

## **Notice to the Annual General Meeting in Swedish Match AB (publ)**

The shareholders of Swedish Match AB (publ), Reg. No. 556015-0756, are hereby notified of the Annual General Meeting to be held on Thursday, April 28, 2016, at 15.30 CET at the cinema Skandia, Drottninggatan 82, Stockholm, Sweden.

### **Agenda**

- 1.** Opening of the Meeting and election of the Chairman of the Meeting.
- 2.** Preparation and approval of the voting list.
- 3.** Election of one or two persons to verify the minutes.
- 4.** Determination of whether the Meeting has been duly convened.
- 5.** Approval of the Agenda.
- 6.** Presentation of the annual report and the auditor's report, the consolidated financial statements and the auditor's report on the consolidated financial statements for 2015, the auditor's opinion regarding compliance with the principles for remuneration to members of the executive management as well as the Board of Directors' proposal regarding the allocation of profit and motivated statement. In connection thereto, the President's and the Chief Financial Officer's speeches and the Board of Directors' report on its work and the work and function of the Compensation Committee and the Audit Committee.
- 7.** Resolution on adoption of the income statement and balance sheet and of the consolidated income statement and consolidated balance sheet.
- 8.** Resolution regarding allocation of the Company's profit in accordance with the adopted balance sheet and resolution on a record day for dividend.
- 9.** Resolution regarding discharge from liability in respect of the Board members and the President.
- 10.** Resolution regarding:
  - a) the reduction of the share capital by means of withdrawal of repurchased shares; and
  - b) bonus issue.
- 11.** Resolution regarding authorization of the Board of Directors to resolve on acquisition of shares in the Company.
- 12.** Resolution regarding principles for remuneration to members of the executive management.
- 13.** Resolution regarding the number of members of the Board of Directors to be elected by the Meeting.
- 14.** Resolution regarding remuneration to the members of the Board of Directors.
- 15.** Election of members of the Board, the Chairman of the Board and the deputy Chairman of the Board.
- 16.** Resolution regarding the number of auditors.
- 17.** Resolution regarding remuneration to the auditor.
- 18.** Election of auditor.
- 19.** Resolution regarding amendments to the Articles of Association.
- 20.** Resolution regarding proposals from the shareholder Thorwald Arvidsson regarding that the Annual General Meeting shall resolve:
  - a) to adopt a vision zero regarding workplace accidents within the Company;

- b) to instruct the Board of Directors of the Company to set up a working group to implement this vision zero;
- c) on annual reporting of the vision zero;
- d) to adopt a vision on equality within the Company;
- e) to instruct the Board of Directors of the Company to set up a working group with the task of implementing the vision on equality;
- f) on annual reporting of the vision on equality;
- g) to delegate to the Board of Directors to create a shareholders' association in the Company;
- h) that a board member may not have a legal entity to invoice remuneration for work on the Board of Directors;
- i) that the Nominating Committee shall pay particular attention to issues associated with ethics, gender and ethnicity;
- j) to delegate to the Board of Directors to try to achieve a change in the legal framework regarding invoicing remuneration for work on the Board of Directors;
- k) to delegate to the Board of Directors to prepare a proposal concerning a system for giving small and medium-sized shareholders representation in both the Board of Directors of the Company and the Nominating Committee;
- l) to delegate to the Board of Directors to try to abolish the legal possibility to so called voting power differences in Swedish limited liability companies;
- m) to make amendments to the Articles of Association; and
- n) to delegate to the Board of Directors to try to achieve a national so called "cool-off period" for politicians.

### **The Proposals of the Nominating Committee**

**Item 1:** Björn Kristiansson, attorney at law, is proposed as the Chairman of the Meeting.

**Item 13:** The Board of Directors is proposed to consist of seven members and no deputies.

**Item 14:** Remuneration to the members of the Board of Directors is proposed to be paid as follows for the period until the next Annual General Meeting. The Chairman shall receive SEK 1,750,000, the deputy Chairman shall receive SEK 830,000 and the other Board members shall each receive SEK 700,000. It is further proposed that the Board, as remuneration for committee work, be allotted SEK 250,000 to each of the Chairmen of the Compensation Committee and the Audit Committee and SEK 125,000 to each of the other members of these committees. The fees are unchanged compared to fees decided at the 2015 Annual General Meeting.

**Item 15:** The following members of the Board of Directors are proposed for re-election: Charles A. Blixt, Andrew Cripps, Jacqueline Hoogerbrugge, Conny Karlsson, Wenche Rolfsen, Meg Tivéus and Joakim Westh. Conny Karlsson is proposed to be re-elected as Chairman of the Board and Andrew Cripps is proposed to be re-elected as deputy Chairman of the Board.

**Item 16:** The number of auditors is proposed to be one and no deputy auditor.

**Item 17:** Remuneration to the auditor is proposed to be paid according to approved accounts.

**Item 18:** The auditor company KPMG AB is proposed to be re-elected as auditor for the period as of the end of the Annual General Meeting 2016 until the end of the Annual General Meeting 2017.

### **The Proposals of the Board of Directors**

**Item 8:** The Board of Directors proposes an ordinary dividend of SEK 8 per share, and a special dividend of SEK 12 per share, in total SEK 20 per share, and that the remaining profits are carried forward. The proposed record day for the right to receive the dividend is May 2, 2016. Payment through Euroclear Sweden AB is expected to be made on May 6, 2016.

**Item 10 a):** The Board of Directors proposes to reduce the Company's share capital with SEK 15,362,568 by means of withdrawal of 7,750,000 shares in the Company. The shares in the Company proposed for withdrawal have been repurchased by the Company in accordance with authorization granted by the General Meeting.

**Item 10 b):** Provided that the Meeting has passed a resolution in accordance with the Board's proposal in item 10 a) above, the Board of Directors proposes an increase in the Company's share capital of SEK 15,362,568 through a transfer from non-restricted equity to the share capital (bonus issue). The share capital shall be increased without issuing any new shares. The reason for the bonus issue is that if the Company transfers an amount to the share capital corresponding to the amount by which the share capital is reduced in accordance with the Board's proposal in item 10 a) above, the resolution to reduce the share capital may be passed without obtaining permission from the Swedish Companies Registration Office (*Bolagsverket*), or, in disputed cases, the court.

The effect of the Board of Directors' proposal in item 10 a) is a reduction of the Company's share capital of SEK 15,362,568. The effect of the Board of Directors' proposal in item 10 b) is a corresponding increase of the Company's share capital through a bonus issue, thereby restoring it to its balance prior to the reduction.

The resolution of the Annual General Meeting in accordance with the Board's proposal in item 10 a) is only valid if supported by shareholders representing at least two-thirds of both the votes cast and the shares represented at the Meeting.

**Item 11:** The Board of Directors proposes that it be authorized to resolve on acquisition of the Company's own shares, on one or several occasions prior to the next Annual General Meeting, provided that the Company's holding does not at any time exceed 10 per cent of all shares in the Company. The shares shall be acquired on Nasdaq Stockholm at a price within the price interval registered at any given time, i.e.

the interval between the highest bid price and the lowest selling price. The purpose of the repurchasing right is primarily to enable the Company to adapt its capital structure to its capital needs over time, and thereby contribute to an increased shareholder value.

The resolution of the Annual General Meeting with regard to the Board's proposal under item 11 requires the support of shareholders representing at least two-thirds of both the votes cast and the shares represented at the Meeting.

**Item 12:** The Board of Directors proposes that the 2016 Annual General Meeting adopts principles for remuneration and other terms of employment for members of executive management according to the following. Remuneration and other terms of employment shall correspond to market practice. In addition to the fixed salary, the members of the executive management may be entitled to variable remuneration. The variable remuneration may include an annual short term program to be paid out in the beginning of the following year, depending on the outcome of the program, and a long term program with a performance period which shall not be shorter than three years. The variable remuneration, which shall be capped in relation to the fixed salary, shall primarily be based on specific, clear, predetermined and measurable financial or operational objectives. The variable remuneration may include an obligation to purchase and hold shares in the Company. The proposed principles are unchanged compared to the principles adopted by the 2015 Annual General Meeting. Full details on the proposed principles for remuneration and other terms of employment for the executive management and its application in 2016 are available on the Company's website [www.swedishmatch.com](http://www.swedishmatch.com).

**Item 19:** The Board of Directors proposes that the Articles of Association be amended as set out below:

§ 7 At the general shareholders' meeting, one or two authorized public auditors together with a maximum of the same number of deputy auditors or one or two auditing firms shall be elected as auditors. The appointment as auditor shall apply until the close of the Annual General Meeting that is held during the first, second, third or fourth financial year after the election of the auditor.

The Board of Directors has the right to appoint one or more special auditors or an auditing firm to review all such presentations or plans as are drawn up by the Board in accordance with the Swedish Companies Act in connection with any issuing of shares, share warrants or convertibles that includes provisions concerning non-cash consideration or provisions to the effect that subscription shall take place with right of offset or subject to other terms and conditions, or in connection with the transfer of the Company's own shares in exchange for payment in forms other than cash, or with a reduction in the share capital or the statutory reserve, or with the merger or splitting of limited liability companies.

Furthermore, the Board of Directors proposes that the resolution of the General Meeting to amend the Articles of Association in accordance with the above shall be conditional upon the Articles of Association being consistent with the Swedish Companies Act. It is

noted that the issue of the auditor's mandate is subject to legislative work and concerns Regulation (EU) no 537/2014 of the European Parliament and of the Council on specific requirements regarding statutory audit of public-interest entities, and repealing Commission Decision 2005/909/EC.

The Board further proposes that the Company's President is authorized to make minor adjustments to the resolution of the shareholders' meeting that may prove necessary in connection with the registration of such a resolution with the Swedish Companies Registration Office (Bolagsverket).

The resolution of the General Meeting with regards to the Board's proposal under item 19 is contingent upon it being supported by shareholders representing at least two-thirds of both the votes cast and the shares represented at the Meeting.

**Item 20:** Proposals from the shareholder Thorwald Arvidsson that the Annual General Meeting shall resolve:

- a) to adopt a vision zero regarding workplace accidents within the Company;
- b) to instruct the Board of Directors of the Company to set up a working group to implement this vision zero;
- c) that the result annually shall be reported in writing to the Annual General Meeting, as a suggestion by including the report in the printed version of the Annual Report;
- d) to adopt a vision on absolute equality on all levels within the Company between men and women;
- e) to instruct the Board of Directors of the Company to set up a working group with the task of implementing also this vision in the long term as well as closely monitor the development on both the equality and the ethnicity area;
- f) to annually submit a report in writing to the Annual General Meeting, as a suggestion by including the report in the printed version of the Annual Report;
- g) to delegate to the Board of Directors to take necessary action to create a shareholders' association in the Company;
- h) that the remuneration to a board member may not be invoiced by a legal entity, neither a Swedish nor a foreign;
- i) that the Nominating Committee in performing its duties will pay particular attention to issues associated with ethics, gender and ethnicity;
- j) in connection with item h) above, to delegate to the Board of Directors to try to achieve a change in the legal framework by reaching out to the competent authority (the Swedish Tax Agency or the Swedish Government);
- k) to delegate to the Board of Directors to prepare a proposal, to be referred to the Annual General Meeting 2017, or if earlier any potential extra shareholders' meeting, concerning a system for giving small and medium-sized shareholders representation in both the Board of Directors of the Company and the Nominating Committee;
- l) to delegate to the Board of Directors to, by reaching out to the Swedish Government, pay attention to the desirability to achieve a change in the legal

- framework regarding the issue of abolishment of voting power differences in the Swedish Company's Act;
- m) to make amendments to § 6 in the Articles of Association by adding a second and a third paragraph in accordance with the following:  
“Former ministers of the government should not be elected as a member of the board of directors until two years have passed from the day of resignation from the assignment as minister. Politicians remunerated through public funds, should not be elected as member of the board until one year has elapsed from the time he or she resigned, unless exceptional circumstances apply.”; and
  - n) to delegate to the Board of Directors to pay attention to the desirability to achieve a national so called “cool-off period” for politicians.

### **Documents**

The annual report, the auditor's report, the auditor's opinion according to item 6 and full details of the proposals and statements regarding items 8, 10 a), 10 b), 11, 12, 15, 19 and 20 will be made available at Swedish Match headquarters (Legal Department) at Sveavägen 44, in Stockholm, Sweden, no later than April 7, 2016. The documents will be sent to shareholders upon request, provided that such shareholder states its address. All the above documents will be available on the Company's website, [www.swedishmatch.com](http://www.swedishmatch.com) and be presented at the Annual General Meeting.

### **Number of shares and votes in the Company**

The total number of shares and votes in Swedish Match AB (publ) on the issue date of this notice amounts to 196,500,000 of which 8 295 632 shares are presently repurchased own shares of the Company which may not be represented at the Meeting.

### **Right to participate in the Meeting**

In order to participate in the Meeting you need to be registered as a shareholder in the share register kept by Euroclear Sweden AB on April 22, 2016. In addition, you need to notify Swedish Match of your intention to participate in the Meeting no later than April 22, 2016, at which time the notification shall have been received by Swedish Match. Shareholders who wish to be accompanied by one or two assistants at the Meeting shall also inform Swedish Match thereof within the appointed period of time.

### **Notice of participation**

Notice of participation may be submitted in writing to Swedish Match AB (publ), “Årsstämman”, P.O Box 7842, SE-103 98 Stockholm, Sweden, by telephone at +46 (0)8 402 90 42 (09:00 – 16:00 CET), or via the Internet at [www.swedishmatch.com/agm](http://www.swedishmatch.com/agm). Upon giving notice of participation, the shareholder shall state his or her name/company name, civic ID/corporate registration number, address, telephone number (daytime) and the name(s) of assistant(s), if any. Receipt of notification will be confirmed by Swedish Match, which will issue an attendance card prior to the Meeting to be presented at the entrance to the venue where the Meeting is held.

### **Proxy form**

Proxy forms are available upon request and on the Company's website [www.swedishmatch.com](http://www.swedishmatch.com).

**Proxy**

Shareholders who are represented by proxy shall issue a power of attorney for the proxy. If the power of attorney is issued by a legal entity, a copy of the corporate registration certificate for such legal entity shall be enclosed (or if no such document is available, an equivalent authorization document). The proxy is valid for one year from the date of issuance or the longer period of validity stated in the proxy, however not longer than five years from the date of issuance. To facilitate entry at the Meeting, the power of attorney in original as well as the corporate registration certificate and other authorization documents, if any, should be provided to the Company at the address stated above no later than Tuesday April 26, 2016.

**Voting right registration**

Shareholders whose shares are nominee registered and who wish to participate in the Meeting must temporarily re-register such shares in their own name (i.e. voting right registration). Request for re-registration shall be submitted to the nominee in sufficient time to allow the re-registration to be effective at Euroclear Sweden AB no later than Friday, April 22, 2016.

**Information at the Annual General Meeting**

The Board of Directors and the President shall, if any shareholder so requests and the Board of Directors considers that it may be done without significant harm to the Company, provide information regarding circumstances that may affect the assessment of an item on the Agenda, and circumstances that may affect the assessment of the Company's or its subsidiaries' financial position and the Company's relation to other companies within the Group.

The entrance to the venue for the Meeting will open at 14:30 (CET). Coffee will be served before the Meeting.

Stockholm, March 2016

SWEDISH MATCH AB (publ)  
*The Board of Directors*