

Minutes kept at the Annual General Meeting of shareholders in Cloetta AB (publ), 556308-8144, on Tuesday 12 April 2016, at 4pm at Norra Latin, Barnhusgatan 7b in Stockholm

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**§ 1 Opening of the meeting (item 1 on the agenda)**

The Chairman of the Board, Caroline Sundewall, opened the Annual General Meeting.

**§ 2 Election of the Chairman of the meeting (item 2 on the agenda)**

The meeting resolved to elect the lawyer Wilhelm Lüning as Chairman of the meeting in accordance with the proposal by the nomination committee. The Chairman informed that the lawyer Fredrik Lundén had been asked to keep the minutes at the meeting and that an audio recording for internal use was made in order to facilitate the preparation of the minutes and that other audio or video recording was not permitted.

The meeting resolved that shareholders who had not effected voting right registration, employees in the company, representatives of media and other persons who were not shareholders who had been recorded at the entrance, were entitled to attend the meeting.

**§ 3 Drawing up and approval of voting list (item 3 on the agenda)**

The attached list of present shareholders, Appendix 1, was approved to serve as voting list for the meeting.

The Chairman informed that a number of foreign funds that were represented at the meeting had, in advance of the meeting, informed Cloetta of their voting instructions regarding certain of the proposed resolutions. Furthermore, the Chairman informed that the voting instructions were available for review at the meeting, if any shareholder so requested, and that votes against would be recorded in the minutes.

**§ 4 Approval of the agenda (item 4 on the agenda)**

The meeting resolved to approve the Board's proposed agenda for the meeting, which had been included in the notice to the meeting.

**§ 5 Election of two persons to verify the minutes (item 5 on the agenda)**

The meeting resolved that the minutes of the meeting would be approved, in addition to by the Chairman, by Gustaf Sjöberg representing a number of foreign funds and Lars-Åke Bokenberger representing AMF Försäkring och Fonder.

**§ 6 Determination as to whether the meeting had been duly convened (item 6 on the agenda)**

It was noted that notice to the meeting had been given within the period stated in the Articles of Association. The meeting resolved to approve the notice procedure and declared the meeting duly convened.

**§ 7 Presentation of the annual report and the auditor's report and the consolidated financial statements and the consolidated audit report for the preceding financial year (item 7 on the agenda)**

The annual report for the financial year 1 January – 31 December 2015 and the consolidated accounts for the financial year 1 January – 31 December 2015 were presented, including the administration report, income statement and the balance sheet for the parent company and the group, as well as the auditor's report for the parent company and the group for the same period of time.

The company's auditor in charge, Thomas Forslund, gave his comments to the audit work during 2015, the auditor's report and the auditor's statement regarding compliance with the previously adopted guidelines regarding remuneration to the executive management.

**§ 8 Report by the Chairman of the Board on the work of the Board (item 8 on the agenda)**

The Chairman of the Board, Caroline Sundewall, presented the work of the Board during the preceding financial year.

**§ 9 Presentation by the President (item 9 on the agenda)**

The President of the company, David Nuutinen, accounted for the company's business and its development during the preceding financial year.

The President and the Chairman of the Board responded to questions from the shareholders concerning, among other, Cloetta's targets for reduced environmental impact in terms of carbon dioxide emissions as well as potential targets for reduced environmental impact from transports, ISO certification of Cloetta's factories, the closedown of the factory in Dieren (the Netherlands), Cloetta's product assortment, the number of employees with disabilities, the impact of a potential exit by the United Kingdom from the EU, strategy in light of the debate on reduced sugar consumption and the company's e-commerce strategy.

In connection to the questions from the shareholders, the representative of the Swedish Shareholders' Association, Lennart Johansson, expressed his gratitude to the Chairman of the Board, Caroline Sundewall, for well-executed achievements during the preceding two years as Chairman of the Board.

**§ 10 Resolution on adoption of the income statement and the balance sheet as well as the consolidated income statement and consolidated balance sheet (item 10 on the agenda)**

The meeting resolved to adopt the income statement and the balance sheet included in the annual report for the parent company and the consolidated income statement and the consolidated balance sheet for the consolidated group for the financial year 2015.

**§ 11 Resolution on disposition of the Company's earnings according to the approved balance sheet, and record day for any dividend (item 11 on the agenda)**

The meeting resolved, in accordance with the proposal by the Board, Appendix 2, to dispose of the earnings of the company through a dividend of SEK 0.50 per share and that the record date for the dividend shall be 14 April 2016.

**§ 12 Resolution on discharge from personal liability of the directors and the President (item 12 on the agenda)**

It was unanimously resolved to discharge the directors and the President from liability for the management of the company's business during the preceding financial year 1 January – 31 December 2015.

It was noted that the President and those directors who were also present in their capacity as shareholders or representatives of shareholders did not participate in the resolution.

**§ 13 Resolution on the number of directors, remuneration to be paid to the directors and to the auditor, election of directors and the Chairman of the Board, and election of auditor (item 13 on the agenda)**

Christer Wagenius, the Chairman of the nomination committee, presented the nomination committee's proposals on the number of directors, remuneration to be paid to the directors and to the auditor, the Board's composition, Chairman of the Board, and election of auditor as well as the nomination committee's statement regarding its proposals.

The meeting resolved in accordance with the proposals by the nomination committee:

- that the number of directors elected by the meeting shall be seven with no deputies;
- that the Chairman of the Board shall receive remuneration in the amount of SEK 620,000 and the other directors appointed by the meeting shall receive SEK 285,000 each, and that the members of the audit committee shall receive remuneration in the amount of SEK 100,000 each and that the members of the remuneration committee shall receive SEK 50,000 each. It was noted that the total remuneration including for committee work amounts to SEK 2,780,000; and
- that fair remuneration to the auditors is to be paid as charged.

The Chairman informed about the assignments that the proposed directors hold in other companies and Lilian Fossum Biner, Camilla Svenfelt and Hans Porat, who were proposed to be elected as new directors, presented themselves. The meeting thereafter resolved in accordance with the nomination committee's proposals:

- to re-elect Adriaan Nühn, Lottie Knutson, Mikael Svenfelt and Mikael Norman as directors of the Board and to elect Lilian Fossum Biner, Camilla Svenfelt and Hans Porat as new directors of the Board;
- to elect Lilian Fossum Biner as Chairman of the Board; and

- to re-elect the registered public accounting firm KPMG AB to be the company's auditor until the end of the next annual general meeting. It was noted that KPMG AB will appoint Thomas Forslund as the auditor in charge.

It was noted that shareholders, specified in [Appendix 3](#), representing in total 619,667 shares and votes, had informed the company in advance that they voted against the resolution.

#### **§ 14 Proposal regarding rules for the nomination committee (item 14 on the agenda)**

The proposal regarding rules for the nomination committee was presented, [Appendix 4](#).

The meeting resolved in accordance with the proposal regarding rules for the nomination committee.

#### **§ 15 Proposal regarding guidelines for remuneration to the executive management (item 15 on the agenda)**

The proposal by the Board regarding guidelines for remuneration to the executive management was presented in accordance with [Appendix 5](#).

The meeting resolved to adopt guidelines for remuneration to the executive management in accordance with the proposal by the Board.

It was noted that shareholders, specified in [Appendix 3](#), representing in total 77,896 shares and votes, had informed the company in advance that they voted against the resolution.

#### **§ 16 Proposal regarding long term share based incentive plan (LTI 2016) (item 16 on the agenda)**

The Board member, also being Chairman of the remuneration committee, Mikael Svenfelt, presented the Board's proposal regarding a long term share based incentive plan, in accordance with [Appendix 6](#).

The meeting resolved on a long term share based incentive plan in accordance with the Board's proposal.

It was noted that shareholders, specified in [Appendix 3](#), representing in total 27,394,622 shares and votes, had informed the company in advance that they voted against the resolution.

#### **§ 17 Closing of the meeting (item 17 on the agenda)**

Christer Wagenius, Chairman of the nomination committee expressed his gratitude and thanks, on behalf of the company, to the resigning Chairman of the Board Caroline Sundewall and the Board member Olof Svenfelt.

The Chairman thereafter noted that no further matters were on the agenda and declared the meeting closed.

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At the minutes:

Fredrik Lundén

Minutes approved by:

Wilhelm Lüning

Gustaf Sjöberg

Lars-Åke Bokenberger



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Attachment to item 11

**DISPOSITION OF THE COMPANY'S EARNINGS ACCORDING TO THE APPROVED BALANCE SHEET, RECORD DATE FOR ANY DIVIDEND AND REASONED STATEMENT PURSUANT TO CHAPTER 18, SECTION 4 OF THE SWEDISH COMPANIES ACT**

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1. In the parent company Cloetta AB, the following unappropriated earnings are at the disposal of the Annual General Meeting:

Share premium reserve	SEK, 2,711,620,366
Profit brought forward	SEK 61,419,228
<u>Profit for the year (parent company)</u>	<u>SEK 2,136,162</u>
Total	SEK 2,775,175,756

2. The Board of Directors proposes that the unappropriated earnings shall be allocated as follows.

SEK 144,309,650 is distributed to the shareholders, which corresponds to a dividend of SEK 0.50 per share.

To be distributed to the shareholders according to above	SEK 144,309,650
<u>To be carried forward</u>	<u>SEK 2,630,866,106</u>
Total	SEK 2,775,175,756

3. The Board of Directors proposes that the record day for the dividend payment shall be Thursday, 14 April 2016. If the Annual General Meeting resolves in accordance with the proposal, payment through Euroclear Sweden AB is estimated to be made on Tuesday, 19 April 2016.

**Voting instructions****Cloetta AB, Annual General Meeting 12 April 2016****Item 13, votes against**

Shareholders	Number of shares
California State Teachers Retirement System	61 155
California State Teachers Retirement System	136 344
California State Teachers Retirement System	201 750
Florida Retirement System	199 306
UMC Benefit Board, Inc	21 112
<b>Total</b>	<b>619 667</b>

**Item 15, votes against**

Shareholders	Number of shares
Church of England Investment Fund for Pensions	77 896
<b>Total</b>	<b>77 896</b>

**Item 16, votes against**

Shareholders	Number of shares
Arrowstreet (Canada) Global All-Country Alpha Extension Fund I	28 990
Arrowstreet (Canada) Global World Alpha Extension Fund I	62 684
Arrowstreet US Group Trust	114 794
Arrowstreet US Group Trust	216 116
Artisan Global Small Cap Fund	1 396 309
Artisan International Small Cap Fund	10 357 686
Bank of New York Mellon Employee Benefit Collective Investment Fund Plan	7 531
BAYVK A3 Lazard	1 560 639
Caterpillar Inc. Group Insurance Plan Trust	24 274
CenturyLink, Inc. Defined Benefit Master Trust	142 972
CenturyLink, Inc. Defined Contribution Plan Master Trust	45 173
CF DV ACWI EX-U.S. IMI Fund	1 882
Church of England Investment Fund for Pensions	77 896
Dupont Pension Trust	155 803
Ensign Peak Advisors, INC.	1 747 143
EQXUK Wellington SEI Wellington International Europe EX-UK Equity Pool	371 162
Fonds de Reserve pour les Retraites (FRR)	817 927
Goldman Sachs Funds	8 814
Lazard European Smaller Companies Fund	1 561 869
Legal & General Collective Investment Trust	5 440
Lockheed Martin Corporation Master Retirement Trust	747 000
Los Angeles City Employees Retirement System	27 590
Makena Capital Holdings M, L.P.	832 433
Maryland State Retirement and Pension System	12 330
Maryland State Retirement and Pension System	14 990
MFS Meridian Funds	920 593
MGI Funds PLC	244 542
Pension Reserves Investment Trust Fund	86 274
Public Sector Pension Investment Board	1 229 836
Stichting F&C Multi Manager European Equity Active	306 602
Stichting Pensioenfond APF	4 744
Stichting Pensioenfond voor Huisartsen	14 689
Tesco Plc Pension Scheme	126 526
Threadneedle (LUX)	1 006 426
TS&W International Small Cap Equity Fund	1 432 700
TS&W International Small Cap Equity Trust	345 400
Tyco Electronics Retirement Savings and Investment Plan	42 916
Wasatch International Opportunities Fund	1 293 927
<b>Total</b>	<b>27 394 622</b>



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Attachment to item 14

To the Annual General Meeting in Cloetta AB (publ) on 12 April 2016

### **Proposal regarding rules for the nomination committee**

1. The company shall have a nomination committee consisting of not less than four and not more than six members. Three of the members shall be appointed by the major shareholders and one member shall be appointed by the Board of Directors amongst its directors. These members of the nomination committee may appoint one additional member. In those cases referred to in item 6 below, the number of members can amount to six.
2. Based on ownership statistics received from Euroclear Sweden AB as per the date occurring five months before the expiry of the current financial year each respective year, the chairman of the board shall, without delay, contact the three largest shareholders in the company in terms of votes, and offer such shareholders to, within reasonable time, each appoint a representative to be part of the nomination committee. If any of these shareholders elects to renounce from its right to appoint a representative, the right to appoint a representative shall be transferred to the largest shareholder in turn in terms of votes which is not already entitled to be represented on the nomination committee.
3. The member of the nomination committee who represents the shareholder controlling the largest number of votes shall chair the nomination committee.
4. The members of the nomination committee are appointed for a term up until a new nomination committee has been appointed.
5. The composition of the nomination committee shall be announced as soon as the nomination committee has been formed and in all events no later than six months before the next Annual General Meeting.
6. In the event that the ownership structure of the company is changed after the date occurring five months before the expiry of the current financial year, but before the date that occurs 12 weeks before the next Annual General Meeting, and if a shareholder that has become one of the three largest shareholders in terms of votes following this change asks the chairman of the nomination committee to be represented on the nomination committee, such shareholder is entitled to, in the nomination committee's discretion, either appoint an additional member to the nomination committee or to replace the member who represents, following the change of the ownership structure, the smallest shareholder in terms of votes.
7. If a member of the nomination committee that represent a shareholder resigns or otherwise is unable to continue as member, the nomination committee shall – if time allows and if the change is not due to a specific circumstance e.g. that the shareholder has sold its shares – request the shareholder that had appointed that member to, within reasonable time, appoint a new member of the nomination committee. If the shareholder is no longer eligible for the



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Attachment to item 14

nomination committee or if it renounces its right to appoint a member, the right to appoint such new member shall be transferred to the largest shareholder in turn in terms of votes which is not already represented on, or has renounced its right to appoint a member to, the nomination committee. If a member that has been appointed by the other members of the nomination committee resigns or is otherwise unable to continue as member, the other members of the nomination committee may elect a new member.

8. No remuneration shall be paid to the members of the nomination committee. However, the company shall be liable for costs incurred by the nomination committee in its work.

9. The nomination committee shall present proposals regarding

- chairman of the Annual General Meeting
- members of the Board of Directors to be elected by the Annual General Meeting
- chairman of the Board of Directors
- remuneration to the Board of Directors elected by the Annual General Meeting, distributed between the chairman of the board, the deputy chairman of the board, if any, and the other members of the Board of Directors, and remuneration for work on the committees
- remuneration to the auditor
- election of auditor
- rules for the nomination committee

10. At shareholders' meetings other than the Annual General Meeting, the nomination committee shall submit proposals for elections, if any, to take place at such shareholders' meeting.



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Attachment to item 15

**PROPOSAL BY THE BOARD OF DIRECTORS OF CLOETTA AB (PUBL) REGARDING GUIDELINES FOR REMUNERATION TO THE EXECUTIVE MANAGEMENT**

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The Board of Directors proposes that the remuneration to the President and other members of the group management, as well as other executives reporting directly to the President, shall consist of fixed salary, variable salary, other benefits and pension. Where the Board of Directors finds it appropriate, such executives shall also be offered to participate in long term share based incentive plans, which shall be decided by the general meeting (see item 16). Any variable salary should be linked to predetermined and measurable criteria and be limited to the equivalent of one fixed annual salary. The total remuneration shall be in line with market practice and be competitive, and be related to responsibility and authority. Upon termination of employment agreements by the company, the notice period shall be no longer than 12 months. Any severance pay shall not exceed one fixed annual salary on top of the notice period. The company shall strive to have defined contribution pension benefits. The retirement age shall be not less than 60 years and not more than 67 years. These guidelines apply to agreements entered into after the Annual General Meeting, and in case changes are made to existing agreements after this point in time. The Board of Directors shall be entitled to deviate from the guidelines in individual cases if there are special reasons for it.

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Cloetta AB (publ)  
Board of Directors  
March 2016



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Attachment to item 16

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

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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.<sup>1</sup> 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

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<sup>1</sup> 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](http://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