

Governance report

Swedish Match AB (publ) is a public Swedish limited liability company listed on the NASDAQ OMX 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 the NASDAQ OMX Stockholm, the Swedish Code of Corporate Governance and other applicable laws and regulations. The Articles of Association, adopted by the General Meeting of shareholders, are available on the Company's website at www.swedishmatch.com.

Swedish Match applies the Swedish Code of Corporate Governance, which is available on the website of the Swedish Corporate Governance Board, at www.corporategovernanceboard.se. The Company is not reporting any deviations from the Code for 2011, 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.

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 are informed of their legal rights to have issues addressed at General Meetings through the Company's website at www.swedishmatch.com/agm. The Company's Articles of Association do not include any limitations on how many votes each shareholder may cast at a General Meeting. Each share entitles the holder to one vote at a General Meeting. The Company does not apply any special arrangement on how the General Meeting works, neither due to provisions in the Articles of Association nor, 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 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 and compensation of the Chairman and members of the Board of Directors and, where applicable, auditors, guidelines for determination of compensation payable to senior executives, and other matters of importance to the Company. The Annual General Meeting for 2011 was held on May 2, 2011. The minutes of the meeting are available on the Company's website: www.swedishmatch.com.

Authorisation granted by the General Meeting

The General Meeting has not granted the Board of Directors authorization to resolve that the Company shall issue new shares. For information as to the authorization granted by the General Meeting to the Board of Directors to acquire treasury shares, see the *Report of the Board of Directors*, page 40.

Direct or indirect shareholding

No shareholder has a shareholding in the Company representing one tenth or more of the votes of all shares of the Company.

Articles of Association

The Company's Articles of Association do not include any provisions concerning the appointment and dismissal of directors and amendment of the Articles of Association.

Nominating Committee

The Nominating Committee is established according to the principles resolved by the Annual General Meeting each year. Pursuant to a resolution of the 2011 Annual General Meeting, the Nominating Committee is to include the Chairman of the Board of Directors and one representative of each of the four largest shareholders who wish to appoint a representative to the Committee. The four largest shareholders are to be identified on the basis of the known numbers of votes on August 31, the year before the forthcoming Annual General Meeting.

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 among 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.

In the autumn of each year, the Board of Directors commissions an external consultant to conduct an evaluation of the Board as regards the conduct 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, and at least once per year. Proposals to the Nominating Committee can be submitted to the Nominating Committee's secretary, General Counsel Fredrik Peyron. The 2011 Annual General Meeting resolved that no fees should be paid to the members of the Nominating Committee, but that any expenses of the Nominating Committee were to be borne by the Company.

Nominating Committee for the Annual General Meeting 2011

The Nominating Committee for the Annual General Meeting in 2011 comprised the following five members: Mads Eg Gensmann (Parvus Asset Management), Andy Brown (Cedar Rock Capital), William Lock (Morgan Stanley Investment Management), Anders Oscarsson (AMF & AMF Funds) and the Chairman of the Board of Swedish Match Conny Karlsson. Mads Eg Gensmann served as Chairman of the Nominating Committee. The Committee held four meetings during the period between the 2010 and 2011 Annual General Meetings combined with informal contacts and discussions between the members. A report on the work of the Nominating Committee was presented to the Annual General Meeting 2011.

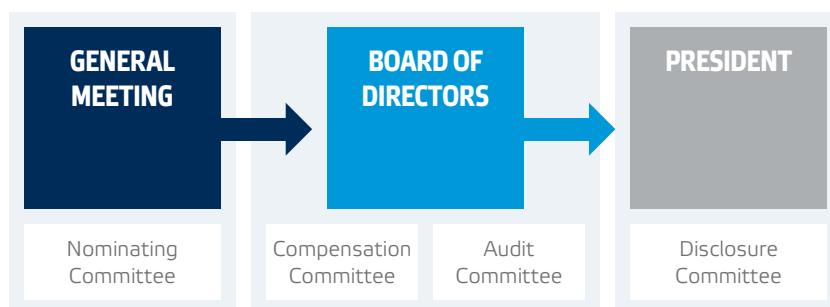
Nominating Committee for the Annual General Meeting 2012

The Nominating Committee for the Annual General Meeting in 2012 was announced on the Company's website on October 26, 2011, in connection with publishing the interim report for the third quarter. The Nominating Committee consists of the following members, in addition to the Chairman of the Board of Swedish Match Conny Karlsson: Andy Brown (Cedar Rock Capital), William Lock (Morgan Stanley Investment Management), Björn Lind (AMF & AMF Funds) and William von Mueffling (Cantillon Capital Management). Andy Brown serves as Chairman of the Nominating Committee.

Contacting the Nominating Committee

Shareholders may submit proposals to the Company's Nominating Committee at any time. However, any proposal should be submitted to the Committee no later than two

GOVERNANCE OF THE SWEDISH MATCH GROUP



months prior to the Annual General Meeting, so that the Nominating Committee can consider proposals received with due care.

Proposals are to be submitted to:
 Swedish Match AB
 The Nominating Committee
 c/o General Counsel Fredrik Peyron
 Box 7179
 SE-103 88 Stockholm, Sweden
 E-mail: nominating.committee@swedishmatch.com

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 2011, the Swedish Match Board of Directors comprised six 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.

During the year, the Board of Directors consisted of the following directors elected by the General Meeting: Conny Karlsson, Charles A. Blixt, (until the Annual General Meeting 2011), Andrew Cripps, Karen Guerra, Arne Jurbrant, (until the Annual General Meeting 2011), Robert F. Sharpe (from the Annual General Meeting 2011), Kersti Strandqvist, (until the Annual General Meeting 2011), Meg Tivéus, and Joakim Westh (from the Annual General Meeting 2011). During the year, Kenneth Ek, Eva Larsson, and Joakim Lindström served as employee representatives on the Board, with Håkan Johansson, Eva Norlén-Moritz, and

Gert-Inge Rang as deputies. Detailed information about individual Board members and deputies is provided on pages 98–99.

Meetings

The Board of Directors convenes for six scheduled meetings and one statutory meeting per year. In addition to the scheduled Board meetings, the Board may be 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.

Responsibilities of the Board of Directors

The Board of Directors is primarily responsible for establishing the Swedish Match strategic and financial Long Range Plan, monitoring the performance of the operations on an ongoing basis, ensuring that there is a satisfactory process for monitoring the Company's compliance with laws and regulations, reviewing and approving the financial accounts, and taking 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 guidelines 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 posi-

tion 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 *Risk management and internal control over financial reporting*; 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 the guidelines for financial reporting to the Board. The working procedures stipulate that the Company must have an Audit Committee and a Compensation Committee.

Activities of the Board of Directors during 2011

The number of Board meetings during 2011 was seven, of which six were scheduled meetings and one was the statutory meeting. The Board of Directors elected at the

2011 Annual General Meeting held its 2011 statutory meeting on the same day as the Annual General Meeting, when 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, and the appointment of members of the Compensation and Audit Committees.

In addition to the monitoring and control of the Company's operations and allocation of surplus funds, the Board in its work devoted considerable time to the Company's organization and management benefit structures and the monitoring of the Company's business objectives and strategy.

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 the items on the agenda were sent to the Board. The Company's auditors attended the Board meeting in February 2011 to present the audit report and observations from the audit. In conjunction with the Board's meetings in June, the Board visited the Company's operations in Norway.

Chairman of 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. Through regular contact with the President, the Chairman of the Board monitors the Company's operations and development, ensures that the Board of Directors continuously receives the information required for upholding the quality of the Board's work and monitors 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. During 2011, Conny Karlsson served as Chairman of the Board.

Audit Committee

The Audit Committee is appointed annually by the Board of Directors. In 2011, the members were Meg Tivéus, (Chairman), Andrew Cripps, Joakim Westh (as of the Annual General Meeting 2011), and Kersti Strandqvist (until the Annual General Meeting 2011). Although the 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 accounting and financial reporting processes of the Company and its subsidiaries and the efficiency of the internal controls, internal audit and risk management of the Company. The Committee is also to review and monitor the impartiality and independence of the auditor and to assist the Nominating Committee in preparing proposals underlying the General Meeting's resolution regarding election of auditors and auditors fees. It also 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 Audit Committee also discuss accounting issues relating to the Company's financial reporting. The Audit Committee also 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.

COMPOSITION OF THE BOARD AND ATTENDANCE 2011

	Board of Directors	Audit Committee	Compensation Committee	Independent ¹⁾
Total number of meetings	7	5	2	
Conny Karlsson (Chairman)	7		2	Yes
Charles A. Blixt (until April 2011)	1		1	Yes
Andrew Cripps (Deputy Chairman)	7	5		Yes
Karen Guerra	7		2	Yes
Arne Jurbrant (until April 2011)	1			Yes
Robert F. Sharpe (from April 2011)	6		1	Yes
Kersti Strandqvist (until April 2011)	1	1		Yes
Meg Tivéus	7	5		Yes
Joakim Westh (from April 2011)	6	3		Yes
Kenneth Ek	7			
Eva Larsson	7			
Joakim Lindström	7			
Håkan Johansson	7			
Eva Norlén-Moritz	6			
Gert-Inge Rang	7			

¹⁾ As defined in the Swedish Code of Corporate Governance.

Decision-making authority has been delegated to the Committee by the Board pertaining to:

- (i) approval of non-audit services to be provided by the auditors;
- (ii) approval of transactions between the Company and related parties; and
- (iii) deciding on any specific audit of interim reports by auditors.

Throughout the year, the Chairman of the Committee kept the Board of Directors regularly informed of the Committee's work and decisions.

In consultation with Committee members, the Chairman of the Committee is to decide where and how frequently the Committee is to meet. The number of meetings in 2011 was five. The Company's auditors, as well as the head of the Internal Audit, participated in all of the meetings of the Audit Committee in 2011 and, at two of these meetings, also met with the Committee without the presence of the management of the Company.

Compensation Committee

The Compensation Committee is appointed annually by the Board of Directors. Members in 2011 were Conny Karlsson, (Chairman), Charles A. Blixt (until the Annual General Meeting 2011), Karen Guerra, and Robert F. Sharpe (as of the Annual General Meeting, 2011). 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.

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

- (i) guidelines to be proposed to the Annual General Meeting, for the deter-

mination of salaries and other compensation, as well as other terms of employment for the Company's President and other members of the Group Management Team;

- (ii) any 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) matters relating to other compensation and employment terms that, according to law or other regulations, the Swedish Code of Corporate Governance or established practice are to be resolved by a General Meeting or the Board of Directors;
- (v) approval of significant engagements outside the Company with respect to the President; and
- (vi) the Board of Directors' report of the results of the Committee's evaluation of the variable remuneration, the application of the guidelines for remuneration and the current remuneration structures and levels in the Company as may be required by the Code.

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

- (i) calculation and payment of variable salary to the Company's President and other members of the Group Management Team;
- (ii) 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;
- (iii) salary and other compensation that, within the framework of the guidelines

resolved by the Annual General Meeting, is to be paid to, and other terms of employment that are to apply for, members of Group Management Team other than the President, including performance criteria, and targets in any long-term incentive plan;

- (iv) approval of significant engagements outside the Company with respect to members of the Group Management Team other than the President, and
- (v) study fees paid to the employee representatives on the Board.

In addition, the Committee is to monitor and evaluate:

- (i) programs for variable remuneration, both ongoing and those that have ended during the year, for the Group Management Team, and
- (ii) the application of the guidelines for remuneration that the Annual General Meeting is legally obliged to establish, as well as the current remuneration structures and levels for the members of the Group Management Team in the Company.

During the year, the 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 2011.

During 2011, the Committee devoted special attention to determination of variable compensation for 2010 to be paid in 2011, proposals to the Board concerning adjustments of the President's salary and variable compensation for 2012 and determination of salaries and variable compensa-

MEMBERS OF THE COMMITTEES OF THE BOARD OF DIRECTORS 2011

COMPENSATION COMMITTEE

Conny Karlsson
(Chairman)
Karen Guerra
Robert F. Sharpe

AUDIT COMMITTEE

Meg Tivéus
(Chairman)
Andrew Cripps
Joakim Westh

tion for other members of the Group Management Team for 2012. 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.

Evaluation of the work of the Board of Directors

The Board of Directors must ensure that its work is evaluated annually. During autumn 2011, 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.

Independence of Board members

According to the Nominating Committee, all of the Board members 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.

Compensation to the Board of Directors

The Nominating Committee submits proposals to the General Meeting regarding compensation to the Board of Directors. The Meeting then votes on the matter. Directors' fees were paid during 2011 pursuant to the resolution of the Annual General Meeting in 2011. No compensation for directorship work was paid to Directors employed by the Swedish Match Group.

Pursuant to a resolution adopted by the 2011 Annual General Meeting, compensation to the Board for the period from the 2011 Annual General Meeting up to and including the 2012 Annual General Meeting should amount to 1,710,000 SEK to the Chairman of the Board, 810,000 SEK to the deputy Chairman and 685,000 SEK to each member of the Board elected by the General Meeting. In addition, the Chairmen of the Compensation and Audit Committees were granted 250,000 SEK each for committee work, with other members serving on these committees receiving 125,000 SEK each. For further information about Directors' fees for 2011, see *Note 5 Personnel*, page 58.

Management

President

The President is appointed by the Board of Directors and manages the Company's operations within the framework of rules established by the Board. 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 reasoned 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 Company and the Group, while also providing the Chairman with ongoing information regarding the operations of the Company and the Group. During 2011, Lars Dahlgren served as President and CEO. Detailed information about the President is provided on page 100.

Group Management Team

In 2011, the Swedish Match Group Management Team consisted of Lars Dahlgren, President and CEO; Rich Flaherty, President of US Division; Emmett Harrison, Senior Vice President Corporate Communications and Sustainability; Elisabeth Hellberg, Senior Vice President Group Human Resources; Martin Källström, President of Smokefree Division (until March 11, 2011); Lars Olof Löfman, President of Swedish Match Distribution until March 10, 2011 and thereafter President of Smokefree Products Division; Jonas Nordquist, President of Scandinavia Division; Fredrik Peyron, Senior Vice President Legal Affairs; and Joakim Tilly, CFO and Senior Vice President Group Finance and IT.

Compensation to Group Management

The 2011 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 58. For information concerning compensation and other benefits to the Group Manage-

ment Team and the Company's option programs, see *Note 5 Personnel*, page 58.

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 one or two deputy auditors or one or two auditing firms.

The accounting firm KPMG AB was elected by the General Meeting as the Company's external auditors for the period from 2008 up to and including the Annual General Meeting in 2012. Thomas Thiel, authorized public accountant, serves as auditor in charge. The duties of the external auditors include auditing the management of the Board and 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.

During 2011, in addition to auditing, KPMG AB provided consultancy services to the Group, primarily with regard to tax advice and support in relation to liquidation of legal entities not needed. Consulting services regarding testing of IT controls have as well been provided.

For information concerning compensation to the Swedish Match's auditors during 2011, see *Note 6 Audit fees*, page 62.

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 be prepared in accordance with the Group's prevailing routines. Members of the Committee during 2011 were the heads of Business Control, Corporate Communications and Sustainability, Group Reporting and Tax, and Legal Affairs. The head of Legal Affairs served as the Chairman of the Committee.

Risk management and internal control over financial reporting

The Board of Directors is responsible for internal control over financial reporting pursuant to the Swedish Companies Act. The Audit Committee has a specific responsibility for monitoring the effectiveness of risk management and internal controls regarding financial reporting.

Control environment

The basis for internal control over financial reporting is the control environment that has been documented and communicated in governing documents such as internal policies on business ethics, delegation of authority, related party transactions and fraud response. In addition, a set of policies and instructions for accounting and reporting, as well as for internal control and IT security, has been established. All policies are regularly updated and distributed through a system whereby key individuals confirm implementation within their area of responsibility. Fundamental to creating an effective control environment is the establishment of clear decision-making and review structures. Swedish Match has established 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 that essential risks pertaining to financial reporting are properly mitigated. 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. 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

Management has established communication channels and forums to allow for an effective information flow relating to business conditions and changes affecting financial reporting.

Monitoring

The Group monitors compliance with governing documents in the form of internal policies and instructions, and evaluates the effectiveness of the control structure. 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 risk-driven plans that are triggered by specific changes and events. The head of Internal Audit reports directly to the Chairman of the Audit Committee and to the CFO.

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. The Disclosure Committee monitors the sufficiency of financial accounts with regard to disclosure requirements.

Stockholm, February 21, 2012

The Board of Directors of
Swedish Match AB

Auditors' report on the Corporate Governance report

To the annual meeting of the shareholders in Swedish Match AB (publ.), Corporate Identity Number 556015-0756

It is the Board of Directors who is responsible for the Corporate Governance report for the year 2011 on pages 92–97 and that it has been prepared in accordance with the Annual Accounts Act.

We have read the Corporate Governance report and based on that reading and our knowledge of the company and the group we believe that we have a sufficient basis for our opinions. This means that our statutory examination of the Corporate Governance report 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.

In our opinion, the Corporate Governance report has been prepared and its statutory content is consistent with the annual accounts and the consolidated accounts.

Stockholm, March 8, 2012

KPMG AB
Thomas Thiel
Authorized Public Accountant

Board of Directors



Conny Karlsson

CONNY KARLSSON

Born 1955. M.Sc. in Economics and Business. Chairman of the Board of Directors since 2007. Board member since 2006. Chairman of the Compensation Committee.
Other board assignments: Chairman of Rörvik Timber AB. Board member of TeliaSonera AB and CapMan OYJ.
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: 26,000

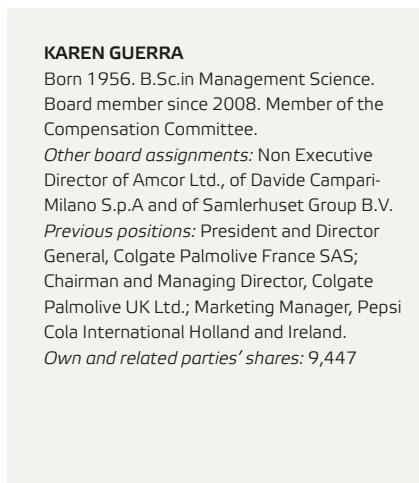
Holdings of own and related parties shares as of December 31, 2011. For a detailed report of remuneration and benefits for the Board of Directors, refer to Note 5 Personnel.



Andrew Cripps

ANDREW CRIPPS

Born 1957. B.A. University of Cambridge. Chartered Accountant. Board member since 2006. Deputy Chairman of the Board of Directors and member of the Audit Committee.
Other board assignments: Non Executive Director and Chairman of the Audit Committees of the Booker Group Plc., and 2 Sisters Food Group.
Previous positions: Head of Acquisitions and Head of Strategy Development, British American Tobacco Plc.; Director of Corporate Finance, Rothmans International Plc.; Managing Director, Rothmans Holdings BV; President, Ed. Laurens International SA.
Own and related parties' shares: 15,200



Karen Guerra

KAREN GUERRA

Born 1956. B.Sc. in Management Science. Board member since 2008. Member of the Compensation Committee.
Other board assignments: Non Executive Director of Amcor Ltd., of Davide Campari-Milano S.p.A and of Samlerhuset Group B.V.
Previous positions: President and Director General, Colgate Palmolive France SAS; Chairman and Managing Director, Colgate Palmolive UK Ltd.; Marketing Manager, Pepsi Cola International Holland and Ireland.
Own and related parties' shares: 9,447



Robert F. Sharpe

ROBERT F. SHARPE

Born 1952. J.D. Wake Forest University, B.A. DePauw University, and BSE Purdue University. Board member since 2011. Member of the Compensation Committee.
Other board assignments: Board member of Ameriprise Financial Inc.
Previous positions: President of Commercial Foods, ConAgra Foods Inc.; Executive Vice President and Chief Administrative Officer, ConAgra Foods Inc.; Partner, Brunswick Group; Senior Vice President and General Counsel, PepsiCo Inc.
Own and related parties' shares: 6,200

Independence of Board members

According to the Nominating Committee, all the board members 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 the management and the Company.



Meg Tivéus

MEG TIVÉUS

Born 1943. M.Sc. in Economics and Business. Board member since 1999. Chairman of the Audit Committee.

Other board assignments: Chairman of Folkandvården Stockholm AB, Arkitektkopia AB, Marknadsförbundet and Björn Axén AB. Board member of Cloetta AB, Paynova AB and Nordea Fonder AB.

Previous positions: President and Chief Executive Officer, Svenska Spel AB; Vice President, Posten AB; Division Manager, Holmen AB; Division Manager, Åhléns AB; Director, AB Nordiska Kompaniet; Product Manager, Modo AB; Project Manager, McCann Gunther & Bäck.

Own and related parties' shares: 17,000



Joakim Westh

JOAKIM WESTH

Born 1961. M.Sc. Royal Institute of Technology and M.Sc. Aeronautics and Astronautics MIT. Owner and Management Consultant, J. Westh Företagsutveckling AB and Chairman and co-owner of EMA Technology AB. Board member since 2011. Member of the Audit Committee.

Other board assignments: Board member of Absolent AB, SAAB AB, Intrum Justitia AB and Rörvik Timber 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 and owner, Absolent AB; Partner, McKinsey & Co. Inc.

Own and related parties' shares: 2,000



Thomas Thiel

AUDITORS KPMG AB Senior Auditor:

Thomas Thiel. Born 1947. Authorized Public Accountant. Swedish Match auditor since 2004. Thomas Thiel's other auditing assignments include Axfood, Folksam, PEAB, Ratos, Skandia, SKF, and Stena.

Changes in the Board of Directors until March 2012

Charles A. Blixt, Arne Jurbrant and Kersti Strandqvist left the board at the AGM 2011. Robert F. Sharpe and Joakim Westh were selected as new members. Joakim Lindström left the board in March 2012 and was replaced by Håkan Johansson. Patrik Engelbrektsson has been appointed as new deputy member.

Secretary to the Board of Directors

Since 2007 Fredrik Peyron, Senior Vice President Legal Affairs and General Counsel is secretary of the Board.

EMPLOYEE REPRESENTATIVES

Kenneth Ek

Eva Larsson

Joakim Lindström

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 plants in Gothenburg and Kungälv, Sweden. Works with strategic technical projects at Swedish Match's plants in Gothenburg and Kungälv.

Previous positions: Technical Manager, Electrical Manager, and Electrician, at Swedish Match's snus factory in Gothenburg.

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 the Swedish Match match plant in Tidaholm.

Previous positions: Line Operator at 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' Trade Union Association (Livs) in Solna, Stockholm, Sweden. Module technician at the Swedish Match distribution facility in Solna.

Previous positions: Module Technician, Swedish Match's distribution facility in Solna.

Own and related parties' shares: 0

EMPLOYEE REPRESENTATIVES (DEPUTIES)

Håkan Johansson

Gert-Inge Rang

Eva Norlén-Moritz

HÅKAN JOHANSSON

Born 1963. Deputy member since 2004. Appointed by the Swedish Trade Union Confederation (LO) within Swedish Match. Module Technician at the Swedish Match distribution facilities in Gothenburg, Sweden.

Previous positions: Module Technician, Swedish Match's distribution facilities in Malmö; Line Operator, Svenska Tobaks AB in Malmö.

Own and related parties' shares: 0

EVA NORLÉN-MORITZ

Born 1960. Deputy member since 2010. Appointed by the Council for Negotiation and Co-operation (PTK) within Swedish Match. Chemist and works with chemical analysis of tobacco and products as well as quality assurance concerning analytical methods at the R&D department within Swedish Match Smokefree Products Division.

Previous positions: The Customs (and Excise) Department Stockholm; Astra Pharmaceutical Production Södertälje.

Own and related parties' shares: 0

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. Production Supervisor at Swedish Match Industries in Vetlanda.

Previous positions: Supervisor, Swedish Match Industries in Vetlanda.

Own and related parties' shares: 1,000

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

Group Management



Lars Dahlgren

LARS DAHLGREN

President and Chief Executive Officer of Swedish Match AB since 2008. Joined Swedish Match in 1996. Member of the Group Management Team since 2004. Born 1970. M.Sc. in Business and Economics from the Stockholm School of Economics.

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: 11,900

Call options: 154,062



Emmett Harrison

EMMETT HARRISON

Senior Vice President, Corporate Communications and Sustainability since 2010. Joined Swedish Match in 1990. Member of the Group Management Team since 2010. Born 1960. B.A. Economics College of William and Mary, and MBA Duke University.

Previous positions: Senior Vice President Investor Relations and Sustainability, Swedish Match AB; Vice President Investor Relations, Swedish Match; Global Marketing Director, Swedish Match Lighter Division; Marketing Manager, Swedish Match North America Division.

Own and related parties' shares: 1,000

Call options: 33,352



Elisabeth Hellberg

ELISABETH HELLBERG

Senior Vice President, Group Human Resources since 2010. Joined Swedish Match in 2010 as a member of the Group Management Team. Born 1957. Studies in international business administration at Uppsala University.

Previous positions: Head of Human Resource operations MTG; Cabin HR Manager, Skyways; Business Controller, Bandit 105,5; Business Controller, Lugna favoriter 104,7.

Own and related parties' shares: 250

Call options: 0



Richard Flaherty

RICHARD FLAHERTY

President, US Division since 2009. Joined Swedish Match in 2000. Member of the Group Management Team since 2008. Born 1958. B.A. Economics, J.D. Law Rutgers University, and LLM Taxation New York University.

Previous positions: Chief Operating Officer, Swedish Match North America Division OTP; Chief Financial Officer, Swedish Match North America Division; Chief Financial Officer, Bumble Bee Seafoods; Commercial Director, Unilever.

Own and related parties' shares: 2,000

Call options: 131,393



Lars Olof Löfman

LARS OLOF LÖFMAN

President of Smokefree Products Division since 2011. Joined Swedish Match in 1987. Member of the Group Management Team since 2004. Born 1956. M.Sc. in Engineering and Controller DIHM. *Previous positions:* President, Swedish Match Distribution AB; President, Swedish Match North Europe Division; Vice President Production & Development, Swedish Match North Europe Division; Vice President Operations, Swedish Match Snuff Division; Plant and Production Manager, Swedish Match North Europe Division. *Own and related parties' shares:* 3,150 *Call options:* 124,840



Jonas Nordquist

JONAS NORDQUIST

President of Scandinavia Division since 2009. Joined Swedish Match in 2006. Member of the Group Management Team since 2009. Born 1971. M.Sc. in Electrical Engineering from the Royal Institute of Technology and M.Sc. in Business and Economics from the Stockholm School of Economics. *Previous positions:* Chief Financial Officer, Swedish Match North Europe Division; Head of Siemens Mobile Phones Division India; various management positions within Siemens in Germany and India. *Own and related parties' shares:* 1,150 *Call options:* 22,181



Fredrik Peyron

FREDRIK PEYRON

Senior Vice President, Legal Affairs and General Counsel since 2007. Joined Swedish Match in 2000. Member of the Group Management Team and Secretary to the Board since 2007. Born 1967. Bachelor of Laws (LLB). *Previous positions:* Vice President Corporate Affairs, Swedish Match AB; Legal Counsel, Akzo Nobel; Associate, Mannheimer Swartling law firm. *Own and related parties' shares:* 2,881 *Call options:* 58,484



Joakim Tilly

JOAKIM TILLY

Senior Vice President, Group Finance and IT, and Chief Financial Officer since 2008. Joined Swedish Match in 1994. Member of the Group Management Team since 2008. Born 1970. M. Sc. in Business and Economics from the Stockholm School of Economics. *Previous positions:* 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:* 1,440 *Call options:* 42,330

Holdings of own and related parties shares and call options as of December 31, 2011. For a detailed report of remuneration and benefits for senior executives, refer to Note 5 Personnel.

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

Changes in the Group Management Team during 2011

Lennart Freeman, former Executive Vice President of Swedish Match AB and President of the former division Lights, left the Group Management Team in January, 2011. In March, 2011, Lars Olof Löfman assumed the role of President of the new Smokefree Products Division. Martin Källström, President of former Smokefree Division, left the Company in March, 2011.

Swedish Match's vision is to be the global smokefree leader, while also leveraging strong platforms to maximize long term profitability for Other tobacco products (cigars and chewing tobacco), and maintaining a focus on operational excellence and profitability in its lights businesses.



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