

The Board of Directors' report ahead of the 2019 AGM according to paragraph 10.3 of the Swedish Corporate Governance Code

According to the Swedish Corporate Governance Code the Board of Directors shall establish a Remuneration Committee, which among other things shall be assigned with the task during the year of monitoring and evaluating the company's programs for variable compensation to senior executives, the adherence to the guidelines for compensation to senior executives as adopted by the AGM and the current structures and compensation levels in the Company. The Board of Directors of Mekonomen Aktiebolag (publ) has formed a Remuneration Committee consisting of Malin Persson (chairman), Eivor Andersson, Joseph M. Holsten and John S. Quinn.

The Board of Directors herewith reports on the result of the evaluation performed by the Remuneration Committee.

In accordance with the adopted guidelines for compensation to senior executives, Mekonomen shall offer a compensation that is in line with the going rate on the market, that enables the Mekonomen Group to recruit and retain people with the right skills. The compensation consists of the following components: fixed base salary, variable compensation, pension benefits, other benefits and severance terms.

Senior executives shall be able to obtain a short-term variable compensation which is based on the result of the Mekonomen Group and individual qualitative parameters. The short-term variable compensation is capped at a certain percentage of the fixed base annual salary. The percentage is linked to the position of the individual and has in 2018 varied between 10 and 36 percentage points for senior executives. The Remuneration Committee has evaluated the short-term variable compensation and the conclusion is that it is in line with the shareholders' interest, the going rate on the market and is appropriate to motivate and retain senior executives.

At the AGM 2018 it was resolved to establish a long-term share-based incentive program (LTIP 2018). No allocation has been made or will be made under the program. However, the Remuneration Committee's opinion is that this type of program is an effective tool for recruiting and retaining key persons within Mekonomen. In order to continue to motivate, recruit and retain key persons and to further align the shareholders' interests with the interests of the key persons, to ensure maximum long-term value creation, the Remuneration Committee has therefore recommended the Board to propose that the AGM 2019 resolve to establish a new long-term share-based incentive program for 2019 (LTIP 2019) to replace LTIP 2018.

When it comes to the total compensation paid to senior executives in 2018, it has been in accordance with the guidelines adopted by the AGM. The guidelines have functioned as intended and have not been deviated from. Furthermore, the Remuneration Committee has monitored and evaluated the structures and levels for compensation that apply for senior executives in the Company. The Remuneration Committee finds these to be in line with the market conditions. In summary, the guidelines remain unchanged.

Stockholm, March 2019
Mekonomen Aktiebolag (publ)
The Board of Directors

This is a translation of the Swedish original wording. In case of discrepancies, the Swedish version shall prevail.