

# Corporate Governance report

Swedish Match AB (publ) is a public Swedish limited liability company. 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.

The Company and the Group are governed on the basis of the Company's Articles of Association, the Swedish Companies Act, the listing agreement pertaining to listing of the Company's shares on the OMX Nordic Exchange in Stockholm, the Swedish Code of Corporate Governance and other applicable laws and regulations. The Articles of Association, in its entirety, is available on the Company's website: [www.swedishmatch.com](http://www.swedishmatch.com).

Because of a prior listing on the American NASDAQ stock exchange, Swedish Match has been registered with the US Securities and Exchange Commission (SEC). During 2007, Swedish Match terminated its registration with SEC and is thus no longer under obligation to report to the SEC.

Swedish Match applies the Swedish Code of Corporate Governance. The Company is not reporting any deviations from the Code for 2007, except with regard to the Code's rule that the Company's half-year or nine-month report be reviewed by the Company's auditors. The reason for this deviation is that the Board of Directors, with reference to the Company's stable operations, was of the opinion that the extra cost that would be incurred by such a review was not warranted.

This Corporate Governance Report, with the exception of the report on internal control, has been examined by the Company's auditors but does not represent part of the formal annual report.

## General Meeting

The General Meeting 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 have been informed of their legal rights to have issues dealt with at General Meetings through the Company's website at [www.swedishmatch.com](http://www.swedishmatch.com). Each share entitles the holder to one vote at a General Meeting. Resolutions adopted by General Meetings are generally resolved by a simple majority. However, according to the Swedish Companies Act, certain matters are to be decided by a qualified majority.

The Annual General Meeting must be held within six months of the close of the fiscal year. At the Annual General Meeting, resolutions are adopted concerning such matters as dividends, approval of the annual report, discharge of the Board of Directors and the President from personal liability, election of members of the Board of Directors and, wherever applicable, auditors, compensation to the Board of Directors and auditors, principles to be followed for determining compensation to senior executives and other matters of importance to the Company.

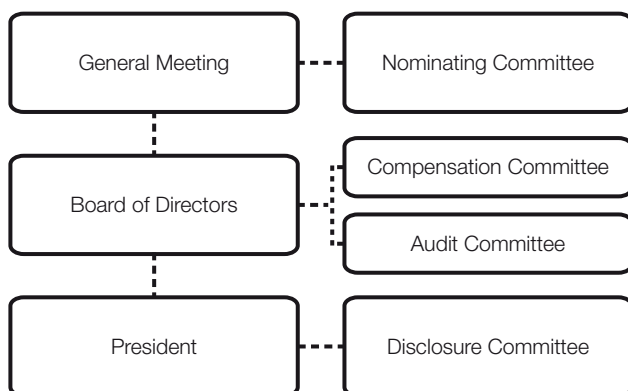
The Annual General Meeting for 2007 was held on April 23. The minutes of the meeting are available on the Company's website [www.swedishmatch.com](http://www.swedishmatch.com).

## Nominating Committee

Up to the 2007 Annual General Meeting and, apart from the former Chairman of the Board, Bengt Magnusson (convener), the Nominating Committee consisted of William N. Booth (Wellington Management Company), Mads Eg Gensmann (Parvus Asset Management), Michael Allison (Morgan Stanley Investment Management) and Andy Brown (Cedar Rock Capital).

Pursuant to a resolution adopted at the 2007 Annual General Meeting, the Nominating Committee shall consist of five members. The Annual General Meeting resolved to empower the Chairman of the Board to contact the largest known shareholders of the Company in order of size and, until four representatives had been appointed, ask each of them to appoint a representative who, together with the

GOVERNANCE OF THE SWEDISH MATCH GROUP



Chairman of the Board, would constitute the Nominating Committee until the time of the appointment of a new Nominating Committee pursuant to the authorization received from the following year's Annual General Meeting. After the Chairman of the Board, Conny Karlsson, had contacted the Company's largest shareholders, the Nominating Committee was constituted on October 4, 2007 with William N. Booth (Wellington Management Company), Mads Eg Gensmann (Parvus Asset Management), Michael Allison (Morgan Stanley Investment Management) and Andy Brown (Cedar Rock Capital) as members, in addition to the Chairman of the Board, Conny Karlsson. Of the members of the Nominating Committee, only Conny Karlsson was also a member of the Board. Mads Eg Gensmann served as Chairman of the Nominating Committee. Fredrik Peyron, who was appointed Company's general counsel on February 1, 2007, served as secretary to the Nominating Committee.

Pursuant to instructions established by the General Meeting, the Nominating Committee's duties are to prepare and submit proposals to the General Meeting concerning the election of the Chairman of the Annual General Meeting, the election of the Chairman and other members of the Board, directors' fees divided between the Chairman of the Board and other Board members, and any fees for committee work, as well as, if applicable, the election of and fees to be paid to the auditors.

Proposals to the Nominating Committee can be submitted to the Nominating Committee's secretary, Fredrik Peyron. As part of the process for nominating Board members prior to the 2007 Annual General Meeting, the Nominating Committee conducted an evaluation of the Board of Directors in the autumn of 2006. During the year the Nominating Committee also addressed the issue regarding auditors to be elected at the Annual General Meeting 2008.

The Nominating Committee shall meet as often as necessary to discharge its duties, and at least once per year. During 2007, the Nominating Committee held two meetings prior to the Annual General Meeting and three meetings thereafter. The 2007 Annual General Meeting decided that no fees be paid to the members of the Nominating Committee but that expenses of the Nominating Committee were to be borne by the Company.

## Board of Directors

### Composition

According to the Articles of Association, the Company's Board of Directors must 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 2007, Swedish Match's Board of Directors consisted of eight members elected by the General Meeting plus three employee representatives and their three deputies.

During the year, the Board of Directors consisted of the following directors elected by the General Meeting: Bernt Magnusson (until the Annual General Meeting), Conny Karlsson, Sven Hindrikes, Arne Jurbrant, Karsten Slotte (until the Annual General Meeting), Kersti Strandqvist, Meg Tivéus and Andrew Cripps, as well as Charles A. Blixt and John P. Bridendall, who were elected as members at the 2007 Annual General Meeting. During the year, employee representatives on the Board were Kenneth Ek, Eva Larsson and Joakim Lindström, with Håkan Johansson, Eeva Kazemi Vala and Gert-Inge Rang (as of the April 2007) as deputies.

### Meetings

The Board of Directors is summoned to five scheduled and one statutory meeting per year. Three of the scheduled meetings are coordinated with the dates of the financial information for the first and third quarters and of the year-end report. In addition, the Board meets in August/September and in December to discuss the strategic plan and the operational budget.

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 have also met with the Board without Company representatives. In addition to the scheduled Board meetings, the Board is called to additional meetings convened at the discretion of any director or of the President.

### Responsibilities of the Board of Directors

The Board of Directors is primarily responsible for Swedish Match's general and long-term strategies and goals, adopting the budget and business plans, reviewing and approving the financial accounts, establishing overall policies and making decisions regarding investments and divestments.

The Board of Directors appoints, and issues instructions for, the President and monitors his work. The Board also determines the President's salary and other compensation within the framework of the principles established at General Meetings.

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 control and the quality of its financial reporting through the system for internal control that is described in detail in the section entitled "Report on internal control" on page 97.

### Working procedures for the Board of Directors

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 guidelines for financial reporting to the Board. The working procedures also stipulate that the Company must have an Audit Committee and a Compensation Committee.

### Activities of the Board of Directors during 2007

The number of Board meetings during 2007 was eight, of which five were scheduled meetings and one statutory meeting. Six meetings were held in Stockholm, one in Richmond, Virginia, USA and one by telephone.

The Board of Directors elected at the 2007 Annual General Meeting held its 2007 statutory meeting on the same day as the Annual General Meeting, whereby decisions were made concerning the working procedures for the Board and instructions for the Compensation and Audit Committees. In addition, customary decisions were made concerning the

election of the secretary (General Counsel Fredrik Peyron) and authorized signatories, as well as the appointment of members of the Compensation and Audit Committees.

In addition to a financial review of the business and of the strategic plan, the Board devoted considerable time to the Company's strategic orientation, structural issues, external issues, follow-up of acquisitions, distribution of surplus funds and structures for incentives and benefits.

In conjunction with the Board's meeting in August, a visit was made to the Group's production facilities in Dothan, Alabama, USA.

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

### Chairman of the Board

The Chairman of the Board is responsible, in all essential respects, for organizing and directing the Board's work and for ensuring that the Board fulfils its obligations. Through regular contact with the President, the Chairman of the Board monitors the Company's operations and development and ensures that the Board of Directors continuously receives the information required for upholding the quality of the Board's work and that this work is performed in compliance with the Swedish Companies Act.

The Chairman's other responsibilities include forwarding the owners' opinions to the Board of Directors. The Chairman of the Board up to the 2007 Annual General Meeting was Bernt Magnusson, who, prior to the Annual General Meeting, announced that he would not stand for re-election. After the Annual General Meeting 2007, Conny Karlsson served as Chairman of the Board.

COMPOSITION OF THE BOARD OF DIRECTORS AND COMMITTEES AND NUMBER OF MEETINGS AND ATTENDANCE DURING 2007

	Audit Committee	Compensation Committee	Board of Directors
<b>Total number of meetings</b>	<b>5</b>	<b>5</b>	<b>8</b>
Bernt Magnusson (resigned in April 2007)		2	2
Conny Karlsson		5	8
Sven Hindrikes			8
Charles A. Blixt (newly elected in April 2007)			5
John P. Bridendall (newly elected in April 2007)			6
Andrew Cripps	5		7
Arne Jurbrant		5	8
Karsten Slotte (resigned in April 2007)	1		2
Kersti Strandqvist	5		8
Meg Tivéus	5	3	8
Kenneth Ek			8
Eva Larsson			8
Joakim Lindström			7
Håkan Johansson			6
Eeva Kazemi Vala			8
Gert-Inge Rang (from April 2007)			6

### Audit Committee

The Audit Committee is appointed annually by the Board of Directors. During 2007, the members were Meg Tivéus, (Chairman), Andrew Cripps, Karsten Slotte (until April 23, 2007) and Kersti Strandqvist.

Although the Committee's work is primarily of a preparatory and advisory nature, the Board of Directors may in special cases delegate decision-making authority to the Committee. The Committee is responsible for overseeing procedures for accounting and financial reporting, the organization of the internal control as well as overseeing auditing of the Group's accounting records. Its reviews focus on the quality and integrity of the Group's financial statements and related disclosure, the performance of the Company's internal control function and independent auditors, the independent auditors' qualifications and independence, the Group's compliance with applicable laws and regulations and, as required, transactions between the Group and related parties. In conjunction with the Audit Committee's review of the financial reports, the members of the Audit Committee also discuss accounting issues relating to the Company's financial reporting. The Audit Committee must also establish guidelines by which services other than auditing may be secured from the auditors by the Company. The Audit Committee also discusses other important issues relating to the Company financial reporting and reports its observations to the Board.

Decision-making powers have been delegated to the Committee by the Board pertaining to:

- (i) advance approval of non-audit services to be provided by the auditors;
- (ii) advance approval of transactions between the Company and related parties;
- (iii) matters pertaining to special review of interim reports by auditors, and
- (iv) the need for a separate review function (internal audit).

In addition to supervising the Company's accounting records, financial reporting and auditing, the Committee devoted special attention during 2007 to the Company's internal control over financial reporting. The Chairman of the Committee kept the Board of Directors informed on an ongoing basis of the work and decisions of the Committee throughout the year.

In consultation with Committee members, the Chairman of the Committee shall decide where and how frequently the Committee shall meet. The number of meetings during 2007 was five. The Company's auditors participated in all of the meetings of the Audit Committee during 2007 and, in connection with two of these meetings, also met with the Committee without the presence of Company representatives.

### Compensation Committee

The Compensation Committee is appointed annually by the Board of Directors. Members during 2007 were Bernt Magnusson (until April 23), Conny Karlsson, Chairman from April 23, Arne Jurbrant and Meg Tivéus. The Company's President, Sven Hindrikes, presented 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.

The Committee's duties are to prepare and submit to the Board proposals for decisions on the following issues;

- (i) principles for determining salary and other compensation and other terms of employment for the Company's President and other members of Group Management Team;
- (ii) share-related incentive programs;
- (iii) salary and other compensation as well as other terms of employment for the Company's President, including annual salary review;
- (iv) salary and other compensation as well as other terms of employment involving matters of principle, or that are otherwise of major importance, or can affect a wider circle within the Group; for example, bonus programs, options programs and profit-sharing systems.

The Board of Directors has delegated decision-making authority to the Committee for the following issues:

- (i) payment of variable salary to the Company's President and other members of the Group Management Team;
- (ii) the allotment of options, within the framework for the call option program, as resolved by the Annual General Meeting;
- (iii) payment of funds to the Company's profit-sharing system in Sweden, pursuant to the rules stipulated by the Board for the Swedish profit-sharing system;
- (iv) salary and other compensation which, within the framework of the guidelines resolved by the Annual General Meeting, shall be paid to, and other terms of employment that shall apply for, members of Group Management Team other than the President;
- (v) approval of significant engagements outside the Company with respect to other members of the Group Management Team than the President, and
- (vi) study fees paid to the employee representatives on the Board.

The Committee's Chairman kept the Board of Directors informed on an ongoing basis about the Committee's work and decisions during the year.

The Committee shall meet as often as necessary but at least twice annually. The number of meetings held during 2007 was five, including one by telephone and one by means of correspondence.

During 2007, the Committee devoted special attention to variable compensation for 2006 to be paid in 2007, establishing the structure and target parameters for variable compensation to the President and other members of the Group Management Team for 2007, as well as principles for future variable compensation, proposals to the Board concerning adjustments to the President's salary and variable compensation for 2008 and determination of salaries for other members of the Group Management Team for 2008. In addition, the Committee submitted a proposal to the Board, prior to the 2007 Annual General Meeting, to have the Company issue call options in respect of the 2006 options program and a proposal for principles for the determination of salaries and other compensation paid to the President and other members of Group Management Team.

The Committee's work regarding levels and structures for compensation to Group Management Team was performed with the help of external expertise.

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

The Board of Directors must ensure that its work is evaluated annually. During late 2007, the Board's work was evaluated by an independent consulting company. The Nominating Committee was informed of the result of the evaluation.

#### **Independence of Board members**

All of the Board members are independent in relation to the Company's major shareholders. The President, Sven Hindrikes, in his capacity as a Company employee, is not independent in relation to the Company. All other Board members are independent in relation to the Company.

#### **Compensation to the Board of Directors**

The Nominating Committee submits proposals to the General Meeting regarding compensation to the Board of Directors, following which the Meeting votes on the matter.

Directors' fees were paid during 2007 pursuant to the resolutions of the Extraordinary General Meeting in 2006 and the Annual General Meeting in 2007. No compensation for Directorship work was paid to Directors employed by the Swedish Match Group.

Pursuant to a resolution adopted by the 2007 Annual General Meeting, in accordance with the Nominating Committee's proposal, compensation to the Board for the period from the 2007 Annual General Meeting up to and including the 2008 Annual General Meeting amounted to 1,500,000 SEK to the Chairman of the Board and 600,000 SEK to each member of the Board elected by the General Meeting. In addition, a total of 875,000 SEK was granted for committee work, with the Chairman of the Compensation and Audit Committees to receive 210,000 SEK each and other members serving on these committees to receive 110,000 SEK each.

In December 2006, the Board established principles governing Board directors' ownership of shares in the

Company, from which it follows that all directors who received directors' fees during the period following the Extraordinary General Meeting in December 2006 must acquire shares in the Company for an amount corresponding to the fees received following the Extraordinary General Meeting less income tax. During 2007, the Board complied with these principles. For more information about Directors' fees for 2007, see Note 6. Personnel, page 61.

## **Management**

### **President**

The President is appointed by the Board of Directors, and manages the Company's operations within the framework established by the Board. The President's duties include responsibility for ensuring that the Board of Directors receives an information base that is as objective, comprehensive and relevant as possible prior to Board meetings and otherwise, enabling the Board to reach well-founded decisions. The President also reports to the Board and submits reasoned proposals for decisions by the Board. In addition, the President provides Board members, on a monthly basis, with the information required to monitor the position, liquidity and development of the Company and the Group while also providing the Chairman with ongoing information regarding the operations of the Company and the Group.

During 2007, Sven Hindrikes served as President and CEO.

### **Group Management Team**

Swedish Match's Group Management Team consisted of Sven Hindrikes, President and CEO, Bo Aulin, Senior Vice President Corporate Affairs up to and including February 1, 2007 and thereafter Senior Executive Advisor, Mats Adamson, Senior Vice President Group Human Resources, Patrik Andersson, President of the North Europe Division (from October 1), Henrik Brehmer, Senior Vice President Corporate Communications (from July 1), Lars Dahlgren, Senior Vice President Group Finance and IS/IT, Lennart Freeman, Executive Vice President and President of the North America Division, Lars-Olof Löfman, Senior Vice President of Global Smokefree Products and up to and including September 30, 2007, President of the North Europe Division, Fredrik Peyron, Senior Vice President Legal Affairs as of February 1 and Jarl Ugglå, President of the International Division.

### **Remuneration to Group Management**

The 2007 Annual General Meeting established certain principles for determining salary and other compensation to the President and other members of Group Management Team. For information on the guidelines established at the Annual General Meeting, see 6. Personnel, page 61.

For information concerning remuneration and other benefits to the Group Management Team and the Company's options program, see 6. Personnel, page 62.

## Audit and auditors

The auditors are elected by the General Meeting. According to the Articles of Association, the number of authorized public auditors must be one or two with a maximum of the same number of deputy auditors or one or two auditing firms.

The accounting firm KPMG Bohlins AB was elected by the General Meeting as the Company's external auditors for the period from 2004 up to and including the Annual General Meeting in 2008. Thomas Thiel served as auditor in charge.

The duties of the external auditors include reviewing the management of the Board and President and 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.

During 2007, in addition to the auditing, KPMG provided consultancy services to the Group, primarily with

regard to acquisitions and taxes, as it did, to some extent, during 2004 to 2006. For information concerning compensation to Swedish Match's auditors during 2007, see Note 7. Audit fees, page 64.

## 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 routines. Members of the Committee during 2007 were the Company's Senior Executive Advisor, Bo Aulin, who also served as the Chairman of the Committee, and the heads of Investor Relations, Internal Control and Legal Affairs.

## Report on internal control

The Board of Directors is responsible for internal control pursuant to the Swedish Companies Act and the Swedish Code of Corporate Governance. This report has been prepared in accordance with the Swedish Code of Corporate Governance and is thereby limited to internal control regarding financial reporting.

The basis for internal control with regard to financial reporting comprises a control environment with organization, decision making channels, powers and responsibilities that have been documented and communicated in governing documents such as internal policies, guidelines, manuals and codes (for example, the division of duties between the Board of Directors on the one hand and the President and the other entities that the Board establishes on the other), instructions with regard to attestation rights and auditing and reporting instructions.

The Company applies a risk-evaluation and risk-management method in order to ensure that the risks to which the Company is exposed are managed within the frameworks that have been established. Risks that have been identified in connection with financial reporting are managed via the Company's control structure.

The Company has defined a standardized system of controls to ensure that essential risks pertaining to financial reporting are handled properly.

The Company monitors compliance with governing documents in the form of internal policies, guidelines, manuals and codes, and evaluates the effectiveness of the control structures. The evaluation of the effectiveness of internal controls is conducted through tests performed by internal control resources, the central department for internal control, external consultants or, in certain instances, through self evaluation. The central department for internal control reports the results from the evaluation and other internal control issues to the Audit Committee and Company Management.

Monitoring of the Company's information and communication channels is also performed with the aim of ensuring that these are appropriate with regard to financial reporting. The Disclosure Committee follows up the sufficiency of the financial reports with regard to disclosure requirements.

The Board receives monthly reports and the financial status of the Company and the Group is discussed at every scheduled Board meeting. In addition, the Board's various committees fulfill important functions as part of the Board's follow-up activities.

The Board has evaluated the need for a special internal auditing function based on the Group's operations. As a result of the existence of a department for internal control within the Company, the task of which is to ensure internal control, the Board of Directors is satisfied that a need for a separate internal auditing function within the Company does not presently exist.

*Stockholm, February 19, 2008*

**The Board of Directors of  
Swedish Match AB**



Conny Karlsson and Sven Hindrikes



Charles A. Blixt and John P. Bridendall



Andrew Cripps and Arne Jurbrant

## Board of Directors

**Conny Karlsson** Born 1955, MBA. Chairman since 2007. Board member since 2006. Chairman of the Compensation Committee. *Other Board assignments:* Board Chairman of Zodiak Television AB, Board member of Carl Lamm AB and Telia Sonera AB. *Previous positions:* President, 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:* 7,500.

**Sven Hindrikes** Born 1950, MBA. Board member since 2005. President and Chief Executive Officer of Swedish Match AB since 2004. Employed and member of Group management since 1998. *Previous positions:* Executive Vice President and Chief Financial Officer of Swedish Match AB; Executive Vice President of Linjebuss AB; Executive Vice President of ABB Canada; Vice President Finance of ABB Mexico. *Own and related parties' shares:* 23,000. *Call options:* 79,324.

**Charles A. Blixt** Born 1951. J.D. and B.A. Board member since 2007. *Other Board assignments:* Corporate Board memberships Targacept Inc. (NASDAQ: TRGT) and Krispy Kreme Doughnuts, Inc. (NYSE: KKD). Also Board member of Salem Academy and College Board of Trustees. *Previous positions:* Interim General Counsel at Krispy Kreme Doughnuts; Executive Vice President and General Counsel RJ Reynolds Tobacco Holdings; Executive Vice President and General Counsel Reynolds American Inc. *Own and related parties' shares:* 3,590.

**John P. Bridendall** Born 1950. MBA and B.S. Board member since 2007. Private investor, Financial Advisor to Jess S. Jackson, Founder, Chairman and CEO, Jackson Family Wines. *Previous positions:* Senior Vice President and Chief Financial Officer, Jack Daniel's Distillery Lem Motlow, Prop. Inc.; Senior Vice President Corporate Development and Investor Relations, Brown-Forman Corporation; Executive Vice President, Finance and Administration, Jackson Enterprises, Jackson Wine Estates International, Jackson Family Wines and Kendall-Jackson Wine Estates; President, Jackson Enterprises, Consulting & Business Development. *Own and related parties' shares:* 13,590.

**Andrew Cripps** Born 1957, B.A., University of Cambridge. Board member since 2006. Member of the Audit Committee. *Other Board assignments:* Non-executive director of Booker Group plc. Non-executive

director of Trifast Plc. *Previous positions:* Director, Carreras Group Ltd; Head of Acquisitions and Head of Strategy Development, British American Tobacco; Director of Corporate Finance, Rothmans International; Managing Director, Rothmans Holdings BV; President, Ed. Laurens International SA. Chartered Accountant and member of the Institute of Chartered Accountants of England and Wales. *Own and related parties' shares:* 5,200.

**Arne Jurbrant** Born 1942, MBA. Board member since 2002. Member of the Compensation Committee. *Other Board assignments:* Member of the IFL/MTC Foundation. *Previous positions:* CEO, Kraft Foods Nordic Region; President Kraft Freia Marabou Nordic Region; President, General Foods Sweden/Denmark; President, General Foods Denmark; Sales Manager, General Foods; Marketing Manager, General Foods Sweden; Product Manager, Pripps Bryggerier; President's assistant, Pripps Bryggerier. *Own and related parties' shares:* 6,700.

**Kersti Strandqvist** Born 1963, M. Sci., Techn. Lic., Master of Strategic Marketing. Board member since 2005. Member of the Audit Committee. Business Area Manager for Feminine Care within SCA Personal Care. *Previous positions:* Business Area Manager for Baby Care within SCA Personal Care; Director of R&D for Incontinence Care, SCA Hygiene Products; Technical Manager Sourcing SCA Hygiene products, Marketing Manager Elf Atochem (France); various positions in R&D and sales Neste Chemicals (Sweden, Finland, Belgium). *Own and related parties' shares:* 3,430.

**Meg Tivéus** Born 1943, MBA. Board member since 1999. Chairman of the Audit Committee and member of the Compensation Committee. *Other Board assignments:* Chairman of Boss Media. Board member of Cloetta Fazer AB, Billerud AB, Danderyds Sjukhus AB, Nordea Fonder AB and Frösunda LSS AB. Prior Board assignments for Statens Provninganstalt AB, Operan AB, Postgirot AB, Kommentus AB, SNS, SJ and Framfab. *Previous positions:* President of Svenska Spel AB; Vice President of Posten AB; Division Manager at Holmen AB; Division Manager at Åhléns AB; Director of AB Nordiska Kompaniet; Product Manager at Modo AB; Project Manager at McCann Gunther & Bäck. *Own and related parties' shares:* 5,300.



Kersti Strandqvist and Meg Tivéus



Kenneth Ek, Eva Larsson and Joakim Lindström



Håkan Johansson, Eeva Kazemi Vala and Gert-Inge Rang

#### Employee representatives

**Kenneth Ek** Born 1953. Board member since 1999. 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 snus plant in Gothenburg, Sweden. Works with strategic/ industrial projects at Swedish Match's plant in Gothenburg/ Kungälv. *Previous positions:* Technical Manager; Electrical Manager; Electrician, Swedish Match AB. *Own and related parties' shares:* 0.

**Eva Larsson** Born 1958. Board member since 1999. Appointed by the Swedish Trade Union Confederation (LO) within Swedish Match Industries. Chairman of the trade union association at the match plant in Tidaholm, Sweden. Insurance Manager for insurance policies of persons employed under collective agreements at Swedish Match's match plant in Tidaholm. *Previous positions:* Line Operator, Swedish Match's match plant in Tidaholm. *Own and related parties' shares:* 0.

**Joakim Lindström** Born 1965. Board member since 1999. Appointed by the Swedish Trade Union Confederation (LO) within Swedish Match. Chairman and member of the nomination body of the Swedish Food Workers' (Livs) trade union association in Solna, Stockholm, Sweden. Module technician at Swedish Match's distribution facility in Solna. *Previous positions:* Swedish Match's distribution facility in Solna. *Own and related parties' shares:* 0.

#### Employee representatives (deputies)

**Håkan Johansson** Born 1963. Deputy member since 2004. Appointed by the Swedish Trade Union Confederation (LO) within Swedish Match. Line Operator at Swedish Match's distribution facilities in Gothenburg. *Previous positions:* Swedish Match's distribution facilities in Malmö. *Own and related parties' shares:* 0.

#### Auditors

**KPMG Bohlins AB** *Senior Auditor:* Thomas Thiel. Born 1947. Authorized Public Accountant. Swedish Match Auditor since 2004. Thomas Thiel's other auditing assignments include Atlas Copco, Holmen, PEAB Industri, Ratos, SKF and Svenska Handelsbanken.



**Eeva Kazemi Vala** Born 1949. Deputy member since 2004. Appointed by the Council for Negotiation and Co-operation (PTK) within Swedish Match. Works with Market Analysis at Swedish Match North Europe Division. *Previous positions:* Market Coordinator Pipe tobacco, Market Research Manager, Marketing Assistant, Research Chemist, Bioanalyst, Swedish Match North Europe Division. Stockholm University, Casco AB and Karolinska Institute. *Own and related parties' shares:* 1,100.

**Gert-Inge Rang** Born 1954. Deputy member since 2007. Appointed by the Council for Negotiation and Co-operation (PTK) within Swedish Match. Chairman of the Swedish Association of Management and Professional Staff (Ledarna) at the factory in Vetlanda, Sweden. Foreman, Splint department at Swedish Match Industries in Vetlanda. *Previous positions:* Splint department at Swedish Match Industries in Vetlanda. *Own and related parties' shares:* 1,000.

#### Independence in relation to the 2007 Board of Directors

All Board members are independent in relation to major shareholders of the Company. The President and CEO, Sven Hindrikes, is employed by the Company and is thus not considered independent in relation to the Company. All other Board members are independent in relation to the Company.

#### Secretary to the Board of Directors

**Fredrik Peyron** General Counsel. Senior Vice President, Legal Affairs since 2007.

#### Changes in the Board of Directors during 2007

At the Annual General Meeting, Conny Karlsson was elected as Chairman of the Board, Charles A. Blixt and John P. Bridendall as Board members and Gert-Inge Rang as the employees' representative (deputy).

Holdings of own and related parties shares as of December 31, 2007.

[WWW.SWEDISHMATCH.COM](http://WWW.SWEDISHMATCH.COM)

For updated information on Board members and their shareholdings and options, please refer to the Group's website.





Sven Hindrikes



Mats Adamson and Patrik Andersson



Bo Aulin and Henrik Brehmer

## Group Management

**Sven Hindrikes** President and CEO of Swedish Match AB since 2004. Employed and member of Group Management Team since 1998. Born 1950, MBA.  
*Own and related parties' shares:* 23,000  
*Call options:* 79,324

**Mats Adamson** Senior Vice President, Human Resources since 2007. Joined Swedish Match in 1994. Member of Group Management Team since 2007. Born 1959, educated at the Swedish Armed Forces Academies, rank of Major within the Swedish Armed Forces.  
*Own and related parties' shares:* 650  
*Call options:* 27,355

**Patrik Andersson** President of North Europe Division since 2007. Employed and member of Group Management Team since 2007. Born 1964, Bachelor of Business Administration.  
*Own and related parties' shares:* 0  
*Call options:* 0

**Bo Aulin** Senior Executive Advisor and Chairman of the Disclosure Committee. Joined Swedish Match in 1990. Member of Group Management Team since 1996. Born 1948, Bachelor of Laws (LLB).  
*Own and related parties' shares:* 4,400  
*Call options:* 54,712

**Henrik Brehmer** Senior Vice President, Corporate Communications since 2007. Employed and Member of Group Management Team since 2007. Born 1964, Bachelor Human Resources Management and Business Administration.  
*Own and related parties' shares:* 0  
*Call options:* 0

**Lars Dahlgren** Chief Financial Officer and Senior Vice President, Group Finance and IT since 2004. Joined Swedish Match in 1996. Member of Group Management Team since 2004. Born 1970, MBA.  
*Own and related parties' shares:* 1,000  
*Call options:* 43,365

**Lennart Freeman** Executive Vice President of Swedish Match AB since 2005. President of North America Division since 1999. Joined Swedish Match in 1975. Member of Group Management Team since 1999. Born 1951, MBA.  
*Own and related parties' shares:* 300  
*Call options:* 94,433

**Lars Olof Löfman** Senior Vice President, Global Smokefree Products since 2007. Joined Swedish Match in 1987. Member of Group Management Team since 2004. Born 1956, MSc Eng, Controller DIHM.  
*Own and related parties' shares:* 1,400  
*Call options:* 51,816



Lars Dahlgren, Lennart Freeman and Lars Olof Löfman



Fredrik Peyron and Jarl Ugglå

**Fredrik Peyron** General Counsel. Senior Vice President, Legal Affairs since 2007. Joined Swedish Match in 2000. Member of Group Management Team and Secretary to the Board since 2007. Born 1967, Bachelor of Laws (LLB).

*Own and related parties' shares:* 1,500

*Call options:* 27,355

**Jarl Ugglå** President of International Division since 2005. Joined Swedish Match in 2002. Member of Group Management Team since 2004. Born 1955, Mechanical Engineer.

*Own and related parties' shares:* 3,000

*Call options:* 103,229

**[WWW.SWEDISHMATCH.COM](http://WWW.SWEDISHMATCH.COM)** 

For updated information on members of the Group Management Team and their shareholdings and call options, refer to the Group's website.

#### Changes in the Group Management Team during 2007

Mats Adamson assumed the position of new Senior Vice President, Group Human Resources succeeding Göran Streiffert, who had retired. Bo Aulin left his function as Chief Legal Advisor and Senior Vice President, Corporate Communications and was elected Senior Executive Advisor and continued his work in Group Management Team. Bo Aulin was succeeded by Fredrik Peyron, as Senior Vice President, Legal Affairs and by Henrik Brehmer, as Senior Vice President, Corporate Communications. Lars Olof Löfman left his former position as President of North Europe Division and was succeeded by Patrik Andersson. Lars Olof Löfman assumed the position of Senior Vice President of Global Smokefree Products.

Holdings of own and related parties shares and call options as of December 31, 2007. For a detailed report of remuneration and benefits to senior executives, refer to Note 6, page 62.