

REMUNERATION COMMITTEE - TERMS OF REFERENCE

On 11 December 2015 the board of directors of Scandinavian Tobacco Group A/S (the "Board of Directors") decided upon these terms of reference for the Remuneration Committee (the "Remuneration Committee").

1. MEMBERS OF THE REMUNERATION COMMITTEE

The Remuneration Committee consists of a minimum of three members who are appointed by the Board of Directors.

Members are appointed from among the members of the Board of Directors. Members are appointed to the Remuneration Committee for one-year terms. Members may be removed by the Board of Directors at any time. Any member of the Remuneration Committee who resigns from the Board of Directors must also resign from the Remuneration Committee. The majority of the members of the Remuneration Committee must be independent.

The Remuneration Committee elects a chairman.

2. ATTENDANCE AT MEETINGS

The members of the Remuneration Committee attend the meetings and the Remuneration Committee constitutes a quorum when more than half of its members are present. To ensure the Remuneration Committee's independence and autonomy, members of the Executive Management, other members of the Board of Directors and the external auditor may only attend meetings on request from the Remuneration Committee.

3. FREQUENCY OF MEETINGS

Meetings will be held as often as the chairman deems it necessary or if requested by a member of the Remuneration Committee.

4. AUTHORITY

The Board of Directors authorises the Remuneration Committee to:

- investigate and assess all matters that fall within the guidelines set out in the rules of procedure for the Remuneration Committee;
- obtain all necessary information from the members of the Company's Executive Management and employees of the Company and its subsidiaries;
- obtain information from the Company's auditor elected by the General Meeting; and
- obtain the advice, guidance and assistance from external advisers that the Remuneration Committee deems to be necessary or appropriate for performing its duties.

5. DUTIES

The Remuneration Committee submits recommendations to the Board of Directors on the remuneration policy applicable to the Board of Directors and the executive management, including general guidelines on incentive pay (the "Remuneration Policy"), to be approved by the Board of Directors before being presented to the Company's general meeting for adoption.

The Remuneration Committee must submit proposals to the Board of Directors for the remuneration of the members of the Board of Directors and members of the Executive Management.

The Remuneration Committee must ensure that the remuneration of the members of the Board of Directors and of the Executive Management, respectively, is in accordance with the Company's remuneration policy and the evaluation of the members of the Board of Directors' and of the Executive Management's performance.

The Remuneration Committee must be informed about the aggregate remuneration received by the members of the Board of Directors and Executive Management from companies in the group.

The Remuneration Committee must ensure that the information in the Company's annual report about remuneration for the Board of Directors and the Executive Management is true, accurate and adequate.

At the General Meeting, the chairman of the Remuneration Committee must be available for answering questions about the Remuneration Committee's rules of procedure and activities.

6. REPORTING AND PUBLICATION

Minutes of all meetings of the Remuneration Committee must be prepared as soon as possible and are upon approval by the Committee submitted to the Board of Directors.

The Remuneration Committee's reasoned recommendations to the Board of Directors must be set out in the minutes.

At least every six months, the Remuneration Committee must report its activities, etc. to the Board of Directors.

The Company must publish the following information in its annual report and on its website:

- that the Company has established a Remuneration Committee;
- the names of the members of the Remuneration Committee;
- the name of the Chairman of the Remuneration Committee; and
- which members of the Remuneration Committee are independent members.