



## Press release

25 March 2014

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

**Shareholders of Cloetta AB (publ), 556308-8144, are hereby invited to attend the Annual General Meeting, to be held on Tuesday, 29 April 2014 at 2:00 p.m. at Norra Latin, Drottninggatan 71B, Stockholm, Sweden.**

### Notification of attendance

Shareholders who wish to attend the Annual General Meeting must, firstly, be listed in the shareholders' register maintained by Euroclear Sweden AB (the Swedish Central Securities Depository), on Wednesday, 23 April 2014, and secondly, give notice to the company of their intention to attend the meeting no later than Wednesday, 23 April 2014.

Notification shall be given in writing by mail to Cloetta AB, "Årsstämman", P.O. Box 7841, SE-103 98 Stockholm, Sweden, by telephone +46-8 402 92 85 or by e-mail to [susanne.beijar@cloetta.com](mailto:susanne.beijar@cloetta.com). Shareholders that are physical persons can also give notification at the company's website [www.cloetta.com/arsstamma2014](http://www.cloetta.com/arsstamma2014). Name, personal number/corporate registration number, address, telephone number and the number, maximum two, of accompanying assistants, if any, should be stated when notification is given.

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

To be able to attend the Annual General Meeting, shareholders whose shares are registered in the name of a nominee must have such shares temporarily registered in their own names, in the shareholders' register maintained by Euroclear Sweden AB. This procedure, so-called voting rights registration, must have been effected on Wednesday, 23 April 2014 and should be requested from the nominee well in advance of this date.

### Proposed agenda

1. Opening of the meeting
2. Election of the chairman of the meeting
3. Drawing up and approval of voting list
4. Approval of the agenda
5. Election of two persons to verify the minutes
6. Determination as to whether the meeting has been duly convened
7. Presentation of the annual report and the auditor's report, and the consolidated financial statements and the consolidated audit report, for the financial year 1 January – 31 December 2013
8. Presentation by the President
9. Report by the chairman of the board on the work of the board
10. Resolution on adoption of the income statement and the balance sheet as well as the consolidated income statement and consolidated balance sheet
11. Resolution on disposition of the company's earnings according to the approved balance sheet, and record day for any dividend
12. Resolution on discharge from personal liability of the directors and the President
13. Resolution on the number of directors, remuneration to be paid to the directors and to the auditor, election of directors and the chairman of the board, and election of auditor

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14. Proposal regarding rules for the nomination committee
15. Proposal regarding guidelines for remuneration to the executive management
16. Proposal regarding long term share based incentive plan (LTI 2014)
17. Proposal regarding resolution to authorise the Board of Directors to resolve on acquisition of own shares and transfer of own shares
18. Closing of the meeting

### **Proposals**

The nomination committee, consisting of Christer Wagenius, chairman, appointed by AB Malfors Promotor, Lars Åke Bokenberger, appointed by AMF Försäkring och Fonder, Peter Rönström, appointed by Lannebo Fonder, Stefan Jacobsson, appointed by Cidron Pord S.á.r.l. (Nordic Capital Fund V) and Godis Holdings S.á.r.l. (CVC Capital Partners), and Lennart Bylock, appointed by the Board of Directors of Cloetta AB, shall submit proposals to be resolved upon under items 2, 13 and 14 on the agenda.

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

The nomination committee proposes that the lawyer Wilhelm Lüning is elected as chairman of the meeting.

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

The Board of Directors proposes that no dividend is declared for the financial year 1 January – 31 December 2013 and that the unappropriated earnings at the disposal of the Annual General Meeting in the amount of SEK 2,777,771,180 are carried forward.

#### ***Item 13 – Resolution on the number of directors, resolution on the remuneration to be paid to the directors and to the auditor, election of directors and chairman of the board, and election of auditor***

The nomination committee proposes the following.

1. The board shall consist of six members elected by the Annual General Meeting with no deputies, as set out below.
2. The chairman of the board shall be paid a fee of SEK 600,000 (500,000) and each of the other directors elected by the Annual General Meeting shall be paid a fee of SEK 275,000 (250,000). The nomination committee has further proposed that fees shall be payable for work in the board's committees with SEK 100,000 (unchanged) to each member of the audit committee and with SEK 50,000 (unchanged) to each member of the remuneration committee. The proposal by the nomination committee involves that the total fee to the board of directors amounts to SEK 2,425,000 (3,350,000) including for work on the committees. The auditor shall be paid in accordance with approved invoices.
3. Lilian Fossum Biner, Adriaan Nühn, Mikael Svenfelt and Olof Svenfelt shall be re-elected as board members. Caroline Sundewall and Ann Carlsson shall be elected new board members.
4. Caroline Sundewall shall be elected as chairman of the board.
5. The registered auditing company KPMG AB shall be re-elected as auditor until the end of the next Annual General Meeting. KPMG AB will appoint Helene Willberg as the auditor in charge.

#### ***Item 14 – Proposal regarding rules for the nomination committee***

The nomination committee proposes the following.

1. The company shall have a nomination committee consisting of not less than four and not more than six members. Three of the members shall be appointed by the major shareholders and one member shall be appointed by the Board of Directors amongst its directors. These members of the nomination committee may appoint one additional member. In those cases referred to in item 6 below, the number of members can amount to six.

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2. Based on ownership statistics received from Euroclear Sweden AB as per the date occurring five months before the expiry of the current financial year each respective year, the chairman of the board shall, without delay, contact the three largest shareholders in the company in terms of votes, and offer such shareholders to, within reasonable time, each appoint a representative to be part of the nomination committee. If any of these shareholders elects to renounce from its right to appoint a representative, the right to appoint a representative shall be transferred to the largest shareholder in turn in terms of votes which is not already entitled to be represented on the nomination committee.

3. The member of the nomination committee who represents the shareholder controlling the largest number of votes shall chair the nomination committee.

4. The members of the nomination committee are appointed for a term up until a new nomination committee has been appointed.

5. The composition of the nomination committee shall be announced as soon as the nomination committee has been formed and in all events no later than six months before the next Annual General Meeting.

6. In the event that the ownership structure of the company is changed after the date occurring five months before the expiry of the current financial year, but before the date that occurs 12 weeks before the next Annual General Meeting, and if a shareholder that has become one of the three largest shareholders in terms of votes following this change asks the chairman of the nomination committee to be represented on the nomination committee, such shareholder is entitled to, in the nomination committee's discretion, either appoint an additional member to the nomination committee or to replace the member who represents, following the change of the ownership structure, the smallest shareholder in terms of votes.

7. If a member of the nomination committee that represent a shareholder resigns or otherwise is unable to continue as member, the nomination committee shall – if time allows and if the change is not due to a specific circumstance e.g. that the shareholder has sold its shares – request the shareholder that had appointed that member to, within reasonable time, appoint a new member of the nomination committee. If the shareholder is no longer eligible for the nomination committee or if it renounces its right to appoint a member, the right to appoint such new member shall be transferred to the largest shareholder in turn in terms of votes which is not already represented on, or has renounced its right to appoint a member to, the nomination committee. If a member that has been appointed by the other members of the nomination committee resigns or is otherwise unable to continue as member, the other members of the nomination committee may elect a new member.

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

9. The nomination committee shall present proposals regarding (i) chairman of the Annual General Meeting, (ii) members of the Board of Directors to be elected by the Annual General Meeting, (iii) chairman of the Board of Directors, (iv) remuneration to the Board of Directors elected by the Annual General Meeting, distributed between the chairman of the board, the deputy chairman of the board, if any, and the other members of the Board of Directors, and remuneration for work on the committees, (v) remuneration to the auditors, (vi) election of auditors and (vii) rules for the nomination committee.

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

#### ***Item 15 – Proposal regarding guidelines for remuneration to the executive management***

The Board of Directors proposes that the remuneration to the President and other members of the group management as well as other executives reporting directly to the President shall consist of fixed salary, variable salary, other benefits and pension. Where the Board of Directors finds it appropriate, such executives shall also be offered to participate in long term share based incentive plans, which shall be decided by the general meeting (see item 16). Any variable salary should be linked to predetermined and measurable criteria and be limited to the equivalent of one fixed annual salary. The total remuneration shall be in line with market practice and be competitive, and be related to responsibility and authority. Upon termination of employment agreements by the

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company, the notice period shall be no longer than 12 months. Any severance pay shall not exceed one fixed annual salary on top of the notice period. The company shall strive to have defined contribution pension benefits. The retirement age shall be not less than 60 years and not more than 67 years. These guidelines apply to agreements entered into after the Annual General Meeting, and in case changes are made to existing agreements after this point in time. The Board of Directors shall be entitled to deviate from the guidelines in individual cases if there are special reasons for it.

#### ***Item 16 – Proposal regarding long term incentive plan (LTI 2014)***

The Board of Directors proposes that the Annual General Meeting resolves on a long term share based incentive plan (LTI 2014) for Cloetta AB (publ) ("Cloetta") as follows.

#### ***Participants in LTI 2014***

LTI 2014 comprises of approximately 66 employees (not more than 75 employees) consisting of group management and certain key employees within the Cloetta Group, divided into two categories. The first category is comprised of approximately 44 employees who have been considered to have a significant direct impact on the results of Cloetta. The second category is comprised of approximately 22 employees, consisting of individuals who have been considered to have an indirect impact on the results of Cloetta.

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

To participate in LTI 2014, the participant must have a personal shareholding in Cloetta ("Investment Shares"), which shall be allocated to LTI 2014. The Investment Shares may be acquired specifically for purposes of LTI 2014, or be shares already held by the participant, provided that these have not been allocated to the previous incentive plan. The participant may as a maximum invest approximately 10 per cent of the participant's annual salary for 2014 before tax, in LTI 2014. For the first category of participants, each Investment Share gives entitlement to one (1) matching share right ("Matching Share Right") and four (4) performance share rights ("Performance Share Right") (together referred to as "Share Rights"). For the second category, each Investment Share gives entitlement to one (1) Matching Share Right and two (2) Performance Share Rights. The Share Rights will be granted to the participant following the Annual General Meeting 2014 in connection with, or shortly after, an agreement is made between the participant and Cloetta concerning participation in LTI 2014. Allocation of B-shares, if any, on the basis of Share Rights will, except for in exceptional circumstances, occur after the announcement of Cloetta's interim report for the first quarter 2017 (the "Vesting Period").

#### ***Terms for all Share Rights***

For all Share Rights the following conditions apply:

- The Share Rights are granted free of charge.
- Each Matching Share Right entitles the participant to receive, free of charge, one Cloetta B-share on condition that the participant remains employed within the Cloetta Group and that the participant continues to hold all the Investment Shares during the entire Vesting Period. Allocation of B-shares on the basis of Performance Share Rights requires, in addition, fulfilment of two performance targets.
- The participants are not entitled to transfer, pledge or dispose of the Share Rights or perform any shareholders' rights regarding the Share Rights during the Vesting Period.
- Cloetta will not compensate the participants in the plan for dividends made in respect of the shares that the respective Share Right qualifies for.

#### ***Performance Share Rights***

The number of Cloetta B-shares that will be allocated to the participant based on the participant's holding of Performance Share Rights will depend on the level of fulfilment of two performance targets, one of which relates to Cloetta's EBITA level during 2016 and the other relates to growth in Cloetta's compounded net sales value during 2014, 2015 and 2016. A minimum level and a maximum level for each of the performance targets have been established by the Board of Directors. In order for every Performance Share Right to give entitlement to one (1) B-share in Cloetta, the maximum level for both performance targets must have been fulfilled. Where the level of fulfilment is between the minimum and maximum levels, allotment will occur on a linear basis in stages, whereby each of the two performance targets is given equal importance in terms of entitling the participant to B-shares. Cloetta intends to present the level of fulfilment of the performance targets in the 2016 annual report.

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#### *Scope, hedging and estimated costs*

As a maximum, 1,773,840 B-shares in Cloetta can be allocated to the participants under LTI 2014, which represents approximately 0.6 per cent of all shares and 0.5 per cent of all votes in the company. The number of B-shares included in LTI 2014 shall, under conditions that the Board of Directors stipulates, be subject to recalculation where Cloetta implements a bonus issue, a share split or a reverse share split, a rights issue or similar measures, taking into account customary practice for similar incentive plans.

The Board of Directors has considered two alternative hedging methods for LTI 2014; either a hedging arrangement (equity swap) with a bank securing delivery of shares under the plan or transfer of own shares to participants in LTI 2014 who are entitled to such. The Board of Directors considers the latter alternative to be the main alternative. The Board of Directors has therefore proposed that the Annual General Meeting shall resolve to authorize the Board of Directors to acquire own shares and transfer of own shares according to item 17 in the notice to the Annual General Meeting. If the Annual General Meeting should not approve the proposal by the Board of Directors according to item 17 in the notice to the Annual General Meeting, the Board of Directors may enter into the hedging arrangement set out above with a bank to secure the obligation of the company to deliver shares under the plan. Such a hedging arrangement with a bank may also be used for the purpose to cover social security fees that accrue under LTI 2014. Based on the closing price for the Cloetta share on 28 February 2014, a constant share price during the plan, and a Vesting Period of approximately three (3) years, the total cost of LTI 2014 including social security costs is estimated to amount to approximately MSEK 49, which on an annual basis is approximately 1.3 per cent of Cloetta's total staff costs during the financial year 2013. LTI 2014 has no limitation on maximum profits per Share Right for the participants and therefore no maximum social security costs can be calculated.

#### *Majority requirement*

A resolution to introduce LTI 2014 in accordance with the Board of Directors' proposal is valid where supported by shareholders holding more than half of the votes cast at the Annual General Meeting.

#### ***Item 17 – Proposal regarding resolution to authorise the Board of Directors to resolve on acquisition of own shares and transfer of own shares***

The Board of Director's proposal according to this item is subject to the condition that the Annual General Meeting has passed a resolution on a long term share based incentive plan in accordance with item 16 above.

##### *A. Acquisition of own shares*

The Board of Directors proposes that the Annual General Meeting resolves to authorize the Board of Directors to, prior to the next Annual General Meeting, on one or several occasions, resolve on acquisition of the company's own shares as follows.

- A maximum of 1,773,840 B-shares may be acquired.
- Acquisitions shall be conducted on NASDAQ OMX Stockholm at a price that is within the registered range for the share price prevailing at the time (the so-called spread), that is, the range between the highest ask price and the lowest bid price and observing the, from time to time, applicable rules set out in the NASDAQ OMX Stockholm Rule Book for Issuers. Where an acquisition is effected by a stock broker as assigned by the company, the share price may, however, correspond to the volume weighted average price during the time period within which the shares were acquired, even if the volume weighted average price on the day of delivery to the company falls outside the spread.
- Payment of the shares shall be made in cash.
- Acquisitions shall be made for the purpose to secure the company's obligations (including costs for social security fees) under LTI 2014 (as defined under item 16 in the notice to the Annual General Meeting), and other, at any time, share based incentive plans adopted by the shareholders' Annual General Meeting.

##### *B. Transfer of own shares*

The Board of Directors proposes that the Annual General Meeting decides on transfer of own shares in the company as follows.

- Not more than 1,773,840 B-shares may be transferred (or a higher number of shares due to recalculation as a result of a bonus issue, split, rights issue or similar actions).

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- The shares may be transferred to participants in LTI 2014 who, under the terms for LTI 2014, are entitled to receive shares.
- Transfer of shares shall be made at the time and according to the other terms pursuant to which participants in LTI 2014 are entitled to receive shares.

The reason for deviating from the shareholders' preferential rights is that the transfer of shares is part of the execution of LTI 2014. Therefore, the Board of Director is of the opinion that the transfer of shares in accordance to the proposal is to the benefit of the company.

#### **Majority requirement**

A resolution in accordance with item 17 A above is valid where supported by shareholders representing at least two thirds of both the votes cast and the shares represented at the Annual General Meeting. A resolution by the Annual General Meeting in accordance with item 17 B above is valid where supported by shareholders representing at least nine tenths of both the votes cast and the shares represented at the Annual General Meeting.

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

At the time of issuing this notice there were in the aggregate 288,619,299 shares outstanding in Cloetta AB distributed on 9,861,614 A-shares and 278,757,685 B-shares. The total number of votes is 377,373,825 whereof 98,616,140 of the votes are represented by A-shares and 278,757,685 of the votes are represented by B-shares. Cloetta AB held, at the time of issuing this notice, no own shares in treasury.

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

In accordance with the Swedish Companies Act Ch. 7 Sec. 32, the shareholders have the right to ask questions at the Annual General Meeting regarding the items on the agenda and about the financial situation of the company and the group. Shareholders who wish to submit questions in advance of the Annual General Meeting, shall send these to Cloetta AB, the Board of Directors, Kista Science Tower, SE-164 51 Kista, Sweden, or per e-mail to [susanne.beijar@cloetta.com](mailto:susanne.beijar@cloetta.com).

#### **Interpretation**

As a service to the shareholders, the meeting will be simultaneously interpreted into English.

#### **Available documents**

The accounts, the auditor's report and the auditor's statement regarding compliance with the previous guidelines for remuneration to the executive management as well as the complete proposals for decisions under items 11, 15 and 16 will be available to the shareholders at the company's office and at the company's website [www.cloetta.com](http://www.cloetta.com) not later than Tuesday, 8 April 2014, and will also be distributed to shareholders who have notified their wish to receive the documents and have informed of their postal address. The complete proposal regarding the resolution under item 16 (LTI 2014) will be distributed automatically to all shareholders.

Stockholm, March 2014  
Cloetta AB (publ)  
*The Board of Directors*

The information contained in this press release is such that Cloetta is required to disclose pursuant to the Swedish Financial Instruments Trading Act and/or the Swedish Securities Markets Act. The information was submitted for publication on 25 March 2014 at 08.00 a.m. CET.

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