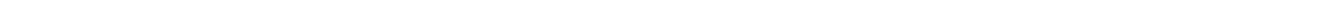


# RULES OF PROCEDURE FOR THE REMUNERATION COMMITTEE

of **SCANDINAVIAN TOBACCO GROUP A/S**

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



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# RULES OF PROCEDURE FOR THE REMUNERATION 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 Remuneration 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 (the "**Remuneration Committee**").
- 1.2 The Remuneration Committee will be established at the first ordinary meeting of the Board of Directors after the annual general meeting of the Company.
- 1.3 The Remuneration 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 Board of Directors' decisions in connection with the drawing up, implementation and pursuit of the remuneration policy for members of the Board of Directors and the executive management of the Company (the "**Executive Management**"). The tasks of the Remuneration Committee are described in more detail in clause 3 below.
- 1.4 The Remuneration Committee's function is merely preparatory in connection with the transaction of business by the Board of Directors. Accordingly, the setting up of the Remuneration 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 members of the Board of Directors and not only to the Remuneration Committee.
- 1.5 The Board of Directors has full responsibility for all resolutions that have been prepared by the Remuneration Committee.

## 2. MEMBERS AND COMPOSITION

- 2.1 The Remuneration Committee consists of a minimum of three members who are appointed by the Board of Directors.
- 2.2 Members are appointed among the members of the Board of Directors.
- 2.3 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.
- 2.4 The chair of the Board of Directors shall be chair of the Remuneration Committee.
- 2.5 The majority of the members of the Remuneration Committee must be independent.
- 2.5.1 No member of the Remuneration 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 management between that company and the Company;

- iii. has received a significant amount of remuneration from the Company or any affiliated company other than as member of the Board of Directors;
- iv. represents or is associated with 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. is or has been within the past three years employed or partner in the same company as the Company's auditor
- viii. has had within the last year important business relations (personally or indirectly 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
- ix. 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 Remuneration Committee can be deemed independent or not.

### 3. DUTIES

#### 3.1 The remuneration policy

3.1.1 The Remuneration Committee submits recommendations to the Board of Directors on the remuneration policy applicable to the Board of Directors and the Executive Management (the "**Remuneration Policy**"), to be approved by the Board of Directors before being presented to the Company's general meeting (the "**General Meeting**") for adoption.

3.1.2 The Remuneration Policy must be clear and comprehensible.

3.1.3 The Remuneration Policy must comply with applicable laws, including the Danish Companies Law (in Danish "selskabsloven") and take into consideration the Recommendations on Corporate Governance issued by the Danish Committee on Corporate Governance (in Danish: Komitéen for god Selskabsledelse) and e.g. include:

- i. a detailed description of the components that are included in the remuneration to the Board of Directors and the Executive Management;
- ii. the reasons for choosing each component; and
- iii. a description of the criteria that form the basis for the balance between each individual component.

3.1.4 The Remuneration Policy must be drawn up in accordance with the following guidelines:

##### 3.1.4.1 Variable pay components

3.1.4.1.1 If the Remuneration Policy provides for variable components, it must:

- i. determine the limits of the variable component(s) of the total remuneration;
- ii. ensure a reasonable balance between remuneration, foreseeable risks and the creation of long- and short-term value for the shareholders;
- iii. ensure that the general performance criteria in relation to such variable components are specified; and

- iv. determine that the variable elements of the agreed remuneration are, at least partly, earned over more than one calendar year.
- 3.1.4.1.2 It must be specified in the Remuneration Policy that remuneration agreements for the Executive Management, which include variable components, will entitle the Company, in exceptional cases, to reclaim in full or in part variable components of the remuneration that were paid on the basis of data, which proved to be misstated as well as in cases of bad faith.
- 3.1.4.2 Severance pay
- 3.1.4.2.1 The Remuneration Policy must in relation to severance pay specify that the maximum amount of severance pay (including the salary during the notice period but excluding any incentive remuneration and potential compensation for a non-compete clause) is 24 months total remuneration.
- 3.1.4.3 Share-based remuneration, etc.
- 3.1.4.3.1 The Remuneration Policy must in relation to share-based remuneration etc. specify that members of the Company's Board of Directors are not eligible to participate in any share-based remuneration.
- 3.2 Proposals for remuneration**
- 3.2.1 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.
- 3.2.2 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.
- 3.2.3 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.
- 3.3 The remuneration report and the annual report**
- 3.3.1 The Remuneration Committee must ensure that the information in the annual remuneration report and in the Company's annual report about remuneration for the Board of Directors and the Executive Management is true, accurate and adequate.
- 3.4 Other duties**
- 3.4.1 At the General Meeting, the chair of the Remuneration Committee must be available for answering questions about the Remuneration Committee's rules of procedure and activities.
- 3.4.2 The Remuneration Committee must also monitor any other matters relating to the duties referred to in clauses 3.1 to 3.3 that it deems necessary, in its discretion, and perform any other duties that the Board of Directors delegates to it.

#### **4. MEETINGS**

- 4.1 Meetings will be held as often as the chair deems it necessary or if requested by a member of the Remuneration Committee.
- 4.2 Meetings of the Remuneration Committee will be convened by the chair of the Remuneration Committee. In the chair's absence, meetings will be convened by an independent member of the Remuneration Committee.
- 4.3 The chair of the Remuneration Committee presides over the Remuneration Committee's meetings.
- 4.4 The Remuneration Committee constitutes a quorum when more than half of its members are present.
- 4.5 The Remuneration Committee must keep a minute book.
- 4.6 The Remuneration Committee only passes resolutions where recommendations are to be made to the Board of Directors. The Remuneration Committee has no independent decision-making power. All resolutions by the Remuneration Committee must be passed by a simple majority of votes.
- 4.7 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.

#### **5. AUTHORITY**

- 5.1 The Board of Directors authorises the Remuneration 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 Company's 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 Remuneration Committee deems to be necessary or appropriate for performing its duties.

#### **6. RESSOURCES**

- 6.1 The Company must make available to the Remuneration Committee the resources required for the performance of the Committee's duties, including outside legal, accounting and other professional advice and assistance.
- 6.2 The Remuneration Committee must avoid using the same external advisers as the Executive Management uses for their own remuneration.

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

- 7.1 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.
- 7.2 The Remuneration Committee's reasoned recommendations to the Board of Directors must be set out in the minutes.

- 7.3 At meetings of the Board of Directors the chair of the Remuneration Committee reports from the latest meeting of the Remuneration Committee and presents any recommendations to the Board of Directors as reflected in the minutes of the meetings of the Remuneration Committee.
- 7.4 Meetings of the Board of Directors to consider the Remuneration Committee's recommendations must be organised so as to enable the chair of the Remuneration Committee or an independent member of the Remuneration Committee appointed by the chair to attend the meeting.
- 7.5 At least every six months, the Remuneration Committee must report its activities, etc. to the Board of Directors, including in connection with the Remuneration Committee's duties under clause 3 of these rules of procedure.

## **8. PUBLICATION OF INFORMATION ABOUT THE REMUNERATION COMMITTEE**

- 8.1 The Company must publish the following information in its annual report and on its website
- i. that the Company has established a Remuneration Committee;
  - ii. the names of the members of the Remuneration Committee;
  - iii. the name of the chair of the Remuneration Committee; and
  - iv. which members of the Remuneration Committee are independent members, see clause 2.5 of these rules of procedure.

## **9. REMUNERATION**

- 9.1 The members of the Remuneration Committee shall receive remuneration for their work. The remuneration shall be determined by the General Meeting.

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

As adopted by the Board of Directors on 10 December 2024.

Henrik Brandt

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