

The Board of Directors' report ahead of the 2018 AGM according to paragraph 10.3 of the Swedish Corporate Governance Code

The Board of Directors of Mekonomen Aktiebolag (publ) has formed a Remuneration Committee consisting of Malin Persson (chairman), John S. Quinn, Joseph M. Holsten and Christer Åberg. The Remuneration Committee is tasked with 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 hereby submits the following report 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 cash 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 2017 varied between 33 and 60 percentage points for senior executives. In addition to the short-term program, there is a long-term program of variable compensation running. This program is based on the result of the Mekonomen Group for the financial years 2016 – 2018 and further requires that the average share price of the Mekonomen share on Nasdaq Stockholm on the last trading day in December 2018 exceeds the Nasdaq Stockholm PI index for the program period.

The Remuneration Committee has evaluated the variable compensation and has presented its findings to the Board of Directors. The committee's conclusion is that the short-term variable compensation is in line with the shareholders' interest and is appropriate to motivate and retain senior executives. Furthermore, the conclusion is that there are reasons to further align the shareholders' interests with the interests of the company executives and other key persons, to ensure maximum long-term value creation as well as to encourage personal shareholdings in Mekonomen. As a result of the Remuneration Committee's evaluation, the Board of Directors has proposed that the 2018 AGM resolve to establish a long-term share-based incentive program (LTIP 2018), to replace the long-term program of variable compensation (2016 – 2018). In addition, LTIP 2018 is expected to help Mekonomen recruit and retain senior executives and other key persons.

When it comes to the total compensation paid to senior executives in 2017, it has been in accordance with the guidelines adopted by the 2017 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 with the adjustment that long-term variable compensation is proposed to be payable through participation in long-term share-based incentive programs, instead of through long-term variable cash payment.

Stockholm, April 2018
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.