

**RULES OF PROCEDURE FOR  
THE NOMINATION COMMITTEE**

of **SCANDINAVIAN TOBACCO GROUP A/S**

Central Business Register (CVR) no. 31 08 01 85

---

## CONTENTS

1.	ESTABLISHMENT AND OBJECTIVE	3
2.	MEMBERS AND COMPOSITION	3
3.	DUTIES	4
4.	MEETINGS	5
5.	AUTHORITY	6
6.	REPORTING TO THE BOARD OF DIRECTORS	6
7.	PUBLICATION OF INFORMATION ABOUT THE NOMINATION COMMITTEE	6
8.	REMUNERATION	7

# RULES OF PROCEDURE FOR THE NOMINATION COMMITTEE

## 1. ESTABLISHMENT AND OBJECTIVE

- 1.1 The board of directors (the “**Board of Directors**”) of Scandinavian Tobacco Group A/S (the “**Company**”) has established a nomination committee (the “**Nomination Committee**”) under the supervision of the Board of Directors in accordance with clause 17.2 of the Rules of Procedure of the Board of Directors.
- 1.2 The Nomination Committee will be established simultaneously with the first ordinary meeting of the Board of Directors after the annual general meeting of the Company (the “**General Meeting**”).
- 1.3 The Nomination Committee has as its objective, among other things, to improve the quality of the work of the Board of Directors by contributing to the preparation of the basis for the General Meeting's decisions in connection with:
- i. the nomination and appointment of members of the Board of Directors;
  - ii. ensuring that the Board of Directors have the appropriate number of members with the required qualifications and experience at all times;
  - iii. the composition, nomination and appointment members of the Company's executive management (the “**Executive Management**”); and
  - iv. the conduct of regular evaluations of the Board of Directors' and the Executive Management's performance.

The tasks of the Nomination Committee are described in more details in clause 3 below.

- 1.4 The Nomination Committee's function is preparatory only in connection with the transaction of business by the Board of Directors. Accordingly, the setting up of the Nomination Committee does not limit or render superfluous any consideration by the Board of Directors, and important information required by all members of the Board of Directors must therefore be provided to all Board members and not only to the Nomination Committee.
- 1.5 The Board of Directors has full responsibility for all resolutions that have been prepared by the Nomination Committee.

## 2. MEMBERS AND COMPOSITION

- 2.1 The Nomination Committee consists of a minimum of three members who are appointed by the Board of Directors.
- 2.2 Members are appointed from among the members of the Board of Directors.
- 2.3 Members are appointed to the Nomination Committee for one-year terms. Members may be removed by the Board of Directors at any time. Any member of the Nomination Committee who resigns from the Board of Directors must also resign from the Nomination Committee.
- 2.4 The chairman of the Board of Directors serves as chairman of the Nomination Committee.
- 2.5 The majority of the members of the Nomination Committee must be independent.

- 2.5.1 No member of the Nomination Committee will be considered as independent if he or she (list not exhaustive):
- i. is - or has been within the last five years - a manager/executive officer of the Company or of any affiliated company;
  - ii. is manager of any company and there is overlapping board membership between that company and the Company;
  - iii. has received a significant amount of remuneration from the Company or any affiliated company other than as non-executive member of the Board of Directors;
  - iv. represents the interests of a controlling shareholder;
  - v. is closely related to any person who is not considered to be independent;
  - vi. is, or has been within the last three years, an employee or partner of the Company's external auditor;
  - vii. has had within the last year important business relations (as a partner, shareholder, customer, supplier or member of a governing body of a company or companies with similar relations) with the Company or any affiliated company; or
  - viii. has served on the Board of Directors for more than twelve years.

2.5.2 The Board of Directors determines whether any member of the Nomination Committee can be deemed independent or not.

### **3. DUTIES**

#### **3.1 Assessment of the Board of Directors**

3.1.1 The Nomination Committee must set up a procedure for an annual evaluation of the Board of Directors and its individual members (including results, cooperation, contributions and organisation of the Board's work). At least every third year the evaluation shall be carried out with external assistance. The Nomination Committee must annually assess the individual Board members' qualifications, knowledge and experience (including taking into consideration the qualifications, knowledge and experience of the Executive Management). The results of the overall evaluation of the Board of Directors, including the Nomination Committee's assessment shall be reported to the Board of Directors. The Chairman shall at the annual general meeting report on the evaluation process and the general conclusions prior to the election of the Board of Directors.

3.1.2 The Nomination Committee must annually assess the Board of Directors' structure, size and composition, and recommend any changes to the Board of Directors.

3.1.3 The Nomination Committee, or the person the Nomination Committee puts in its place, shall keep a register of the members of the Board of Directors' positions and assignments.

#### **3.2 Nomination of candidates to the Board of Directors**

3.2.1 The Nomination Committee must describe the qualifications required for members of the Board of Directors and must specify the time estimated to be required for discharging the function.

3.2.2 The Nomination Committee should identify and propose qualified and experienced candidates and ensure appropriate succession planning for the Board of Directors, giving due consideration to any other legal

requirements regarding composition, appointment or succession. The candidates shall have relevant competence and skills for the position concerned and should be of good repute. Nominations for re-appointment should be based on the profile referred to above and should only take place after careful consideration of the performance of the member during the last term.

- 3.2.3 The assessment of a candidate's experience should consider both the theoretical experience attained through education and training, the practical experience gained in previous occupations and the skills and knowledge acquired and demonstrated by the professional conduct of the candidate.
- 3.2.4 The Nomination Committee shall duly consider whether the composition of the Board of Directors is diversified in relation to gender, age, geographical provenance and educational and professional background.
- 3.2.5 In connection with the nominations submitted to the General Meeting, the Nomination Committee must consider any proposals for candidates to the Board of Directors from relevant persons, including shareholders and members of the Board of Directors.

### **3.3 Executive Management**

- 3.3.1 The Nomination Committee shall describe the qualifications required by the member of the Executive Management.
- 3.3.2 The Nomination Committee shall assess the competences, knowledge and experience of the Executive Management (including taking into consideration the qualifications, knowledge and experience of the Board of Directors) and report its assessment to the Board of Directors.
- 3.3.3 The Nomination Committee shall annually assess the structure, size, composition and results of the Executive Management and recommend any changes to the Board of Directors.

### **3.4 Documentation of evaluation and assessment**

- 3.4.1 The evaluations and assessments and the results thereof shall be documented by the Nomination Committee.

### **3.5 Other duties**

- 3.5.1 At the General Meeting, the chairman of the Nomination Committee must be available for answering questions about the Nomination Committee's Rules of Procedure and activities.

## **4. MEETINGS**

- 4.1 Meetings will be held as often as the chairman deems it necessary or if requested by a member of the Nomination Committee.
- 4.2 Meetings of the Nomination Committee will be convened by the chairman of the Nomination Committee. In the chairman's absence, meetings will be convened by an independent member of the Nomination Committee.
- 4.3 Copies of all meeting agendas must be sent to the Board of Directors for information.

- 4.4 The chairman of the Nomination Committee presides over the Nomination Committee's meetings.
- 4.5 The Nomination Committee constitutes a quorum when more than half of its members are present.
- 4.6 The Nomination Committee must keep a minute book.
- 4.7 The Nomination Committee only passes resolutions where recommendations are to be made to the General Meeting. The Nomination Committee has no independent decision-making power. All resolutions by the Nomination Committee must be passed by a simple majority of votes.

## **5. AUTHORITY**

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

## **6. REPORTING TO THE BOARD OF DIRECTORS**

- 6.1 Minutes of all meetings of the Nomination Committee must be prepared as soon as possible and are upon approval by the Committee submitted to the Board of Directors.
- 6.2 The Nomination Committee's reasoned recommendations to the Board of Directors must be set out in the minutes.
- 6.3 The chairman of the Nomination Committee reports at meetings of the Board of Directors from the latest meeting of the Nomination Committee and presents any recommendations to the Board of Directors as reflected in the minutes of the meetings of the Nomination Committee.
- 6.4 Meetings of the Board of Directors to consider the Nomination Committee's recommendations must be organised so as to enable the chairman of the Nomination Committee or an independent member of the Nomination Committee appointed by the chairman to attend the meeting.
- 6.5 At least every six months, the Nomination Committee must report its activities, etc. to the Board of Directors, including in connection with the Nomination Committee duties under clause 3 of these rules of procedure.

## **7. PUBLICATION OF INFORMATION ABOUT THE NOMINATION COMMITTEE**

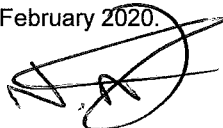
- 7.1 The Company must publish the following information in its annual report and on its website:
- i. that the Company has established a Nomination Committee;
  - ii. the names of the members of the Nomination Committee;
  - iii. the name of the chairman of the Nomination Committee; and
  - iv. which members of the Nomination Committee are independent members, see clause 2.5 of these Rules of Procedure..

**8. REMUNERATION**

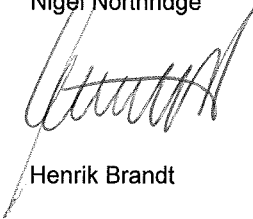
8.1 The members of the Nomination Committee shall receive remuneration for their work. The remuneration shall be determined by the General Meeting.

These Rules of Procedure for the Nomination Committee shall be reviewed annually by the Board of Directors taking into consideration any amendments recommended by the Nomination Committee.

As adopted by the Board of Directors on 26 February 2020.



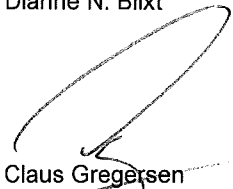
Nigel Northridge



Henrik Brandt

*Dianne N. Blixt*  
Dianne N. Blixt

Marlene Forsell



Claus Gregersen



Lindy Larsen



Hanne Malling



Luc Missorten



Anders Obel



Mogens Olsen