

Cloutta

Corporate Governance Report 2023



Corporate Governance Report

The purpose of corporate governance is to ensure that the company is managed as effectively as possible in the interests of its shareholders, and that Cloetta complies with all applicable rules. Corporate governance is also aimed at creating order and establishing systems for both the Board and the Group Management Team. Well-defined structures, clear rules and processes allow the Board to ensure that the Group Management Team and employees focus on developing the business and thereby creating shareholder value.

Cloetta AB (publ) is a Swedish public limited company, with corporate identification number 556308-8144. The company's class B shares are traded on the Nasdaq Stockholm, Mid Cap. The company is domiciled in Ljungsbro, Linköping, and its head office is located in Sundbyberg, Stockholm.

Framework for corporate governance

The governance of Cloetta is based on the Swedish Companies Act, Nasdaq Nordic Main Market Rulebook for Issuers of Shares (the "Rulebook for Issuers"), and the Swedish Corporate Governance Code (the "Code"), as well as other relevant Swedish and foreign laws and regulation. Governance is further established through internal steering instruments such as the Articles of Association, instructions, policies and guidelines. The Code is available on the website of the Swedish Corporate Governance Board, which administrates the Code, www.corporategovernanceboard.se. The website also includes a description of the Swedish model for corporate governance. During the year, Cloetta complied with Rulebook for Issuers and good stock market practice and Cloetta has complied with the Code, without deviations.

1 Shares, shareholders and voting rights

The class B shares of Cloetta AB (publ) have been listed on Nasdaq Stockholm since 16 February 2009 and have been traded on the Mid Cap list since 2 July 2012. Cloetta was originally introduced on the stock exchange in 1994 and has been listed in a number of different owner constellations since then. On 31 December 2023, the number of shares was 288,619,299 of which 282,884,050 were class B shares and

5,735,249 were class A shares. Each class B share corresponds to one vote and each class A share corresponds to ten votes, although all shares carry equal entitlement to the company's assets and profits. On 31 December 2023, Cloetta held 3,277,265 class B shares in treasury. The number of shareholders on 31 December 2023 was 43,164 compared to 40,032 on 31 December 2022. On 31 December 2023, AB Malfors Promotor was Cloetta's largest shareholder, with a holding corresponding to 41.9 per cent of the votes and 31.5 per cent of the share capital in the company. On the same date, there were no other shareholders representing a minimum of 10 per cent of the voting rights. For more information about Cloetta's shares and shareholders, see section "Share and shareholders" on pages 41–45.

2 General meeting of shareholders

The general meeting of shareholders is Cloetta's highest decision-making body. At the general meeting, all shareholders have the opportunity to influence the company by exercising the votes attached to their respective shareholdings. The powers and duties of the general meeting are set out in the Articles of Association and the Swedish Companies Act, amongst others. Cloetta's financial year is 1 January to 31 December. The annual general meeting ("AGM") must be held within a period of six months after the end of the financial year. The date and location of the AGM must be communicated on the company's website no later than in conjunction with the publication of the third quarter report. Notice of the AGM must be given no earlier than six weeks and no later than four weeks prior to the AGM through publication in "Post- och Inrikes Tidningar"

(the Swedish Official Gazette) and on the company's website. At the same time, confirmation that notification has been given must be published in Dagens Industri.

Every shareholder has the right to request that a matter shall be taken up at the AGM and in such case, must submit a written request to the Board. In order to be addressed at the AGM, the request must be submitted to the Board no later than seven weeks prior to the AGM. In accordance with Chapter 7, paragraph 32, of the Swedish Companies Act, at a general meeting of shareholders, all shareholders have the right to pose questions to the company about the matters that are addressed at the meeting and the financial situation of the company and the Group.

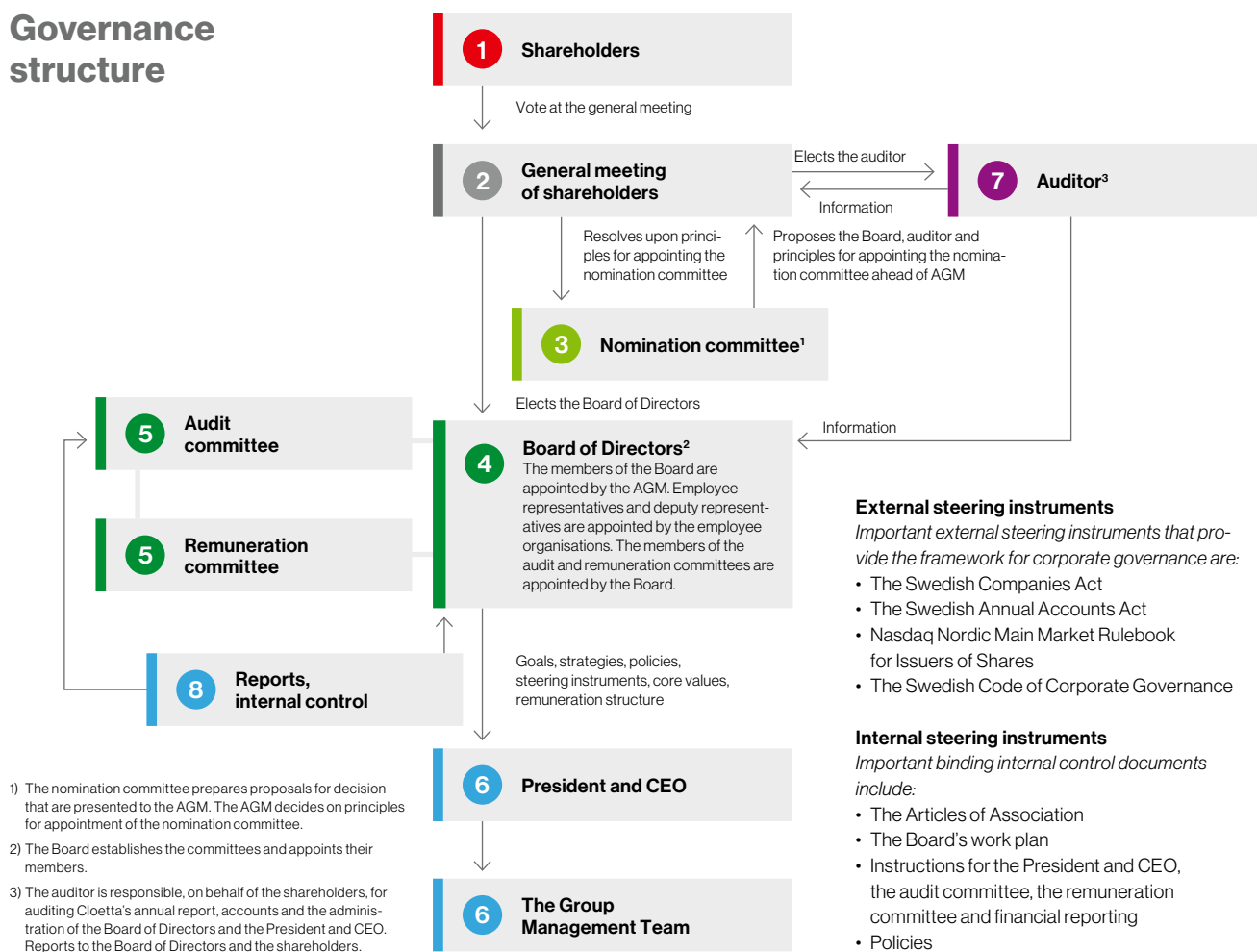
2023 Annual General Meeting

The most recent AGM was held on 4 April 2023 in Stockholm. The AGM was attended by 136 individuals representing 62 per cent of the votes in the company. The Board members, the Group's CEO and president as well as the CFO, the company's independent auditors and the chairman of the nomination committee were also present at the AGM.

The AGM approved the proposals of the Board and the nomination committee regarding:

- Adoption of the balance sheet and the profit and loss account;
- Appropriation of the earnings of the company through a dividend of SEK 1.00 per share, corresponding to SEK 285,405,738;
- Approval of the remuneration report;
- Discharge of liability for the board members and the President and CEO;
- The number of Board members elected by the AGM to be seven;
- Re-election of sitting Board members Mikael Norman, Mikael Svenfelt, Camilla

Governance structure



Svenfelt, Alan McLean Raleigh, Patrick Bergander and Malin Jennerholm. Pauline Lindwall was elected as a new board member. The AGM re-elected Mikael Norman as the Chairman of the Board. Aside from the members elected by the AGM, the employee organisation LIVS appointed an employee representative and LIVS also appointed a deputy representative to the Board;

- Setting the Board fees at SEK 750,000 for the Board Chairman and SEK 325,000 for each of the other Board members elected by the AGM. Fees for work on the Board committees shall be paid in the amount of SEK 100,000 for each member of the audit committee, SEK 150,000 for the Chairman of the audit committee, SEK 100,000 for each member of the remuneration committee and SEK 150,000 for the Chairman of the remuneration committee;
- Fees for the auditor are to be paid according to approved account;
- Re-appointing the registered public accounting firm Öhrlings PricewaterhouseCoopers AB ("PwC") as the auditor for the period until the next AGM. Sofia Götzmar-Blomstedt will continue as the

Lead Audit Partner;

- Guidelines for remuneration to executive management;
- Rules for the nomination committee;
- The implementation of a share-based long-term incentive plan;
- Authorisation for the Board of Directors to resolve upon repurchase of own B-shares as part of long-term incentive plan.

The complete minutes from the AGM can be reviewed at www.cloetta.com.

2024 Annual General Meeting

The 2024 AGM will be held on Tuesday, 9 April 2024, at 15:00 at Bonnier Fastigheter Konferens, Torsgatan 21, Stockholm. The Notice of the Annual General Meeting was published in March 2024 and contained the Board's proposals. For more information, please refer to the section "Annual General Meeting" on page 152 and www.cloetta.com.

3 Nomination committee

Work of the nomination committee

The principal task of the nomination committee is to prepare recommendations

to be put before the AGM for decisions regarding election of Board members and the Chairman of the Board, fees for the Board of Directors, potential remuneration for committee work, election of auditors, and remuneration for the auditor. In addition, it shall propose election of a chairman of the AGM and rules for the nomination committee if there is a reason for a change. The Chairman of the Board presents an annual evaluation of the Board's performance during the year to the nomination committee, which provides a basis for the nomination committee's work together with the provisions of the Code and Cloetta's own company-specific requirements. The nomination committee's recommendations for election of Board members, board fees and auditors are presented in the notification of the AGM and on www.cloetta.com.

Composition of the nomination committee

In accordance with the decision of the AGM, Cloetta's nomination committee shall consist of at least four, and at most six members. Of these, one shall be a representative of the Board and three shall be members appointed

by the three largest shareholders in terms of voting power per 31 July each year. The members appointed may themselves appoint one additional member.

Independence of the nomination committee

The majority of the nomination committee's members shall be independent in relation to the company and its Group Management Team, and at least one of these shall also be independent in relation to the company's largest shareholder in terms of voting power. Of the appointed members, all four are independent in relation to the company and its Group Management Team and three are independent in relation to the company's largest shareholder in terms of voting power.

Shareholder proposals

All shareholders have the right to propose candidates for election to the Board by contacting the nomination committee. Proposals shall be sent to the Chairman of the nomination committee by e-mail to nominationcommittee@cloetta.com.

Meetings of the nomination committee

The nomination committee held five meetings ahead of the 2024 AGM. No fees have been paid for work on the nomination committee.

4 Board of Directors

The work of the Board

One of the key tasks of the Board is to serve the interests of the company and the shareholders by managing the company's operations in such a manner as to assure the shareholders that their interests in terms of a long-term profitable growth and value creation are being met in the best possible

Nomination committee ahead of the 2024 AGM

Members	Appointed by	Independent ¹	Share of votes at 31 Dec 2023, %
Lars Schedin, Chairman	AB Malfors Promotor	Yes/No	41.9
Johan Törnqvist	Ulla Håkanson	Yes/Yes	1.5
Victoria Lidén	Storebrand Fonder AB	Yes/Yes	0.5
Mikael Norman	The Board of Cloetta AB	Yes/Yes	0.0

1) Independent from the company and its Group Management Team/from the company's largest shareholder in terms of voting power.

manner. The Board shall also appoint the President and CEO and ensure that the company complies with all applicable laws, the Articles of Association and the Code. The Board is also responsible for making sure that the Group is suitably structured so that the Board can optimally exercise its governance responsibility over the subsidiaries and that the company's financial accounting, financial management and financial circumstances in general can be controlled satisfactorily. At least once a year the Board shall meet with the company's auditor without the presence of the Group Management Team and shall continuously and at least once a year evaluate the performance of the President and CEO. The Board of Directors shall also prepare necessary proposals before the AGM.

Composition of the Board

According to the Articles of Association, Cloetta's Board of Directors shall consist of at least three, and at most ten members that are elected annually at the AGM for a period until the next AGM has been held. On 4 April 2023, the AGM resolved that the Board shall have seven members appointed by the AGM. The AGM elected the following Board members to serve for the period until the end of the next AGM, to be held on 9 April 2024: Mikael Norman (Chairman), Mikael Svenfelt, Camilla Svenfelt, Alan McLean Raleigh, Patrick Bergander, Malin

Jennerholm and Pauline Lindwall. In addition, the employee organisation LIVS appointed one employee representative to the Board, Lena Grönedal, and one deputy representative, Shahram Nikpour Badr (Shahram Nikpour Badr resigned his position in October). All except one of the Board members have attended Nasdaq's stock market training course for boards and management. The average age of the Board members elected by the AGM was 56 years at year-end and three of the seven are women. For information about the Board members' assignments outside the Group and holdings of shares in Cloetta, see pages 70–71 and cloetta.com.

Diversity policy

The nomination committee applies rule 4.1 of the Code as its diversity policy to propose election of directors to the Board. According to this rule, the board composition of the elected directors must be set with regard to appropriateness to the company's operations and phase of development, and must collectively exhibit diversity and breadth of competence, experience and background. An equal balance between the genders should be aimed for. The objective of the diversity policy is to underline the importance of appropriate diversity within the Board with regard to gender, age, nationality and experience, professional background and

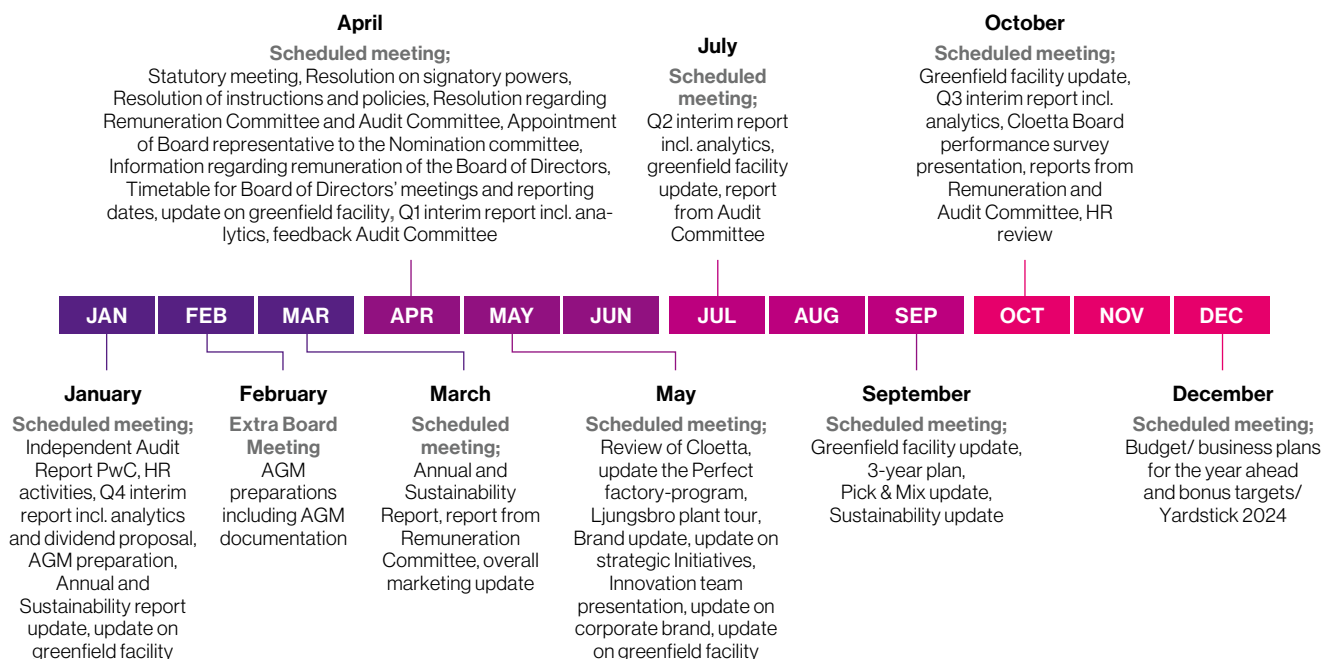
Composition of the Board

Elected by the AGM	Nationality	Year elected	Year of birth	Fees ¹		Independence	Attendance ²		
				Board fees	Committee fees		Board meetings	Audit committee	Remuneration committee
Chairman									
Mikael Norman	Swedish	2020	1958	750,000	100,000	Yes/Yes	9/9		4/4
Members									
Camilla Svenfelt	Swedish	2016	1981	325,000	100,000	Yes/No	9/9	4/4	
Patrick Bergander	Swedish	2019	1971	325,000	150,000	Yes/Yes	9/9	4/4	
Alan McLean Raleigh	British	2018	1959	325,000	100,000	Yes/Yes	9/9		4/4
Mikael Svenfelt	Swedish	2008	1966	325,000	150,000	Yes/No	8/9		4/4
Malin Jennerholm	Swedish	2022	1970	325,000	100,000	Yes/Yes	9/9	4/4	
Pauline Lindwall	Swedish	2023	1961	325,000		Yes/Yes	9/9		

1) The fees refer to set amounts during the period from the AGM on 4 April 2023 until the AGM on 9 April 2024. Board fees shall be paid in amount of SEK 750,000 (730,000) to the Board Chairman and SEK 325,000 (unchanged) to each other board member elected by the AGM. Fees for work on the Board committees will be paid in the amount of SEK 100,000 for each member of the audit committee (unchanged), SEK 150,000 for the Chairman of the audit committee (unchanged), SEK 100,000 for each member of the remuneration committee (unchanged) and SEK 150,000 for the Chairman of the remuneration committee (unchanged). For further details, see Note 7 on page 91.

2) Attendance refers to meetings during the period from the statutory meeting following the AGM on 4 April 2023 until the publication of this Annual and Sustainability Report on 11 March 2024.

Board meetings in 2023



business expertise. The Nomination Committee endeavours to achieve diversity and gender balance on the Board. This is evaluated each year along with a continuous process to identify future board candidates with relevant backgrounds and experience. The proposed composition of the board more than satisfies the requirements for expertise and experience, in view of the company's operations and future development. The proposed composition also met the applicable requirements including board independence, sufficient experience with listed companies and expertise in accounting and auditing.

Independence of the Board

In accordance with the Code, the majority of the Board members elected by the AGM shall be independent in relation to the company and its Group Management Team and at least two of these shall also be independent in relation to the company's major shareholders. Of the Board's seven members, all are independent in relation to the company and its Group Management Team and five are independent in relation to the company's major shareholders.

The Board's instructions and policies

On a yearly basis, the Board reviews and adopts a work plan for its own activities and those of the Board's audit and remuneration committees. The Board also adopts instructions for the President and CEO and instructions for financial reporting. Among other things, these regulate the segregation of duties between the Board of Directors, the

Instructions and policies

The Board reviews and adopts the following instructions and policies on a yearly basis:

- Work plan for the Board
- Instructions for the President and CEO
- Instructions for financial reporting
- Work plan and instructions for the Audit committee
- Work plan and instructions for the Remuneration committee
- Code of Conduct
- Communication policy
- Finance policy
- HR policy
- Insider policy
- Insurance policy
- Internal control framework policy
- IT security policy
- Mergers and acquisitions policy
- Fraud policy
- Whistleblowing policy
- Anti-bribery and anti-corruption policy
- Trade controls policy
- Approval and Authorisation framework
- Policy framework
- FX risk policy
- Customer contract policy

Chairman of the Board, the President and CEO and the auditor, quorum, conflict of interest, the work of the committees, internal and external reporting, routines for notification of general meetings, Board meetings and minutes. In addition, the Board has issued and adopted a Code of Conduct that applies throughout the group for all relationships with employees, customers, consumers, suppliers, competitors, official authorities and non-governmental organisations (NGO) and other important policies.

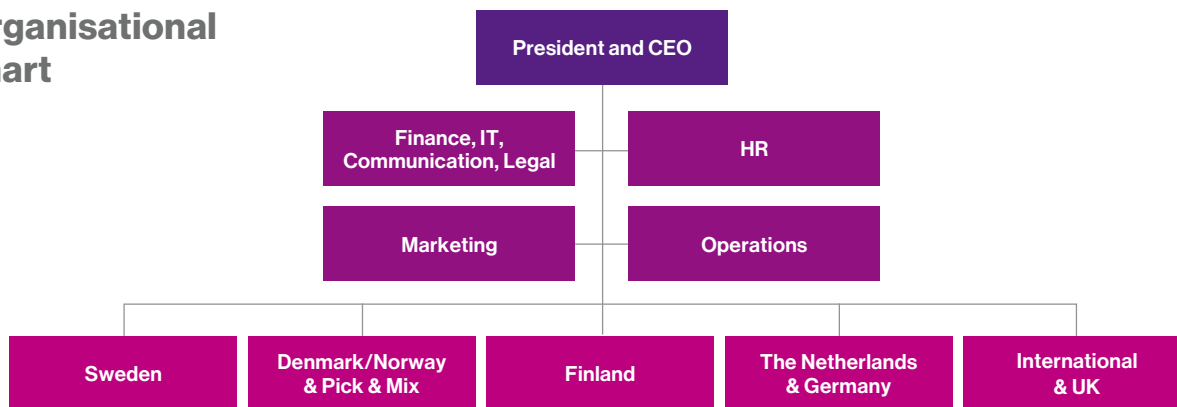
Evaluation of Board performance

The performance of the Board is evaluated annually in order to continuously improve

the Board's working methods and efficiency. The Chairman of the Board is responsible for carrying out the evaluation and presenting the results to the nomination committee. The intention of the evaluation is to gather the Board members' views on the Board's performance, measures that can be taken to improve the efficiency of board work, and whether the Board has a well-balanced mix of competencies. The evaluation provides valuable input for the nomination committee ahead of the AGM.

In October 2023, Cloetta had a digital board performance survey using the company Board portal. The results of the survey have been reported to and discussed

Organisational chart



by both the Board and the nomination committee.

Board meetings

Since the 2023 AGM, the Board held nine scheduled meetings. The President and CEO and the CFO, who also acts as the Board Secretary, take part in the Board's meetings. Other members of the Group Management Team participate as needed to report on special items of business.

5 Board committees

Audit committee

In 2023, the audit committee consisted of members Patrick Bergander (Chairman), Camilla Svenfelt and Malin Jennerholm. The majority of the committee's members shall be independent in relation to the company and its Group Management Team, and at least one of these shall also be independent in relation to the company's major shareholders. At least one member shall be independent and have accounting or auditing expertise. Of the audit committee's three members, all are independent in relation to the company and its Group Management Team, and two are independent in relation to the company's major shareholders. The work of the audit committee is regulated by instructions that have been adopted by the Board as part of its work plan. The audit committee is responsible for ensuring the quality of the financial reporting and the effectiveness of the company's internal control and risk management regarding financial reporting as well as overseeing the sustainability reporting process. In brief, the audit committee, without affecting the other tasks and responsibilities of the Board, shall meet regularly with the company's auditors to remain informed about the focus and scope of the audit of the financial reporting and the limited assurance of the sustainability reporting. The company's auditor shall be invited to participate in the meetings of the audit committee. The audit

committee shall meet at least four times every financial year. At least once a year, the committee shall meet without the presence of any member of the Group Management Team. All audit committee meetings must be documented. The audit committee shall inform the Board about the matters dealt with by the committee. The committee held four meetings in the period between the AGM in 2023 and the publication of this Annual and Sustainability Report.

Remuneration committee

The remuneration committee shall have no more than four members who are appointed by the Board on a yearly basis. One of the members shall be the chairman of the committee. The Board's remuneration committee consists of members Mikael Svenfelt (Chairman), Alan McLean Raleigh and Mikael Norman. The majority of the committee's members shall be independent in relation to the company and its Group Management Team. Of the remuneration committee's members, all three are independent in relation to the company and its Group Management Team. The work of the remuneration committee is regulated by special instructions that have been adopted by the Board as part of its work plan. The main tasks of the remuneration committee are to prepare recommendations to the Board for decisions on remuneration principles, remuneration and other terms of employment for the Group Management Team, to monitor and evaluate programmes for variable remuneration completed during the year and ongoing programmes for the Group Management Team as adopted by the AGM and to monitor the current remuneration structures and levels in the Group. The remuneration committee shall meet at least twice every financial year. Since the AGM in 2023 until the publication of this Annual and Sustainability Report the committee held four meetings.

Chairman of the Board

The Chairman of the Board is elected by the Annual General Meeting and on 4 April 2023 the AGM re-elected Mikael Norman as the Chairman of the Board. The Chairman shall supervise the work of the Board and ensure that the Board discharges its duties and has special responsibility for ensuring that the work of the Board is well organised and effectively executed and for monitoring the Group's development. The Chairman oversees the effective implementation of the Board's decisions and is responsible for ensuring that the work of the Board is evaluated yearly, and that the nomination committee is informed about the results of this evaluation.

6 President and Group Management Team

The President and CEO is appointed by the Board. The President and CEO supervises operations according to the instructions adopted by the Board, and is responsible for the day-to-day management of the company and the Group, in accordance with the Swedish Companies Act and other applicable rules. In addition, the President and CEO, together with the Chairman, decides which matters are to be dealt with at Board meetings. The Board regularly evaluates the President and CEO's duties and performance. The President and CEO is responsible for ensuring that the Board members are supplied with the necessary information to make decisions and presents reports and proposals at Board meetings regarding issues dealt with by the Group Management Team. The President and CEO regularly informs the Board and Chairman about the financial position and development of the company and the Group.

Henri de Sauvage-Nolting has been President and CEO of Cloetta since 15 February 2017. In addition to the President and CEO, per 31 December 2023 the Group Management Team consisted of the five regional

presidents (one also being the Chief Pick & Mix Officer), the President of Operations, the CFO, the CMO, the Senior Vice President Human Resources and the Chief Human Resources Officer. Effective as of 1 October 2023, the regional president for region Middle (Netherlands and Germany), Ewald Frenay, was appointed as the Chief Human Resources Officer replacing Regina Ekström, Senior Vice President Human Resources, who retired on 31 December 2023, and the sales director for the Netherlands, André Ruikes, assumed the regional presidency for region Middle. Cloetta announced on 25 January 2024 that Henri de Sauvage-Nolting will resign from his position on 1 September 2024. For information about the President and CEO and other members of the Group Management Team, see pages 72–73. The Group Management Team holds regular management meetings and held twelve meetings in 2023. The meetings are focused on the Group's strategic and operational development and financial performance.

7 Auditor

The auditor is elected by the AGM to examine the company's annual accounts and accounting records and the administration of the Board of Directors and the President and CEO. The auditor's reporting to the shareholders takes place at the AGM through the presentation of the auditor's report. At the AGM on 4 April 2023, the registered public accounting firm PwC was re-appointed as the auditor for the company for the period until the next AGM. The authorised public accountant Sofia Götmar-Blomstedt was elected to continue as the Lead Audit Partner.

8 Financial and sustainability reporting and sustainability governance

Financial and sustainability 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 and sustainability information, such as interim, annual and sustainability reports to the market, are prepared in accordance with the legal requirements, applicable accounting standards and other requirements applicable to listed companies.

The tasks of the Board are to oversee the Group's financial development, assure the quality of the financial and sustainability reporting and internal control and regularly monitor and evaluate operations. The task of the audit committee is to

support the Board in assuring the quality of the company's financial and sustainability reporting. The audit committee also oversees the financial and sustainability reports and significant accounting matters, as well as matters related to internal control, compliance, material uncertainty in reported values, events after the balance sheet date, changes in estimates and judgements and other circumstances affecting the quality of the financial and sustainability reports.

The President and CEO ensures that the 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's President and CEO and the CFO are members 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. For each financial year, a profit & loss statement, cash flow statement and investment budget are prepared and are adopted at the scheduled Board meeting in December. External financial information is regularly provided in the form of:

- Interim reports;
- The Annual and Sustainability Report;
- Press releases about important news that is deemed to have a potential impact on the share price;
- Presentations for financial analysts, investors and the media on the date of publication of the year-end and interim reports;
- Meetings with financial analysts and investors;
- External information on the Group's sustainability work is reported in the sustainability report forming part of the Annual and Sustainability Report.

Sustainability governance

The overall strategies for Cloetta's sustainability work have been adopted by the Group Management Team and the ultimate responsibility for sustainability matters lies with Cloetta's President and CEO. Cloetta's sustainability work is led by the Global Marketing Director for Sustainability and the Sustainability (Reporting) Managers. The Sustainability Manager is the spokesperson for environmental and social issues and is responsible for identifying prioritised areas. The Sustainability Reporting Manager is the spokesperson for reporting and governance issues. Both act as the stakeholders' link to the management team and support the implementation of Cloetta's sustainability agenda.

The Group Head of Health & Safety,

Environment (HSE) leads the work on health, safety, and environment. All factories have dedicated HSE managers and in the rest of the organisation, local managers are responsible.

Additional information

The following information can be found at www.cloetta.com: Articles of Association, Cloetta's Code of Conduct, information from previous AGMs and corporate governance reports from previous years.

Press releases 2023

January

- Invitation to conference call with web presentation of Cloetta AB's year-end report 2022
- Cloetta AB interim report Q4: October – December 2022

February

- The Nomination Committee proposes Pauline Lindwall as new director of the Board of Directors of Cloetta AB
- Notice of the Annual General Meeting of Cloetta AB (publ)

March

- Cloetta's Annual Report 2022 available on the website

April

- Annual General Meeting of Cloetta AB (publ) on 4 April 2023
- Invitation to conference call with web presentation of Cloetta AB's interim report Q1 2023
- Cloetta AB interim report Q1: January – March 2023

June

- Invitation to conference call with web presentation of Cloetta AB's interim report Q2 2023

July

- Cloetta AB (publ) to repurchase own B-shares as part of long-term incentive plan
- Cloetta AB interim report Q2: April – June 2023

August

- Nomination committee appointed ahead of 2024 Annual General Meeting of Cloetta AB (publ)

October

- Cloetta's chairman Mikael Norman declines re-election
- Invitation to conference call with web presentation of Cloetta AB's interim report Q3 2023
- Cloetta AB interim report Q3: July – September 2023

Remuneration of the Group Management Team

Guidelines for remuneration of Group Management Team

The current guidelines for remuneration of the Group Management Team were adopted by the AGM on 4 April 2023. The total remuneration shall be market-based and competitive and shall be proportionate to the individual's responsibilities and powers. In addition to base salary, remuneration of the President and CEO, other members of the Group Management Team and other executives reporting directly to the President and CEO can include: short-term variable compensation, share-based long-term variable compensation, pension benefits, termination benefits and other benefits.

Short-term variable compensation

Short-term variable compensation is linked to specific business targets and is derived from the annual business plan approved by the Board of Directors. The short-term variable compensation is delivered through a cash-based bonus programme. Short-term variable compensation is based on personal targets linked directly or indirectly to the achievement of the financial targets set by Cloetta's Board of Directors.

Share-based long-term variable compensation

Share-based long-term variable compensation consists of the share-based long-term incentive plans, which are resolved on yearly by the AGM. It is aimed at increasing value for the Group's shareholders by promoting and upholding the senior management's commitment to the Group's development, and thereby aligning the interests of the Group Management Team and other key employees with those of the shareholders to ensure maximum long-term value creation. The targets for share-based long-term variable compensation are the compound annual growth rate, the adjusted operating profit margin and the EBIT level.

Pension benefits

Pension benefits vary depending on the agreements and practices in the country where the individual is employed. Defined

contribution plans are strived for, which means that pension benefits most often consist of defined contribution plans for which annual premiums are paid as a percentage of pension-qualifying salary up to the age of retirement. Variable salary and benefits are not pension qualifying unless provided by law or collective agreement. The retirement age is not less than 60 years and not more than 67 years.

The Board has the right to deviate from these principles in individual cases where there is special reason to do so.

Termination benefits

Upon termination of employment on the part of the company, the notice period shall be no longer than 12 months. Any termination benefits may not exceed one fixed annual salary. Due to employment contracts entered into by Leaf prior to Cloetta's acquisition of the company, there are contracts with members of the Group Management Team granting termination benefits exceeding 12 monthly base salaries.

Other benefits

Other benefits consist mainly of sign-on fees, severance pay and company car benefits.

President and CEO

The retirement age is 65 years. The pension terms consist of a defined contribution plan for which annual premiums are paid up to the age of retirement in an amount corresponding to 30 per cent of pension-qualifying salary, consisting of base salary. Variable compensation and other benefits are not pension-qualifying.

The President and CEO has a notice period of six months. Upon termination on the part of the company, the notice period is 12 months.

Remuneration in 2023

In 2023, the total remuneration of the Group Management Team including the President and CEO amounted to SEK 80,031 thousand (66,320) including pension benefits, and SEK 71,533 thousand (58,695) excluding pension benefits.

Share-based long-term incentive plan for senior executives

On 4 April 2023, the Annual General Meeting approved the Board's proposal for a share-based long-term incentive plan. The plan aligns the interests of the shareholders with those of the Group Management Team and other key employees in order to ensure maximum long-term value creation.

A personal shareholding in Cloetta is required for all participants. See page 45 and Notes 23 and 28 for more information about share-based payment.

The Board of Directors' report on the remuneration committee's evaluation of remuneration of the Group Management Team

The Board of Directors has established a remuneration committee consisting of three members who prepare recommendations for decision by the Board regarding remuneration principles, remuneration levels and other terms of employment for the Group Management Team. The recommendations have included the proportional distribution between base salary and variable compensation and the size of any salary increases. Furthermore, the remuneration committee has discussed pension terms and termination benefits.

The remuneration committee is also entrusted with the task of monitoring and evaluating programmes for variable remuneration of the Group Management Team, application of the guidelines for remuneration adopted by the AGM and the current remuneration structures and remuneration levels in the company. Pursuant to paragraph 9.1, points 2 and 3 of the Swedish Code of Corporate Governance, the Board hereby presents the following report on the results of the remuneration committee's evaluation:

The variable compensation that is payable according to the guidelines is linked to both the individual's responsibility for results and the Group's profitability targets, which contributes to value growth for the company's shareholders.

Market surveys are conducted regularly with respect to salary statistics, remuneration structures and levels for variable remuneration.

Remuneration – the Group Management Team

Costs incurred in 2023 SEK Thousand	Base salary	Short-term variable compensation incurred in the year, expected to be paid out in the next year	Share-based long-term variable compensation	Other benefits	Subtotal	Pension costs	Total
Henri de Sauvage-Nolting, President and CEO	6,000	6,000	2,912	87	14,999	1,800	16,799
Other Group Management Team ¹	26,357	17,590	11,224	1,363	56,534	6,698	63,232
Total	32,357	23,590	14,136	1,450	71,533	8,498	80,031
<i>of which, Parent Company</i>	<i>14,347</i>	<i>12,298</i>	<i>7,129</i>	<i>422</i>	<i>34,196</i>	<i>4,304</i>	<i>38,500</i>
Amount paid in 2023							
Henri de Sauvage-Nolting, President and CEO	6,000	4,959	-	87	11,046	1,800	12,846
Other Group Management Team ¹	26,537	14,874	-	1,363	42,594	6,698	49,292
Total	32,357	19,833	-	1,450	53,640	8,498	62,138
<i>of which, Parent Company</i>	<i>14,347</i>	<i>10,205</i>	<i>-</i>	<i>422</i>	<i>24,974</i>	<i>4,304</i>	<i>29,278</i>

Costs incurred in 2022 SEK Thousand	Base salary	Short-term variable compensation incurred in the year, expected to be paid out in the next year	Share-based long-term variable compensation	Other benefits	Subtotal	Pension costs	Total
Henri de Sauvage-Nolting, President and CEO	5,450	4,959	1,819	82	12,310	1,635	13,945
Other Group Management Team ¹	23,422	14,166	7,594	1,203	46,385	5,990	52,375
Total	28,872	19,125	9,413	1,285	58,695	7,625	66,320
<i>of which, Parent Company</i>	<i>13,264</i>	<i>10,205</i>	<i>4,385</i>	<i>412</i>	<i>28,266</i>	<i>3,979</i>	<i>32,245</i>
Amount paid in 2022							
Henri de Sauvage-Nolting, President and CEO	5,450	5,200	-	82	10,732	1,635	12,367
Other Group Management Team ¹	23,430	15,471	-	1,203	40,104	5,990	46,094
Total	28,880	20,671	-	1,285	50,836	7,625	58,461
<i>of which, Parent Company</i>	<i>13,247</i>	<i>10,495</i>	<i>-</i>	<i>412</i>	<i>24,154</i>	<i>3,979</i>	<i>28,133</i>

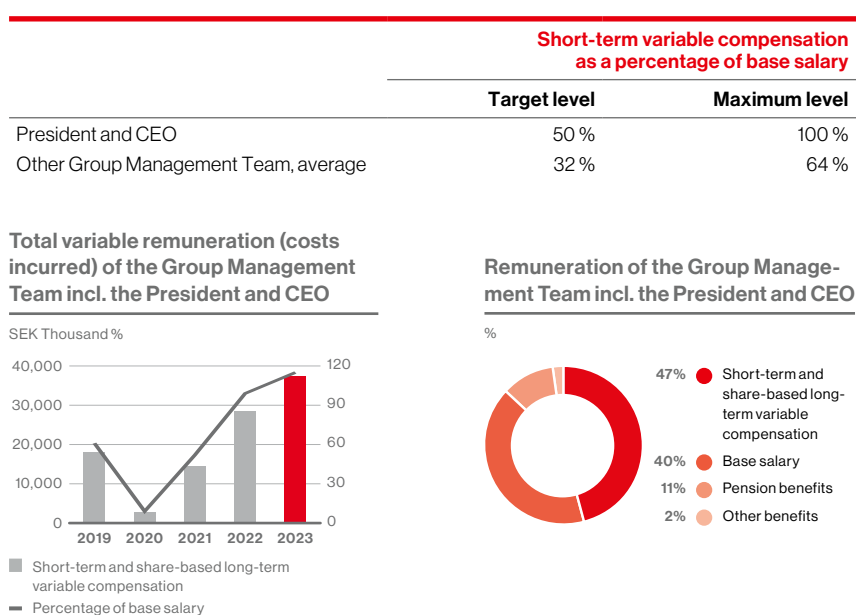
1) Until 30 September 2023, Other Group Management Team comprised nine persons. For the period 1 October 2023 until 31 December 2023, Other Group Management Team comprised ten persons.

neration. In the opinion of the remuneration committee, Cloetta's remuneration structures and remuneration levels have allowed Cloetta to recruit and retain the right personnel to the Group Management Team.

Remuneration of the President and CEO and other members of the Group Management Team for the financial year 2023 has been determined by the Board. Remuneration of other senior executives has been approved by the President and CEO. Since the 2023 AGM, the remuneration committee has met on four occasions. The current guidelines for remuneration to the Group Management Team was adopted at the AGM on 4 April 2023.

In accordance with the remuneration guidelines, the Board may temporarily deviate from the remuneration guidelines, 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.

For more information about remuneration of the President and CEO, see the company's Remuneration Report published on the website.



Any variable salary shall be linked, directly or indirectly, to the achievement of Cloetta's long-term financial targets, without it being necessary that the profit for the year, or that the other financial targets, exceed the

previous year's results, even if the starting point when deciding on payment of variable salary shall be that the adjusted profit for the year exceeds the previous year's adjusted profit.

Internal control over financial reporting

The Board has overall responsibility for the financial and sustainability reporting and the company's systems pertaining to internal control. The responsibility is regulated by the Swedish Companies Act, which also states that the Audit Committee has a specific responsibility for monitoring quality assurance in risk management and internal control over the financial reporting.

Cloetta's internal control over financial reporting is based on the framework published by the Committee of Sponsoring Organisations of the Treadway Commission (COSO framework). The COSO framework objectives are divided into three distinct disciplines: operations, reporting, and compliance and consists of five individual areas: control environment, risk assessment, control activities, information and communication, and monitoring.

Control environment

The control environment comprises the organisational structure and the values, policies, instructions and similar, according to which the organisation works. It forms the basis of good internal control and involves creating the necessary conditions for an organisational structure with clear roles and responsibilities, leading to effective management of the risks in the operation.

The Board of Directors is responsible for establishing fundamental rules and guidelines for internal control. The audit committee assists the Board of Directors with its oversight of the performance of the company's risk management function and

internal control insofar as these affect the company's quality and integrity of financial reporting. The Board of Directors and the audit committee interact directly with the external auditors.

Where the Board of Directors is responsible for establishing fundamental rules and guidelines, the President and CEO is responsible for the design effectiveness, implementation, and supervision of monitoring of the internal control within the Group. The CFO is responsible for the design and operating effectiveness of the internal control environment within the Group.

The Group Management Team and local management teams ensure that the group has employees with the right competency in all key financial positions and that there are procedures in place to ensure that employees in key financial positions have the requisite knowledge and skills.

Risk assessment

Central and local risk assessments covering both financial and other risks are prepared and form the basis for how risks are managed through various controls. These assessments comprise the likelihood that risks could occur and the potential impact they may have. In addition, the velocity at which a risk could occur is considered. The internal control environment is designed to mitigate risks identified to a level considered acceptable by management.

Certain specific risks, for example risks related to taxes and legal matters and other financial risks, are reviewed proactively on a

periodic basis. Risks and risk management are reported on separately in more detail in the Annual and Sustainability report, on pages 54–58. Tax, legal and other financial risks are reflected based on management's best estimate and judgement, and in accordance with the applicable accounting standards in the consolidated financial statements.

Fraud risk

Cloetta's Group Management Team, local management teams and the central finance team are responsible for addressing the risk of fraud and for carrying out a continuous assessment of the risk for fraud with respect to the prevailing attitudes, incentives and opportunities to commit fraud. The Board of Directors has issued a fraud policy and a whistleblower policy aimed at preventing dishonest and/or fraudulent activity and to establish procedures for reporting fraudulent activities to Cloetta's management and audit committee.

In addition to these policies, Cloetta has adopted an anti-bribery and anti-corruption policy. The purpose of the policy is to prevent bribery and corruption by any employee or third party acting on behalf of Cloetta. The trade controls policy summarises potentially applicable sanctions and export control rules, and compliance procedures to be followed by all Cloetta employees. The purpose of this policy is to provide guidelines to ensure compliance with all local trade control laws and regulations including countries through which shipments or financial transactions flow.

Basis for risk assessment

Existence, reported assets and liabilities exist on the reporting date.

Completeness, all transactions during the reporting period are recorded and reported.

Rights and obligations, assets are the rights of the organisation and the liabilities are its obligations as of a given date.

Valuation and allocation, all items in the financial reporting are reported in compliance with IFRS valuation principles and are correctly calculated and summarised and appropriately recorded.

Presentation and disclosure, items in the financial reports are properly described, sorted and classified.

Control activities

Control activities reduce the risks identified to ensure accurate and reliable financial reporting as well as process efficiency. Control activities occur throughout the organisation, at all levels and in all functions. They are embedded in business process and include a range of activities as diverse as approvals, authorisations, verifications, reconciliations, reviews of operating performance, security of assets and segregation of duties. The controls contain a balanced mix of preventive and detective controls and of automated and manual controls. In addition to a standard set of automated controls in Cloetta's central systems, local management teams are encouraged to automate controls insofar possible and efficient, especially for routine transactions. Nevertheless, there are also manual control activities in place to verify that the automated controls function as intended and to validate non-routine transactions. All identified financial reporting risks are covered by one or more control activities.

Cloetta has a systematic and structured process in place for dealing with reporting whereby periodically reported financial results from a local level is reviewed by the Group Management Team. This reporting process serves as the basis for Cloetta's internal and external reporting as well as for legal and business reviews. The business reviews, conducted for each business area, are carried out periodically according to a structure in which sales, earnings, cash flow and other key ratios and trends of importance to the Group are compiled and form a basis for analysis and actions by management. Other important and group-wide components of internal control and reporting routines include the annual business planning process and the monthly and quarterly forecasting cycles.

The company's financial situation is discussed at each Board of Directors meeting. The Board's audit committee has important monitoring and control duties regarding loans, investments, financial management, financial reporting and internal control. The audit committee and Board of Directors review and formally approve interim reports and the Annual and Sustainability Report prior to publication. In addition, the audit committee receives regular reports from the independent auditor addressing amongst others financial reporting, IT and internal control matters.

Information and communication

Effective communication ensures the information flows in the organisation. Significant policies, guidelines, instructions

Process for financial reporting

Monthly

Collection of information

Local units report monthly according to an established timeframe in compliance with the applicable laws, regulations and accounting practices and the Group's accounting manual.

Controls

The Group's reporting system contains embedded controls. In addition, the central finance team carries out analytical controls as well as controls of completeness and reasonability.

Processing and consolidation

Any corrections are implemented in dialogue with the affected parties. Reconciliation occurs.

Reporting

Reporting of operational and financial information to the Board of Directors and the Group Management team.

Quarterly

Audit committee

The auditor attends every quarterly meeting. Possible actions are carried out in respect of the audit report.

External reporting

Cloetta publicly discloses its interim and year-end reports through press releases and publication on the company's website.

and manuals that are important to internal control are regularly updated and made available on the intranet. There are both formal and informal information channels to Group management from employees. For external communication, there is a policy in place setting out the requirement to provide external stakeholders with correct and relevant information in a timely manner.

Monitoring of internal control

Cloetta continuously strengthens its internal control environment by evaluating the design and operating effectiveness of the environment. Annually, procedures are performed to verify the design and operating effectiveness in specific areas and relevant control documents are reviewed. Internal control deficiencies detected through the ongoing monitoring activities or separate evaluations are reported upstream and corrective actions are taken to ensure continuous improvement of the internal control environment. Weaknesses identified internally or by the auditor are reported and discussed with the persons involved, with members of Cloetta's Group Management Team and where needed with the Audit Committee.

Evaluation of the need for a separate internal audit function

There is currently no internal audit function at Cloetta. The Board of Directors has reviewed this matter and determined that the existing structures for monitoring and evaluation provide a satisfactory basis for control. For certain special internal audit activities, external resources are used.

Board of Directors



Mikael Norman

*Position: Chairman of the Board
Member of the Remuneration Committee*

Elected: 2020

Year of birth: 1958

Nationality: Swedish

Education: Bachelor of Laws, Stockholm University.

Other assignments: –

Previous assignments: Chairman of the board of Bonava AB, CFO of Nobia AB, Group Financial Controller and several other roles at Electrolux AB, Tax lawyer at PricewaterhouseCoopers and Judge in the County Administrative Court and Administrative Court of Appeal in Stockholm.

Independence:

In relation to major shareholders: Yes

In relation to the company and management: Yes

Shareholding: Direct: 50,000 class B shares
Related parties: –



Patrick Bergander

*Position: Member of the Board
Chairman of the Audit Committee*

Elected: 2019

Year of birth: 1971

Nationality: Swedish

Education: B.Sc. Business and Economics, Stockholm University.

Other assignments: CEO of Nordic Tyre Group and Board member of SPP Pension & Försäkring AB.

Previous assignments: CFO of Rosti Group, CEO and CFO RSA Scandinavia (Codan/Trygg-Hansa), several positions at Electrolux, including CFO Asia Pacific and Head of Group Business Control. CFO, Business area Private at If Skadeförsäkring and Consultant and Auditor at Arthur Andersen.

Independence:

In relation to major shareholders: Yes

In relation to the company and management: Yes

Shareholding: Direct: 4,180 class B shares
Related parties: –



Malin Jennerholm

*Position: Member of the Board
Member of the Audit Committee*

Elected: 2022

Year of birth: 1970

Nationality: Swedish

Education: B.Sc. in Business Administration and Economics from School of Business, Economics and Law at the University of Gothenburg.

Other assignments: CEO Svenska Retursystem AB.

Previous assignments: Board member of Livsmedelsföretagen, Board member of Sweden Food Arena, CEO at Orkla Confectionery & Snacks Sweden, General Manager Professional Nordics at Jacobs Douwe Egberts and various positions at Mondelez International and Kraft Foods.

Independence:

In relation to major shareholders: Yes

In relation to the company and management: Yes

Shareholding: Direct: 2,000 class B shares
Related parties: –



Pauline Lindwall

Position: Member of the Board

Elected: 2023

Year of birth: 1961

Nationality: Swedish

Education: M.Sc. (Econ), Växjö University.

Other assignments: Board member of Huhtamaki Finland and European Institute of Innovation & Technology (EIT) Food.

Previous assignments: Board member of Duni AB, Swedish Match AB, McKesson Europe AG and Lantmännen. Senior Advisor of Stora Enso AB.

Independence:

In relation to major shareholders: Yes

In relation to the company and management: Yes

Shareholding: Direct: 2,261 class B shares
Related parties: –



Alan McLean Raleigh

*Position: Member of the Board
Member of the Remuneration Committee*

Elected: 2018

Year of birth: 1959

Nationality: British

Education: B.Sc. (Hons) Production Engineering and Production Management, University of Strathclyde.

Other assignments: Board Chairman of Robinson plc.

Previous assignments: Trustee on the Board of the Chartered Institute of Procurement and Supply (CIPS), Executive Vice President, Personal Care Supply Chain, Unilever.

Independence:

In relation to major shareholders: Yes

In relation to the company and management: Yes

Shareholding: Direct: 8,144 Class B shares
Related parties: –



Camilla Svenfelt

*Position: Member of the Board
Member of the Audit Committee*

Elected: 2016

Year of birth: 1981

Nationality: Swedish

Education: Bachelor of Science in Social Work and courses in business administration, labour market economics and management, Stockholm University.

Other assignments: Board member of AB Malfors Promotor, deputy board member of the Hjalmar Svenfelt Foundation and Accounting supervisor at AB Malfors Promotor.

Previous assignments: –

Independence:

In relation to major shareholders: No

In relation to the company and management: Yes

Shareholding: Class A shares, Direct: 60
Related parties: 5,729,569
Class B shares, Direct: 500,485
Related parties: 85,286,068



Mikael Svenfelt

*Position: Member of the Board
Chairman of the Remuneration Committee*

Elected: 2008

Year of birth: 1966

Nationality: Swedish

Education: Marketing and Business Economics, Tibbleskolan and Law studies, Folkuniversitetet.

Other assignments: CEO and Board member of AB Malfors Promotor.

Previous assignments: Senior positions in Nicator Group, Dell Financial Services, GE Capital Equipment Finance AB and Rollox AB, Board Chairman of Fjärilshuset Haga Trädgård AB, Board member of Fjärilshuset Haga Trädgård Café AB.

Independence:

In relation to major shareholders: No

In relation to the company and management: Yes

Shareholding: Class A shares, Direct: 25
Related parties: 5,729,569
Class B shares, Direct: 47,535
Related parties: 85,199,973



Lena Grönedal

Position: Employee board member, LIVS

Elected: 2008

Year of birth: 1962

Nationality: Swedish

Position at Cloetta: Factory Operative, Cloetta Sverige AB.

Shareholding: Direct: –
Related parties: –



Shahram Nikpour Badr

*Position: Deputy employee board member, LIVS
Resigned in October 2023*

Elected: 2013

Year of birth: 1963

Nationality: Swedish

Position at Cloetta: Factory Operative, Cloetta Sverige AB.

Shareholding: Direct: –
Related parties: –

Group Management Team



Henri de Sauvage-Nolting

*Position: President and CEO since 2017
Employed by Cloetta since 2017*

Year of birth: 1962

Nationality: Dutch

Education: M.Sc. Chemistry, Amsterdam University, M.Sc. Chemical Engineering, Technical University of Twente, and Post Doc in Business Administration, University of Leuven.

Other assignments: Board member of Agra Industrier, Norway.

Previous positions: Executive Vice President of Arla in Sweden, Denmark and Finland. Between 1989 and 2013 held positions in sales, marketing and manufacturing at Unilever in the Nordics, the Netherlands, UK and China. Last position at Unilever was as CEO of the Nordics.

Shareholding: Direct: 133,563 class B shares
Related parties: –



Frans Rydén

*Position: Chief Financial Officer (CFO) since 2018
Employed by Cloetta since 2018*

Year of birth: 1972

Nationality: Swedish

Education: B.Sc. Business Administration and Degree of Master of Laws, LL.M, Stockholm University.

Other assignments: –

Previous positions: Various finance positions in Mondelez such as chief financial officer for India and for Indonesia, Finance Director ZBB Asia-Pacific, Regional Manager Financial Planning and Analysis, and Area Manager Internal Controls. Vice President Finance at Arla Foods.

Shareholding: Direct: 101,685 class B shares
Related parties: –



Regina Ekström

Position: Senior Vice President Human Resources since 2015

Employed by LEAF since 2004

Retired on 31 December 2023

Year of birth: 1963

Nationality: Swedish

Education: B.Sc. Business Administration and Economics, Lund University.

Other assignments: –

Previous positions: SVP Human Resources and Communications Scandinavia at Cloetta/LEAF, 2004–2014. SVP Human Resources Nordic at Findus, 2000–2004, HR Manager Sweden/Nordic at Nestlé, 1995–2000, Trainee, Product Manager, Human Resources Manager, and Marketing Manager at Mars Sweden and UK, 1987–1995.

Shareholding: Direct: 49,320 class B shares
Related parties: –



Thomas Biesterfeldt

Position: Chief Marketing Officer (CMO) Marketing, Innovation and Sustainability since 2018

Employed by Cloetta since 2018

Year of birth: 1980

Nationality: German

Education: MBA (Major Marketing), Hamburg University of Applied Sciences.

Other assignments: –

Previous positions: Marketing Director at L'Oréal Paris in the Nordics (based in Denmark), previously Marketing and Group product manager at L'Oréal Paris in Germany and Sweden.

Shareholding: Direct: 22,956 class B shares
Related parties: –



Ewald Frenay

Position: President Middle until 30 September 2023 and CHRO from 1 October 2023

Employed by LEAF since 2000

Year of birth: 1963

Nationality: Dutch

Education: M.Sc. Economics, Erasmus University.

Other assignments: –

Previous positions: Area President Cloetta Middle 2012–2023, Interim President Cloetta Italy and Export Markets 2016–2017. Various positions at LEAF 2000–2012 including President Middle at LEAF and Chief Marketing Officer. Member of LEAF Executive Committee 2008–2012. Vice President Segment Sugar confectionery at CSM 2005–2007, Marketing Director at CSM 2004–2005, and Marketing Director of RBV LEAF the Netherlands 2000–2004. Several marketing and sales positions at Mars Inc. 1989–1999.

Shareholding: Direct: 44,375 class B shares
Related parties: –



Michiel Havermans

Position: Senior Vice President Cloetta International since 2018

Employed by Cloetta since 2018

Year of birth: 1973

Nationality: Dutch

Education: M.Sc. Economics, Erasmus University.

Other assignments: –

Previous positions: Regional Director sales and marketing for Europe, Middle East, and Americas at United Dutch Breweries (UDB), Export Director, Country Manager UK and Managing Director Vietnam and the Philippines at Perfetti van Melle.

Shareholding: Direct: 23,834 class B shares
Related parties: –



Marcel Mensink

*Position: President Operations (COO) since 2017
Employed by Cloetta since 2017*

Year of birth: 1971

Nationality: Dutch

Education: MBA University of Canterbury and B.Sc. Food Technology, van Hall Institute.

Other assignments: –

Previous positions: Supply Director, Mars Supply Petcare Europe. Several leading positions at Mars in various business units, including Petcare, Food and Chocolate, Supply Director Mars Care & Treats Europe, Plant director Mars Food UK, several different operational roles at Mars Chocolate.

Shareholding: Direct: 54,321 class B shares
Related parties: –



Ville Perho

*Position: President Finland since 2015
Employed by LEAF since 2004*

Year of birth: 1979

Nationality: Finnish

Education: M.Sc. Turku School of Economics.

Other assignments: Co-owner and Board member of Varastoaara Oy, Chairman of Finnish Chocolate, Sugar Confectionery and Biscuit Industries' Association.

Previous positions: Sales Director Cloetta Finland 2010–2015, Category Development Manager LEAF 2004–2010, Global Account Manager Lidl at LEAF 2007–2009.

Shareholding: Direct: 43,193 class B shares
Related parties: –



André Ruikes

*Position: President Middle from 1 October 2023
Employed by LEAF since 2010*

Year of birth: 1985

Nationality: Dutch

Education: Bachelor Business Administration and Master Marketing Management, Erasmus University Rotterdam, the Netherlands.

Other assignments: –

Previous positions: Different positions in Cloetta such as Customer Director 2019–2023, Customer Marketing Director 2015–2019, Sr. Account Manager 2012–2015 and Brand Manager 2010–2012.

Shareholding: Direct: 1,018 class B shares
Related parties: –



Katarina Tell

*Position: President Cloetta Sweden, since 2018
Employed by Cloetta since 2018*

Year of birth: 1970

Nationality: Swedish

Education: M.Sc. Food & Nutrition, Umeå University and studies in business administration, Lund University.

Other assignments: Board member of Svensk Plastindustri i Motala and DLF, Dagligvaruleverantörernas Förbund.

Previous positions: General Manager Findus, Sweden. Managing Director Heinz Northern and Eastern Europe, Retail Sales Manager Heinz Sweden, and Business development Findus.

Shareholding: Direct: 62,787 class B shares
Related parties: –



Niklas Truedsson

*Position: President Cloetta Denmark, Norway and Chief Pick & mix Officer since 2021
Employed by Cloetta since 2019*

Year of birth: 1972

Nationality: Swedish

Education: M.Sc. Business Administration and Economics, Lund University.

Other assignments: –

Previous positions: Various managerial roles at Unilever in the Nordics and Asia including Country Manager Sweden, CEO at Risenta, part of the Paulig Group.

Shareholding: Direct: 30,593 class B shares
Related parties: –