

## **THE BOARD OF DIRECTORS' REPORT ON THE REMUNERATION COMMITTEE'S EVALUATION OF REMUNERATION TO EXECUTIVE MANAGEMENT**

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The Board of Directors has previously established a remuneration committee which prepares the decisions of the Board of Directors on issues concerning principles for remuneration, remunerations and other terms of employment for the executive management. Guidelines for remuneration to the executive management are presented to the Board of Directors, which submits a proposal on such guidelines to the Annual General Meeting for approval.

The remuneration committee is also entrusted with the task of monitoring and evaluating plans for variable remuneration for the executive management, the application of the guidelines for remuneration that the Annual General Meeting has adopted as well as the current remuneration structures and levels in Cloetta. Pursuant to section 10.3 of the Swedish Corporate Governance Code, the Board of Directors hereby presents the following report on the results of the remuneration committee's evaluation.

The current guidelines for remuneration to the executive management were adopted at the Annual General Meeting in Cloetta on 23 April 2015. The remuneration committee is of the opinion that Cloetta complies with these guidelines, and that the guidelines serve their purpose of promoting long term creation of value in Cloetta. The variable remuneration is linked to targets defined individually for each employee and to the unit in which the employee is employed, as well as to the Cloetta Group's overall profitability targets, which contributes to an increase in value for Cloetta's shareholders. In addition, the remuneration committee has proposed to the Board of Directors that Cloetta establishes a long term share based incentive plan with a similar structure as the incentive plans that were adopted at the Annual General Meetings 2013, 2014 and 2015, to align the interests of the shareholders on the one hand and executive management and other key employees on the other hand in order to ensure maximum long term value creation.

Market surveys are carried out regularly with respect to applicable salary statistics, remuneration structures and levels for variable remuneration for employees in the Cloetta Group. The remuneration committee considers Cloetta's remuneration structures and remuneration levels have allowed Cloetta to recruit and retain the right personnel to the Executive Management.

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