

Proposals by the Nominating Committee of Swedish Match AB (publ) to the Annual General Meeting on 2 April 2020 including a motivated statement regarding the composition of the Board of Directors

Pursuant to instructions established by the 2019 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 15, 2019.

In addition to the Chairman of the Board, Conny Karlsson, the Nominating Committee comprises the following members: Filippa Gerstädt (Nordea Funds), Hans Ek (SEB Investment Management AB), Will James (Standard Life Aberdeen PLC) and David Pawelkowski (Zadig Gestion). Conny Karlsson is the only one of the members who is also a member of the Board of Directors of the Company. Filippa Gerstädt 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 2019 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 Urban Båvestam 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 eight and no deputies.

Remuneration to the Board

Remuneration to the members of the Board of Directors is proposed to be paid as follows for the period until the Annual General Meeting 2021 (2019 resolved remuneration within brackets). The Chairman of the Board shall receive 2,165,000 SEK (2,080,000), the deputy Chairman shall receive 1,000,000 SEK (980,000) and the other Board members elected by the Meeting shall each receive 865,000 SEK (830,000 SEK). It is further proposed that the Board, as remuneration for committee work, be allotted 280,000 SEK (270,000 SEK) to the Chairman of the Remuneration Committee and 350,000 SEK (310,000 SEK) to the Chairman of the Audit Committee. It is further proposed that the other members of the Remuneration

Committee each shall be allotted 140,000 SEK (135,000 SEK) and that the other members of the Audit Committee each shall be allotted 150,000 SEK (135,000 SEK).

The Nominating Committee expects all Board members who receive directors' remuneration to acquire shares in the Company for an amount corresponding to the remuneration (excluding committee remuneration), after deductions for income tax. It is further expected that such shares will be retained for a period of at least 12 months after the acquisition of the shares and that half of the shares will be retained for at least 24 months. 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 that Alexander Lacik will be newly elected as member of the Board.

Alexander Lacik is currently the CEO of the international jewelry group Pandora and has extensive international experience from the fast-moving consumer goods sector. He holds a BSc in Business Administration from the Linnaeus University, Sweden. Prior to his current position at Pandora he was the CEO of Britax Ltd., a world leader in child safety products. He has also been the president of North America at RB (Reckitt Benckiser) and has held various international management positions at RB during his career. He has also held positions in sales and marketing with Procter & Gamble.

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 re-elected as auditor for the period as of the end of the Annual General Meeting 2020 until the end of the Annual General Meeting 2021.

Auditor fees

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

Motivated statement regarding the composition of the Board of Directors

During the autumn 2019 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. The Committee has also during its term of office interviewed the present Board members elected by the Annual General Meeting as well as the CEO of the Company. The evaluation and interviews 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 meets the Board's need for adequate competence and experience. The Committee has however also taken notice of that the Company is becoming more international, with a large part of its business in the US and that further experience especially from the US consumer business would be a suitable contribution to the Board. The Nominating Committee has therefore decided to propose to the Annual General Meeting that the Board is extended with one member who has this experience. The Committee proposes that Alexander Lacik will be newly elected as member of the Board.

The Nominating Committee has made particular note of Alexander Lacik's experience as CEO in international companies, his knowledge of the US market and his experience of creating growth and building brands in global consumer companies. With reference to his background and experience, the Nominating Committee is of the opinion that he would make successful contribution to the Company's development which will benefit the Board as well as Swedish Match as a whole.

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 and that the proposed extension of the Board with a new member would contribute to the Board's international experience in a beneficial way. The Nominating Committee's present proposal for the composition of the Board of Directors with the addition of one male board member would from a gender perspective result in 37,5 percent female Board members and 62,5 percent male Board members.

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) may 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 2020