

## TERMS AND CONDITIONS – CLOETTA'S LTI 2020

### 1. DEFINITIONS

#### 1.1 The following terms shall have the meaning set forth below:

"Agreement" means the agreement entered into by the Participant and the Company regarding participation in the Plan, of which these terms and conditions are a part.

"Board" means the board of directors of the Company.

"Change of Control" means that (i) an individual, alone or together with closely affiliated person(s) makes a public offer regarding the shares in the Company and thereby becomes the owner of more than 90 per cent of the shares in the Company, or (ii) someone publicly announces that it intends to commence redemption of minority shares in the Company in accordance with Ch. 22 of the Swedish Companies Act (2005:551).

"Company" means Cloetta AB (publ), registration number 556308-8144, or, depending on the context, the Group in which Cloetta AB (publ) is parent company.

"Investment Share" means shares in the Company which has been allocated to the Plan.

"Participant" means a person, permanently employed by the Cloetta Group, invited to participate in the Plan and who has entered into an agreement with the Company regarding participation in the Plan.

"Performance Share Right Series A" means a right which is granted to the Participant under the Plan that may, where certain loyalty requirements with the Company are fulfilled, as well as certain performance targets set out in Appendix A are fulfilled.

"Performance Share Right Series B" means a right which is granted to the Participant under the Plan that may, where certain loyalty requirements with the Company are fulfilled, as well as certain performance targets set out in Appendix A are fulfilled.

"Plan" means Cloetta's long term share based incentive plan LTI 2020, adopted by the Annual General Meeting in Cloetta on 2 April 2020.

"Regular Employee Status" refers to an individual who is employed on a permanent basis in the Company or has been granted an exemption, in the specific case, from the requirement to be employed on a permanent basis in the Company.

"Share Right" means a Performance Share Right Series A and/or a Performance Share Right Series B, jointly.

"Vesting Period" means the time period, normally three years, that runs from the date the Participant enters into this Agreement and ends at the earliest the day after the announcement of the Company's interim report for the first quarter during the year 2023 and no later than two weeks thereafter, subject to any reduction of this period that may be determined under the terms and conditions set forth below.

### 2. CONDITIONS FOR PARTICIPATION

Participation in the Plan is only offered subject to the following conditions:

2.1 The Participant has no right, as a result of the Plan, to continued employment in the Company or its subsidiaries, nor does the Plan give the Participant the right to prevent or restrict the Company from terminating his/her employment.

2.2 The Participant is not entitled to compensation for damages or any other form of compensation regarding a loss of right or benefit as a result of participating in the Plan (as a result of the Participant losing his/her Regular Employee Status or otherwise).

2.3 The Participant understands that participation in the Plan is no guarantee for continued or future participation in similar plans.

2.4 The allotment of shares or any other right or benefit under this Plan will not be allowed to be used for the purposes of pensions or benefits nor does it give the Participant any other right to compensation, i.e. holiday remuneration or severance payment.

### 3. ALLOCATION OF INVESTMENT SHARES TO THE PLAN

3.1 The Participant shall inform the Company about the amount that the Participant wishes to allocate to the Plan. The Participant may choose to acquire shares to be used as Investment Shares, or use an existing shareholding in the Company for such purpose provided that the shareholding has not already been allocated to another share based incentive plan of the Company, and shall advise the Company of his/her choice.

3.2 To the extent that the Participant wishes that an existing shareholding shall be used as Investment Shares, he/she shall take actions as instructed by the Company, or the bank that the Company has appointed, to have such shareholding, or parts of it, allocated to the Plan.

3.3 To the extent the Participant wishes to acquire shares to be used as Investment Shares, he/she acknowledges that the Company will facilitate for such acquisition to be made

collectively for all Participants by way of an arrangement between the Company and Nordea Bank Abp, filial i Sverige ("Nordea"), according to which the Participant will be instructed to make his/her acquisition at a price and in accordance with the instructions set forth by the Company in consultation with Nordea.

- 3.4 Where the Participant wishes to acquire shares to be used as Investment Shares and he/she has insider information at the time of agreeing to participate in the Plan or expects to have such insider information when the Investment Shares will be acquired, the Participant undertakes to notify the Company immediately. The Participant agrees that the acquisition of Investment Shares will then be delayed but shall, as a pre-requisite for the Participant's participation in the Plan, be acquired as soon as possible, and in all events prior to the following annual general meeting of the Company. The Participant is aware that timings are very short and instructions must be followed promptly.
- 3.5 The Participant is responsible for his/her own fulfilment of any reporting requirements to the Swedish Financial Supervisory Authority which may be applicable due to his/her participation in the Plan, and the transactions taking place under the Plan, and to comply with all other securities legislations applicable to the Participant as a result of his/her participation in the Plan. In addition, the Participant is aware of and accepts that the transactions taking place under the Plan must at all times comply with Cloetta's Insider Policy.
- 3.6 The Participant is aware that trading with financial instruments always involves a risk-taking and that the value of the Participant's Investment Shares can increase as well as decrease. There are no guarantees that the Investment Shares will increase in value, nor is there any guarantee that allocation of shares will occur under the Plan.

#### 4. ALLOCATION OF SHARES

- 4.1 The Company intends to provide information about allocation under the Plan in connection with, or shortly after, the quarterly report for the first quarter 2023 is announced.
- 4.2 If the Participant, at the time of allocation of shares, possesses insider information, the Participant shall inform the Company thereof and the Company shall have the right to postpone allocation of shares if the Company considers it necessary due to applicable market abuse rules.
- 4.3 The Company may request that the Participant confirms that none of the originally acquired Investment Shares has been transferred or otherwise disposed during the Vesting Period. If such continuous holding cannot be proven, the Participant is not deemed to satisfy the relevant condition for allocation. If the Participant has transferred some but not all of the Investment Shares, the conditions for allocation are not fulfilled.
- 4.4 Allocation of shares to the Participant will be made to the securities account or the custody account which has been opened for purposes of the Plan and designated by the Company or the bank appointed by the Company. Allocation can be made at one time or several times over several days.
- 4.5 The Board shall be entitled to make adjustments of the Plan to fulfil foreign regulations or market conditions. In the event that the delivery of shares cannot be undertaken at reasonable costs and administrative actions to people outside of Sweden, the Board shall be entitled to resolve that the Participant can be offered a cash settlement. Such cash settlement can also be implemented in respect of a Participant whose Regular Employee Status has ceased during the Vesting Period, and who is entitled to a reduced allocation in accordance with section 5.3 below.

#### 5. TERMINATION OF EMPLOYMENT, ETC.

- 5.1 Should the Participant cease to have Regular Employee Status during the Vesting Period, the Participant's participation and rights according to the Plan shall cease, and the Participant will have no right to obtain allocation in the Plan, except in the circumstances set forth in section 5.3 below, or if the Board makes a special exception pursuant to section 5.6 below.
- 5.2 The Participant's Regular Employee Status shall not be deemed to have ceased in case of sick leave, maternity/paternity leave, military service, vacation or other similar absence that the Participant is entitled to according to an employment contract or mandatory rules, or other absence approved in writing by the Board. A person who has terminated his/her employment, has been given notice of termination of employment or has signed an agreement with an employment end date during the Vesting Period shall thereafter not be considered as having Regular Employee Status, subject to section 5.3 below. For the avoidance of doubt, this is also applicable if the notice period runs during the entire Vesting Period.
- 5.3 Should the Participant cease to have Regular Employee Status during the Vesting Period and the cessation is due to retirement at contractual or statutory retirement age, or a result of death or disablement, the Participant will remain as a Participant in the Plan, but a reduced allocation of shares shall be calculated for the Participant, as set forth in section 5.4 and 5.5 below. The Board shall determine a new expiry date of the Vesting Period, which shall occur as soon as possible after the Participant ceased to have Regular Employee Status. The delivery of shares shall however, regardless of the new expiry date of the Vesting Period, not be accelerated unless the Board decides otherwise. The Board shall as soon as possible from the cessation of the Participant's Regular Employee

Status inform the Participant of the new expiry date of the Vesting Period.

- 5.4 The reduction of the number of shares, to be allocated on the basis of Share Rights, shall occur based on the proportion of the Vesting Period which has run at the time when the Participant's Regular Employee Status ceases. This means that allocation shall be reduced by a factor equal to the number of days that remained of the Vesting Period at the time of the cessation of the Participant's Regular Employee Status, compared to the total Vesting Period, expressed in a certain number of days. For the purpose of the foregoing, the length Vesting Period is assumed to correspond to three (3) calendar years, each being 365 days long.
- 5.5 In addition to section 5.4, allocation on the basis of Share Rights shall, regardless of any reduced Vesting Period, be conditional upon fulfilment of the performance targets during the entire (not reduced) Vesting Period (meaning that the entire Vesting Period must have expired before the level of allocation, any reduction thereof, and the subsequent delivery of shares, can occur under this section).
- 5.6 The Board can on a discretionary basis make exemptions in individual cases from the provisions in sections 5.3-5.5 above.

## 6. RECALCULATION, ETC.

- 6.1 All recalculations and adjustments and determinations under this Agreement and Plan shall be made by the Board. Such adjustments, calculation and determination shall, in the absence of manifest error, be conclusive and binding evidence as to the matters to which it relates.

*Recalculations upon corporate actions, etc.*

- 6.2 If the share capital of the Company has been increased due to a rights issue (including of warrants or convertibles) or a bonus issue or been decreased through a mandatory repayment to the shareholders, or upon a share split or reverse share split, or if the Company is dissolved or, without the prior occurrence of a Change of Control, merged with or into another company or if the Company is demerged, and in any other cases being similar or equivalent to or having the same financial effects as any of the foregoing measures, a recalculation with respect to the Participant's rights in respect of the Plan (including of the range of the performance targets) may be decided by the Board in its sole discretion and the Board may also decide on the terms for such recalculation. The Board shall in its decision-making consider Swedish market practice for recalculations of incentive plans with a similar design and structure. For the avoidance of doubt, no recalculation of the Participant's rights under the Plan will be made as a result of any dividends being declared or paid out by the Company during the Vesting Period.

- 6.3 In the event of a Change of Control during the Vesting Period, a reduced allocation of shares in the Company shall occur in accordance with section 6.4 below, unless the Board has decided to make an individual exception from these provisions. The Board shall determine a new expiry date of the Vesting Period for the Participant, which shall occur as soon as reasonably and practically possible from the Change of Control taking place. Allocation of shares in the Company shall occur within two weeks of the expiry of the new Vesting Period. The Board shall as soon as possible from the occurrence of a Change of Control inform the Participant of the new expiry date of the Vesting Period.
- 6.4 Allocation of Share Rights shall be based on the achievement of the performance targets, as applicable, for the time of the Plan that has run at the time the Change of Control occurred, and on the Board's estimate of the fulfilment of the performance targets for the remaining time. The Board shall thereafter reduce the allocation of shares based on the proportion of the Vesting Period which has run at the time when the Change of Control takes place. The allocation will be reduced by a factor equal to the number of days that remained of the Vesting Period at the time the Change of Control took place, compared to the total Vesting Period, expressed in a certain number of days. In application of the foregoing the length of Vesting Period is assumed to correspond to three (3) calendar years, each being 365 days long.

*Recalculations due to events affecting the performance targets, etc.*

- 6.5 For the purpose of determining the level of fulfilment of the performance targets for Share Rights, the performance targets will be adjusted so to be unaffected by structural changes such as acquisitions and divestitures as well as extraordinary items. Further, the performance targets (i.e. the minimum and the maximum levels) and the periods during which the fulfilment of these targets is measured, may be adjusted by the Board so to reflect financial measures on a like for like basis as defined in the external financial reporting of the Company, i.e. adjusted so that the financial measures are expressed on a constant currency basis in relation to the first year of the Plan.
- 6.6 The performance targets and the periods during which the fulfilment of these targets is measured may also be adjusted in the event of (i) changes of accounting principles that impact on the performance targets or how the degree of target fulfilment is calculated, (ii) any other events or actions that affect the Company's operations, the terms and conditions for the Plan, or the period during which the fulfilment of the performance targets is measured, if the Board finds it necessary. Any adjustment may in such cases be made based on what the Board finds appropriate.

*Scope of the Plan*

6.7 The maximum number of shares in the Company which may be allocated by the Company under the Plan in the aggregate is limited to 1,206,374. In the event that the maximum number of shares to be allocated under the Plan would be exceeded, the Company shall be entitled, upon allocation, to make a proportional reduction of the number of shares to be allocated to the Participant.

**7. NON-ASSIGNABLE SHARE RIGHTS**

7.1 The Participants shall not be entitled to transfer, assign, pledge or otherwise dispose of the Share Rights or carry out any of the rights connected to the shares during the Vesting Period.

**8. MISCELLANEOUS**

**8.1 The Board**

8.1.1 The Board shall itself, or by appointing a Plan administrator, administer the Plan in accordance with the Agreement, and the applicable instructions and resolutions from the shareholders' meeting in the Company.

8.1.2 The Board shall have the following powers:

- (1) To interpret the terms and conditions of the Plan.
- (2) To take any actions and measures provided for in this Agreement (including the measures provided for in sections 5, 6 and 8 and any dispute resolution provisions in the Agreement).
- (3) To adopt other measures deemed necessary or appropriate for the administration of the Plan.

**8.2 Taxes, etc.**

**8.2.1 Liability for taxes**

Each Participant shall be liable for any taxes in respect of his/her participation in the Plan, receipt of Share Rights, allocation of shares or otherwise from any benefit derived from the Plan.

**8.2.2 Withholding taxes etc.**

The Company or any other company within the same group at which a Participant is employed may, but is not obliged to in all countries, withhold or pay to the relevant tax authorities any amount which would otherwise have been payable to the Participant. The Company may also make such other arrangements including sale of all or part of the shares received at the end of the Vesting Period (i) on behalf of the Participant as it considers necessary to meet any obligation of such entity to withhold or pay tax on behalf of a Participant (ii) on its own behalf in the event that the Company commits to cover, following agreement with the Participant, the tax effects which follows from taxation of benefits of the Participant. In lieu of the actions

in (i) above, a Participant may elect to pay the employing company any taxes required to be withheld on behalf of the Participant.

**8.2.3 Fees**

Each Participant shall be liable for fees, if any, incurred on account of the sale or transfer of shares received pursuant to the Plan.

**8.3 Notices**

8.3.1 All communications to the Company in relation to the Plan shall be in writing, delivered to any one of the following addresses:

E-mail: regina.ekstrom@cloetta.com

Mail: Cloetta AB (publ), Att: LTI 2020, Box 6036, 171 06 Solna, Sweden

All communications to the Participant pursuant to the Plan shall be in writing, delivered or sent by e-mail or mail to the Participant's place of work or, if the employment has been terminated, the address later notified. It is the responsibility of the Participant to update his or her address.

**8.4 Amendments and termination in advance, etc.**

**8.4.1 Amendments and termination in advance**

The Board shall be entitled to, at its sole discretion, amend or, in whole or in part, terminate the Plan in advance without compensation to the Participant if there are significant changes in the Company or on the market and the Board finds it necessary to do so. In connection with such measure the Board should consider the extent to which such measure requires approval by the annual general meeting of the Company, according to the Board's assessment of the impact on the Participant.

**8.4.2 Amendments with respect to employees outside Sweden**

The Board shall be entitled to make such adjustment to the Plan as are necessary or appropriate due to legal or tax circumstances outside Sweden.

**8.4.3 Priority of Interpretation**

In any conflict or inconsistency between this Schedule 1 and the Agreement to which these terms and conditions are annexed, the Agreement shall have priority.

**8.5 Rounding-Off and Calculations**

Should any calculation of the total number of Share Rights or shares in the Company that the Participant is entitled to result in the Participant being entitled to a fraction of share rights or shares, then the result shall be rounded-off to the nearest whole number upwards.

## 8.6 Data Protection

### 8.6.1 *Information about the processing*

The Company, or any other company in the same group as the Company by which the Participant is employed, will process the Participant's personal data relevant to the Plan, and as stipulated in the Agreement, for the purposes of administering the Plan. The personal data will be stored as long as the Participant is participating in the Plan. The Company is the controller and responsible for the processing of the Participant's personal data. The personal data may be transferred to a company within the same group/a third party, for the stated purpose, to a state not included in the European Economic Area. In order to protect the personal data in case of such transfer, the Company has entered into agreements based on the EU Commission's standard contractual clauses which are available at their website. The processing of personal data is carried out in order to fulfil the Agreement entered into with the Participant, which is also the legal basis for the processing.

### 8.6.2 *Information about the Participant's rights*

In the event the Participant wants to receive information regarding what personal data concerning him/her is processed, require that the personal data is rectified or erased, that the processing is restricted or exercise the right to data portability, the Participant may contact the Company via the contact details provided in section 8.6.3. The Participant may also, if the Participant considers the processing to be in violation of applicable data protection legislation, lodge a complaint with the supervisory authority.

### 8.6.3 *Contact details*

In the event that the Participant wants to exercise any of the rights described in section 8.6.2 the Participant is referred to contact Nathalie Redmo via the following contact details:

E-mail: [nathalie.redmo@cloetta.com](mailto:nathalie.redmo@cloetta.com)

## 8.7 Applicable law and dispute resolution

8.7.1 This Agreement shall be governed by the substantive laws of Sweden.

8.7.2 The parties have agreed that any dispute, controversy or claim arising out of or in connection with the Plan, or any breach, termination or invalidity of this Agreement, shall, in the first instance, be resolved based on discussions between the Board and the Participant. The Participant shall initiate such discussions by written notice to the chairman of the Board at the Company's headquarters. If the parties have not reached an agreement within six weeks following receipt of a written request by the Participant in accordance with the above, the Board shall

be entitled to resolve the matter within four weeks based on a fair and reasonable judgment.

8.7.3 Any remaining dispute shall be finally settled by arbitration in accordance with the Rules for Expedited Arbitrations of the Arbitration Institute of the Stockholm Chamber of Commerce. The seat of arbitration shall be in Stockholm, Sweden. The language to be used in the arbitral proceedings shall be Swedish, or for employees employed outside Sweden, in English. The costs for the proceedings shall be borne by the Company, and if applicable, for the Stockholm Chamber of Commerce, unless the arbitrator determines that the Participant has caused the trial of the case without a sound reason. The costs of the proceedings, such as attorneys' fees, shall be distributed in accordance with the provisions of the Procedural Code (1942:740).

## Appendix A

The performance share rights are divided into Performance Share Rights Series A and Performance Share Rights Series B.

The President and CEO and the group management team ("First Category") may as a maximum invest 12 per cent of the participant's fixed annual salary for 2019 before tax, the participants in the second category ("Second Category") may as a maximum invest 10 per cent of the participant's fixed annual salary for 2019 before tax, and the participants in the third category ("Third Category") may as a maximum invest 8 per cent of the participant's fixed annual salary for 2019 before tax in LTI 2020.

For the First Category, each Investment Share gives entitlement to six and a half (6.5) performance share rights. For the Second Category, each Investment Share gives entitlement to five (5) performance share rights. For the Third Category, each Investment Share gives entitlement to three and a half (3.5) performance share rights.

Of each participant's allocation of performance share rights shall one (1) be of Series A and the rest of the performance share rights shall be of Series B. Allocation of B-shares will, in addition to certain loyalty requirements, depend on the level of fulfilment of the performance targets set out below:

### **Performance Share Right Series A**

*Performance target:* Allocation is conditional upon that Cloetta's average annual EBIT level for 2020-2022 is at least SEK 1m higher than the EBIT level for 2019.

### **Performance Share Right Series B**

*Performance target:* The Board of Directors has established a minimum level and a maximum level for the performance target. The maximum level, which entitles to full allocation, is that Cloetta's compounded net sales value growth is at least 2 per cent annually for 2020-2022 and that Cloetta's EBIT margin for 2022 is at least 14 per cent. The minimum level is a compounded net sales value that is above 0 per cent annually for 2020-2022 and an EBIT margin that is above 11.6 per cent for 2022. Where the level of fulfilment is between the minimum and maximum levels, allocation will occur on a linear basis, whereby each of the two performance targets is given equal importance in terms of entitling the participant to B-shares. Please note that both performance targets of Performance Share Right Series B must be above minimum levels otherwise the performance targets of Performance Share Right Series B are not fulfilled and thus no allocation will occur.

For the purpose of determining the level of fulfilment of the performance targets, Cloetta's EBIT and net sales value will be adjusted so to be unaffected by structural changes such as acquisitions and divestures as well as extra ordinary items.