

## **The Board of Directors' report on evaluation of compensation of senior management of Mekonomen Aktiebolag**

The Board of Directors of Mekonomen Aktiebolag (publ) has formed a Compensation Committee. The Compensation Committee consists of Fredrik Persson (chairman), Marcus Storch and Caroline Berg.

The Compensation Committee shall monitor and evaluate the company's program for variable compensation of senior executives, monitor and evaluate the application of the guidelines for compensation of senior executives as adopted by the AGM as well as the structures and levels for compensation in the company.

The Board of Directors hereby submits its report on the result of the evaluation performed by the Compensation Committee.

In accordance with the adopted guidelines for compensation of senior executives, Mekonomen shall offer a compensation that consists of the following components: fixed base salary, variable compensation, retirement benefits, other benefits and severance terms.

Senior executives may obtain a short term variable compensation based on the performance of the Mekonomen group and individual qualitative parameters. The short term variable compensation is capped at a certain percentage of the fixed annual salary. The percentage is linked to the position of the individual and has in 2014 varied between 33 and 60 percentage points for senior executives. In addition to the short term program, a long term program of variable compensation is running, which is based on the result of the Mekonomen Group for the financial years 2014 – 2016.

The Compensation Committee has evaluated the variable compensation and has presented the outcome to the Board of Directors and it was thereafter established that the compensation have been appropriate. It may be noted that so far no compensation has been paid out for the long term compensation program (2014 – 2016) and no cost has been reported for the program. Regarding the total compensation paid to the senior executives in 2014, it has been in accordance with the guidelines adopted by the 2014 AGM. The guidelines have fulfilled their purpose and functioned as intended and the application of the guidelines has been correct. Furthermore, the Compensation Committee has monitored and evaluated the structures and levels for compensation that apply for senior executives in the company, and the Compensation Committee finds these to be in line with the going rate in the market and to be well-balanced.

This report has been prepared in accordance with section 10.3 of the Swedish Code of Corporate Governance.

Stockholm, March 2015

MEKONOMEN AKTIEBOLAG

*The Board of Directors*

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