



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

## Notice of the Annual General Meeting of Cloetta AB (publ)

Shareholders of Cloetta AB (publ), 556308-8144, are hereby invited to attend the Annual General Meeting, to be held on Thursday, 2 April 2020 at 3:00 p.m. at Stockholm Waterfront Congress Centre, Nils Ericsons Plan 4 in Stockholm, Sweden.

### Notification of attendance

Shareholders who wish to attend the Annual General Meeting must, firstly, be listed in the shareholders' register maintained by Euroclear Sweden AB (the Swedish Central Securities Depository), on Friday, 27 March 2020, and secondly, give notice to the company of their intention to attend the meeting no later than Friday, 27 March 2020.

Notification shall be given in writing by mail to Cloetta AB (publ), Årsstämma, c/o Euroclear Sweden AB, P.O. Box 191, SE-101 23 Stockholm, Sweden, or by telephone +46-8 402 92 85. Shareholders that are physical persons can also give notification at the company's website [www.cloetta.com](http://www.cloetta.com). Name, personal number/corporate registration number, address, telephone number and the number, maximum two, of accompanying assistants, if any, should be stated when notification is given.

Representatives of minors and corporate representatives shall submit authorisation documents to the company well in advance of the Annual General Meeting. Power of attorney forms are available at the company's website, [www.cloetta.com](http://www.cloetta.com).

To be able to attend the Annual General Meeting, shareholders whose shares are registered in the name of a nominee must have such shares temporarily registered in their own names, in the shareholders' register maintained by Euroclear Sweden AB. This procedure, so-called voting rights registration, must have been effected on Friday, 27 March 2020 and should be requested from the nominee well in advance of this date.

### Proposed agenda

1. Opening of the meeting
2. Election of the chairman of the meeting
3. Drawing up and approval of voting list
4. Approval of the agenda
5. Election of two persons to verify the minutes
6. Determination as to whether the meeting has been 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 financial year 1 January – 31 December 2019
8. Report by the chairman of the board on the work of the board
9. Presentation by the CEO
10. Resolution on adoption of the income statement and the balance sheet as well as the consolidated income statement and consolidated balance sheet
11. Resolution on disposition of the company's earnings according to the approved balance sheet, and record day for any dividend
12. Resolution on discharge from personal liability of the directors and the CEO
13. Resolution on the number of directors
14. Resolution on remuneration to be paid to the directors and to the auditor
15. Election of directors
16. Election of chairman of the board
17. Election of auditor
18. Proposal regarding rules for the nomination committee
19. Proposal regarding guidelines for remuneration to the executive management
20. Proposal regarding long-term share-based incentive plan (LTI 2020)
21. Resolution on amendments to the articles of association
22. Closing of the meeting



## **Proposals**

The nomination committee for the Annual General Meeting 2020, consisting of Olof Svenfelt, chairman, appointed by AB Malfors Promotor, Isabelle De Gavoty, appointed by Axa IM, Johan Törnqvist, appointed by Ulla Håkanson, and Lilian Fossum Biner, appointed by the Board of Directors of Cloetta AB, shall submit proposals to be resolved upon under items 2 and 13-18 on the agenda.

The Board of the company has left proposal for decision under item 11 and 19-21 on the proposed agenda.

### ***Item 2 – Election of the chairman of the meeting***

The nomination committee proposes that Fredrik Lundén, member of the Swedish Bar Association, is elected as chairman of the meeting.

### ***Item 11 – Resolution on disposition of the company's earnings according to the approved balance sheet, and record day for any dividend***

The Board of Directors proposes a dividend of SEK 1.00 per share. Proposed record day is 6 April 2020. If the Annual General Meeting approves this proposal, payment through Euroclear Sweden AB is expected to be made on 9 April 2020.

### ***Item 13 – Resolution on the number of directors***

The nomination committee proposes that the board shall consist of seven members elected by the Annual General Meeting with no deputies.

### ***Item 14 – Resolution on the remuneration to be paid to the directors and to the auditor***

The nomination committee proposes that the chairman of the board shall be paid a fee of SEK 685,000 (unchanged) and each of the other directors elected by the Annual General Meeting shall be paid a fee of SEK 315,000 (unchanged). Furthermore, it is proposed that fees shall be payable for work in the board's committees with SEK 100,000 to each member of the audit committee (unchanged) and with SEK 150,000 to the chairman of the audit committee (unchanged) and with SEK 100,000 to each member of the remuneration committee (unchanged) and with SEK 150,000 to the chairman of the remuneration committee (unchanged). The proposal by the nomination committee constitutes a total fee to the board of SEK 3,275,000 (unchanged), including work on the committees consisting of three directors in each committee.

Remuneration to the auditors shall be paid in accordance with approved invoices.

### ***Item 15-16 – Election of directors and chairman of the board***

The nomination committee proposes re-election of the board members Mikael Aru, Patrick Bergander, Lottie Knutson, Alan McLean Raleigh, Camilla Svenfelt and Mikael Svenfelt as board members. Lilian Fossum Biner has declined re-election. Mikael Norman is proposed as new board member, as well as chairman of the board. Information regarding the proposed board members is available on the company's website [www.cloetta.com](http://www.cloetta.com).

### ***Item 17 – Election of auditor***

The nomination committee proposes, in accordance with the audit committee's recommendation, that the registered auditing company, Öhrlings PricewaterhouseCoopers AB ("PwC"), shall be re-elected as auditor until the end of the next Annual General Meeting. Sofia Götmar-Blomstedt will continue as the auditor in charge if PwC is elected as auditor.

### ***Item 18 – Proposal regarding rules for the nomination committee***

The nomination committee proposes the following rules for the nomination committee (unchanged from the previous year).

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 register received as per 31 July, the chairman of the board shall each year, 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. The nomination committee shall not include a representative of a shareholder that itself or through others conducts competing activities with the group.
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 30 September the year before the next Annual General Meeting.
6. In the event that the ownership structure of the company is changed after 31 July and not later than 31 December the year 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 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. The members of the nomination committee are not to receive any remuneration from the company. 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
  - Number of members of the Board of Directors
  - 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.

***Item 19 – Proposal regarding guidelines for remuneration to the executive management***

The Board of Directors proposes that the meeting resolves to adopt the following guidelines for remuneration payable to the executive management to be in force until further notice, however no longer than until the



Annual General Meeting 2024. The guidelines cover the CEO and the other members of Cloetta's executive management. These guidelines apply to agreements concluded, and amendments made to existing agreements, after the guidelines have been adopted by the Annual General Meeting 2020. The guidelines do not apply to remuneration which is resolved upon by the general meeting.

*The guidelines' promotion of the company's business strategy, long-term interests and sustainability*

Cloetta's business strategy involves, *inter alia*, to strengthen the company's position as the leading confectionery company in North-western Europe. In order to achieve this, the company is working to grow sales, especially organically, and to further improve the profitability on the company's main markets; Sweden, Finland, the Netherlands, Denmark, the UK, Norway and Germany. It is essential for Cloetta to create an incentive for the executive management team to drive commitment, forward thinking and activities that drive sales and strengthen Cloetta's brands in a way which is sustainable in the long-term. The remuneration to the executive management shall ensure that Cloetta can recruit and retain qualified employees and that the executive management team has the right focus and that right behaviours are encouraged. The types of remuneration shall be in line with market practice and competitive based on the conditions on the markets where Cloetta operates and shall be designed in a way that motivate the members of the executive management team to do their utmost to create shareholder value.

For more information about the company's business strategy, refer to the company's website [www.cloetta.com](http://www.cloetta.com).

*Types of remuneration, etc.*

The remuneration to the executive management may comprise a fixed and a variable part as well as pension benefits and other benefits. In addition thereto, the general meeting may, and irrespective of these guidelines, resolve upon, for example, share-based and share price-based remuneration, so called incentive plans. The purpose of the incentive plans shall be to increase the value for the group's shareholders by promoting and maintaining the executive management team's and senior managers' commitment for the group's development, and thereby align the interests of the executive management team and key employees with the shareholders' in order to ensure maximum long-term value creation. The plans are distinctly linked to the business strategy and thereby to sustainability as well as the company's long-term value creation through the defined performance targets.

Any variable salary shall be limited to the equivalent of one fixed annual salary. The variable salary shall be linked, directly or indirectly, to the achievement of the financial targets set by Cloetta's Board of Directors, which relate to organic sales growth and EBIT margin. The targets shall be measured in relation to the development of the entire group or be linked to the development of e.g. a region or otherwise to the executive's area of responsibility. Variable salary shall generally be paid based on performance over a period of twelve months (the calendar year) and shall be based on the company's most recently published financial information. Variable salary shall only be paid if the profit for the year exceeds the previous year's profit. Cloetta's Board of Directors is responsible for assessing the outcome in relation to variable salary to the CEO. In relation to variable salary to the other members of the executive management team, the CEO is responsible for assessing the outcome which shall be confirmed by the remuneration committee.

Pension benefits may vary depending on agreements and practices in the country where the individual is employed. Defined contribution pension benefits are strived for. Swedish executives' pension terms shall comply with or correspond to, and thus be limited to, general pension plan in accordance with the ITP plan<sup>1</sup> in relation to the executives who are covered by collective bargaining agreements. The executives who are not covered by collective bargaining agreements shall have the right to defined contribution pension provisions amounting to no more than 30 per cent of the fixed annual cash salary. The company's CEO shall have the right to defined contribution pension provisions amounting to no more than 30 per cent of the fixed annual cash salary. Variable salary and other benefits shall not be pension-qualifying unless otherwise provided by law or collective bargaining agreements. In addition to the pension provisions stated above,

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<sup>1</sup> One of Cloetta's executives has a certain agreement regarding early retirement in addition to benefits under the ITP plan; an agreement which was entered into by Leaf Sverige AB, which Cloetta acquired in 2012. Due to this early retirement agreement, the pension provisions for the relevant executive may exceed 35 per cent of the fixed annual cash salary.



Swedish executives have the right to exchange salary for additional pension provisions provided that it is cost neutral for Cloetta. For employments governed by rules other than Swedish, pension benefits and other benefits may be duly adjusted in order to comply with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these guidelines. Pension provisions for executives whose employments are governed by rules other than Swedish may however not exceed 30 per cent of the fixed annual cash salary.

The executive management's non-monetary benefits shall facilitate the executives' work and correspond to what can be considered reasonable in relation to practices on the market where the relevant executive operates. Such other benefits shall correspond to not more than 15 per cent of the fixed salary. For executives who are stationed outside their place of residence for a period of time, the value of the benefits in total may not exceed 25 per cent of the fixed salary in order to facilitate the executive's work. In addition, in connection with the transition to work in another place, one-off benefits of a maximum of 15 per cent of the fixed salary may be paid, for example for costs relating to moving.

#### *Termination of employment*

Upon termination of employment agreements by Cloetta, the notice period shall not exceed twelve months, and any severance pay may not exceed one fixed annual salary in addition to the notice period.<sup>2</sup> Upon termination made by the executive, a notice period of not more than six months shall apply, or any longer notice period which follows from statute and general principles of law. Severance pay shall not be paid upon terminations made by the executive.

#### *Salary and employment conditions for employees*

In the preparation of the Board of Directors' proposal for these guidelines for remuneration, salary and employment conditions for the company's employees have been taken into account by including information on the employees' total income, the components of the remuneration as well as the increase and growth rate over time, in the remuneration committee's and the Board of Directors' basis of decision when evaluating whether the guidelines and the limitations set out herein are reasonable.

#### *The decision-making process to determine, review and implement the guidelines*

The Board of Directors has established a remuneration committee. The committee's tasks include preparing the Board of Directors' decision to propose guidelines for remuneration to the executive management team as well as any deviations from the guidelines. The Board of Directors shall prepare a proposal for new guidelines at least every fourth year and present the proposal for a resolution by the Annual General Meeting. The guidelines shall be in force until new guidelines are adopted by the general meeting. The remuneration committee shall also monitor and evaluate plans for variable remuneration to the executive management team, the application of the guidelines for remuneration to the executive management team as well as the current remuneration structures and compensation levels in the company. The members of the remuneration committee are independent in relation to the company and the executive management team. In the Board of Directors' work regarding remuneration-related matters, the CEO of the company and the other members of the executive management are not present in so far as the questions concern their own remuneration.

#### *Deviation from the guidelines*

The Board of Directors may temporarily resolve to deviate from the guidelines set out above, in whole or in part, if in a specific case there is special cause for the deviation and a deviation is necessary to serve the company's long-term interests, including its sustainability, or to ensure the company's financial viability. If the Board of Directors deviates from the guidelines for remuneration to the executive management team this shall be reported in the remuneration report to the upcoming Annual General Meeting.

#### **Item 20 – Proposal regarding long-term incentive plan (LTI 2020)**

The Board of Directors proposes that the Annual General Meeting resolves on a long-term share-based incentive plan (LTI 2020) for Cloetta AB (publ) ("Cloetta") as follows.

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<sup>2</sup> One of the executives have an employment agreement that entitles to severance payment exceeding twelve months' salaries, in accordance with an agreement entered into by Leaf International B.V., which Cloetta acquired in 2012.



#### *LTI 2020 in brief*

The Board of Directors proposes a long-term share-based incentive plan for 2020 with the same structure as previous year. The main motive for LTI 2020 is to align the interests of the executive management team and key employees with the shareholders' in order to ensure maximum long-term value creation. Similar to last year's long-term share-based incentive plan, LTI 2020 will incentivise a group-wide focus for the participants on increased profit and growth. The incentive plan is also important for Cloetta to be able to recruit and retain senior employees.

LTI 2020 comprises 45 employees as a maximum, consisting of the executive management team and other senior managers. To participate in LTI 2020, 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 the participant to receive B-shares in Cloetta, continued employment with Cloetta is required and that the personal shareholding in Cloetta for LTI 2020 has been unchanged during the same time period. Allocation of B-shares requires, in addition, that certain performance targets related to Cloetta's EBIT and net sales value (organic growth) have been met. The maximum number of B-shares in Cloetta which may be allocated under LTI 2020 shall be limited to 1,206,374 representing approximately 0.4 per cent of the total number of outstanding shares and 0.4 per cent of the total number of outstanding votes.

#### *Participants in LTI 2020*

LTI 2020 comprises up to 45 employees as a maximum, consisting of the executive management team and senior managers within the Cloetta group, divided into three categories. These employees are considered to have a large impact on the results of Cloetta. The first category comprises the CEO and the other ten members of the executive management team, the second category comprises of up to nine senior managers, who belongs to a certain management level. The third category comprises of up to 25 senior managers, consisting of individuals who have a certain other employment level.

#### *Personal shareholding, grant of performance share rights and vesting period*

To participate in LTI 2020, the participant must have a personal shareholding in Cloetta ("Investment Shares") and that those shares are allocated to LTI 2020. The Investment Shares may be acquired specifically for purposes of LTI 2020, or be shares already held by the participant, provided that these have not been allocated to the previous incentive plans. The CEO and the executive management team may as a maximum invest 12 per cent of the participant's fixed annual salary for 2019 before tax, the participants in the second category may as a maximum invest 10 per cent of the participant's fixed annual salary for 2019 before tax, and the participants in the third category may as a maximum invest 8 per cent of the participant's fixed annual salary for 2019 before tax in LTI 2020.

For the first category of participants, each Investment Share gives entitlement to six and a half (6.5) performance share rights. For the second category, each Investment Share gives entitlement to five (5) performance share rights. For the third category, each Investment Share gives entitlement to three and a half (3.5) performance share rights. The performance share rights will be granted to the participant following the Annual General Meeting 2020 in connection with, or shortly after, an agreement is made between the participant and Cloetta concerning participation in LTI 2020.

#### *Terms for the performance share rights*

For the performance share rights the following conditions apply:

- The performance share rights are granted free of charge.
- The participants are not entitled to transfer, pledge or dispose of the performance share rights or perform any shareholders' rights regarding the performance share rights during the vesting period.
- Allocation of B-shares shall normally take place within two weeks after announcement of Cloetta's interim report for the first quarter of 2023.
- Allocation of B-shares based on performance share right is conditional upon that the participant remains employed within the Cloetta Group until the announcement of Cloetta's interim report for the first quarter of 2023, and also not before that terminated her or his employment, been made redundant or dismissed and that the participant continues to hold all the Investment Shares. Allocation of B-shares on the basis of performance share rights requires, in addition, fulfilment of performance targets.



- Cloetta will not compensate the participants in the plan for dividends made in respect of the shares that the respective performance share right qualifies for.

#### *Performance targets*

The performance share rights are divided into Series A and Series B according to the different performance targets that LTI 2020 includes and that drive long-term value for Cloetta. Of each participant's allocation of performance share rights shall one (1) be of Series A and the rest of the performance share rights shall be of Series B.

**Series A** Allocation shall be made if Cloetta's average annual EBIT level for 2020-2022 is at least SEK 1 million higher than the EBIT level for 2019.

**Series B** The Board of Directors has established a minimum level and a maximum level for the performance target. The maximum level, which entitles to full allocation, is that Cloetta's compounded net sales value is at least 2 per cent annually for 2020-2022 and that Cloetta's EBIT margin for 2022 is at least 14 per cent. The minimum level is a compounded net sales value that is at least 0 per cent annually for 2020-2022 and an EBIT margin that is at least 11.6 per cent for 2022. Where the level of fulfilment is between the minimum and maximum levels, allocation will occur on a linear basis, whereby both the performance target linked to the average increase in the company's net sales value and the target linked to Cloetta's EBIT margin are given equal importance in terms of entitling the participant to B-shares.<sup>3</sup>

#### *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 2020, 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 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. Before the number of shares which shall be allocated in accordance with the performance share rights is finally determined, the Board of Directors shall assess if the outcome of LTI 2020 is reasonable. This assessment shall be made in relation to Cloetta's financial results and position, the conditions on the share market and otherwise. If, in this assessment, the Board of Directors finds that the outcome is not reasonable, the Board of Directors shall reduce the number of shares which shall be allocated.

#### *Scope*

As a maximum, 1,206,374 B-shares in Cloetta can be allocated to the participants under LTI 2020, which represents approximately 0.4 per cent of all shares and 0.4 per cent of all votes in the company. The number of B-shares included in LTI 2020 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.

#### *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 fulfill 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 2020.

#### *Estimated costs and value of LTI 2020*

The performance 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 performance share right

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<sup>3</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.



is SEK 31.46. This estimate is based, *inter alia*, on the closing price for the Cloetta share on 18 February 2020. 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 performance targets, that they continue as employees of Cloetta, the aggregate estimated value of the performance share rights is approximately SEK 38 million. This value is equivalent to approximately 0.4 per cent of the market capitalisation for Cloetta as of 18 February, 2020. Historic performance for earlier Cloetta long-term share incentive plans shows an average pay out of 22 per cent of the maximum number of shares.

The costs are treated as personnel expenses 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 performance share rights. Based on the assumptions stated above and a constant share price during the plan, and a vesting period of three (3) years, the total cost of LTI 2020 including social security costs is estimated to amount to approximately SEK 43 million which on an annual basis is approximately 1.1 per cent of Cloetta's total personnel expenses during the financial year 2019. LTI 2020 has no limitation on maximum profits per performance share right for the participants and therefore no maximum social security costs can be calculated as it depends on the share price.

The interest cost for the equity swap is estimated to amount to approximately SEK 2 million based on market conditions as of 18 February 2020 and a three-year term. In addition, the equity swap may lead to both positive and negative cash flows, which, while not affecting the profit and loss account, will be booked directly against equity and may be recorded as debt in the balance sheet.

#### *Effects on key ratios*

In the event of full participation in LTI 2020, Cloetta's personnel expenses are expected to increase with approximately SEK 16 million annually (including social security costs). On a pro-forma basis for 2019, these costs are equal to a negative effect on Cloetta's operating margin of approximately 0.2 per cent units and a decrease of earnings per share of approximately SEK 0.06. 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 the plan, outweigh the costs related to LTI 2020.

#### *The preparation of the proposal*

LTI 2020 has been initiated by the Board of Directors in Cloetta. The plan has been prepared and reviewed by the Remuneration Committee and dealt with at meetings of the Board of Directors during the beginning of 2020.

#### *Other incentive plans in Cloetta*

Please refer to Cloetta's annual and sustainability report 2019, note 23 or the company's website [www.cloetta.com](http://www.cloetta.com) for a description of other share-based incentive plans in Cloetta.

#### *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 2020.

#### *Majority requirement for LTI 2020*

A resolution on LTI 2020 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.

#### **Item 21 – Resolution on amendments to the articles of association**

The Board of Directors proposes that the Annual General Meeting resolves on amendments to the articles of association's (i) article 1 in the Swedish version of the articles of association so that "firma" is replaced with "företagsnamn", (ii) article 7 so that the article, due to anticipated upcoming legislative changes, not stipulates on which date the record date shall be, and (iii) article 9 so that the Swedish Central Securities Depositories and Financial Instruments Accounts Act (1998:1479) is named correctly. Articles 1, 7 and 9 of the articles of association will then have the following wordings:



#### *§ 1 Company name etc.*

The name of the company is Cloetta AB and its registration number is 556308-8144. The company is a public company (publ).

#### *§ 7 General Meeting*

A general meeting shall be held in Ljungsbro, Linköping or Stockholm.

Notice to attend a general meeting shall take place through an announcement in Post- och Inrikes Tidningar and by making the notice to attend available on the company's website not earlier than six weeks and not later than four weeks prior to the meeting. Notice to attend an extraordinary general meeting at which the issue of alterations of the articles of associations is not to be addressed, may be issued not earlier than six weeks and not later than three weeks prior to the meeting. That notice to attend has taken place shall be announced in Dagens Industri.

Shareholders who wish to attend the general meeting shall register with the company no later than the day specified in the meeting notice.

A shareholder may be accompanied by one or two assistants when attending a general meeting, but only if the shareholder's notification pursuant to the previous paragraph includes information to that effect.

#### *§ 9 CSD clause*

The company's shares shall be registered in a CSD (central securities depository) in accordance with the Swedish Central Securities Depositories and Financial Instruments Accounts Act (1998:1479).

The shareholder or nominee who on the record date is registered in the share register and in a central securities depository register pursuant to Chapter 4 of the Swedish Central Securities Depositories and Financial Instruments Accounts Act (1998:1479) or any person who is registered in a central securities depository account pursuant to Chapter 4, Section 18 first paragraph 6-8 of the mentioned Act, shall be deemed to be authorised to exercise the rights set out in Chapter 4, Section 39 of the Companies Act (2005:551).

#### **Number of shares and votes**

At the time of issuing this notice there were in the aggregate 288,619,299 shares outstanding in Cloetta AB distributed on 5,735,249 A-shares and 282,884,050 B-shares. The total number of votes is 340,236,540 whereof 57,352,490 of the votes are represented by A-shares and 282,884,050 of the votes are represented by B-shares. Cloetta AB held, at the time of issuing this notice, no own shares in treasury.

#### **Special majority requirements**

A resolution by the general meeting in accordance with item 21 is valid when supported by shareholders representing at least two thirds of both the votes cast and the shares represented at the general meeting.

#### **Shareholder's right to request information**

In accordance with the Swedish Companies Act Ch. 7 Sec. 32, the shareholders have the right to ask questions at the Annual General Meeting regarding the items on the agenda and about the financial situation of the company and the group. Shareholders who wish to submit questions in advance of the Annual General Meeting, shall send these to Cloetta AB, the Board of Directors, P.O. Box 6036, SE-171 06, Solna, Sweden, or per e-mail to [nathalie.redmo@cloetta.com](mailto:nathalie.redmo@cloetta.com).

#### **Available documents**

The complete proposals presented by the Board and the nomination committee, including the Board's report pursuant to Section 10.3 of the Swedish Corporate Governance Code and the auditor's statement, along with financial statements and the auditor's report for 2019 will be available from no later than 12 March 2020 on the company's website [www.cloetta.com](http://www.cloetta.com), at the company on address Solna Business Park, Englundavägen



7D, Solna, Sweden and will also be distributed to shareholders who have notified their wish to receive the documents and have informed of their postal address.

**Processing of personal data**

For information on how your personal data is processed, see

<https://www.euroclear.com/dam/ESw/Legal/Privacy-notice-bolagsstammor-engelska.pdf>

Stockholm, February 2020

Cloetta AB (publ)

*The Board of Directors*