

## CORPORATE GOVERNANCE

# Governance report

**Swedish Match AB (publ) is a public Swedish limited liability company listed on 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 NASDAQ OMX Stockholm, the Swedish Code of Corporate Governance, and other applicable laws and regulations.

Internal regulations and standards that affect Swedish Match's corporate governance include the Company's Articles of Association, the Board's rules of procedure, the Board's instructions to the CEO, the Group's Code of Conduct, and other policy documents issued within the Group. The Articles of Association are adopted by the General Meeting of shareholders.<sup>1)</sup> They do not contain any limitations on the number of votes that a shareholder may cast at a General Meeting or any specific provisions concerning the appointment and dismissal of directors or regarding amendments of the Articles of Association.

Swedish Match applies the Swedish Code of Corporate Governance (the "Code").<sup>2)</sup> The Code is based on the "comply or explain" principle, meaning that a company that applies the Code may deviate from regulations of the Code, but must provide explanations for each deviation. The Company is not reporting any deviations from the Code for 2014, 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.

## Shareholding

The share capital of Swedish Match was 389,515,417.20 SEK distributed on 200,500,000 shares at the end of 2014. Each share carries one vote. The Swedish Match share is listed on NASDAQ OMX Stockholm. No shareholder has a shareholding in the Company representing one tenth or more of the votes of all shares of the Company. Further information concerning Swedish Match's ownership structure and share performance is presented on pages 36–39.

## Annual General Meeting 2015

Swedish Match's 2015 Annual General Meeting will be held on April 23, in Stockholm. All shareholders who have been entered in the share register and have informed the Company of their attendance within the correct time limit stated in the notice are entitled to participate personally or by proxy at the General Meeting and to vote according to the number of shares held. Notice of the General Meeting is published in Post- och Inrikes Tidningar and on the Company's website. Information that notice to a General Meeting has been issued, is published in Svenska Dagbladet, a daily national newspaper.

Shareholders who wish to have a matter addressed by the Annual General Meeting must submit a written request to the Board in sufficient time prior to the meeting.<sup>3)</sup>

Shareholders may submit proposals to the Company's Nominating Committee at any time, however, no later than two months prior to the Annual General Meeting, so that the Committee can consider proposals received with due care.

## Nominating Committee for the Annual General Meeting 2015

The Nominating Committee for the Annual General Meeting in 2015 was announced on the Company's website on October 24, 2014 in connection with publishing the interim report for the third quarter. In addition to the Chairman of the Board of Swedish Match, Conny Karlsson, the Nominating Committee consists of the following members: Mark Husson (Cedar Rock Capital), Karim Ladha (Independent Franchise Partners), Adam Nyström (Didner & Gerge Funds), and William von Mueffling (Cantilion Capital Management). Adam Nyström serves as Chairman of the Nominating Committee.

## Proposals to the Nominating Committee are to be submitted to:

Swedish Match AB  
The Nominating Committee  
c/o General Counsel Marie-Louise Heiman  
SE-118 85 Stockholm, Sweden  
E-mail:  
nominating.committee@swedishmatch.com

<sup>1)</sup> Available on the Swedish Match's website [www.swedishmatch.com/governance](http://www.swedishmatch.com/governance).

<sup>2)</sup> Available on the Swedish Corporate Governance Board's website [www.corporategovernanceboard.se](http://www.corporategovernanceboard.se).

<sup>3)</sup> More information is available on Swedish Match's website [www.swedishmatch.com/agma](http://www.swedishmatch.com/agma).

# GOVERNANCE OF THE SWEDISH MATCH GROUP

## External auditors

The auditors are elected by the Annual General Meeting (AGM) for a term of one year. 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 duties of the external auditors include auditing the management of the Board and the 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.

## 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 [www.swedishmatch.com/agm](http://www.swedishmatch.com/agm). There are no special provisions on how the General Meeting works in the Articles of Association or, 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.

## Audit Committee

The Audit Committee is appointed annually by the Board of Directors and is a body within the Board. Although the Audit 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 Company and its subsidiaries' accounting and financial reporting processes as well as, in respect of the financial reporting, the efficiency of the internal controls, internal audit and risk management.

The Committee is also to review and monitor the impartiality and independence of the auditors 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 Committee also discuss accounting issues relating to the Company's financial reporting. The 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.

In consultation with committee members, the Chairman of the Audit Committee is to decide where and how frequently the Committee is to meet.\*

## The Board of Directors

The Board of Directors is the Company's highest administrative body under the General Meeting. 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 position 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. The Board is primarily responsible for establishing Swedish Match's strategic and financial Long Range Plan, monitoring the performance of the operations on an ongoing basis, reviewing and approving the financial accounts, and taking decisions regarding investments and divestments.

## 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, is prepared in accordance with the Group's prevailing procedures routines.

## President and CEO

The President is appointed by the Board of Directors and manages the Company's operations within the framework of rules established by the Board.

With regard to the Board of directors, 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

SCANDINAVIA  
DIVISION

US DIVISION

LIGHTS  
LATIN AMERICA

The AGM must be held within six months of the close of the fiscal year. At the AGM, resolutions are adopted concerning such matters as dividend, 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, auditors, guidelines for determination of compensation payable to senior executives, and other matters of importance to the Company.

### Nominating Committee

The Nominating Committee is established according to the principles resolved by the AGM. The AGM also resolves on instructions for the Nominating Committee and according to the instructions the Nominating Committee shall submit to the AGM proposals regarding any changes to these instructions. The Nominating Committee's duties are to prepare and submit proposals to the AGM concerning the election of the Chairman of the AGM, the election of the Chairman and other members of the Board, the amount of Board fees and their apportionment between the Chairman of the Board and other Board members and any fees for committee work, as well as 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 evaluate the performance 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, but at least once per year.

The Board of Directors appoints and issues instructions for the President and monitors the President's work.

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 Chairman of the Board is responsible for organizing and directing the Board's work and ensuring that the Board fulfills its obligations. The Chairman's other responsibilities include forwarding the owners' opinions to the Board of Directors.

### Compensation Committee

The Compensation Committee is appointed annually by the Board of Directors and is a body within the Board. The Committee's duties are to prepare and submit to the Board proposals for resolutions relating to remuneration and other terms of employment for the Company's President, principles regarding remuneration to senior executives, which the Board will present to the AGM for a resolution and other remuneration and employment term matters which by law or other regulations, the Swedish Code of Corporate Governance or established practice shall be resolved by the General Meeting or the Board of Directors.

The Board of Directors has delegated decision-making authority to the Compensation Committee in certain issues such as calculation and payment of variable salary to the Company's President, salary and other compensation that, within the framework of the guidelines resolved by the AGM, is to be paid to members of the Group Management Team other than the President, including performance criteria, and targets in any long term incentive plan and approval of significant engagements outside the Company with respect to members of the Group Management Team other than the President.

The Committee is to meet as often as necessary but at least twice annually.\*

reach well-founded decisions. The President also submits 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 Group, while also providing the Chairman with ongoing information regarding the operations of the Group.

\* Further information regarding for example the committee's respective responsibilities and authorizations, the Company's system of variable remuneration to senior executives as well as minutes from shareholders' meetings, is to be found on the Company's website, [www.swedishmatch.com/governance](http://www.swedishmatch.com/governance).

LIGHTS  
INTERNATIONAL

SMD LOGISTICS AB

# GOVERNANCE OF THE SWEDISH MATCH GROUP 2014

## ANNUAL GENERAL MEETING 2014

In 2014 the Annual General Meeting was held on May 7. The minutes of the meeting are available on the Company's website [www.swedishmatch.com/agm](http://www.swedishmatch.com/agm).

The Annual General Meeting 2014 passed the following resolution, amongst others:

- Payment of cash dividend of 7.30 SEK per share for the 2013 fiscal year.
- Re-election of Andrew Cripps, Karen Guerra, Wenche Rolfsen, Conny Karlsson, Robert Sharpe, Meg Tivéus, and Joakim Westh as Board members. Re-election of Conny Karlsson and Andrew Cripps as Chairman of the Board and deputy Chairman of the Board, respectively.
- The Chairman shall receive 1,750,000 SEK, the deputy Chairman shall receive 830,000 SEK and the other Board Members elected by the Meeting shall each receive 700,000 SEK. Furthermore, as compensation for committee work carried out, it was decided to allocate 250,000 SEK to the Chairmen of the Compensation Committee and the Audit Committee respectively and 125,000 SEK respectively to the other members of these committees.
- Withdrawal of 1,500,000 shares in the Company.
- Authorization of the Board of Directors to acquire, on one or more occasions prior to the next Annual General Meeting, a maximum of as many shares as may be acquired without the Company's holding at any time exceeding 10 percent of all shares in the Company.
- Principles for determining the salary and other remuneration of the President and other members of the Company's management.
- Adoption of income statements and balance sheets for 2013 and discharge from personal liability granted of the Board of Directors and the Chief Executive Officer.

For information on the utilization of 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 45.

## Nominating Committee

Pursuant to instructions established by the Annual General Meeting 2011, the Nominating Committee is, until further notice, 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 Nominating 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.

### *Nominating Committee for the Annual General Meeting 2014*

The Nominating Committee for the Annual General Meeting in 2014 comprised the following five members: Andy Brown (Cedar Rock Capital), William Lock (Morgan Stanley Investment Management), Björn Lind (AMF & AMF Funds), William von Muefling (Cantillon Capital Management) as well as the Chairman of the Board of Swedish Match Conny Karlsson. Andy Brown served as Chairman of the Nominating Committee. The Nominating Committee held three meetings during the period between the 2013 and 2014 Annual General Meetings combined with informal contacts and discussions among the members. A report on the work of the Nominating Committee was presented to the Annual General Meeting 2014.

## Board of Directors

### *Composition*

According to the Articles of Association, the Company's Board of Directors shall 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 2014, the Swedish Match Board of Directors comprised seven 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 2014: Conny Karlsson, Andrew Cripps, Karen Guerra, Wenche Rolfsen, Robert Sharpe, Meg Tivéus, and Joakim Westh. Conny Karlsson served as Chairman of the Board. Employee representatives on the Board were Kenneth Ek, Eva Larsson, and Patrik Engelbrektsson with Eva Norlén-Moritz, Gert-Inge Rang, and Joakim Andersson as deputies. Detailed information about individual Board members and deputies is provided on pages 102–103.

### *Independence of Board members*

According to the Nominating Committee, all of the Board members elected by the Annual General Meeting 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.

## 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 is 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.

### *Evaluation of the work of the Board of Directors*

During autumn 2014, 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.

### *Compensation to the Board of Directors*

Compensation to the Board for the period from the 2014 Annual General Meeting up to and including the 2015 Annual General Meeting was paid in accordance with the resolution adopted by the 2014 Annual General Meeting. No compensation for directorship work was paid to directors employed by the Swedish Match Group.

For further information about Directors' fees for 2014, see *Note 5 Personnel*, page 62.

### Activities of the Board of Directors during 2014

During the period from January 1, 2014, until December 31, 2014, the Board held six scheduled meetings and one statutory meeting.

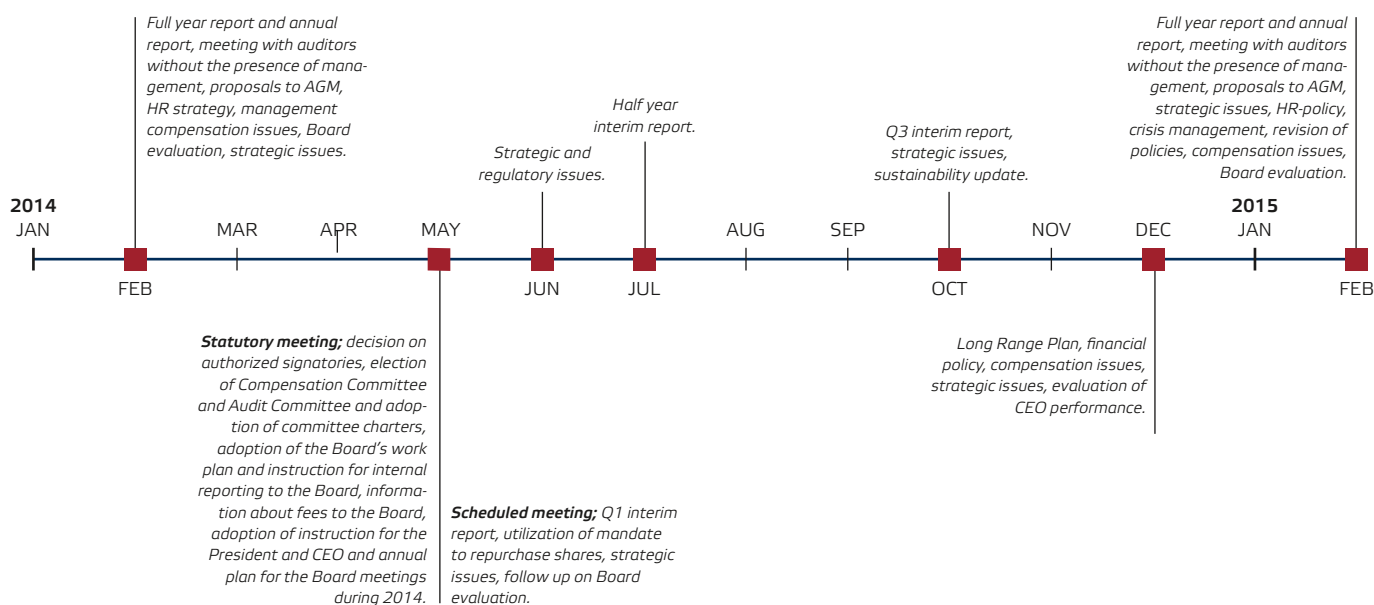
So far 2015, one scheduled Board meeting has been held.

At all the board meetings, with the exception of the statutory Board meeting, the Board received a general report from the CEO and discussed the activities and financial results of the company and the associated companies and joint ventures, as well as other pertinent projects and matters.

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 2014 to present the audit report and observations from the audit. At the Board meeting in June, which was held in Washington DC, the US, the Board focused on strategic and regulatory issues on the US market and on the Modified Risk Tobacco Product application to the US Food and Drug Administration for certain of the Company's *General snus* products.

### Audit Committee

In 2014, the members were Meg Tivéus, (Chairman), Andrew Cripps, Wenche Rolfsen, and Joakim Westh. Throughout the year, the Chairman of the Audit Committee kept the Board of Directors regularly informed of the committee's work and decisions. The number of meetings in 2014 was five. The Company's auditor, as well as the head of the Internal Audit, participated in all of the meetings of the Audit Committee in 2014 and, at two of these meetings, also met with the Committee without the presence of the management of the Company.



Composition of the Board and attendance 2014	Board of Directors	Audit Committee	Compensation Committee	Independent <sup>1)</sup>	Compensation, SEK
<b>Total number of meetings</b>	<b>7</b>	<b>5</b>	<b>3</b>		
<b>Members elected by the General Meeting</b>					
Conny Karlsson (Chairman)	7		3	Yes	2,000,000
Andrew Cripps (Deputy Chairman)	7	5		Yes	955,000
Karen Guerra	6		2	Yes	825,000
Wenche Rolfsen	7	5		Yes	825,000
Robert Sharpe	7		3	Yes	825,000
Meg Tivéus	7	5		Yes	950,000
Joakim Westh	7	5		Yes	825,000
<b>Employee representatives</b>					
Kenneth Ek	5				
Eva Larsson	6				
Patrik Engelbrektsson	7				
<b>Employee representatives (deputies)</b>					
Joakim Andersson	7				
Eva Norlén-Moritz	6				
Gert-Inge Rang	7				

<sup>1)</sup> As defined in the Swedish Code of Corporate Governance.



### **Compensation Committee**

Members in 2014 were Conny Karlsson, (Chairman), Karen Guerra, and Robert Sharpe. 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.

During the year, the Compensation 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. Three meetings were held in 2014.

During 2014, the committee devoted special attention to determination of variable compensation for 2013 to be paid in 2014 and on targets relevant to variable compensation, proposals to the Board concerning adjustments of the President's salary and variable compensation for 2015 and determination of salaries and variable compensation for other members of the Group Management Team for 2015. 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.

### **Group Management Team**

In 2014, the Swedish Match Group Management Team consisted of Lars Dahlgren, President and Chief Executive Officer; Richard Flaherty, President US Division; Marlene Forsell, Senior Vice President and Chief Financial Officer; Fredrik Lagercrantz, Senior Vice President Business Control; Lars Olof Löfman, Chief Innovation Officer Scandinavia Division; Fredrik Peyron, Senior Vice President Corporate and Legal Affairs; and Joakim Tilly, President Scandinavia Division. Marie-Louise Heiman, Senior Vice President Legal Affairs, assumed this position as per January 1, 2015, replacing Fredrik Peyron, who left the Company on December 31, 2014.

Detailed information about the President and Chief Executive Officer Lars Dahlgren is provided on page 104. Lars Dahlgren has no major shareholdings, nor is he a part owner in companies having significant business relations with Swedish Match.

### **Compensation to the Group Management Team**

The 2014 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 62. For information concerning compensation and other benefits to the Group Management Team and the Company's option programs, see *Note 5 Personnel*, page 62.

### **Audit and auditors**

The accounting firm KPMG AB was elected by the General Meeting as the Company's external auditors for the period from 2014 up to and including the Annual General Meeting in 2015. During 2014, in addition to auditing, KPMG AB provided consultancy services to the Group, primarily with regard to tax advice and testing of IT controls.

Cronie Wallquist, authorized public accountant, served as auditor in charge. For information concerning compensation to the Swedish Match's auditors during 2014, see *Note 6 Audit fees*, page 66.

### **Disclosure Committee**

Members of the Disclosure Committee during 2014 were the heads of Business Control, Investor Relations and Corporate Sustainability, Group Reporting and Tax, as well as Corporate and Legal Affairs.



*Swedish Match Annual General Meeting 2014.*

## 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 foundation for internal control over financial reporting is the control environment that has been documented and communicated in governing documents. These include 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 estab-

lished 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**

The information and communication component includes the systems and procedures that support the identification, capture, and exchange of information in a form and timeframe that enable personnel to carry out their responsibilities and reliable financial reports to be generated. 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-focused 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 17, 2015

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 2014 on pages 95–101 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 6, 2015

KPMG AB  
Cronie Wallquist  
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 Cederroth AB, Euroflorist AB and Zeres Capital AB.

*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:* 30,000

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, Stock Spirits 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:* 19,200

Wenche Rolfsen



**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 Electrocomponents plc.

*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:* 5,250

Karen Guerra



**WENCHE ROLFSEN**

Born 1952. M.Sc. in Pharmacy and Ph.D. in Pharmacology Uppsala University. Board member since 2013. Member of the Audit Committee.

*Other board assignments:* Chairman of the Board of Index Pharmaceuticals; Vice Chairman of Moberg Pharma; Board member of Stiftelsen Industrifonden, Apotek Produktion & Laboratorier AB (APL), and Sarsia Seed.

*Previous positions:* Vice President; Director of Quintiles Phase I, Europe; CEO, Quintiles, Scandinavia; Director, Quintiles, Sweden; Managing Director of Pharmacology, Pharmacia Upjohn; Head of Pharmacology, Pharmacia Ophthalmics; Head of Pharmacology, Pharmacia Läkemedel.

*Own and related parties' shares:* 3,180

Robert Sharpe



**ROBERT 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:* Presiding Director 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:* 11,200

[www.swedishmatch.com](http://www.swedishmatch.com) 

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

Holdings of own and related parties shares as of December 31, 2014. For a detailed report of remuneration and benefits for the Board of Directors, refer to *Note 5 Personnel*.





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 Folk tandvården Stockholm AB, Arkitektkopia AB, Björn Axén AB and Solhagagruppen AB. Board member of Endomines AB.

*Previous positions:* President and Chief Executive Officer, Svenska Spel AB; Executive 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:* 5,200



Joakim Westh

**JOAKIM WESTH**

Born 1961. M.Sc. Royal Institute of Technology and M.Sc. Aeronautics and Astronautics MIT. Board member since 2011. Member of the Audit Committee.

*Other board assignments:* Board member of Absolent AB, Saab AB and CGI Group Inc. *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, Absolent AB; Partner, McKinsey & Co. Inc.

*Own and related parties' shares:* 2,500



Cronie Wallquist

**AUDITORS**

**KPMG AB** Lead Auditor:  
Cronie Wallquist. Born 1958. Authorized Public Accountant. Swedish Match auditor since 2012. Cronie Wallquist's other auditing assignments include Pream, CDON Group, AstraZeneca and Svenska Petroleum Exploration.

**Independence of Board members**

According to the Nominating Committee, all of the Board members elected by the Annual General Meeting 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.

**Changes in the Board of Directors**

There were no changes in the Board of Directors during 2014.

**Secretary to the Board of Directors**

Marie-Louise Heiman, Senior Vice President Legal Affairs and General Counsel, assumed this position as per January 1, 2015, replacing Fredrik Peyron, who left the Company on December 31, 2014.

**EMPLOYEE REPRESENTATIVES**

Eva Larsson

Patrik Engelbrektsson

Kenneth Ek

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

**PATRIK ENGELBREKTSSON**

Born 1965. Board member since 2013 (deputy during 2012). Appointed by the Swedish Trade Union Confederation (LO) within Swedish Match. Chairman of the Trade Union at the snus factory in Gothenburg, Sweden. Forklift driver at the Gothenburg factory.

*Previous positions:* Mill worker, Machine Operator, Forklift driver at the Gothenburg snus factory.

*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 factory in Tidaholm, Sweden. Insurance Manager for insurance policies of persons employed under collective agreements at the Swedish Match's match factory in Tidaholm, Sweden.

*Previous positions:* Line Operator at Swedish Match's match factory in Tidaholm.

*Own and related parties' shares:* 0

**EMPLOYEE REPRESENTATIVES (DEPUTIES)**

Eva Norlén-Moritz

Gert-Inge Rang

Joakim Andersson

**JOAKIM ANDERSSON**

Born 1970. Deputy member since 2013. Appointed by the Swedish Trade Union Confederation (LO) within Swedish Match. Chairman of the Swedish Food Workers' Trade Union Association (Livs) at SMD Logistics in Solna, Sweden. Module technician at the SMD Logistics in Solna.

*Previous positions:* Module Technician, Swedish Match Distribution in Solna, Sweden.

*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 Scandinavia Division in Stockholm, Sweden.

*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 Industries. Production Supervisor at Swedish Match's match factory in Vetlanda, Sweden.

*Previous positions:* Supervisor, Swedish Match's match factory in Vetlanda.

*Own and related parties' shares:* 1,000

# Group Management



Lars Dahlgren

## LARS DAHLGREN

President and Chief Executive Officer, Swedish Match 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, Sweden. *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:* 36,900 *Call options:* 0



Marie-Louise Heiman

## MARIE-LOUISE HEIMAN

Senior Vice President, Legal Affairs and General Counsel, Swedish Match since 2015. Joined Swedish Match in 1996. Member of the Group Management Team and Secretary to the Board since 2015. Born 1965. Master of Laws, LL M, Uppsala University, Sweden. *Previous positions:* Vice President Legal Affairs, Swedish Match AB; General Counsel Swedish Match North Europe AB; Legal Counsel, AB Fortos, BCP Branded Consumer Products AB and Procordia AB. *Own and related parties' shares:* 1,165 *Call options:* 5,403



Richard Flaherty

## RICHARD FLAHERTY

President, US Division, Swedish Match 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 LL.M. Taxation New York University, USA. *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:* 18,125 *Call options:* 0



Marlene Forsell

## MARLENE FORSELL

Senior Vice President and Chief Financial Officer, Swedish Match since 2013. Joined Swedish Match in 2004. Member of the Group Management Team since 2013. Born 1976. M.Sc. in Business and Economics from the Stockholm School of Economics, Sweden. *Previous positions:* Vice President Group Reporting, Swedish Match AB; Vice President Business Control, Swedish Match Smokefree Division; Vice President Corporate Control, Swedish Match AB; Analyst, Ernst & Young. *Own and related parties' shares:* 1,300 *Call options:* 0



Fredrik Lagercrantz

**FREDRIK LAGERCRANTZ**

Senior Vice President, Business Control, Swedish Match since 2013. Joined Swedish Match in 2009. Member of the Group Management Team since 2013. Born 1977. M. Sc. in Business and Economics from the Stockholm School of Economics, Sweden.

*Previous positions:* Vice President Group Business Control, Swedish Match; Management Consultant, McKinsey & Co.

*Own and related parties' shares:* 1,595

*Call options:* 0



Lars Olof Löfman

**LARS OLOF LÖFMAN**

Chief Innovation Officer, Scandinavia Division, Swedish Match since 2013. Joined Swedish Match in 1987. Member of the Group Management Team since 2004. Born 1956. M.Sc. in Engineering and Controller DIHM, Sweden.

*Previous positions:* Senior Vice President Product Supply and Marketing, Swedish Match Scandinavia Division; President, Swedish Match Smokefree Products Division; 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:* 10,689

*Call options:* 0



Joakim Tilly

**JOAKIM TILLY**

President, Scandinavia Division, Swedish Match since 2013. 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, Sweden.

*Previous positions:* Senior Vice President, Group Finance and IT, and Chief Financial Officer, Swedish Match AB; 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:* 8,240

*Call options:* 0

**Changes in the Group Management Team**

Marie-Louise Heiman was appointed Senior Vice President Legal Affairs and General Counsel as of January 1, 2015, succeeding Fredrik Peyron who left the Company.

Holdings of own and related parties shares and call options as of December 31, 2014. For a detailed report of remuneration and benefits for senior executives, refer to *Note 5 Personnel*.

[www.swedishmatch.com](http://www.swedishmatch.com)



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