

Enjoyment

Pleasure

Corporate governance and Share





Corporate governance report

The aims of good of corporate governance are to create the conditions for active shareholder participation, to uphold a transparent and sound balance of power between the company's governing bodies and to ensure the provision of correct information to the market.

APPLICATION OF THE SWEDISH CODE OF CORPORATE GOVERNANCE

Cloetta AB (publ) operates under Swedish law and its corporate governance is also regulated by the Articles of Association, the listing agreement with the Stockholm Stock Exchange, other applicable rules and norms, the Code of Conduct and other instructions and policies. Since 1 July 2008, all companies whose shares are traded on NASDAQ OMX Stockholm AB are required to apply the Swedish Code of Corporate Governance regardless of their market capitalisation. For information about the Swedish Code of Corporate Governance, see www.corporategovernanceboard.se.

Cloetta is thus subject to compliance with the Swedish Code of Corporate Governance, which is based on the "comply or explain" principle. This means that a company can deviate from the Code's provisions without this entailing a breach of the Code. However, a company that deviates from a rule in the Code must explain the reason for doing so.

Cloetta complies with the provisions in the Code with the sole exception of simultaneous interpretation at general shareholder meetings, which is neither motivated by the ownership structure nor financially justifiable.

Complete information about Cloetta's application of the Swedish Code of Corporate Governance can be found at www.cloetta.com.

SHAREHOLDERS

The class B shares in Cloetta AB (publ) have been traded on NASDAQ OMX Stockholm since 16 February 2009. The largest shareholder is AB Malfors Promotor. At 31 August 2011 Cloetta AB had 4,181 shareholders and the principal shareholder Malfors Promotor held 74.3% of the votes and 51.9% of the share capital. Other institutional investors held 12.7% of the votes and 23.8% of the share capital. The number of shares amounted to 24,319,186, consisting of 21,959,186 class B shares and 2,360,000 class A shares.

GENERAL MEETING OF SHAREHOLDERS

The general meeting of shareholders is the company's highest decision-making body. At a general meeting, all shareholders have the opportunity to exert an influence over the company by exercising the votes attached to their respective shareholdings. The powers and duties of the general meeting are regulated by the Swedish Companies Act and the Articles of

Association. Cloetta's financial year runs from 1 September to 31 August, which means that the company's Annual General Meeting (AGM) must be held during the months of November, December or January. Notice to attend must be given no more than six weeks and no fewer than four weeks prior to the AGM.

The AGM resolves on adoption of the year's balance sheet and profit and loss account, dividends, election of Board members and auditors, fees to Board members and auditors, and other items of business as prescribed by the Swedish Companies Act and the Articles of Association.

Each class B share corresponds to one vote and each class A share to ten votes, although all shares carry equal entitlement to the company's assets and profits. Every shareholder has the right to participate in the AGM, in person or by proxy. Every shareholder has the right to request that a matter be taken up at the AGM. A shareholder who wishes to have a matter addressed at the AGM must submit a written request to the Board. In order to be taken up at the AGM, the request must be submitted to the Board no later than one week before the earliest date on which the notice of meeting may be published (e.g. the request must be received no later than seven weeks before the AGM). In accordance with Chapter 7, 32§, of the Swedish Companies Act, all shareholders have the right, at a general meeting of shareholders, to pose questions to the company about the matters that are taken up at the meeting and the financial situation of the company and the Group.

For more information about the composition and work of the nominating committee, see under "Committees" on page 50.

2009/2010 Annual General Meeting

The latest AGM was held on 15 December 2010 in Linköping. The AGM re-elected Board members Olof Svenfelt (Chairman), Lennart Bohlin, Johan Hjertensson, Ulrika Stuart Hamilton, Mikael Svenfelt and Meg Tivéus. In addition, the union organisations appointed two employee representatives and two deputies to the Board. Olof Svenfelt was elected as Board Chairman. The AGM resolved that Board fees would be paid in a total amount of not more than SEK 1,205,000 including fees for work on the Board's committees. Of total Board fees, the AGM resolved that SEK 200,000 would be paid to the Board Chairman. The AGM adopted the balance

sheets and profit and loss accounts for the financial year 2009/2010 and, in accordance with the Board's proposal, resolved to pay a cash dividend of SEK 0.75 per share. The AGM also discharged the members of the Board of Directors and the Managing Director from liability for the financial year 2009/2010. The AGM approved the Board's proposed amendments to the Articles of Association. Furthermore, the AGM adopted the proposed rules for the nominating committee and the Board's proposed guidelines for remuneration to senior executives.

2010/2011 Annual General Meeting

The 2010/2011 AGM will be held at 2:00 p.m. on Monday, 19 December 2011 at Collegium in Linköping. Notice to attend the AGM was published in November 2011 and also included a description of the Board's proposed appropriation of earnings and other proposals. For additional information, see section on the Annual General Meeting on page 2 and www.cloetta.com.

NOMINATING COMMITTEE

The task of the nominating committee is to prepare recommendations to be put before the AGM for decision regarding election of Board members by the AGM, fees to the Board of Directors, remuneration for committee work, election of the Board Chairman, election of a chairman of the AGM, and, election of auditors and auditing fees. Complete rules regarding Cloetta's nominating committee can be found at www.cloetta.com

The AGM of Cloetta on 15 December 2010 adopted rules for the nominating committee essentially according to the following. The nominating committee shall consist of at least four and at most six members. Of these, one shall be appointed by the Board, and three shall be appointed by the major shareholders. The members thus appointed shall themselves appoint one additional member. The major shareholders are based on the ownership statistics provided to the company by Euroclear Sweden AB at 31 March of each year. In the event of changes in the ownership structure after 31 March, but before the date occurring 12 weeks before the upcoming AGM, the number of members may amount to six. The member appointed by the largest shareholder in terms of voting power shall be the chairman of the nominating committee. The composition of the nominating committee shall be announced at least six months prior to the AGM.

The nominating committee ahead of the AGM on 19 December 2011 has the following composition:

- > Lennart Bylock, chairman of the nominating committee, appointed by AB Malfors Promotor
- > Thomas Ehlin, appointed by Nordea Fonder
- > Eva Törnqvist, appointed by Ulla Håkanson
- > Johan Hjertonsson, appointed by the Board of Cloetta AB

ARTICLES OF ASSOCIATION

The Articles of Association are adopted by the general meeting and contain obligatory information of a fundamental nature to the company.

These articles specify the object of the company's operations, the size of the share capital, the voting rights attached to the different classes of shares and the composition of the Board. The Articles of Association contain no special provisions regarding the appointment and dismissal of Board members or amendments to the Articles of Association.

The full Articles of Association can be viewed at www.cloetta.com.

BOARD OF DIRECTORS

Board members

The current Board of Directors was re-elected at the AGM on 15 December 2010 and consists of six non-executive members: Olof Svenfelt (Chairman), Lennart Bohlin, Johan Hjertonsson, Ulrika Stuart Hamilton, Mikael Svenfelt and Meg Tivéus. For information about the Board members' significant assignments outside the Group and shareholdings in the company, see page 55.

Lena Grönedal and Birgitta Hillman have served on the Board as employee representatives, with Linus Ekegren and Birgitta Junland as deputies. Other than the employee representatives and their deputies, no Board member is employed by the company. Kent Sandin, the Group's CFO, has acted as Board Secretary during the year.

According to the decision of the AGM on 15 December 2010, the Board Chairman receives fees of SEK 200,000 and the other regular Board members receive fees of SEK 175,000 each. The members of the audit committee receive additional fees of SEK 30,000 and the members of the remuneration committee additional fees of SEK 20,000 each.

The average age of the Board members is 57 years and two of the six non-executive members are women.

	Year elected	Fees, SEK ¹⁾	Independent from the company	Independent from the shareholders	Attendance, total no. meetings: 14 ⁴⁾	Of which, scheduled and statutory meetings: 6 ⁴⁾	Of which, extra meetings: 8 ⁴⁾	Audit committee ²⁾	Remuneration committee ³⁾
Elected by the AGM:									
<i>Chairman</i>									
Olof Svenfelt	2008	200,000	●		13	6	7	●	
<i>Members</i>									
Lennart Bohlin	2008	175,000	●	●	14	6	8		●
Ulrika Stuart Hamilton	2008	175,000	●	●	13	6	7		●
Johan Hjertonsson	2008	175,000	●	●	14	6	8		
Mikael Svenfelt	2008	175,000	●		14	6	8	●	
Meg Tivéus	2008	175,000	●	●	13	6	7	●	

1) The AGM on 15 December 2010 resolved that Board fees would be paid in an amount of not more than SEK 1,205,000, that fees to the members of the audit committee would be paid in an amount of not more than SEK 90,000 and that fees to the members of the remuneration committee would be paid in an amount of not more than SEK 40,000. Of total Board fees, it was resolved that SEK 200,000 would be paid to the Board Chairman and SEK 175,000 to each of the other Board members. For further details see Note 7.

2) The audit committee has held three meetings since the previous AGM. For attendance, see information about the audit committee on page 50.

3) The remuneration committee has held two meetings since the previous AGM. For attendance, see information about the remuneration committee on page 51.

4) Attendance at Board meetings since the AGM on 15 December 2010.

Of the Board's six members, all are independent in relation to the company and its management and four are independent in relation to the company's major shareholders.

Work of the Board

The primary task of the Board is to serve the interests of the shareholders in the conduct of the company's business in such way as to ensure the best possible long-term return on investment for the shareholders. The Board is also responsible for making sure that the Group is suitably structured so that the Board can optimally exercise its governance over the subsidiaries. The Board's powers and duties are regulated by the Swedish Companies Act, the Articles of Association and the Swedish Code of Corporate Governance.

In addition, the activities of the Board are governed by a work plan and instructions, as adopted by the Board, pertaining to the separation of responsibilities between the Board, the Managing Director and those company bodies set up by the Board. The Board's work plan contains and regulates the following points:

- > The Board's obligations pursuant to the Swedish Companies Act, etc.
- > Notice to attend general meetings
- > Structure and content of reporting to the market
- > Items of business to be taken up at Board meetings
- > Internal reports to be submitted to the Board
- > Notice to attend meetings
- > Presence of a quorum in the Board
- > Minutes from Board meetings
- > Disqualification due to impartiality
- > Liability of Board members

Furthermore, the Board issues instructions and policies for issues such as:

- > Financial targets/objectives for the Group
- > Financial limits and administrative routines for investments, etc.
- > Responsibility and principles for financial management
- > Responsibility and routines for safeguarding and strengthening the value of the brands
- > Basic principles for internal and external communication
- > Responsibilities and principles for purchasing of cocoa raw material

Internal reports

The tasks of the Board are to oversee the Group's financial development, ensure the quality of the Group's financial reporting and internal control and regularly monitor and evaluate operations. Internal reports such as the consolidated accounts are compiled and delivered to the Board on a monthly basis. Prior to each regular Board meeting, a purchasing report is also drawn up for the most significant raw materials, a review of the Group's liquidity position and development and an overview of budgeted, decided and implemented investments. For every financial year, a profit, balance sheet and investment budget is prepared for the Group and is adopted at the scheduled Board meeting in August.

Board meetings

The Board meets according to the following.

The *December* meeting, preferably held in connection with the AGM, deals with approval of the interim report for the period from September to November. The statutory meeting is held immediately following the AGM and handles matters such as appointment of minutes-keepers and minutes-checkers, decision on signatory authority, election of the remuneration committee and audit committee, as well as review and adoption of the instructions issued by the Board.

A meeting is held in *February* if needed.

The *March* meeting deals with approval of the interim report for the period from September to February. By this meeting at the latest, decisions are made regarding the time and place of the coming year's AGM, the publication dates for the coming year's financial reports to the market (see "Financial calendar" on page 2) and the dates and times of the coming year's scheduled Board meetings.

The *June* meeting deals with approval of the interim report for the period from September to May.

In *August*, the Board reviews and approves business plans and budgets for the coming year.

The *October* meeting deals with items such as the annual accounts, the proposed dividend, appropriations, the draft annual report and administration report, the year-end report and the upcoming AGM.

At the scheduled meetings, the Board also discusses the activities and financial results of the company and the subsidiaries, as well as other pertinent projects and matters. Extra meetings may be held in addition to the scheduled meetings and, in urgent cases, also by telephone.

From the date of the AGM until the publication of this corporate governance report on 19 December 2011, and aside from the statutory meeting, the Board has held five scheduled meetings. At these meetings the Board has dealt with the fixed items on the agenda of each Board meeting, such as the business and market situation, financial reporting, liquidity, investments and budgetary matters. In addition, overall strategic matters have been analysed with regard to the company's focus, external factors and growth opportunities. Aside from the regular Board meetings, eight extra meetings were held. During these meetings, the Board dealt with matters related to the brands, investments and other strategic business decisions.

BOARD COMMITTEES

In order to increase the efficiency and depth of the Board's work the company has set up two committees, the remuneration committee and the audit committee, whose members are appointed by the Board. The main task of the committees is to prepare matters for decision by the Board.

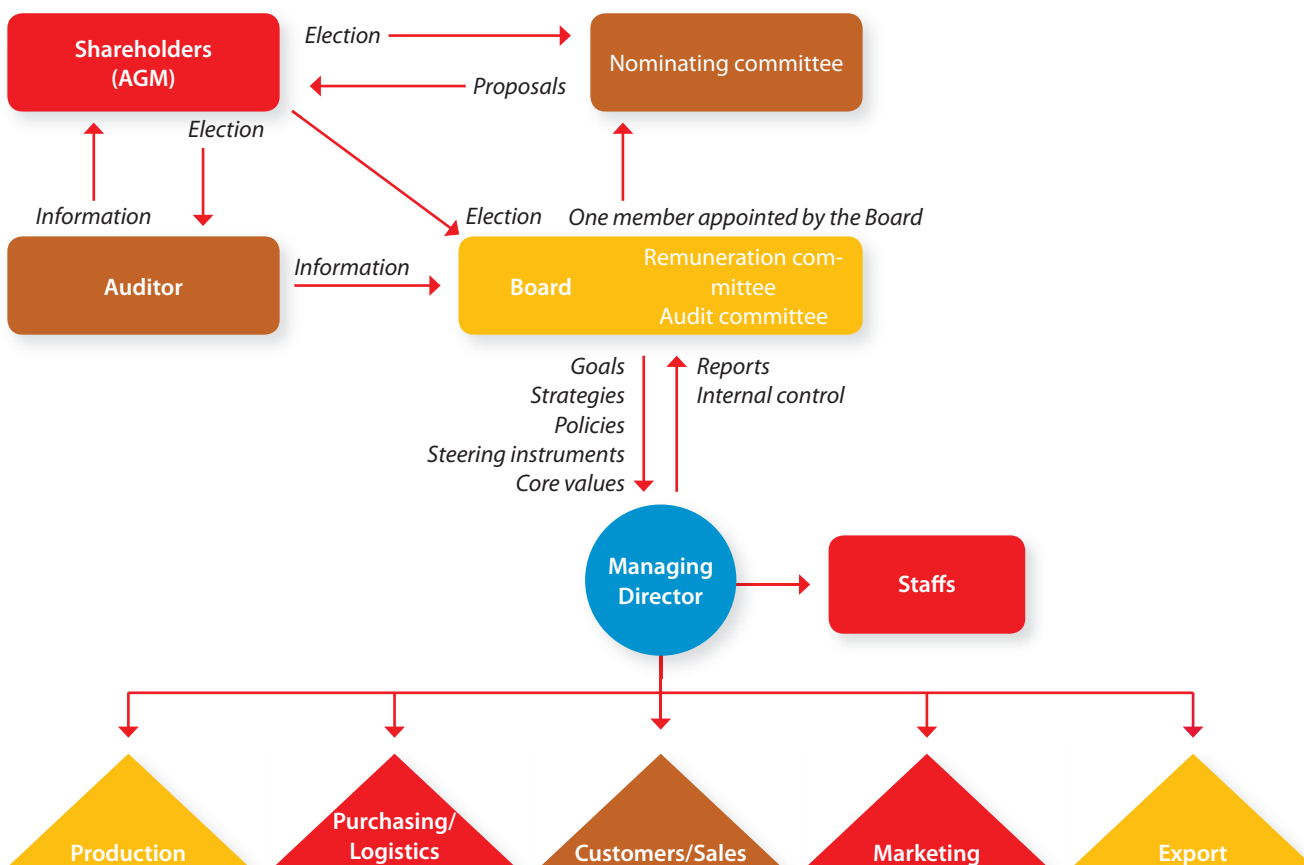
Audit committee

The Board has appointed an audit committee consisting of Olof Svenfelt, Mikael Svenfelt and Meg Tivéus. The main task of the committee is to support the Board in its efforts to ensure the quality of the company's financial reporting, to handle issues relating to internal control and to stay continuously informed about the focus and scope of the audit.

From the date of the previous AGM, the committee has held three meetings. The company's auditor, Helene Willberg, has participated in all meetings of the audit committee. On one occasion the auditor has also met with the committee without the presence of the Executive Management. Together with the Executive Management, the committee has evaluated the year's audit performance. Furthermore, the Board has met with the auditor in connection with the Board meeting on 18 October 2011 at which adoption of the annual accounts was dealt with.

Members	Attendance at a total of 3 meetings
Olof Svenfelt	3
Mikael Svenfelt	3
Meg Tivéus	3

Governance structure



Remuneration committee

The Board has appointed a remuneration committee consisting of Lennart Bohlin and Ulrika Stuart Hamilton, whose task is to prepare recommendations for remuneration and other terms of employment for the Group Management Team, as well as matters related to incentive programmes. The committee has held two meetings since the previous AGM. For remuneration to the Managing Director and other senior executives, see Note 7.

Members

Attendance at a total of 2 meetings

Lennart Bohlin	2
Ulrika Stuart Hamilton	2

CHAIRMAN

The Chairman is responsible for ensuring that the Board carries out its duties in an organised and efficient manner and for monitoring the Group's development. The Chairman also ensures that the Board is continuously provided with the information required to carry out its duties with consistently high quality and in accordance with the Swedish Companies Act. The AGM on 15 December 2010 re-elected Olof Svenfelt as Board Chairman.

The Chairman oversees the effective implementation of the Board's decisions and is responsible for ensuring that the work of the Board's is evaluated yearly and that the nominating committee is informed about the results of this evaluation. The purpose of this evaluation is to gather the Board members' opinions about the Board's performance and what measures can be taken to improve the efficiency of the Board's work.

MANAGING DIRECTOR AND EXECUTIVE MANAGEMENT

The Managing Director, who is also the CEO, supervises operations according to the instructions adopted by the Board and is responsible for day-to-day management of the company and the Group in accordance with the Swedish Companies Act. He is also responsible for ensuring that the Board members are supplied with the necessary information and decision data and is required to present reports and proposals at Board meetings regarding issues dealt with by the Executive Management. The Managing Director continuously informs the Board and Chairman about the financial position and development of the company and the Group. The performance of the Managing Director is continuously evaluated by the Board.

The Managing Director of Cloetta AB and CEO of the Cloetta Group since September 2008 is Curt Petri. For information about his significant assignments outside the Group and shareholding in the company, see page 57. The Executive Management consists of the Managing Director, who is also the CEO, and the CFO.

GROUP MANAGEMENT TEAM

The Managing Director of Cloetta AB heads the Group Management Team. The members of the Group Management Team consist of the Group's CFO and individuals with overall responsibility for human resources, corporate communications, marketing, customers, sales, purchasing, financial control and production. The Group Management Team is a consultative body for the CEO and therefore has no autonomous executive authority. The Group Management Team meets as decided by the CEO.

FINANCIAL REPORTING

The Board of Directors is responsible for ensuring that the company's organisation is structured in such a way that the company's financial circumstances can be controlled satisfactorily and that external financial information such as interim reports and annual reports to the market are prepared in accordance with the legal requirements, relevant accounting standards and other rules and directives applicable to listed companies. The task of the audit committee is to support the Board in ensuring the quality of the company's financial reporting. The interim reports are examined by the Board's audit committee and the Board as a whole and are issued by the CEO on behalf of the Board. The semi-annual report for the period from September to February, like the annual report, is issued by all members of the Board and the CEO. The CEO ensures that financial accounting in the group companies is carried out in compliance with legal requirements and that financial management is conducted in a satisfactory manner. Cloetta AB's Managing Director is a member of the boards of all operating subsidiaries. Every month, the Group prepares a closing of the books that is submitted to the Board and the Group Management Team.

The Board ensures the quality of the Group's financial reporting through the audit committee (see below). The audit committee deals not only with the company's financial reports and significant accounting matters, but also matters related to internal control, compliance with rules, reliability of reported values, events after the balance sheet date, changes in estimates and judgements and other conditions affecting the quality of the financial statements.

AUDIT

The auditor is responsible for examining the company's annual accounts and accounting records and the administration of the Board of Directors and the Managing Director. After every financial year, the auditor shall present an audit report to the AGM.

The AGM on 15 December 2010 re-elected the certified auditing firm of KPMG AB as the company's auditor to serve until the end of the next AGM. Authorised Public Accountant Helene Willberg is Auditor in Charge.

Internal control

Introduction

In accordance with the Swedish Companies Act, the Board of Directors is responsible for ensuring that the company's organisation is structured in such a way that the company's financial accounting, financial management and financial conditions in general can be controlled in a satisfactory manner. This is clarified by the Swedish Code of Corporate Governance, which states that the Board of Directors is responsible for internal control.

The following description of Cloetta's internal control has thus been prepared in accordance with the Swedish Code of Corporate Governance. The guidelines issued by Svenskt Näringsliv (the Confederation of Swedish Enterprise) and FAR SRS (the Institute for the Accountancy Profession in Sweden) regarding the Board's report on internal control over financial reporting identify COSO (Committee of Sponsoring Organizations of the Treadway Commission¹⁾) as the most widely used and internationally accepted framework and as having a special status in defining good internal control. Cloetta has therefore decided to implement the COSO framework for internal control over financial reporting and the framework has been adapted to the company's operations and conditions.

The Board has defined guidelines for the above work which include roles, responsibilities and processes that are vital in maintaining good internal control. Internal control over financial reporting is thus a process that involves the Board of Directors, the Executive Management and the employees and that is designed to provide reasonable assurance of the reliability of the external reporting. The following is a description of how internal control over financial reporting is currently organised.

Description

Control environment

Effective oversight by the Board of Directors is the basis for good internal control. The company's Board of Directors has established well defined processes and procedures for its work. One key task of the Board is to decide on the internal control framework to be applied in the Group and to formulate and approve a number of fundamental policies, guidelines and frameworks related to financial reporting. These include an accounting manual with instructions for financial accounting and reporting, a finance policy, instructions on decision-making powers and authorisation of business transactions and an ethical policy. In addition, the Board has ensured that the organisational structure is logical and transparent with clearly defined roles, responsibilities and processes that promote effective management of operating risks.

The audit committee assists the Board in continuous monitoring of internal control. The tasks of the audit committee include evaluation and discussion of significant accounting and reporting issues. Since the AGM on 15 December 2010, the audit committee has received reports from the company's management on development of the company's internal control. The audit committee has examined and evaluated the routines for financial accounting and reporting and has monitored and evaluated the external auditor's performance, qualifications and independence. The audit committee has received reports from the company's independent auditors and has held three reviews with the auditors since the last AGM.

The company's management has operating responsibility for internal control. The Group CFO has overall operating responsibility for internal control over the Group's financial reporting, and reports to the management and the Board. Those in charge of finance and accounting in each subsidiary have overall responsibility for internal control over financial reporting in their own units, and continuously report on the status of internal control to the Group CFO.

Risk assessment

Cloetta has performed an analysis at the Group level of the risk for material misstatements in the consolidated profit and loss accounts, balance sheets and related notes, with respect to both quantitative and qualitative risk parameters. Based on this risk analysis, a number of significant accounts and underlying processes have been identified. Furthermore, the company has established a number of risk management processes that have a considerable influence on the company's ability to ensure complete and accurate financial reporting. These procedures cover the following main areas:

- > Risk assessments in which one aim is to quickly identify events in the market or in operations with a potential effect on the financial reporting.
- > Processes to identify changes in accounting rules and recommendations and to ensure that these changes are accurately reflected in the company's financial reporting.

1) Originally formed in 1985 to sponsor the National Commission on Fraudulent Financial Reporting in the USA.

Cloetta continuously updates the risk analysis for assessment of the risks that can lead to material misstatements in the financial reporting. As a result of the yearly review, the company makes a decision on which risks are significant to take into account in order to ensure good internal control in the financial reporting. Following the year's review, the company's risk assessment is essentially unchanged from the previous year.

Control activities

Connected to the significant processes identified in the risk assessment, there are control structures to handle and minimise the risk for material misstatements in the financial reporting. These control structures consist partly of an organisation with clearly defined roles, such as process and sub-process owners, that facilitate an effective, and from an internal control standpoint, appropriate separation of responsibilities. The control structures also consist of specific control activities aimed at detecting or preventing risks for material misstatements in the financial reporting. Critical control activities are thoroughly documented and linked to the inherent risks they are intended to minimise for every significant account in the profit and loss account and balance sheet and the related notes in the company's annual report. Examples of control activities include well defined decision-making processes and procedures for significant decisions (such as investments, agreements, approval of accounting transactions, etc.), profit analyses and other analytical procedures, reconciliations, inventories and automatic controls in IT systems.

Information and communication

The company's normative documents in the form of policies, guidelines, manuals, etc., with relevance for financial reporting are continuously updated and communicated via appropriate channels, such as the intranet and internal meetings. Internal reporting on the effectiveness of internal control is carried out continuously. For communication with external parties, there is an explicit policy that contains guidelines for how this should be carried out. The purpose of the policy is to ensure that all information requirements are met in a complete and accurate manner.

Monitoring

As in the previous year, the process owners have confirmed their responsibility. This confirmation means that the process owners confirm that they are aware of their roles regarding internal control at Cloetta. Furthermore, the process owners confirm that they have ensured that the sub-process owners and control owners work according to the existing flow and process descriptions and that updates have been carried out in each sub-process.

During the year, Cloetta has performed self-assessments and tests on selected parts of the control structure with the help of the independent party Ernst & Young. This work has been carried out together with the process owners. The results have been documented in a summary test report in which the process owners generally confirm the test and a detailed test report in which each control activity is described, among other things in terms of selection, interview and conclusion. These reviews of internal control include audits of compliance with certain policies and guidelines and evaluation of the effectiveness of significant control activities linked to risks for material deficiencies in the financial reporting. The outcome of these reviews has been reported to the Board's audit committee.

The Board continuously evaluates the information provided by the management and audit committee. One particularly important step in

monitoring of internal control is the work of the audit committee in evaluating the management's performance in this area. This includes ensuring that action is taken to address the deficiencies and recommendations identified in external audits. Furthermore, the Board of Directors and audit committee have an annual process to ensure that appropriate measures are taken to address the shortcomings identified and measures recommended by the independent auditors.

Evaluation of the need for a separate internal audit function

At present, the Group has no separate internal audit function. The internal control structure is monitored through tests and self-assessments and the results of these are compiled and reported to the Board's audit committee. In view of this, the Board of Directors concludes that there is currently no need for a separate internal audit function in order to perform effective monitoring of internal control.

The Board of Directors

AUDITOR'S STATEMENT ON THE CORPORATE GOVERNANCE REPORT

To the Annual General Meeting of Cloetta AB (publ.)

Corporate identification number 556308-8144

Roles and separation of responsibilities

We have examined the corporate governance report for the financial year from 1 September 2010 to 31 August 2011 on pages 48–53. The Board of Directors and the Managing Director are responsible for the preparation and presentation of the corporate governance report in accordance with the Annual Accounts Act. Our responsibility is to examine the corporate governance report so that we can provide a written statement on the basis of our audit.

Focus and scope

We conducted our audit in accordance with RevU 16, Auditor's Review of the Corporate Governance Report. Those standards require that we plan and perform the audit to obtain reasonable assurance that the corporate governance report is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the information in the corporate governance report. We believe that our audit provides a reasonable basis for our opinion set out below.

Conclusion

In our opinion, the corporate governance report has been prepared in accordance with the Annual Accounts Act and that it is consistent with the other parts of the annual accounts and the consolidated accounts.

Ljungsbro, 25 November 2011
KPMG AB

Helene Willberg
Authorised Public Accountant



Standing from left: Ulrika Stuart Hamilton, Lennart Bohlin, Birgitta Hillman, Johan Hjertonsson, Birgitta Junland.
Seated from left: Mikael Svenfelt, Meg Tivéus, Lena Grönedal and standing at front, Olof Svenfelt.

Board of Directors and Auditors

Olof Svenfelt (Chairman)

Born: 1941, M.Sc.Eng. and LL.B.

Chairman since 2008.

Elected to the Board: 25 August 2008.

Other assignments: Board member of AB Malfors Promotor, AB Malfors Holding, Highland Group AB, Metodén Agenturer AB and Phlisa Metall AB. Board member of the Hjalmar Svenfelt Foundation, the Wilhelm Stenhammar Foundation, the Hagdahl Academy Foundation and the Georg Hultner Foundation.

Previous assignments: Board member and Deputy Chairman of Cloetta Fazer AB.

Shareholding in Cloetta: 6 class A shares and 469,460 class B shares.

Related party shareholdings in Cloetta: 2,358,868 class A shares and 10,286,455 class B shares.

Independent from major shareholders: No

Independent from company and management: Yes

Lennart Bohlin

Born: 1942, MBA.

Elected to the Board: 5 November 2008.

Other assignments: Chairman of CMA Research AB, Bygg- & Villaservice AB, Norins Ost AB, Stjärnagg AB and Östgöta Kök AB. Deputy chairman of IHM Business School AB. Board member of Midsona AB (publ), Hamravik Group AB, Kuponginlösen AB, Löfbergers Lila AB, Sales Support Sweden AB and the Östergötland County Museum.

Previous assignments: Managing Director and CEO of Cloetta AB and Cloetta Fazer AB 1989–2002.

Shareholding in Cloetta: 10,000 class B shares.

Independent from major shareholders: Yes

Independent from company and management: Yes

Ulrika Stuart Hamilton

Born: 1958, MBA.

Elected to the Board: 5 November 2008.

Other assignments: Deputy Managing Director of the Swedish Entrepreneurship Forum. Board member of MittMedia Förvaltnings AB. Board member and Chairman of Liberala Nyhetsbyrån AB and Stiftelsen Pressorganisation.

Previous assignments: Senior positions in the Federation of Private Enterprises (Företagarna), the Centre for Business and Policy Studies (SNS), Gullers Grupp Informationsrådgivare AB, the Swedish Liberal Party and the Swedish Ministry of Finance. Member of the Swedish Companies Act Committee and AB Vattenfall.

Shareholding in Cloetta: 550 class B shares.

Independent from major shareholders: Yes

Independent from company and management: Yes

Johan Hjertson

Born: 1968, MBA.

Elected to the Board: 5 November 2008.

Other assignments: Managing Director and CEO of AB Fagerhult. Board member of AB Fagerhult and NORD-LOCK International AB.

Previous assignments: Managing Director and CEO of Lammhults Design Group AB. Board member of Electrolux Filter AB and BRIO AB.

Shareholding in Cloetta: 0.

Independent from major shareholders: Yes

Independent from company and management: Yes

Mikael Svenfelt

Born: 1966, Marketing and business economist and law studies.

Elected to the Board: 25 August 2008.

Other assignments: Managing Director and board member of AB Malfors Promotor, AB Malfors Holding and Phlisa Metall AB. Board member of Fjärilshuset Haga Trädgård AB, Sjöleden Hällevik AB and Rollox AB.

Previous assignments: Senior positions in Nicator, Dell Financial Services and GE Capital Equipment Finance AB.

Shareholding in Cloetta: 5 class A shares and 7,507 class B shares.

Related party shareholdings in Cloetta: 1,746 class B shares.

Independent from major shareholders: No

Independent from company and management: Yes

Meg Tivéus

Born: 1943, MBA.

Elected to the Board: 5 November 2008.

Other assignments: Board member of Swedish Match AB, Nordea Fonder AB, Meg Tivéus AB and Paynova AB. Board member and chairman of Folkandvården Stockholms län AB and Arkitektkopia AB.

Previous assignments: Managing Director of Svenska Spel AB. Deputy Managing Director of Posten AB. Board member of Cloetta Fazer AB.

Shareholding in Cloetta: 204 class B shares.

Independent from major shareholders: Yes

Independent from company and management: Yes

EMPLOYEE REPRESENTATIVES

Lena Grönedal

Born: 1962

Board member since: 5 November 2008.

Employee representative, the Swedish Food Workers' Union (LIVS). Factory operative Cloetta Sverige AB.

Shareholding in Cloetta: Convertibles corresponding to 5,032 class B shares.

Related party shareholdings in Cloetta: Convertibles corresponding to 5,032 class B shares.

Birgitta Hillman

Born: 1947

Board member since: 5 November 2008.

Employee representative, the Negotiation Cartel for Salaried Employees (PTK). Salaried employee, Cloetta Sverige AB.

Shareholding in Cloetta: 19 class B shares and convertibles corresponding to 5,032 class B shares.

EMPLOYEE REPRESENTATIVES, DEPUTIES

Linus Ekegren

Born: 1975

Board member since: 5 November 2008.

Employee representative, the Swedish Food Workers' Union (LIVS). Factory operative, Cloetta Sverige AB.

Shareholding in Cloetta: Convertibles corresponding to 3,289 class B shares.

Birgitta Junland

Born: 1962

Board member since: 5 November 2008.

Employee representative, the Negotiation Cartel for Salaried Employees (PTK). Salaried employee, Cloetta Sverige AB.

Shareholding in Cloetta: Convertibles corresponding to 5,032 class B shares.

AUDITORS

KPMG AB

Auditor in Charge

Helene Willberg

Born: 1967

Auditor for the company since 2007. Authorised Public Accountant, KPMG AB.

Other auditing assignments: Investor AB, Thule Investment AB, Nobia AB, Ortivus AB and Höganäs AB.

Shareholdings at 31 August 2011



Standing: Kent Sandin, Johan Torell, Tony Wiréhn, Anders Jendeberg, Christina Björck, Thomas Lundh, Johan Eriksson, Thomas Wiesgickl. Seated: Karin Svärth and Curt Petri.

Group Management Team

Curt Petri

Born: 1952

Position: Managing Director and CEO since 2008, employed in 1990.

Education: MBA.

Other assignments: Board assignments in the Group. Board member of the Swedish Food Federation (LI).

Previous external assignments in the past five years: CFO and Deputy Managing Director of Cloetta Fazer AB.

Shareholding in Cloetta: 30,086 class B shares.

Christina Björck

Born: 1959

Position: Head of Human Resources and Communications since 2008, employed in 2001.

Education: Social services with a focus on personnel administration and Communication Executive Programme at the Stockholm School of Economics.

Other assignments: Chairman of Chokofa. Sole proprietorship of CB Communication. Member of the negotiation delegation in the Swedish Food Federation (LI).

Previous external assignments in the past five years: Head of Human Resources at Cloetta Fazer Sverige AB.

Shareholding in Cloetta: Convertibles corresponding to 31,405 class B shares.

Johan Eriksson

Born: 1969

Position: Marketing Manager since 2010, employed in 2002.

Education: MBA.

Other assignments: Board assignments in the Group.

Previous external assignments in the past five years: Category Manager Chocolate and Key Account Manager at Cloetta Fazer Sverige AB.

Shareholding in Cloetta: Convertibles corresponding to 9,743 class B shares.

Anders Jendeberg

Born: 1969

Position: Group Controller since 2008, employed in 2003.

Education: MBA.

Other assignments: Board assignments in the Group.

Previous external assignments in the past five years: Business Controller at Cloetta Fazer Sverige AB.

Shareholding in Cloetta: Convertibles corresponding to 9,743 class B shares.

Thomas Lundh

Born: 1960

Position: Sales Director since 2010, employed in 2010.

Education: Corporate Management, Göteborg Management Institute (GMI), a number of courses on sales and leadership.

Other assignments: Board assignments in the Group, Chairman of Affärshögskolan and board member of Britta & Lennarts Nära Kött.

Previous external assignments in the past five years: Managing Director of Boxholm Mejeri AB.

Shareholding in Cloetta: 0

Kent Sandin

Born: 1957

Position: CFO since 2008, employed in 2008.

Education: Stockholm School of Economics and a number of courses on finance and leadership.

Other assignments: Board assignments in the Group.

Previous external assignments in the past five years: Board assignments in the Midsona group. CFO of Midsona AB (publ) and Finance Director of Cloetta Fazer AB.

Shareholding in Cloetta: 28,405 class B shares.

Karin Svärdh

Born: 1968

Position: Plant Manager since 2009, employed in 2009.

Education: MBA.

Other assignments: –

Previous external assignments in the past five years: Head of Arla's Administrative Service Center, Production and Logistics Manager for Arla's Linköping dairy.

Shareholding in Cloetta: Convertibles corresponding to 9,743 class B shares.

Johan Torell

Born: 1969

Position: Export Director since 2010, employed in 2006.

Education: A number of courses on sales, marketing finance and leadership.

Other assignments: –

Previous external assignments in the past five years: Business Area Manager at Coca-Cola Drycker Sverige AB. Customer Service Director at Cloetta Fazer Sverige AB.

Shareholding in Cloetta: Convertibles corresponding to 9,743 class B shares.

Thomas Wiesgickl

Born: 1977

Position: Purchasing and Supply Chain Manager since 2010, employed in 2002.

Education: M.Sc.Eng.

Other assignments: –

Previous external assignments in the past five years: Purchasing Director of Cloetta Fazer Sverige AB.

Shareholding in Cloetta: Convertibles corresponding to 9,743 class B shares.

Related party shareholdings in Cloetta: Convertibles corresponding to 3,289 class B shares.

Tony Wiréhn

Born: 1960

Position: Business Development Manager since 2010, employed in 2008.

Education: IHM Executive Management School and a number of courses on leadership and sales management.

Other assignments: Board member of LHC Event AB. Deputy board member of Linköping Hockey Club and CETRO Konsult AB.

Previous external assignments in the past five years: Secretary General of the Swedish Tennis Association. Partner and Senior Consultant in Identx.

Shareholding in Cloetta: Convertibles corresponding to 31,405 class B shares.



Letter from the Chairman

Cloetta was founded in 1862, almost 150 years ago, by the three Cloetta brothers from Switzerland. The brothers were true entrepreneurs with the ability to combine their knowledge about chocolate with the opportunities offered by industrialisation. They had ideas, and through their powers of cooperation and initiative they were able to realise them. In 1901 they moved their operations to Ljungsbro, where my grandfather became a manager and in 1917 took over the company. Since then my family has been strongly associated with Cloetta. Trends have come and gone over the years, but Cloetta and our brands have stood strong and been continuously enhanced through ongoing initiatives and innovation.

For Cloetta and its Board of Directors, continued sustainable development of our company has consistently been a top priority. We strive to be a good company in every respect. Our products should taste good and give everyone the chance for everyday enjoyment. Cloetta should also be a good and environmentally aware company that safeguards its consumers, customers and employees.

AIMS OF CORPORATE GOVERNANCE

Good corporate governance is about ensuring that companies are managed as efficiently as possible and in the best interests of the shareholders. For me as a representative of the majority shareholder, it has always been imperative that Cloetta complies with the corporate governance rules required by law and the stock exchange as part of our responsibility to all shareholders.

Corporate governance is also aimed at creating order and systems. I believe it is necessary to have a well defined framework in order to actualise the ideas that are found in the company. Cloetta is a relatively small company compared to our suppliers, customers and competitors, and it is vital that we act smartly and strategically in developing our products and business. Here, corporate governance plays an important role in ensuring that we have well designed rules and processes. Thus prepared, we will be able to continue our business for another 150 years – at least.

Ljungsbro, 25 November 2011


Olof Svenfelt
Board Chairman