

Proposals by the Nominating Committee of Swedish Match AB (publ) to the Annual General Meeting on 9 April 2019 including a motivated statement regarding the composition of the Board of Directors

Pursuant to instructions established by the 2011 Annual General Meeting, the Nominating Committee shall include the Chairman of the Board and one representative of each of the four largest known shareholders in the Company who wish to appoint a representative to the Nominating Committee.

The largest shareholders in the Company have been contacted to determine their willingness to participate in the Nominating Committee and following this procedure the Nominating Committee held its first meeting on October 24, 2018.

In addition to the Chairman of the Board, Conny Karlsson, the Nominating Committee comprises the following members: Tal Klausner (GIC Asset Management Private Limited), Filippa Gerstädt (Nordea Funds), Johan Strandberg (SEB Investment Management AB) and Will James (Standard Life Aberdeen PLC). Conny Karlsson is the only one of the members who is also a member of the Board of Directors of the Company. Johan Strandberg has acted as Chairman of the Nominating Committee. The Company's General Counsel, Marie-Louise Heiman, acted as secretary to the Committee.

The Nominating Committee has worked in accordance with the Swedish Corporate Governance Code (*Svensk kod för bolagsstyrning*) and the instructions for Swedish Match's Nominating Committee. The Nominating Committee has held three meetings since the 2018 Annual General Meeting. All meetings follow an approved agenda and, if applicable, relevant documents to the agenda are sent to the Committee prior to the meetings. All members were present at all meetings.

The Nominating Committee's proposals

Meeting Chairman

The Nominating Committee proposes attorney Björn Kristiansson to be appointed Chairman at the Annual General Meeting.

Number of Board members

The Nominating Committee proposes that the number of board members to be appointed by the Annual General Meeting shall be seven and that no deputies are appointed.

Remuneration to the Board

The Nominating Committee proposes that the remuneration to the members of the Board of Directors, for the period until the close of the next Annual General Meeting, be paid as follows (the 2018 resolved remuneration within brackets). The Chairman shall receive 2,080,000 SEK (1,910,000 SEK), the deputy Chairman shall receive 980,000 SEK (900,000 SEK) and the other Board members elected by the General Meeting shall each receive 830,000 SEK (764,000 SEK). It is further proposed that the Board, as remuneration

for committee work, be allotted 270,000 SEK (270,000 SEK) to the Chairman of the Compensation Committee and 310,000 SEK (310,000 SEK) to the Chairman of the Audit Committee and 135,000 SEK (135,000 SEK) respectively to the other members of these committees.

The Nominating Committee expects all Board members who receive directors' remuneration to acquire shares in the Company for an amount corresponding to one year's remuneration (excluding committee remuneration), after deductions for income tax, and to retain such number of shares during their directorship. The Nominating Committee also encourages Board members to increase their investments in Company shares over time.

Proposal for Board of Directors, Chairman of the Board and deputy Chairman of the Board

The Nominating Committee proposes re-election of the present Board members Conny Karlsson, Charles A. Blixt, Andrew Cripps, Jacqueline Hoogerbrugge, Pauline Lindwall, Wenche Rolfsen and Joakim Westh.

The Nominating Committee proposes Conny Karlsson as the Chairman of the Board and Andrew Cripps as the deputy Chairman of the Board.

Auditors

The Nominating Committee proposes that the number of auditors shall be one with no deputy auditor and that the auditor company Deloitte AB shall be elected as auditor for the period as of the end of the Annual General Meeting 2019 until the end of the Annual General Meeting 2020.

Auditor fees

The Nominating Committee proposes that the auditor fees be paid according to approved accounts.

Instruction for Swedish Match AB's Nominating Committee

The Nominating Committee proposes that the Instruction for the Nominating Committee is changed so that the appointment of the four largest shareholders to the Committee shall be identified on the basis of the known numbers of votes on July 31 (instead of on August 31 as stated in the present Instruction), the year before the forthcoming Annual General Meeting.

Motivated statement regarding the composition of the Board of Directors

During the autumn 2018 the Board of Directors commissioned an external consultant to conduct an evaluation of the Board of Directors as regards the conduct and functioning of the Board's work. The Chairman of the Board has informed the Nominating Committee about the outcome of the evaluation. Members of the Committee have met with two present Board members to further discuss the outcome of the evaluation. The Nominating Committee has also had the opportunity to meet with the CEO of Swedish Match to discuss the Board composition in relation to the Company's strategy and goals. The experiences from these presentations and discussions have given the Nominating Committee a basis from which to assess the competence and experience of the Board members and the requirements for the future. This has guided the Nominating Committee's work.

The Nominating Committee is of the opinion that the sitting Board of Directors is well-functioning and meets the Board's need for adequate competence and experience.

According to Section 4.1 of the Swedish Corporate Governance Code, which also represents the diversity policy applied for the Nominating Committee, the Board is to have a composition appropriate to the Company's operations, phase of development and other relevant circumstances. Furthermore, the board members elected by the shareholders' meeting are collectively to exhibit diversity and breadth of qualifications, experience and background. The Company is to strive for gender balance on the board.

The Nominating Committee is of the opinion that the proposed members of the Board of Directors possess broad competences with appropriate diversification. In its evaluation of candidates the Nominating Committee analyses among other things experience, background and qualifications and also the value of gender balance and diversity. The proposed board members have longstanding experience from international businesses on both the European and American markets. The Nominating Committee has made particular note of the Board's collective experience in the fast-moving consumer goods markets and the tobacco industry. The Nominating Committee considers that the proposed Board of Directors has the appropriate composition with regard to the Company's operations phase of development and other relevant circumstances. The Board of Directors has for several years had a well-balanced diversity from the gender perspective with three women represented among the total number of seven board members. The Nominating Committee's proposal for the composition of the Board of Directors does not change the existing balance in this respect.

The proposed Board members are independent in relation to the Company, the management and major owners of the Company.

Information about all persons proposed as members of the Board of Directors of Swedish Match AB (publ) can be found on the Company's website www.swedishmatch.com and will, without charge, be sent to the shareholders upon request.

The Nominating Committee of Swedish Match AB (publ), February 2019