addition, the equity swap may lead to both positive and negative cash flows, which, while not affecting the income statement, will be booked directly against equity and may be recorded as debt in the balance sheet.

1.10 Effects on key ratios

In the event of full participation in LTI 2016, Cloetta's staff costs are expected to increase with approximately MSEK 16.5 annually (including social security costs). On a pro-forma basis for 2015, these costs are equal to a negative effect on Cloetta's operating margin of approximately 0.3 per cent units and a decrease of earnings per share of approximately SEK 0.04. Nevertheless, the Board of Directors considers that the positive effects on Cloetta's financial performance which are expected from an increased shareholding by the participants, and the possibility to be allocated further shares in Cloetta under LTI 2016, outweigh the costs related to LTI 2016.

1.11 The preparation of the proposal

LTI 2016 has been initiated by the Board of Directors and prepared together with external advisors. The plan has been reviewed by the Remuneration Committee and dealt with at meetings of the Board of Directors during the beginning of 2016.

1.12 Other incentive plans in Cloetta

Please refer to Cloetta's annual report 2015, note 24 or the company's website www.cloetta.com for a description of other share based incentive plans in Cloetta.

1.13 The proposal by the Board of Directors

Referring to the description above, the Board of Directors proposes that the Annual General Meeting resolves on LTI 2016.

1.14 Majority requirement

A resolution on LTI 2016 in accordance with the Board of Directors' proposal is valid where supported by shareholders holding more than half of the votes cast at the Annual General Meeting.

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Cloetta AB (publ)
Board of Directors
March 2016