

The Group

Our business

Sustainability

Shareholder  
information

Financial  
reports

• **Corporate  
Governance**





# A highly active year

## CHAIRMAN'S COMMENT

**“Swedish Match has had a highly active year, making significant strides in its efforts to adapt to changing stakeholder demands, while also delivering a solid financial result.”**



Much of the attention on Swedish Match over the past few years has been on ZYN nicotine pouches in the US. This remarkable success has been a notable driver of growth and earnings. Continuous investments help to ensure a strong, efficient, and sustainable business, with future growth opportunities. In this way, Swedish Match helps ensure that it plays a pivotal role in the growth and development of the smokefree arena. During 2021, the Company's US organization made significant investments supporting consumer and customer engagement and loyalty, building capacity, and nationwide distribution for ZYN nicotine pouches. These efforts will help to build an even stronger business with a strong and loyal consumer base.

The team at Swedish Match welcomes change, reaching out to new markets and new geographies, ensuring that the Company's product portfolios are sufficiently flexible to accommodate changes in consumer behavior or competitive dynamics. This ability to be flexible and prepared for change helps all the Swedish Match businesses, from chewing tobacco and shifts between price segments, to moist snuff and snus, with the movement away from loose varieties toward more convenient pouches.

For all of us who desire ways to improve public health, Swedish Match has a strong track-record of accomplishments. The Company's focus to support its vision of *A world without cigarettes*, is evidenced by its commitment to invest considerable time, effort, and resources these past many years behind snus and nicotine pouches.

Swedish Match's work to address negative environmental impacts, such as greenhouse gas emissions, is evidenced not only by actions implemented in the Company's operations, but also by linking compensation to performance in this important area. A not-insignificant part of long-term compensation the CEO, Group Management Team, and other senior positions comes from achieving greenhouse gas reduction targets.

During the year, Swedish Match grew sales and profit, invested towards the future, increased its dividend paid in 2021, and proposes a further increase for 2022. The Company continued its share repurchase program and split the stock 10:1. It also announced the intent to cease the production and marketing of combustible tobacco completely, anticipating a spin-off of the US cigar business. An active year indeed, for a company that successfully embraces change.

I would like to thank my fellow Board Members, the Group Management Team, and all the fine employees of Swedish Match for their dedication and hard work this past year. I would also like to thank the customers and consumers who enjoy Swedish Match's products, and you, our shareholders, for your ongoing dedicated support of this great company.

Conny Karlsson  
*Chairman of the Board*



# Governance report

**Swedish Match AB (publ) is a public Swedish limited liability company listed on Nasdaq Stockholm. The objective of the Company's operations, as stated in the Company's Articles of Association, is to directly or indirectly conduct business relating to the development and manufacture of and trade in tobacco products, matches, and lighters and to carry out other activities that are related to these businesses.**

Swedish Match is subject to a variety of rules that affect its governance, including the Company's Articles of Association, the Swedish Companies Act, the Rule Book for Issuers on Nasdaq Stockholm, the Swedish Code of Corporate Governance, and other applicable laws and regulations.

Internal regulations and standards that affect Swedish Match's corporate governance include the Company's Articles of Association, the Board's rules of procedure, the Board's instructions to the CEO, the Group's Code of Conduct, and other policy documents issued within the Group. The Articles of Association are adopted by the General Meeting of shareholders.<sup>1)</sup> They do not contain any limitations on the number of votes that a shareholder may cast at a General Meeting or any specific provisions concerning the appointment and dismissal of directors or regarding amendments of the Articles of Association.

Swedish Match applies the Swedish Code of Corporate Governance (the Code).<sup>2)</sup> The Code is based on the "comply or explain" principle, meaning that a company that applies the Code may deviate from regulations of the Code, but must provide explanations for each deviation. The Company is not reporting any deviations from the Code for 2021, except with regard to the Code's regulation that auditors are to review the Company's half year or nine-month report. The reason for this deviation is that

the Board of Directors, with reference to the Company's stable operations, is of the opinion that the extra cost that would be incurred by such a review is not warranted and that sufficient control is achieved through the Company's internal reporting and control systems.

This Corporate Governance report has been examined by the Company's auditors but does not represent part of the formal annual report.

## Shareholding

The share capital of Swedish Match was 389,515,417.20 SEK distributed over 1,580,000,000 shares at the end of 2021. Each share carries one vote. On December 31, 2021, no shareholder had a shareholding in the Company representing one tenth or more of the votes of all shares of the Company.<sup>3)</sup> The Swedish Match share is listed on Nasdaq Stockholm. Further information concerning Swedish Match's ownership structure and share performance are presented on pages 71–72 of the 2021 Annual Report.

## Annual General Meeting 2022

Swedish Match's 2022 Annual General Meeting will be held on April 27. In light of the COVID-19 pandemic, the Annual General Meeting will be conducted pursuant to so called mail-in procedures, meaning that no shareholders will attend the General Meeting in person or through

proxy. Instead, all shareholders who have been entered in the share register can participate in the Annual General Meeting by voting according to the number of shares held and submitting questions in advance. Notice of the General Meeting is published in Post- och Inrikes Tidningar and on the Company's website. Information that notice to a General Meeting has been issued, is published in the Swedish daily newspaper, Svenska Dagbladet.

Shareholders who wish to have a matter addressed by the Annual General Meeting must submit a written request to the Board in sufficient time prior to the meeting.<sup>4)</sup>

## Nominating Committee for the Annual General Meeting 2022

The Nominating Committee for the Annual General Meeting in 2022 was announced on the Company's website on September 7, 2021. In addition to the Chairman of the Board of Swedish Match, Conny Karlsson, the Nominating Committee consists of the following members: Mads Eg Gensmann (Nordflint Capital Partners Fondsmäglerselskab A/S), Filippa Gerstädt (Nordea Funds), Roseanna Ivory (abrdn), and Dan Juran (Framtiden Management Company, LLC). Filippa Gerstädt serves as Chairman of the Nominating Committee.

## Proposals to the Nominating Committee are to be submitted to:

Swedish Match AB  
The Nominating Committee  
c/o General Counsel Marie-Louise Heiman  
SE-118 85 Stockholm, Sweden  
E-mail: nominating.committee@swedishmatch.com

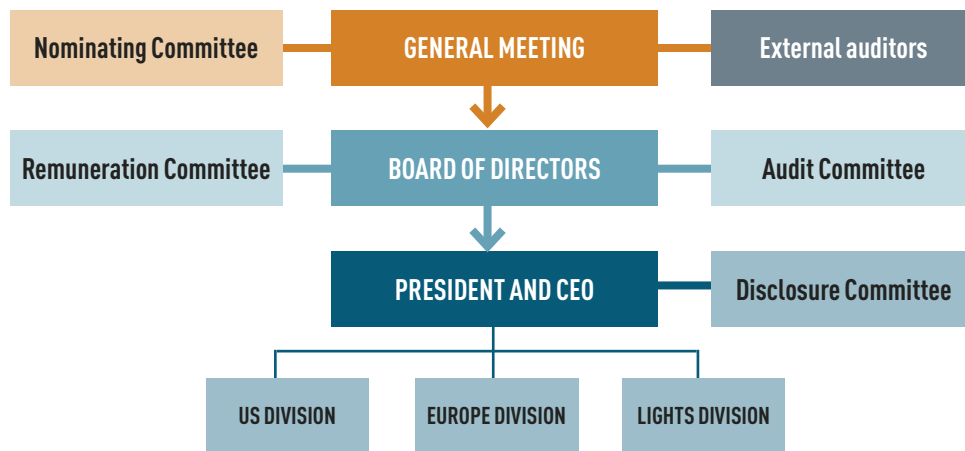
<sup>1)</sup> Available on Swedish Match's website [www.swedishmatch.com/governance](http://www.swedishmatch.com/governance).

<sup>2)</sup> Available on Swedish Corporate Governance Board's website [www.corporategovernanceboard.se](http://www.corporategovernanceboard.se).

<sup>3)</sup> Source: Euroclear Sweden AB.

<sup>4)</sup> More information is available on Swedish Match's website [www.swedishmatch.com/agm](http://www.swedishmatch.com/agm).

## Governance of the Swedish Match Group



### GENERAL MEETING

The Annual General Meeting (AGM) constitutes the highest governing body in a limited liability company, and shareholders' rights to participate in resolutions regarding the Company's affairs are exercised at General Meetings. The Company's shareholders are informed of their legal rights to have issues addressed at General Meetings through the Company's website [www.swedishmatch.com/agm](http://www.swedishmatch.com/agm). There are no special provisions on how the General Meeting works in the Articles of Association or, as far as known to the Company, due to any shareholders agreement. Resolutions adopted by General Meetings are generally resolved by a simple majority. However, according to the Swedish Companies Act, certain matters are to be resolved by a qualified majority.

The AGM must be held within six months of the close of the fiscal year. At the AGM, resolutions are adopted concerning such matters as dividend, approval of the annual report, discharge of the Board of Directors and the President from personal liability, election and compensation of the Chairman and members of the Board of Directors and auditors, guidelines for determination of compensation payable to senior executives, and other matters of importance to the Company.

### Nominating Committee

The Nominating Committee is established according to the principles resolved by the AGM. The AGM also resolves on instructions for the Nominating Committee and according to the instructions the Nominating Committee shall submit to the AGM proposals regarding any changes to these instructions. The Nominating Committee's duties are to prepare and submit proposals to the AGM concerning the election of the Chairman of the AGM, the election of the Chairman and other members of the Board, the amount of Board fees and their apportionment between the Chairman of the Board and other Board members and any fees for committee work, as well as the election of and fees to be paid to the auditors. The Nominating Committee's proposals are publicly announced no later than on the date of notification of the AGM. Shareholders may submit proposals to the Nominating Committee.

In the autumn of each year, the Board of Directors commissions an external consultant to evaluate the performance and functioning of the Board's work. The Chairman of the Board informs the Nominating Committee about the outcome of the evaluation. This evaluation gives the Nominating Committee a basis from which to assess the competence and experience of the Board members and requirements for the future. The Nominating Committee is to meet as often

as necessary to discharge its duties, but at least once per year.

### BOARD OF DIRECTORS

The Board of Directors is the Company's highest administrative body under the General Meeting. The Board of Directors is responsible for ensuring that the Group's organization is appropriate for its purpose and conducts ongoing evaluations of the financial position of the Company, of management guidelines and of the investment of company funds. The Board also safeguards the Company's financial accounting, internal controls and the quality of its financial reporting through the internal control system described in detail in the section entitled Internal control over financial reporting. The Board is responsible for establishing Swedish Match's strategic and financial Long Range Plan, monitoring the performance of the operations on an ongoing basis, evaluating the overall approach to managing risks of the Group, reviewing and approving the financial accounts, and taking decisions regarding larger investments and divestments.

The Board of Directors appoints and issues instructions for the President and monitors the President's work.

The working procedures for the Board of Directors are established annually at the statutory Board meeting. The working procedures include instructions relating to the role of the Chairman of the Board, the division of responsibilities between the





Board of Directors and the President and the guidelines for financial reporting to the Board.

The Chairman of the Board is responsible for organizing and directing the Board's work and ensuring that the Board fulfills its obligations. The Chairman's other responsibilities include forwarding the owners' opinions to the Board of Directors.

**Remuneration Committee**

The Remuneration Committee is appointed annually by the Board of Directors and is a body within the Board. The Committee's duties are to prepare and submit to the Board proposals for resolutions relating to remuneration and other terms of employment for the Company's President, principles regarding remuneration to senior executives, which the Board will present to the AGM for a resolution and other remuneration and employment term matters which by law or other regulations, the Swedish Code of Corporate Governance or established practice shall be resolved by the General Meeting or the Board of Directors.

The Board of Directors has delegated decision-making authority to the Remuneration Committee in certain issues such as calculation and payment of variable salary to the Company's President, salary and other compensation that, within the framework of the guidelines resolved by the AGM, is to be paid to members of the Group Management Team other than the President, including performance criteria, and targets in any long term incentive plan and approval of significant engagements outside the Company with respect to members of the Group Management Team other than the President.

The Committee is to meet as often as necessary but at least twice annually.<sup>1)</sup>

**Audit Committee**

The Audit Committee is appointed annually by the Board of Directors and is a body within the Board. Although the Audit Committee's work is primarily of a preparatory and advisory

nature, the Board of Directors delegates decision-making authority on specific issues to the Committee. The Committee is responsible for monitoring the Company and its subsidiaries' accounting and financial reporting processes as well as, in respect of the financial reporting, the efficiency of the internal controls, internal audit and risk management.

The Committee reviews and monitors the impartiality and independence of the auditors. The Committee's responsibilities are to large extent set by the EU Audit and Auditor Regulation, which includes responsibility for the audit selection procedure and otherwise to assist the Nominating Committee in preparing proposals regarding election of auditors and recommendations on audit fees. It keeps itself informed regarding the audit of the annual report and consolidated accounts. In conjunction with the Audit Committee's review of the financial reporting, the members of the Committee discuss accounting issues relating to the Company's financial reporting. The Committee establishes guidelines by which services other than auditing may be secured from the Company's auditors. The Audit Committee also discusses other important issues relating to the Company's financial reporting and reports its observations to the Board.<sup>1)</sup>

**PRESIDENT AND CEO**

The President is appointed by the Board of Directors and manages the Company's operations within the framework of rules established by the Board.

With regard to the Board of Directors, the President's duties include responsibility for ensuring that the Board of Directors receives objective, comprehensive, and relevant information prior to Board meetings, thus enabling the Board to reach well-founded decisions. The President also submits proposals for decisions by the Board. On a monthly basis, the President provides Board members with the information required to monitor the position, liquidity and development of the Group, while also providing the Chairman

with ongoing information regarding the operations of the Group.

**Disclosure Committee**

The President has appointed a Disclosure Committee whose primary responsibility is to ensure that all external reporting, including interim reports, annual reports, and press releases, whose content could have an impact on the share price or that contains financial information, is prepared in accordance with the Group's prevailing procedural routines.

**External auditors**

The auditors are elected by the AGM for a term of between one and four years. According to the Articles of Association, the number of authorized public auditors must be one or two with a maximum of one or two deputy auditors or one or two auditing firms.

The duties of the external auditors include auditing the management of the Board and the President as well as the Company's annual accounts and accounting records. The external auditors report continuously to the Board's Audit Committee and, in conjunction with preparation of the annual accounts, they also report their observations from the audit to the Board.

[www.swedishmatch.com](http://www.swedishmatch.com)



<sup>1)</sup> Further information regarding for example the committees' respective responsibilities and authorizations, the Company's system of variable remuneration to senior executives as well as minutes from shareholders' meetings, is to be found on the Company's website, [www.swedishmatch.com/governance](http://www.swedishmatch.com/governance).



## Governance of the Swedish Match Group 2021

### Annual General Meeting 2021

In 2021, the Annual General Meeting was held on April 13. In light of the COVID-19 pandemic, the Annual General Meeting was conducted pursuant to so called mail-in procedures, meaning that no shareholders attended the General Meeting in person or through proxy. Instead, all shareholders could participate in the Annual General Meeting by advance voting. The minutes of the meeting are available on the Company's website [www.swedishmatch.com/agm](http://www.swedishmatch.com/agm).

The Annual General Meeting 2021 passed the following resolutions, amongst others:

- A dividend of 15.00 SEK per share for the 2020 fiscal year.
- Re-election of Charles A. Blixt, Andrew Cripps, Jacqueline Hoogerbrugge, Conny Karlsson, Alexander Lacik, Pauline Lindwall, Wenche Rolfsen, and Joakim Westh as Board members. Re-election of Conny Karlsson as Chairman of the Board and Andrew Cripps as deputy Chairman of the Board.

- The Chairman shall receive 2,252,000 SEK, the deputy Chairman shall receive 1,040,000 SEK and the other Board members elected by the Meeting shall each receive 900,000 SEK. Furthermore, as compensation for committee work carried out, it was decided to allocate 291,000 SEK to the Chairman of the Remuneration Committee and the other members of the Remuneration Committee 146,000 SEK each, 364,000 SEK to the Chairman of the Audit Committee and the other members of the Audit Committee 156,000 SEK each.
- Withdrawal of 4,200,000 repurchased shares in the Company.
- A share split 10:1.
- Authorization of the Board of Directors to acquire, on one or more occasions prior to the next Annual General Meeting, a maximum of as many shares as may be acquired without the Company's holding at any time exceeding 10 percent of all shares in the Company.

- Authorization of the Board of Directors to decide on transfer of the Company's own shares and to issue new ordinary shares.
- Adoption of income statements and balance sheets for 2020 and discharge from personal liability granted of the Board of Directors and the Chief Executive Officer.

For information on the utilization of the authorization granted by the General Meeting to the Board of Directors to acquire treasury shares, see section The share of the Board of Directors report, pages 71–72 of the 2021 Annual Report.



### Nominating Committee

Pursuant to instructions established by the Annual General Meeting 2020, the Nominating Committee is to include the Chairman of the Board of Directors and one member appointed by each of the four largest shareholders who wish to appoint a member to the Nominating Committee. The four largest shareholders are to be identified on the basis of the known numbers of votes on July 31, the year before the forthcoming Annual General Meeting.

#### Nominating Committee for the Annual General Meeting 2021

The Nominating Committee for the Annual General Meeting in 2021 comprised the following five members: Filippa Gerstädt (Nordea Funds), Roseanna Ivory (abrdn), Dan Juran (Framtiden Management Company, LLC), and David Pawelkowski (Zadig Asset Management S.A.) as well as Conny Karlsson (the Chairman of the Board). Filippa Gerstädt served as Chairman of the Nominating Committee.

The main task of the Committee is to propose Board members for election by the Annual General Meeting. As member of the Nominating Committee, the Chairman of the Board of Directors fulfills an important role to inform the Committee of the Company's strategy

and future challenges. Such insights are necessary for the Committee to be able to assess the competence and experience that is required by the Board. In addition, the Committee must consider independence rules applicable to the Board of Directors and its committees. When preparing proposals for the Board for the 2021 Annual General Meeting, the Nominating Committee paid particular attention to the issues of diversity and for gender balance on the board and the Committee thus applied Item 4.1 of the Swedish Corporate Governance Code as its diversity policy when preparing these proposals.

The Nominating Committee held three meetings during the period between the 2020 and 2021 Annual General Meetings.

#### Board of Directors Composition

According to the Articles of Association, the Company's Board of Directors shall consist of at least five and at most ten directors, apart from those persons who, pursuant to law, may be appointed according to other arrangements. At the end of 2021, the Swedish Match Board of Directors comprised eight members elected by the General Meeting plus three employee representatives and their three deputies in accordance with the Trade Union Representatives (Status at the Workplace) Act.

The Nominating Committee advised before the Annual General Meeting 2021 that the Nominating Committee had applied the Swedish Corporate Governance Code, section 4.1, as diversity policy with the aim to propose a composition of Board members with complementing experiences and competencies that is diverse also in terms of age, gender and cultural/geographical background. The current Board composition is the result of the work of the Nomination Committee prior to the Annual General Meeting 2021.

Since the Annual General Meeting 2021, the Board of Directors consisted of the following directors elected by the General Meeting: Conny Karlsson, Charles A. Blixt, Andrew Cripps, Jacqueline Hoogerbrugge, Alexander Lacik, Pauline Lindwall, Wenche Rolfsen, and Joakim Westh. Conny Karlsson served as Chairman of the Board. Employee representatives on the Board were, Patrik Engelbrektsson, Pär-Ola Olausson and Dragan Popovic, with Niclas Bengtsson, Niclas Ed and Matthias Eklund as deputies. Detailed information about individual Board members and deputies is provided on pages 145–146 of the 2021 Annual Report.



### Independence of Board members

According to the Nominating Committee, all Board members elected by the Annual General Meeting are considered to be independent, under the rules of the Swedish Code of Corporate Governance, in relation to the Company's major shareholders and in relation to management and the Company.

### Meetings

The Board of Directors convenes for at least six scheduled meetings and one statutory meeting per year. In addition to the scheduled Board meetings, the Board is summoned to additional meetings convened at the discretion of any director or of the President. The auditors participate in the Board meeting at which the annual accounts for the fiscal year are presented in order to communicate their observations from the audit. The auditors also meet with the Board without the presence of the President or any other member of the Group Management Team.

### Evaluation of the work of the Board of Directors

During autumn 2021, the Board's work was evaluated with the assistance of an independent consulting company. The Nominating Committee was informed of the result of the evaluation.

### Compensation to the Board of Directors

Compensation to the Board for the period from the 2021 Annual General Meeting up to and including the 2022 Annual General Meeting was paid in accordance with the resolution adopted by the 2021 Annual General Meeting. No compensation for directorship work was paid to directors employed by the Swedish Match Group.

For further information about Directors' fees for 2021, see *Note 5 Personnel*, page 94 of the 2021 Annual Report.

### Activities of the Board of Directors during 2021

During the period from January 1, until December 31, 2021, the Board held eleven meetings of which one meeting was held per capsulam, and one statutory meeting. The attendance of each Board member at these meetings is shown in the table below. During 2022 (until and including the publication of the annual report in March), two Board meetings have been held. The Board has fixed working procedures that describe in detail which ordinary agenda items are to be addressed at the various Board meetings of the year. Recurring agenda items are finances, the market situation, sustainability issues, investments and revision of the Company's Code of Conduct and other

internal rules and procedures. In 2021, in addition to customary Board work, the Board of Directors had a strong focus on monitoring and following up on strategic issues, such as the intention to separate the cigar business, and the pandemic's impact on the Group's business. Due to the ongoing COVID-19 pandemic the Board did not conduct any site visits or market visits during the year.

At all scheduled Board meetings, with the exception of the statutory Board meeting, the Board received a general report from the CEO and discussed the activities and financial results of the Company and the associated companies, as well as other pertinent projects and matters.

All meetings held during the year followed an approved agenda. Prior to each meeting, a proposed agenda and, where applicable, documents relevant to the items on the agenda were sent to the Board. The Company's auditors attended the Board meeting in February 2021 to present the audit report and observations from the audit.

### Audit Committee

In 2021, the members of the Audit Committee were Joakim Westh, (Chairman), Andrew Cripps, and Wenche Rolfsen.

Composition of the Board and attendance 2021	Board of Directors	Audit Committee	Remuneration Committee	Independent <sup>1)</sup>	Member since	Compensation, TSEK
<b>Total number of meetings</b>	<b>12</b>	<b>5</b>	<b>2</b>			
<b>Members elected by the General Meeting</b>						
Conny Karlsson (Chairman)	12		2	Yes	2006	2,543
Andrew Cripps (Deputy Chairman)	12	5		Yes	2006	1,196
Charles A. Blixt	12		2	Yes	2015	1,046
Jacqueline Hoogerbrugge	12		2	Yes	2015	1,046
Alexander Lacik	12			Yes	2020	900
Pauline Lindwall	12			Yes	2017	900
Wenche Rolfsen	12	5		Yes	2013	1,056
Joakim Westh	11	5		Yes	2011	1,264
<b>Employee representatives</b>						
Patrik Engelbrektsson	11					
Pär-Ola Olausson	12					
Dragan Popovic	12					
<b>Employee representatives (deputies)</b>						
Niclas Bengtsson	11					
Niclas Ed	11					
Matthias Eklund	10					

<sup>1)</sup> As defined in the Swedish Code of Corporate Governance.



Throughout the year, the Chairman of the Audit Committee kept the Board of Directors regularly informed of the committee's work and decisions. A total of five meetings were held in 2021. The Company's auditor, as well as the head of the Internal Audit, participated in all meetings of the Audit Committee in 2021 and, at two of these meetings, also met with the committee without the presence of the management of the Company.

### Remuneration Committee

Following the AGM and the statutory meeting, the members of the Remuneration Committee in 2021 were Conny Karlsson (Chairman), Charles A. Blixt, and Jacqueline Hoogerbrugge. The Company's President presents reports on certain issues but is not a member of the committee and is not present when the committee prepares decisions regarding compensation to the President.

During the year, the Remuneration Committee's Chairman kept the Board of Directors regularly informed about the committee's work and decisions. The committee is to meet as often as necessary but at least twice annually. Two meetings were held in 2021.

During 2021, the committee devoted special attention to determination of variable compensation for 2020 (paid in 2021), and on targets relevant to variable compensation, proposals to the Board concerning adjustments of the President's salary and variable compensation for 2022, and determination of salaries and variable compensation for other members of the Group Management Team for 2022. In addition, the committee submitted a proposal to the Board concerning

guidelines for the determination of salary and other remuneration paid to the President and other members of the Group Management Team.

### Group Management Team

In 2021, the Swedish Match Group Management Team consisted of Lars Dahlgren, President and Chief Executive Officer; Anders Larsson, Chief Financial Officer and Senior Vice President, Group Finance; Thomas Hayes, President US Division; Marie-Louise Heiman, Senior Vice President Group Legal Affairs; Lars Olof Löfman, Senior Vice President R&D, Europe Division, (until October 1, 2021); Fredrik Peyron, Senior Vice President Regulatory Affairs and Group Communication; Håkan Söderberg, President, Lights Division and Joakim Tilly, President, Europe Division.

Detailed information about the President and Chief Executive Officer Lars Dahlgren, including his and related persons shareholding in the Company, is provided on page 147 of this annual report. Lars Dahlgren has no significant shareholdings and partnerships in companies with which Swedish Match has important business relations.

### Compensation to the Group Management Team

The 2020 Annual General Meeting established certain guidelines for determining salary and other compensation to the President and other members of the Group Management Team. For information on the guidelines established at the Annual General Meeting, see *Note 5 Personnel*, page 94 of this annual report. For information

concerning compensation and other benefits to the Group Management Team, see *Note 5 Personnel*, page 94 of the 2021 Annual Report.

### Audit and auditors

The accounting firm Deloitte AB was elected by the General Meeting 2021 as the Company's external auditors for the period from 2021 up to and including the Annual General Meeting in 2022. During 2021, in addition to auditing, Deloitte AB provided consultancy services to the Group constituting of tax and audit related services.

Peter Ekberg, authorized public accountant, served as auditor in charge. For information concerning compensation to the Swedish Match's auditors during 2021, see *Note 6 Audit fees*, page 97 of the 2021 Annual Report.

### Disclosure Committee

Members of the Disclosure Committee during 2021 included the heads of Group Legal Affairs, Investor Relations, as well as Regulatory Affairs and Group Communications.







## Internal control over financial reporting

The Board of Directors is responsible for internal control over financial reporting pursuant to the Swedish Companies Act and the Swedish Corporate Governance Code. The Audit Committee has a specific responsibility for monitoring the effectiveness of risk management and internal controls regarding financial reporting. This report describes the Group's system for internal control and risk management regarding financial reporting.

### Control environment

The foundation for internal control over financial reporting is the control environment that has been documented and communicated. It includes the Swedish Match Code of Conduct and internal policies and instructions on delegation of authority, accounting and reporting, internal control and information security. All governing documents are regularly updated and distributed to key individuals who implement them within their area of responsibility. Fundamental to creating an effective control environment is the Board of Directors', the Audit Committee's and management's dedication to reliable financial reporting. Swedish Match has established clear decision-making and review structures, including a system of regular review meetings between the Group, operating units and local management during which the Group values are reinforced.

### Risk assessment

The Group applies a risk assessment and a risk management method to ensure that the risks to which the Group is exposed are managed within the established framework. Based on the risk assessment, the Group defines a standardized system of controls to ensure reliable financial recordkeeping, transparent financial reporting and disclosure, and protection

of tangible and intangible assets. These standardized controls are reviewed and updated annually. In addition, each operating unit is charged with the responsibility to assess company-specific risks and identify additional key internal controls not covered by the standardized system of controls.

### Control activities

Based on the framework of Group policies and instructions, the heads of Swedish Match's operating units are charged with the responsibility to establish internal controls over financial reporting to meet the requirements of the standardized system of controls as well as to mitigate material company specific financial reporting risks. Control activities are established in all business processes and systems supplying information to the financial accounts in order to safeguard the reliability of the information.

### Information and communication

The information and communication component includes the systems and procedures that support the identification, capture, and exchange of information in a form and timeframe that enable personnel to carry out their responsibilities and reliable financial reports to be generated. Management has established communication channels and forums to allow for an effective information flow relating to business conditions and changes affecting financial reporting. The Swedish Match Code of Conduct encourages employees to raise compliance concerns promptly and prohibits retribution for doing so.

### Monitoring

The Group monitors compliance with governing documents in the form of internal policies and instructions,

and evaluates the effectiveness of the control structure. Financial accounts are provided on a monthly, quarterly and annual basis to the Group and operating unit management through a common reporting and consolidation system. Financial and operating management review the financial information to validate completeness and accuracy. The Board receives monthly reports, and the financial status of the Group is discussed at every scheduled Board meeting. At these Board meetings the Chairman of the Audit Committee also informs the Board on the work of the Audit Committee relating to the monitoring of the effectiveness of internal controls regarding financial reporting. The Disclosure Committee monitors the sufficiency of financial reports with regard to disclosure requirements.

The Group Internal Audit department is established with the primary task of independently evaluating the effectiveness of internal controls. Internal Audit's work is based on annual risk-focused plans that are updated throughout the year based on changes and events which influence the risks relating to the system for internal control. These plans are reviewed and approved by the Audit Committee and Internal Audit reports regularly on the results directly to the Audit Committee and to company management. The Audit Committee monitors implementation of recommended actions to improve financial controls over financial reporting. The head of Internal Audit reports directly to the Chairman of the Audit Committee and to the CFO. The Audit Committee also receives regular reports from the external auditor.

Stockholm, February 15, 2022

The Board of Directors of Swedish Match AB

## AUDITOR'S REPORT ON THE CORPORATE GOVERNANCE STATEMENT

To the general meeting of the shareholders in Swedish Match AB (publ), corporate identity number 556015-0756.

### Engagement and responsibility

It is the board of directors who is responsible for the corporate governance statement for the financial year 2021-01-01 – 2021-12-31 on pages 136–148 and that it has been prepared in accordance with the Annual Accounts Act.

### The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard *RevU 16 The auditor's examination of the corporate governance statement*. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

### Opinion

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Stockholm, March 24, 2022

Deloitte AB

Peter Ekberg  
Authorized Public Accountant



## Board of Directors 2021



Conny Karlsson

### CONNYP KARLSSON

Chairman of the Board of Directors since 2007. Chairman of the Remuneration Committee.

Board member since 2006.

Born 1955. M.Sc. in Economics and Business, Stockholm School of Economics.

*Other board assignments:* Chairman of Cake 0 emission AB. Non-Executive Board member of Malte Månsson AB and Yrkesakademien AB.

*Previous positions:* Chief Executive Officer, Duni AB; Marketing Director, Procter & Gamble UK; Marketing Director and Regional Director, Procter & Gamble Scandinavia; Marketing Director, Procter & Gamble E&SO.

*Own and related parties' shares:* 300,000



Andrew Cripps

### ANDREW CRIPPS

Deputy Chairman of the Board of Directors and member of the Audit Committee.

Board member since 2006.

Born 1957. B.A. University of Cambridge. Chartered Accountant.

*Other board assignments:* Non-Executive Director and Audit Committee Chair of the Howden Joinery Group plc.

*Previous positions:* Director of Corporate Finance, Rothmans International; Director of Investments, British American Tobacco; President, Laurens International SA. Board member of a number of European consumer products businesses

*Own and related parties' shares:* 192,000



Charles A. Blixt

### CHARLES A. BLIXT

Member of the Remuneration Committee. Board member since 2015.

Born 1951. Jur. Dr. and B.A. University of Illinois.

*Other board assignments:* Non-Executive Director, Lamb Weston Holdings Inc.

*Previous positions:* Interim General Counsel, Krispy Kreme Doughnuts Inc; Executive Vice President and General Counsel, Reynolds American Inc.

*Own and related parties' shares:* 37,500



Jacqueline Hoogerbrugge

### JACQUELINE HOOGERBRUGGE

Member of the Remuneration Committee.

Board member since 2015.

Born 1963. M.Sc. Chemical Engineering, University of Groningen.

*Other board assignments:* Non-Executive Board member of Dometic AB, Broadview B.V., BA Glass I-Serviços de Gestão e Investimentos S.A. and Jumbo Groep Holding B.V.

*Previous positions:* President Operations, Cloetta AB; President Operations, Leaf International BV; Vice President Operations, Danone's Medical Nutrition Division; Vice President Procurement, Numico Baby & Medical Food; various positions in engineering, manufacturing and procurement, Unilever; and various positions in engineering and sales, Fluor Daniel.

*Own and related parties' shares:* 32,000



Alexander Lacik

### ALEXANDER LACIK

Board member since 2020.

Born 1965. BSc in Business Administration, Växjö högskola. Chief Executive Officer of Pandora A/S.

*Other board assignments:* Board member, Coxa Carry International AB.

*Previous positions:* Chief Executive Officer, Britax Ltd.; President of North America Region, Reckitt Benckiser; various international management positions, Reckitt Benckiser; positions in sales and marketing, Procter & Gamble.

*Own and related parties' shares:* 19,922



Pauline Lindwall

### PAULINE LINDWALL

Board member since 2017.

Born 1961. BSc., Växjö högskola.

*Other board assignments:* Non-Executive Board member of McKesson Europe AG and Duni AB.

*Previous positions:* Category Director Coffee, France and Southern Europe Mondelez International; Country Business Manager, Nestlé Nutrition Germany and Austria; Country Business Manager, Nestlé Nutrition Indonesia; Nordic Marketing Director, Nestlé Nordic; Head of Nestlé Innovation, Out of Home Coffee UK; Nordic Marketing Manager, Nestlé Coffee and Beverages.

*Own and related parties' shares:* 23,650

Holdings of own and related parties shares as of December 31, 2021. For a detailed report of remuneration and benefits for the Board of Directors, refer to Note 5 Personnel.



Wenche Rolfsen

**WENCHE ROLFSEN**

Member of the Audit Committee. Board member since 2013. Born 1952. M.Sc. in Pharmacy and Ph.D. in Pharmacology, Uppsala University. *Other board assignments:* Chairman of InDex Pharmaceuticals and BioArctic AB; Board member of Cinclus Pharma AB. *Previous positions:* Vice President, Quintiles Phase I, Europe; Chief Executive Officer, Quintiles, Scandinavia; Director, Quintiles, Sweden; Managing Director of Pharmacology, Pharmacia Upjohn; Head of Pharmacology, Pharmacia Ophthalmics; Head of Pharmacology, Pharmacia Läkemedel. *Own and related parties' shares:* 31,800



Joakim Westh

**JOAKIM WESTH**

Chairman of the Audit Committee. Board member since 2011. Born 1961. M.Sc., KTH Royal Institute of Technology and M.Sc., Aeronautics and Astronautics, MIT. *Other board assignments:* Chairman of the Board of Amexci AB. Board member and Chairman of the Audit Committee of Saab AB; Board member and Chairman of the HR Committee of CGI Inc; Non-Executive Board member of Absolent Group AB. *Previous positions:* Senior Vice President and Head of Group Function Strategy and Operational Excellence and member of Group Management Team, Telefonaktiebolaget LM Ericsson; Group Vice President and member of the Executive Management Team, Assa Abloy AB; Chairman, Absolent AB; Partner, McKinsey & Co. Inc. *Own and related parties' shares:* 25,000

**AUDITOR**

Deloitte AB, Peter Ekberg, Authorized Public Accountant. Swedish Match auditor since 2017. Peter Ekberg's other auditing assignments include Telia Company, Loomis and Fabege.

**SECRETARY**

Marie-Louise Heiman, Senior Vice President Group Legal Affairs and General Counsel. Secretary to the Board since 2015.

**INDEPENDENCE OF BOARD MEMBERS**

According to the Nominating Committee, all of the Board members elected by the Annual General Meeting are considered to be independent, under the rules of the Swedish Code of Corporate Governance, in relation to the Company's major shareholders and in relation to management and the Company.

**CHANGES IN THE BOARD OF DIRECTORS**

There were no changes in the Board of Directors during 2021.

Holdings of own and related parties shares as of December 31, 2021. For a detailed report of remuneration and benefits for the Board of Directors, refer to Note 5 Personnel.



**EMPLOYEE REPRESENTATIVES**



Patrik Englebretsson

**PATRIK ENGLEBRETTSSON**

Board member since 2013. Appointed by the Swedish Trade Union Confederation (LO) within Swedish Match. Chairman of the Trade Union Association at Swedish Match's factory in Gothenburg, Sweden. Born 1965. Logistic Technician at Swedish Match's factory in Gothenburg. *Previous positions:* Mill worker, Machine Operator, Forklift driver at Swedish Match's factory in Gothenburg. *Own and related parties' shares:* 0



Pär-Ola Olausson

**PÄR-OLA OLAUSSON**

Board member since 2018. Appointed by the Swedish Trade Union Confederation (LO) within Swedish Match. Chairman of IF Metall's Trade Union Association at Swedish Match's factory in Tidaholm, Sweden. Born 1972. Technical support at Swedish Match's factory in Tidaholm. *Own and related parties' shares:* 0



Dragan Popovic

**DRAGAN POPOVIC**

Board member since 2017. Appointed by the Council for Negotiation and Co-operation (PTK) within Swedish Match. Board member of the Swedish Association of Management and Professional Staff (Ledarna) at the factories in Gothenburg and Kungälv, Sweden. Born 1973. Area Manager Production at Swedish Match's factory in Gothenburg. *Previous positions:* Area Manager Pilot Plant and Machine Operator, at Swedish Match's factory in Gothenburg. *Own and related parties' shares:* 0

**EMPLOYEE REPRESENTATIVES (DEPUTIES)**



Niclas Bengtsson

**NICLAS BENGTTSSON**

Deputy member since 2018. Appointed by the Swedish Confederation of Professional Associations (Saco) within Swedish Match. Born 1969. Vice President Group Tax at Swedish Match's headquarters, Stockholm, Sweden. *Previous positions:* Tax Director Group Finance, Swedish Match; Manager, Ernst & Young; Tax Litigation Officer, the Swedish Tax Agency. *Own and related parties' shares:* 5,580



Niclas Ed

**NICLAS ED**

Deputy member since 2017. Appointed by the Council for Negotiation and Co-operation (PTK) within Swedish Match. Deputy Chairman of the Trade Union Association (Sälj-klubben) within Swedish Match Europe Division. Born 1968. Sales Representative, Swedish Match Europe Division. *Previous positions:* Sales Representative, JC - Brothers; Sales support, Skandia; Sales Representative, Ellte; Sales Representative, Nikko. *Own and related parties' shares:* 0



Matthias Eklund

**MATTHIAS EKLUND**

Deputy member since 2018. Appointed by the Swedish Trade Union Confederation (LO) within Swedish Match. Board member of the Swedish Food Workers' Trade Union Association (Livs) at SMD Logistics in Kungsängen, Sweden. Born 1980. Warehouse worker at SMD Logistics in Kungsängen. *Previous positions:* Warehouse worker, Swedish Match Distribution in Solna. *Own and related parties' shares:* 0



## Group Management 2021



**LARS DAHLGREN**

President and Chief Executive Officer, Swedish Match since 2008. Joined Swedish Match in 1996. Member of the Group Management Team since 2004.

Born 1970. M.Sc. in Business and Economics, Stockholm School of Economics, Sweden.

*Previous positions:* Senior Vice President and Chief Financial Officer, Swedish Match AB; Vice President, Group Finance, Swedish Match AB; Finance Director, Swedish Match Philippines; Financial analyst, SBC Warburg.

*Own and related parties' shares:* 450,500

Lars Dahlgren



Thomas Hayes

**THOMAS HAYES**

President, US Division, Swedish Match since 2020. Joined Swedish Match in 2006. Member of the Group Management Team since 2017.

Born 1966. B.S. in Accounting, Wake Forest University, USA.

*Previous positions:* Chief Financial Officer and Senior Vice President, Group Finance, Swedish Match AB; Vice President and Chief Financial Officer, Swedish Match US Division; Chief Financial Officer, Swedish Match International Division; Controller and Chief Accounting Officer, Chesapeake Corporation; Managing Director, PricewaterhouseCoopers.

*Own and related parties' shares:* 87,300



Marie-Louise Heiman

**MARIE-LOUISE HEIMAN**

Senior Vice President, Group Legal Affairs and General Counsel, Swedish Match since 2015. Joined Swedish Match in 1996. Member of the Group Management Team and Secretary to the Board since 2015.

Born 1965. Master of Laws (LLM), Uppsala University, Sweden.

*Previous positions:* Vice President, Legal Affairs, Swedish Match AB; General Counsel, Swedish Match North Europe AB; Legal Counsel, AB Fortos, BCP Branded Consumer Products AB and Procordia AB.

*Own and related parties' shares:* 42,300



Anders Larsson

**ANDERS LARSSON**

Chief Financial Officer and Senior Vice President, Group Finance, Swedish Match since 2020. Joined Swedish Match in 2008. Member of the Group Management Team since 2020.

Born 1982. M.Sc. in Business and Economics, Stockholm School of Economics, Sweden.

*Previous positions:* Vice President, Group Finance, Swedish Match AB; Vice President, Business Control, Swedish Match Scandinavia Division; Director, Group Business Control, Swedish Match AB; Business Controller, Swedish Match AB.

*Own and related parties' shares:* 16,410

Holdings of own and related parties shares as of December 31, 2021. For a detailed report of remuneration and benefits for the Board of Directors, refer to Note 5 Personnel.



**Fredrik Peyron**

**FREDRIK PEYRON**

Senior Vice President, Regulatory Affairs and Group Communications. Joined Swedish Match in 2016. Member of the Group Management Team since 2016. Born 1967. Master of Laws (LLM), Lund University, Sweden.

*Previous positions:* Group Vice President, Legal Affairs, General Counsel and Secretary, Autoliv; Senior Vice President, Legal Affairs and General Counsel, Swedish Match AB; Vice President, Corporate Affairs, Swedish Match AB; Legal Counsel, Akzo Nobel; Associate, Mannheimer Swartling law firm.

*Own and related parties' shares:* 31,000



**Håkan Söderberg**

**HÅKAN SÖDERBERG**

President, Lights Division, Swedish Match since 2017. Joined Swedish Match in 2007. Member of the Group Management Team since 2017.

Born 1969. M.Sc BA, Stockholm University, Sweden. *Previous positions:* COO, Lights International Division, Swedish Match; COO, Continental Europe Division Netherlands, Swedish Match; Vice President, Finance & IT International Division Netherlands, Swedish Match; Regional Finance Director Belgium, AstraZeneca; CFO South Africa, AstraZeneca; Director, Finance Supply chain and Logistics England, AstraZeneca; Director, Business logistics and Finance, AstraZeneca; Corporate controller, Astra AB.

*Own and related parties' shares:* 35,000



**Joakim Tilly**

**JOAKIM TILLY**

President, Europe Division, Swedish Match since 2013. Joined Swedish Match in 2004. Member of the Group Management Team since 2008.

Born 1970. M. Sc. in Business and Economics, Stockholm School of Economics, Sweden.

*Previous positions:* Senior Vice President Group Finance and IT and Chief Financial Officer, Swedish Match AB; Senior Vice President, Group Finance, Swedish Match AB; Vice President, Group Finance, Swedish Match AB; Chief Executive Officer and Chief Financial Officer, Netgiro International; Chief Financial Officer, Swedish Match Lighter Division.

*Own and related parties' shares:* 90,000



**CHANGES IN THE GROUP MANAGEMENT TEAM 2021**

Lars Olof Löfman retired from his position as Senior Vice President, R&D, Europe Division on October 1, 2021.

Holdings of own and related parties shares as of December 31, 2021. For a detailed report of remuneration and benefits for the Board of Directors, refer to Note 5 *Personnel*.