

## **The Board of Directors' report on the evaluation of certain remuneration related issues pursuant to section 10.3 of the Swedish Corporate Governance Code**

The Board of Directors regularly monitors and evaluates the company's application of the guidelines for salary and other remuneration as adopted by the Annual General Meeting 2019 - for the CEO and the Group Management Team (GMT). The Board of Directors has also evaluated current remuneration structures and levels in the company and notes that these are competitive, balanced, correspond to market practice and comply with the guidelines on remuneration adopted by the Annual General Meeting. Regarding the programs for variable remuneration for the CEO and the GMT - both ongoing and those that have ended during the year - the Board of Directors has concluded that the financial criteria and thresholds for 2019 were specific, clear and measurable. The criteria were predetermined and relevant for the year and the outcome in terms of variable salary was appropriate in view of the performance of the business.

Stockholm February, 2020

The Board of Directors of Swedish Match AB