

The Board of Directors' report ahead of the 2020 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 general meeting 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 Eivor Andersson (chairman), John S. Quinn and Arja Taaveniku.

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 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, long-term share-based incentive program, 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 2019 varied between 0 and 23 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.

Mekonomen has one ongoing long-term share-based incentive program following resolution by the 2019 AGM (LTIP 2019). The program comprises approximately 17 employees, consisting of members of the executive management and certain other key employees within the Mekonomen Group. The Remuneration Committee has evaluated this programme, even though it does not expire until 2022, and the Remuneration Committee is positive that the programme contributes to motivate and retain key persons within Mekonomen. The Remuneration Committee has therefore recommended that the AGM 2020 shall adopt a long-term share-based incentive program (LTIP 2020). The programme corresponds in all essential respects to LTIP 2019, but with certain changes as regards, inter alia, the performance targets. Further, a greater number of employees will be invited to participate in the programme proposed to the 2020 AGM, with the purpose to motivate, recruit and retaining key persons etc.

When it comes to the total compensation paid to senior executives, 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.

Stockholm, April 2020
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.