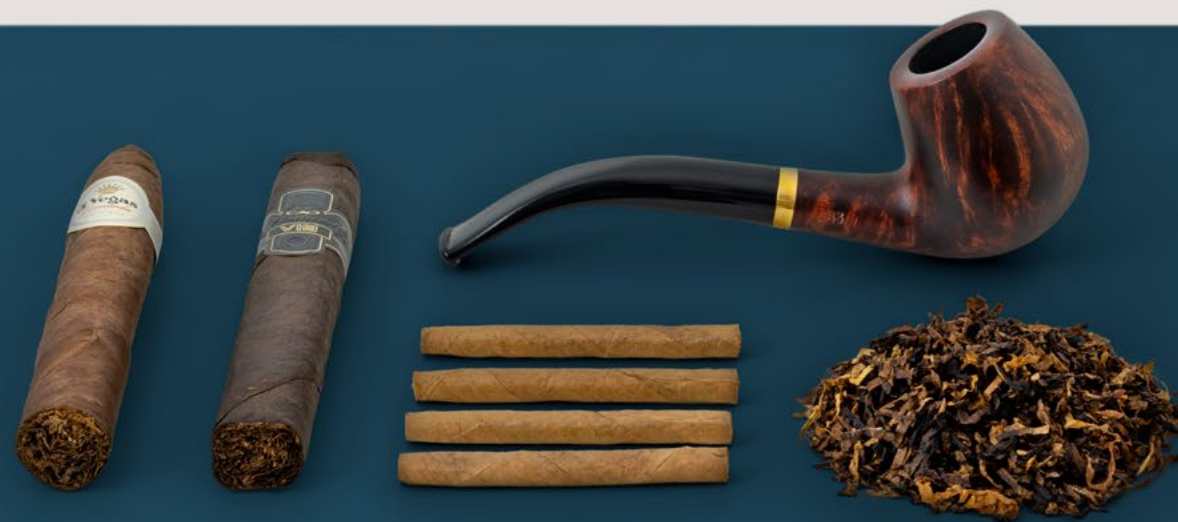




REMUNERATION REPORT 2021



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SECTION 1

INTRODUCTION

This remuneration report (the “Remuneration Report”) is an overview of the total remuneration received by each member of the Board of Directors (“Board of Directors”) and of the Executive Management of Scandinavian Tobacco Group A/S, CVR no. 31 08 01 85, (the “Company”) for the 2021 financial year, and for previous financial years where it is relevant for comparison purposes. Reference to the “Executive Management” in the Remuneration Report means the members of management of the Company registered as such with the Danish Business Authority (in Danish: Erhvervsstyrelsen).

The Remuneration Report has been prepared in accordance with section 139b of the Danish Companies Act (in Danish: Selskabsloven) and the Recommendations on Corporate Governance issued by the Danish Committee on Corporate Governance (in Danish: Komitéen for god Selskabsledelse). It will be presented to shareholders for an advisory vote (in Danish: vejledende afstemning) at the 2022 Annual General Meeting.

Contained in the Remuneration Report are values derived from the Company’s audited annual reports for 2017 to 2021; an explanation is provided in the relevant sections of the Remuneration Report where there are variations in reported values based on the application of different calculation methodologies or accounting treatment.

The Company’s Remuneration Report 2020 was approved on an advisory vote without changes at the 2021 Annual General Meeting.





SECTION 2

REMUNERATION GOVERNANCE

2.1 OVERALL OBJECTIVES

The Company operates on a global scale in a highly competitive, niche industry sector - one which is undergoing rapid change through aspects such as new technology, regulation, societal attitudes and consumer behaviour. It is therefore critical that the Company's remuneration arrangements:

- attract and retain high calibre, experienced and qualified individuals to its Board of Directors and Executive Management
- incentivise Executive Management to deliver the Company's strategic ambitions, and do so in a way which creates sustained shareholder value
- reward Executive Management appropriately for achieving core short- and long-term business goals, and
- focus Executive Management on managing and growing the Company to ensure its continued sustainability, and in a way which aligns with shareholders' and stakeholders' interests.

2.2 THE REMUNERATION POLICY

The Company's remuneration policy (the "Remuneration Policy") is a framework around which the contractual terms and compensation of the Board of Directors and the Executive Management are set, reviewed and managed. It was designed to meet the objectives listed in 2.1 above, in addition to aligning with the Company's strategy and suitably reflecting shareholders' interests. The Remuneration Policy was

adopted by the Annual General Meeting on 26 March 2020 and replaced the previous version which had not changed since being adopted by shareholders in 2016. It was updated in accordance with the requirements of section 139 and 139a of the Danish Companies Act (in Danish Selskabsloven), and to generally reflect prevailing standards of Danish good corporate governance.

The Remuneration Policy is available on the Company's website, [st-group.com](https://www.st-group.com).

2.3 THE REMUNERATION COMMITTEE AND ITS ACTIVITIES IN 2021

The remuneration of the Board of Directors and Executive Management is overseen by a committee of the Board of Directors (the "Remuneration Committee"). The Remuneration Committee's objective is, among other things, to improve the quality of the Board of Directors' work. It does this by contributing to the preparation of decisions the Board of Directors takes on the drawing up, implementation and pursuit of the Remuneration Policy. It is responsible for recommending the adoption of an annual remuneration report to the Board of Directors before presentation of the report to the Annual General Meeting.

The Remuneration Committee discharges its responsibilities in accordance with the Remuneration Policy and its Rules of Procedure, which are also available at [st-group.com](https://www.st-group.com). In carrying out its duties and making proposals to the Board of Directors, the Remuneration



Committee will take account of statutory requirements, prevailing corporate governance standards, best practice and the feedback from shareholders and other relevant third parties.

In 2021, the Remuneration Committee consisted of four board members: Nigel Northridge, Henrik Brandt, Claus Gregersen and Luc Missorten. It met four times in the year.

In addition to the normal activities connected to the monitoring, review and determination of compensation of the Company's registered directors, the Remuneration Committee considered:

- an increase of the remuneration of the Board of Directors
- an updated annual wheel for the Remuneration Committee's work
- market trends and the future direction of executive remuneration, in particular variable pay.

In making its recommendations to the Board of Directors during the year, the Remuneration Committee received advice and information from external advisors and members of management including the Chief HR Officer and Group General Counsel. The CEO and CFO were able to attend meetings by invitation.

In 2021, there were no shareholder dialogues held by the Company concerning the remuneration of the Company's registered directors. There were no instances of temporary Remuneration Policy exceptions (for individual extraordinary cases) or the awarding of exceptional recruitment remuneration.

2.4 CLAWBACK

The Company had no cause to claw back remuneration in the year or otherwise offset remuneration, as is permitted under the Remuneration Policy for reasons of material and manifest misstatement of data or accounts, miscalculation or other error, or bad faith.



SECTION 3

OVERVIEW OF 2021 FINANCIAL AND OPERATIONAL PERFORMANCE

Scandinavian Tobacco Group continued to cope successfully with the disruptions from the COVID-19 pandemic in 2021 and delivered a strong set of results for the year despite the challenging trading environment.

In summary:

- Net sales grew by 2.8% to DKK 8,233 million (2020: DKK 8,006 million), with 4.5% organic growth.
- Organic EBITDA grew by 18.4% (2020: 14.0%).
- Free cash flow before acquisitions was DKK 1,393 million (2020: DKK 1,394 million).

These results represent an all-time high for the Company.

Since the outbreak of the COVID-19 pandemic demand for handmade cigars in the US - our biggest and most important market - has been extraordinarily strong. At the same time tobacco consumption across other markets and categories has proven resilient. As a consequence, guidance for the year was raised twice.

The Board of Directors applied judgement to delay target-setting under the 2021 Short-term Incentive Programme's (STIP) and the 2021-2023 Long-term Incentive Programme (LTIP) until early May and late

June, respectively, to ensure that the targets would be relevant and stretching. The targets were not changed once they had been agreed.

The Company's strong financial performance for the year can be attributed to a combination of internal actions, Agio synergies, and higher than expected tobacco consumption across some product categories and markets. In response to the global pandemic, successful measures were put in place to continue to serve customers and maintain business operations, implemented by dedicated employees.

In the course of the year, the Company made good progress on the revised strategy "Rolling Towards 2025". In the US, investments to further grow the handmade cigar category were made and Forged, a secondary sales force, was launched.

As a consequence of the year's financial results, performance was above expectations for both the 2021 STIP and the 2019-2021 LTIP cycle and their respective key performance indicators were achieved above their maximum targets. The Board of Directors approved the programmes' outcomes based on the factual achievement of their targets and no discretion was applied in so doing.

As the Company was proving to be resilient in the context of the pandemic, employees' salaries were reviewed across the Company in accordance with its

usual annual process as were salaries of members of the Executive Management.

The remuneration of the members of the Board of Directors and the Executive Management complies with the Remuneration Policy.



SECTION 4

REMUNERATION OF THE BOARD OF DIRECTORS

4.1 REMUNERATION POLICY SUMMARY

Members of the Board of Directors receive an annual cash fee. Ordinary board members receive a fixed, base fee while the Chairman and Vice-chairman receive multiples thereof. Additional fixed annual fees are paid to those who chair or attend a board committee to reflect these supplementary duties and time commitment. The Company may pay and cover social security charges and similar taxes imposed by foreign authorities in relation to Board members' fees and may reimburse travel and other expenses related to the performance of their duties. In connection with their roles, members of the Board of Directors do not receive incentive-based remuneration, retirement benefits, retention or termination payments. With prior or subsequent shareholder approval, Board members may receive supplementary fixed remuneration to compensate for additional time commitment or in order to carry out ad hoc duties outside of their normal remit.

4.2 REMUNERATION

At the Annual General Meeting held on 14 April 2021, shareholders approved the fees for 2021 set out in Table 1. The base fee which had remained unchanged since 2016 was increased to DKK 440,000 per annum.

The composition of the Board of Directors was changed in 2021. Henrik Amsinck was elected as a new additional member of the Board of Directors and

all other shareholder-elected members of the Board of Directors were re-elected. The fees each serving member received for the year are provided in Table 2.

During the year, the Company additionally paid social security charges and similar taxes imposed by foreign authorities in relation to the Board members' fees of DKK 0.5 million (2020: DKK 0.4 million).

Table 1. Fee structure

(DKK '000)

	2021		2020		2017-2019	
	Annual Fee	Base Fee Multiple	Annual Fee	Base Fee Multiple	Annual Fee	Base Fee Multiple
Chairman of the Board of Directors	1,320	3x	1,200	3x	1,200	3x
Vice-chairman of the Board of Directors	880	2x	800	2x	700	1.75x
Ordinary member (base fee)	440	-	400	-	400	-
Chairman						
Audit Committee	330	0.75x	300	0.75x	300	0.75x
Remuneration Committee	110	0.25x	100	0.25x	100	0.25x
Nomination Committee	110	0.25x	100	0.25x	100	0.25x
Ordinary member						
Audit Committee	165	0.375x	150	0.375x	150	0.375x
Remuneration Committee	55	0.125x	50	0.125x	50	0.125x
Nomination Committee	55	0.125x	50	0.125x	50	0.125x

Table 2. Remuneration of the Board of Directors for the 2021 financial year

(DKK'000)

	Base Fee	Audit Committee	Remuneration Committee	Nomination Committee	Total
Nigel Northridge, Chairman	1,320		110	110	1,540
Henrik Brandt, Vice-chairman	880		55	55	990
Dianne Neal Blixt	440	165			605
Marlene Forsell	440	330			770
Claus Gregersen	440		55	55	550
Luc Missorten	440	165	55	55	715
Anders C. Obel	440				440
Henrik Amsinck	313				313
Lindy Larsen ¹	440				440
Hanne Malling ¹	440				440
Mogens Olsen ¹	440				440
Total	6,033	660	275	275	7,243

1. Employee-elected Board member.

SECTION 5

REMUNERATION OF THE EXECUTIVE MANAGEMENT

5.1 REMUNERATION POLICY SUMMARY

Members of the Executive Management receive a total compensation package which is designed to align with the Company's strategy and suitably reflect shareholders' interests. It consists of a fixed annual base salary, benefits, a short-term incentive and a long-term incentive. The combination of these various components aims to create a balanced package – one which reflects the performance of both the Company and the individual executive, as well as their respective scope. The remuneration components are set at a level to be market competitive and, in the case of incentives, reflect different performance scenarios.

As is common in Denmark for executive positions, the current members of the Executive Management

receive an annual base salary which is inclusive of a Company-provided pension allowance. In addition, they receive contractual employment benefits or a cash-equivalent amount, aligned with local market practice. They do not receive remuneration connected to any Company-related entities other than the Company.

A significant proportion of the Executive Management's remuneration is in the form of variable pay, ensuring their reward is linked to business performance. The short-term incentive gives focus to the Company's annual priorities and is intended to contribute to the execution of strategy. The long-term incentive links the reward of the Executive Management with performance of the organisation on a longer-term

time horizon, taking into consideration the Company's long-term sustainability. It is also designed to strengthen the executives' retention through the issue of annual rolling grants which are performance based. Shares in the Company are awarded which aims to ensure a high degree of alignment of their interests with those of shareholders.

Remuneration can be clawed back for reasons of material and manifest misstatement of data or accounts, miscalculation or other error, or bad faith. The Board of Directors also has the right to make proportionate adjustments by offsetting other forms of remuneration, including salary, bonuses yet to be paid and unvested PSUs if any of these circumstances have occurred.

5.2 TOTAL REMUNERATION IN 2021

In 2021, the Executive Management consisted of the Chief Executive Officer ("CEO"), Niels Frederiksen, and the Chief Financial Officer ("CFO"), Marianne Rørslev Bock. There were no changes in the composition of the Executive Management during the year.

Table 3. Remuneration of the Executive Management for the 2021 financial year

(DKK '000)

	Base Salary	Benefits	Short-term Incentive Programme ¹	Long-term Incentive Programme ²	Total Remuneration 2021	Exceptional compensation ³	Total Remuneration 2021 including extraordinary bonus
Niels Frederiksen, CEO	7,344	251	3,672	2,921	14,188	6,126	20,314
Marianne Rørslev Bock, CFO	4,442	185	2,221	1,318	8,167		8,167
Total	11,786	436	5,893	4,239	22,355	6,126	28,481

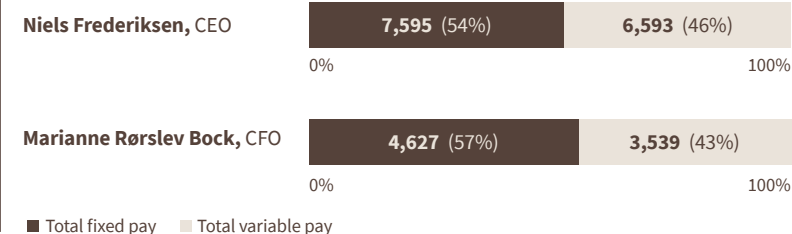
1. Bonus earned for 2021 to be paid in April, 2022. In remuneration reports prior to 2020, the bonus accrual value was provided rather than the actual payment value.

2. Fair value of the PSUs granted under the 2021-2023 LTIP cycle as at the grant date in July 2021.

3. A buy-out payment made in connection with the abolition of a contractual early retirement plan as noted on page 11

Table 4. Proportion of fixed and variable pay, excluding exceptional compensation

(DKK '000)





SECTION 5

5.3 ANNUAL BASE SALARY AND BENEFITS

The annual base salaries of the CEO and the CFO were reviewed during the year in accordance with the principles and process contained in the Remuneration Policy. In so doing, the Board of Directors took into account market benchmark data, the level of increase available for other employees and other inputs, including the financial performance of the Company.

The CEO's annual base salary increased by 0% (2% in 2020) and the CFO's annual base salary increased by 3.0% (10% in 2020), which was consistent with the

average salary increase awarded to employees at the Company in Denmark. The CFO's salary adjustment took effect 1 November 2021.

5.4 SHORT-TERM INCENTIVE PROGRAMME

For 2021, the Short-term Incentive Programme's ("STIP") key performance indicators ("KPIs") were organic EBITDA growth against 2020's outturn and free cash flow before acquisitions and special items, targeted to promote achievement of the Company's 2021 business plan. These KPIs were selected by the Board of Directors for their relevance to annual profit

and cash management performance. The maximum bonus payment that the CEO and the CFO could have earned under the STIP was 50% of annual base salary; (the Remuneration Policy maximum is 100% of annual base salary). An on-target level of performance would have awarded a bonus payment of 25% of annual base salary.

The Board of Directors determined that the KPIs' targets had been achieved at a high level as summarised in Table 5. Accordingly, the CEO and CFO both achieved a bonus award of 50% of their respective

annual base salaries to be paid in April 2022.

Table 5. Performance of the STIP 2021

Key Performance Indicators	Weight	Performance Targets		Performance Outcome	
		On-target Performance	Maximum Performance	Actual	% Achievement of Maximum Performance
Organic EBITDA growth ¹	67%	12.0%	16.0%	18.4%	100%
Free cash flow (DKK m) ²	33%	1,375	1,500	1,559	100%

1. Against the outturn in 2020.

2. Before acquisitions and special items.

Table 6. STIP Performance from 2016-2020

Performance Period	Key Performance Indicators	Performance Outcome: (% Achievement of Maximum Performance)	
2016	Organic EBITDA growth	Inventory reduction	75%
2017	Organic EBITDA growth	Inventory reduction	25%
2018	Organic EBITDA growth	Cash conversion	63%
2019	Organic EBITDA growth	EBITDA impact from Fuelling the growth	68%
2020	Organic EBITDA growth	Free cash flow (DKKm)	100%





SECTION 5

5.5 LONG-TERM INCENTIVE PROGRAMME

Under the Long-term Incentive Programme (“LTIP”), the CEO and CFO receive an annual grant of Performance Share Units (“PSUs”). No payment is due from the executives for the grant of a PSU. The size of their PSU grant is based on a percentage of their current annual base salary divided by the grant price (“Grant Price”). The Grant Price is normally the average price of the Company’s shares calculated over the ten trading days following the publication of the Company’s annual report in the grant year. The value of PSUs granted to an executive at the time of grant will not exceed 100% of the annual base salary then applicable, even assuming a maximum level of performance under the LTIP.

If the Company distributes dividends to its shareholders during the performance period, the CEO and CFO will receive additional PSUs equivalent to the dividend that corresponds to the number of PSUs granted to them. This approach further aligns the executives’ interests with that of shareholders.

The vesting of shares under the PSUs is subject to fulfilment in part or in full of KPIs linked to the Company’s performance, which are usually measured over a performance period of three financial years. The number of shares, if any, to be allocated to each participant under the LTIP will be determined on the basis of the initial PSUs, with the addition of any granted dividend PSUs; these PSUs are adjusted by the performance in the performance period against a pre-defined KPI multiplier range. If performance is

not reached at the defined threshold level, no shares will vest and no compensation in lieu of them will be provided if this occurs. No additional remuneration is made if a maximum target is exceeded.

2019-2021 performance cycle

In 2019, members of the Executive Management were awarded PSUs subject to the fulfilment of two KPIs, organic EBITDA growth and cash conversion, which were measured over a three-year performance period from 2019 to 2021. The Board of Directors considered these KPIs to be core success measures in supporting the Company’s value creation.

The CEO and CFO received PSU grants equal to 40% and 30% of their annual base salaries, respectively. The grants were based on salaries as at 1 January

2019. The executives were granted additional dividend PSUs equivalent to the dividends distributed to the Company’s shareholders during the performance period.

Following the end of the 2021 financial year, the Board of Directors determined that performance against both KPIs had been achieved at a level above their respective maximum targets, as noted in Table 7, with historical LTIP performance provided for context in Table 8. The Board of Directors applied the pre-defined KPI performance multiplier range (between 0.0 – 2.0) to the executives’ PSU awards granted under the 2019-2021 LTIP cycle, as noted in Table 9, and 200% of these will vest in April 2022.

Table 7. Performance of the Long-term Incentive Programme 2019-2021

Key Performance Indicators	Weight	Performance Targets		Performance Outcome	
		On-target Performance	Maximum Performance	Actual	% Achievement of Maximum Performance
Organic EBITDA growth ¹	75%	8.5%	11.5%	12.83%	100%
Cash conversion	25%	100%	105%	119.87%	100%

1. Against the outturn in 2018.

Table 8. Historic performance under the Long-term Incentive Programme

Performance Period	Key Performance Indicators	Performance Outcome: (% Achievement of Maximum Performance)
2016-2018	Organic EBITDA growth	Inventory reduction 25%
2017-2019	Organic EBITDA growth	Inventory reduction 25%
2018-2020	Organic EBITDA growth	Cash conversion 100%



SECTION 5

2021-2023 performance cycle

In 2021, members of the Executive Management were awarded PSUs subject to the fulfilment of two KPIs, organic EBITDA growth and cash conversion, measured over a three-year performance period from 2021 to 2023. The Board of Directors considers these KPIs to be core success measures in supporting the Company's value creation. The performance targets which apply to these KPIs are commercially sensitive and therefore they will be disclosed on a retrospective basis once the performance period has ended.

The CEO and CFO received PSU grants equal to 40% and 30% of their annual base salaries, respectively, as noted in Table 9. Their grants were based on their salaries as at 1 June 2021. The executives will be granted additional dividend PSUs equivalent to any dividends the Company distributes to its shareholders during the performance period.

The number of shares, if any, to be allocated to each participant under the LTIP will be determined on the basis of the initial PSUs, with the addition of any granted dividend PSUs; these PSUs are adjusted by the performance in the performance period against a pre-defined KPI multiplier range (between 0.0 and 2.0). If performance is not reached at the defined threshold level, no shares will vest and no compensation in lieu of them will be provided if this occurs. No additional remuneration is granted if a maximum target is exceeded. If performance is achieved between the multiplier range, a linear calculation will be applied to determine the vesting outcome.

Table 9. Long-Term Incentive Programme Interests

	Performance period	Grant Date	Vesting Date ²	Grant Price (DKK) ³	Number of PSUs Granted	Grant Value (DKK '000) ⁴	Number of Dividend PSUs granted in 2021 ⁵	Number of Dividend PSUs granted in prior years ⁶	Total Number of PSUs Vested ⁷	Total Number of PSUs Lapsed ⁷	Market Value of Shares at Vesting (DKK '000) ⁸
Niels Frederiksen, CEO	2021-2023	Jun/21	Q1 2024	123.42	23,802	2,938	1,313	-	-	-	-
	2020-2022	Jul/20	Q1 2023	87.89	32,745	2,878	1,964	2,847	-	-	-
	2019-2021	Apr/19	Q1 2022	84.8	33,278	2,822	2,149	5,666	82,186	-	-
	2018-2020	May/18	Apr/21	111.91	24,484	2,740	0	5,741	60,450	0	7,466
	2017-2019	Apr/17	Mar/20	120.23	22,224	2,672	0	5,036	13,630	13,630	1,005
Marianne Rørslev Bock, CFO ¹	2021-2023	Jun/21	Q1 2024	123.42	10,744	1,326	593	-	-	-	-
	2020-2022	Jul/20	Q1 2023	87.89	14,746	1,296	884	1,282	-	-	-
	2019-2021	Apr/19	Q1 2022	84.8	13,797	1,170	891	2,349	34,074	-	-
	2018-2020	Dec/18	Apr/21	90.53	2,692	244	0	458	6,300	0	778

1. Joined the Executive Management on 15 October 2018, therefore the CFO did not receive a grant in the 2017-2019 LTIP cycle.

2. Any vesting of PSUs takes place following approval by the Board of Directors and generally takes place in Q1 of the financial year.

3. The price used to set the number of PSUs in each grant is calculated as an average price of the Company's shares calculated over the ten trading days following the publication of the

Company's annual report in the grant year. The grant price was calculated over the ten trading days following the 2018 Q3 results' announcement in respect of Marianne Rørslev Bock's grant in 2018.

4. The face value of the PSU grant using the grant price, as described under note 3.

5. PSUs equivalent to dividend on PSUs granted earlier, corresponds to dividend paid to shareholders.

6. Dividend PSUs have been granted in respect of the current LTIP cycles every year of the performance periods.

7. The vested and lapsed PSUs include both PSUs and dividend PSUs that were granted during the performance period.

8. The value of the vested shares using the closing price of a share on the vesting date, being DKK 73.70 for the 2017-2019 cycle and DKK 123.50 for the 2018-2020 cycle. The market value of the shares to vest under the 2019-2021 cycle will be reported in the 2022 Remuneration Report.



SECTION 5

5.6 CONTRACTUAL TERMS

The current members of the Executive Management have employment contracts which are ongoing (i.e. without a fixed term). The employment contracts of the CEO and the CFO may be terminated by the Company with 24 months' and 12 months' notice, respectively. The CEO and the CFO may terminate their position with 12 months' and 6 months' notice, respectively, to the Company.

Within 6-12 months after a change of control or delisting of the Company, the CEO may terminate his employment and he will be entitled to 24 months of remuneration as if he had been terminated by the Company. Also, the CEO would be eligible to receive a proportional share of the compensation for an abolished early retirement plan (as separately detailed below). If the Company should wish to terminate the CFO within 18 months after a change of control or delisting of the Company, the CFO is entitled to a notice of 24 months.

In case the CEO or CFO would die while employed, their beneficiaries would be entitled to 6 months' base salary.

5.7 EXCEPTIONAL LEGACY COMPENSATION

In connection with the IPO in 2016, a contractual early-retirement plan was abolished, and the CEO was granted a total compensation of DKK 24.450 million based on an external evaluation. With this, the CEO is entitled to a buy-out payment split in three tranches. The first tranche of DKK 12.198 million was paid to the CEO in 2018 and the second tranche of DKK 6.126 million was paid to the CEO on 1 January in 2021. The last tranche of DKK 6.126 million is payable on 1 January of 2024, contingent upon his continued employment in the same position in the Company.

If the CEO terminates his position, or is terminated for breach of contract, the CEO is no longer entitled to

the payments. If the employment is terminated by the Company for a reason other than breach of contract by the CEO, or if he terminates the employment due to breach by the Company, he will be entitled to a proportionate share of any unpaid payments.

The Company has accrued the CEO's compensation of DKK 24.450 million in increments, in each financial year from 2016 to 2023. The value of these annual accruals was reported in the annual reports prior to 2020 and, where produced, corresponding remuneration reports. From 2020 onwards, the disclosure of contingent cash compensation in the Company's remuneration reports will be made of the value actually paid to the executive against the year in which the payment was made.



SECTION 6

SHAREHOLDINGS OF THE BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

All members of the Board of Directors and Executive Management own shares in the Company.

Members of the Executive Management are required to build a holding of shares in the Company, subject to terms determined by the Board of Directors and in accordance with the Remuneration Policy. The shareholding target levels are 100% and 35% of annual base salary for the CEO and the CFO, respectively.


Table 10. Shares held by the board of Directors

	End of 2020	Changes during 2021		End of 2021	
	Number of Shares	Additions	Disposals	Number of Shares	Market Value (DKK '000) ²
Nigel Northridge, Chairman	5,000	0	0	5,000	687
Henrik Brandt, Vice-chairman	112,670	0	0	112,670	15,470
Dianne Neal Blixt	1,700	0	0	1,700	233
Marlene Forsell	3,250	0	0	3,250	446
Claus Gregersen	15,928	0	0	15,928	2,187
Luc Missorten	2,000	0	0	2,000	275
Anders C. Obel	20,270	0	0	20,270	2,783
Henrik Amsinck	0	500	0	500	69
Lindy Larsen ¹	242	0	0	242	33
Hanne Malling ¹	250	0	0	250	34
Mogens Olsen ¹	3,450	0	0	3,450	474
Total	164,760	500	0	165,260	22,691

1. Employee-elected Board member.

2. Based on closing share price of DKK 137.30 on 30 December 2021.

Table 11. Shares held by the Executive Management

	End of 2020	Changes during 2021		End of 2021		Market Value (% of annual base salary) ⁴
	Number of Shares	Additions	Disposals	Number of Shares	Market Value (DKK '000) ³	
Niels Frederiksen, CEO ¹	120,000	60,450	0	180,450	24,776	337%
Marianne Rørslev Bock, CFO ^{1,2}	2,300	6,300	0	8,600	1,181	27%
Total	122,300	66,750	0	189,050	25,957	-

1. Holding includes shares arising from the vesting of the Company's Long-term Incentive Programme.

2. Joined the Executive Management on 15 October 2018.

3. Based on closing share price of DKK 137.30 on 30 December 2021.

4. As at 31 December 2021.

SECTION 7

REMUNERATION COMPARISONS

The tables in this section show the percentage change in remuneration provided to members of the Board of Directors and the Executive Management, on an actual and annualised basis, in comparison to other employees in the Company which is the parent company. For contextual purposes, a range of performance metrics is provided in Table 15.

The annualisation percentage is based on a theoretical full-year remuneration value where an individual received part-year remuneration for reasons such as an appointment or a departure. Over the time periods presented, there were changes in the composition of both the Board of Directors and the Executive Management.

All remuneration values are noted in DKK '000. They represent the actual values paid to members of the Board of Directors and the Executive Management in each year. The average employee remuneration values are derived from the annual staff costs figures reported in the Company's annual reports.

Table 12. Board of Directors serving in 2021 – change in total fees (base fees and committee fees)

		2021	2020	2019	2018	2017
Nigel Northridge, Chairman ¹	Fees	1,540	1,400	1,400	1,400	1,207
	Percentage change – actual / annualised	10% / 10%	0% / 0%	0% / 0%	16% / 16%	
Henrik Brandt, Vice-chairman ²	Fees	990	900	800	800	543
	Percentage change – actual / annualised	10% / 10%	13% / 13%	0% / 0%	47% / 0%	
Dianne Neal Blixt ³	Fees	605	550	550	550	550
	Percentage change – actual / annualised	10% / 10%	0% / 0%	0% / 0%	0% / 0%	
Marlene Forsell ⁴	Fees	770	700	508		183
	Percentage change – actual / annualised	10% / 10%	38% / 0%			
Claus Gregersen ⁵	Fees	550	500	362		
	Percentage change – actual / annualised	10% / 10%	38% / 0%			
Luc Missorten ³	Fees	715	650	625	550	502
	Percentage change – actual / annualised	10% / 10%	4% / 4%	14% / 14%	10% / 10%	
Anders C. Obel ⁶	Fees	440	400	400	273	
	Percentage change – actual / annualised	10% / 10%	0% / 0%	47% / 0%		
Henrik Amsinck ⁷	Fees	313				
	Percentage change – actual / annualised					
Lindy Larsen ⁸	Fees	440	400	400	400	400
	Percentage change – actual / annualised	10% / 10%	0% / 0%	0% / 0%	0% / 0%	
Hanne Malling ⁸	Fees	440	400	400	400	400
	Percentage change – actual / annualised	10% / 10%	0% / 0%	0% / 0%	0% / 0%	
Mogens Olsen ^{8,9}	Fees	440	400	400	400	200
	Percentage change – actual / annualised	10% / 10%	0% / 0%	0% / 0%	100% / 0%	
Aggregated fees for former serving Board members				331	1,333	2,735
Total fees received		7,243	6,300	6,176	6,106	6,720
Percentage change versus prior year		15% / 17%	2% / -15%	1% / 13%	-9% / -26%	

1. Elected as Chairman of the Board of Directors in 2017, formerly Vice-chairman.

2. Elected to the Board of Directors in April 2017.

3. Elected to the Board of Directors in April 2016.

4. Re-elected to the Board of Directors in April 2019 (also served on the Board June 2014 - April 2017).

5. Elected to the Board of Directors in April 2019.

6. Elected to the Board of Directors in April 2018.

7. Elected to the Board of Directors in April 2021.

8. Employee-elected member of the Board of Directors.

9. Elected to the Board of Directors in July 2017.

SECTION 7

Table 13. Executive Management serving in 2021

Changes in fixed pay (base salary, benefits and any allowances)

		2021	2020	2019	2018	2017
Niels Frederiksen, CEO	Remuneration	7,595	7,478	7,339	7,087	6,868
	Percentage change – actual / annualised	2% / 2%	2% / 2%	4% / 4%	3% / 3%	
Marianne Rørslev Bock, CFO ¹	Remuneration	4,627	4,536	4,125	869	
	Percentage change – actual / annualised	2% / 2%	10% / 10%	375% / 1%		
Total	Remuneration	12,222	12,014	11,464	7,956	6,868
	Percentage change versus prior year – actual / annualised	2% / 2%	5% / 5%	44% / 3%	16% / 63%	

1. Joined the Group as CFO and a member of the Executive Management on 15 October 2018.

Table 14. Executive Management serving in 2021

Changes in total compensation (includes all forms of contingent pay plus incentive-based pay paid and/or granted in the relevant year)

		2021	2020	2019	2018	2017
Niels Frederiksen, CEO ¹	Remuneration	20,314	14,192	11,884	23,654	10,304
	Percentage change – actual / annualised	43% / 43%	19% / 19%	-50% / -50%	130% / 130%	
Marianne Rørslev Bock, CFO ²	Remuneration	8,167	8,102	6,542	1,360	
	Percentage change – actual / annualised	1% / 1%	24% / 24%	381% / 1%		
Total	Remuneration	28,481	22,294	18,426	25,014	10,304
	Percentage change versus prior year – actual / annualised	28% / 28%	21% / 21%	-26% / -39%	143% / 192%	

1. 2018 and 2021 remuneration values include a buy-out payment made in connection with the abolition of a contractual early retirement plan as noted on page 11.

2. Joined the Group as CFO and a member of the Executive Management on 15 October 2018.

Table 15. Comparative Company performance and employee information

	2021	2020	2019	2018	2017
Net Sales growth	2.80%	19.20%	2.40%	1.5%	-4.20%
Organic Net Sales growth	4.50%	6.60%	-2.50%	0.40%	-2.20%
Free Cash Flow before Acquisitions (DKK m)	1,393	1,394	1,187	668	963
Free cash flow before Acquisitions and special items (DKK m)	1,559	1,590	1,361	771	1,085
Organic EBITDA Growth	18.40%	14.00%	7.10%	3.50%	-7.40%
EBITDA before special items (DKK m)	2,233	1,826	1,513	1,304	1,283
Net profit (DKK m)	1,391	678	748	666	712
Cash conversion rate	108.60%	135.40%	118.60%	88.20%	110.20%
Annual total dividend per share (DKK)	7.5	6.5	6.1	6	9.25
Average annual employees across the Group ¹	10,275	10,561	7,258	8,172	7,579
Average annual number of FTE employees in the Company ²	122	105	95	92	89
Average remuneration per FTE employee in the Company (DKK '000) ³	1,238	1,237	1,105	1,330	1,037
Average change in remuneration for FTE employees of the Company	0%	12%	-17%	28%	-1%

1. Employee headcount for the entire group-wide organisation being the parent company, Scandinavian Tobacco Group A/S, and its entities.

2. Excludes members of the Executive Management.

3. "Average remuneration" means "the annual staff costs minus social security costs of Scandinavian Tobacco Group A/S, excluding members of the Executive Management, as reported in the Company's income statements divided by the average annual number of FTE employees in Scandinavian Tobacco Group A/S, excluding members of the Executive Management".

SECTION 8

STATEMENT BY THE BOARD OF DIRECTORS

The Board of Directors has considered and adopted the Remuneration Report of the Company for 2021. The Remuneration Report has been prepared in accordance with section 139b of the Danish Companies Act and is consistent with the Company's Remuneration Policy.

The Board of Directors approves the Remuneration Report for an advisory shareholder vote at the Company's next Annual General Meeting.

GENTOFTE, 8 MARCH 2022



Nigel Northridge



Henrik Brandt



Marlene Forsell



Dianne Neal Blixt



Luc Missorten



Anders C. Obel



Claus Gregersen



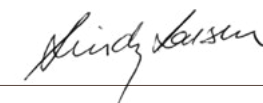
Henrik Amsinck



Hanne Malling



Mogens Olsen



Lindy Larsen

SECTION 9

INDEPENDENT AUDITOR'S STATEMENT ON REMUNERATION REPORT

**TO THE SHAREHOLDERS OF SCANDINAVIAN
TOBACCO GROUP A/S**

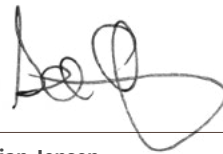
According to section 139b of the Danish Companies Act, the Board of Directors is responsible for preparing a remuneration report in accordance with the Remuneration Policy adopted at the General Meeting.

Our opinion on the audit of the Consolidated Financial Statements and the Company's Financial Statements does not include the Remuneration Report, and we do not express any form of assurance conclusion thereon.


In connection with our audit of the Consolidated Financial Statements and the Company's Financial Statements for 2021, it is, however, our responsibility pursuant to section 147 of the Danish Companies Act to verify that all disclosures required under section 139b(3) of the Danish Companies Act are included in the Company's Remuneration Report for 2021.

We found no reason to point out any omissions with respect to the disclosures included in the Remuneration Report for 2021.

Hellerup, 8 March 2022
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31



Søren Ørjan Jensen
State Authorised Public Accountant
mne33226



Michael Groth Hansen
State Authorised Public Accountant
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