

# Corporate Governance Report

Mekonomen Group comprises approximately 200 companies that conduct business operations primarily in Sweden, Norway, Denmark and Finland. The Parent Company of the Group is the Swedish public limited liability company Mekonomen AB, whose shares are listed on the Nasdaq Stockholm.

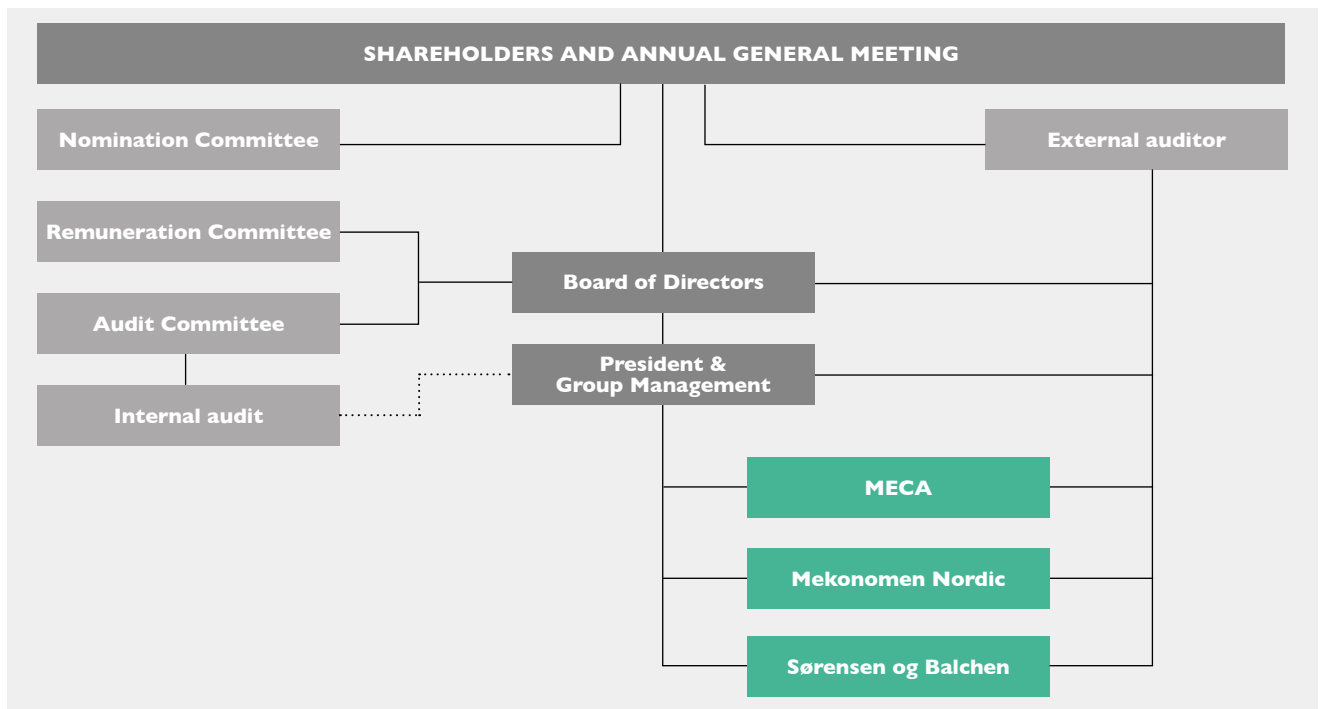
### Principles for corporate governance

Mekonomen Group's corporate governance concerns how the operations are governed, managed and controlled in order to create value for the company's shareholders and other stakeholders. The aim of corporate governance is to create the conditions for active and responsible company bodies, to clarify roles and segregation of responsibilities and to ensure true and fair reporting and information.

Mekonomen Group applies the Swedish Corporate Governance Code and applied the Code except for item 2.4 in the Code in the 2015 financial year. The Board member Caroline Berg is also the Chairman of the Nomination Committee, which deviates from the Code provision that a Board member shall not be the Chairman of the Nomination Committee. The explanation of the deviation is as follows: The Nomination Committee appointed Caroline Berg as the Nomination Committee Chairman as it can be considered to be a natural choice considering the ownership structure of Mekonomen. This Corporate Governance Report is part of the company's Administration Report. In general terms, Corporate Governance can be illustrated as follows:

Both internal and external regulations are used as a foundation for the governance of Mekonomen Group.

External regulations	Internal regulations
Swedish Companies Act	Articles of Association
Annual Accounts Act	Board's rules of procedure
Other relevant laws	Board's instruction for the President
Nasdaq Stockholm AB's Rule book for issuers	Policies, guidelines and instructions
Swedish Corporate Governance Code (the Code)	Code of Conduct and Core Values



## Shareholders

The Mekonomen share has been listed on the Nasdaq Stockholm, Mid Cap segment since 29 May 2000. Share capital amounted to SEK 89,753,718 on 31 December 2015, represented by 35,901,487 shares. The total market value for the company on 31 December 2015 amounted to SEK 6.2 billion, based on the closing price of SEK 173.00. All shares provide the same voting rights and equal rights to the company's profit and capital. The company's Articles of Association do not include any restrictions on how many votes each shareholder can cast at a General Meeting.

The number of shareholders on 31 December 2015 was 9,373 (9,664). On the same date, the ten largest shareholders controlled 65.7 per cent (57.4) of the capital and voting rights and the participation of foreign owners accounted for 19.7 (28.0) per cent of the capital and voting rights.

Shareholders which directly or indirectly represent at least one-tenth of the voting rights for all shares in Mekonomen are Axel Johnson AB and subsidiaries, whose shareholding on 31 December 2015 amounted to 26.5 per cent (26.5). For further information on Mekonomen's shares and shareholders, refer to pages 26-27.

## General Meeting

The General Meeting is Mekonomen Group's highest governing body, at which every shareholder is entitled to participate. The Annual General Meeting is to be held within six months of the close of the financial year. The Annual General Meeting approves the income statement and balance sheet, the appropriation of the company's profit, decides on discharge from liability, elects the Board of Directors and auditors, and approves fees, addresses other statutory matters as well as making decisions pertaining to proposals from the Board and shareholders. The company announces the date and location of the Annual General Meeting as soon as the Board has made its decision, but not later than in connection with the third-quarter report. Information pertaining to the location and time is available on the company's website. Shareholders that are registered in Euroclear's shareholders register on the record date and have registered participation in adequate time are entitled to participate in the Annual General Meeting and vote according to their shareholdings. All information concerning the company's meetings, such as registration, entitlement for items to be entered in the agenda in the notification, minutes, etc., is available on the company's website.

With regard to participation in the Annual General Meeting, the Board has deemed it is currently not financially justifiable to allow shareholders to participate in the Annual General Meeting through any means other than physical presence. It is the company's aim that the General Meeting be a consummate body for shareholders, in accordance with the intentions of the Swedish Companies Act, which is why the objective is that the Board in its entirety, the representative of the Nomination Committee, the President, auditors and other members of Group Management must always be present at the Meeting.

### Annual General Meeting 2015

The Annual General Meeting was held in Stockholm on 14 April 2015. The complete minutes of the Annual General Meeting are available on the Mekonomen website at mekonomen.com. In brief, the Annual General Meeting resolved:

- to adopt the income statement and balance sheet, the consolidated income statement and the consolidated balance sheet
- to pay a dividend of SEK 7.0 per share to shareholders
- to discharge the members of the Board and the President from liability
- that the number of members of the Board elected by the Annual General Meeting be seven with no deputy members
- to pay total Board fees of SEK 2,010,000, of which SEK 400,000 relates to fees to the Chairman of the Board and SEK 310,000 relates to the Executive Vice Chairman, and also SEK 260,000 relates to fees to each of the other Board members elected by the Annual General Meeting who are not employed by the Group. Furthermore, fees for Committee work are

to be paid as follows: SEK 60,000 to the Chairman of the Audit Committee, SEK 35,000 to each of the other members of the Audit Committee, SEK 35,000 to the Chairman of the Remuneration Committee and SEK 25,000 to each of the other members of the Remuneration Committee

- to re-elect Fredrik Persson as Chairman of the Board
- to re-elect Board members Kenneth Bengtsson, Caroline Berg, Kenny Bräck, Helena Skåntorp and Christer Åberg and to elect Malin Persson as a new Board member
- to re-elect the auditing firm of PricewaterhouseCoopers AB as the company's auditor for the period until the close of the 2016 Annual General Meeting
- to adopt proposals for guidelines regarding the composition of the Nomination Committee
- to adopt the Board's proposals for guidelines regarding remuneration of senior executives
- to adopt the Board's proposals concerning employees' acquisition of shares in subsidiaries
- to adopt authorisation for the Board, for the period until the next Annual General Meeting, on one or more occasions, with or without preferential rights for shareholders, to make decisions on new share issues of not more than 3,590,149 shares

### Nomination Committee

In accordance with the guidelines established at the Annual General Meeting on 14 April 2015, Mekonomen Group has established a Nomination Committee. The company is to have a Nomination Committee comprising four members. The four largest shareholders of the company were contacted by the company's Board based on the list of registered shareholders on 31 August 2015 as provided by Euroclear Sweden AB.

For the 2016 Annual General Meeting, the Nomination Committee will comprise Caroline Berg, Axel Johnson Aktiebolag, Jonathan Mårtensson, Handelsbanken Fonder, Mats Gustafsson, Lannebo Fonder, and Annika Andersson, Swedbank Robur Fonder. Caroline Berg was elected Chairman of the Nomination Committee. Mekonomen's Chairman, Kenneth Bengtsson, was co-opted to the Nomination Committee. Fees are not paid to members of the Nomination Committee.

In accordance with the Swedish Corporate Governance Code, the Nomination Committee is to have at least three members, one of whom is to be appointed Chairman. The majority of these members are to be independent in relation to the company and company management and at least one of the Nomination Committee members is to be independent in relation to the company's largest shareholders in terms of the number of votes. Mekonomen Group's Nomination Committee comprises four members, all of whom are deemed to be independent in relation to the company and company management. Mekonomen Group's Nomination Committee also meets other independence requirements.

The Nomination Committee's task is to present proposals to the Annual General Meeting concerning:

- the Chairman of the Annual General Meeting,
- the number of members of the Board and deputy members,
- fees to the Board and auditors, and any special remuneration for committee work,
- the Chairman of the Board and other Board members,
- auditors, and
- guidelines on the composition of the Nomination Committee, etc.

### 2016 Annual General Meeting

The Annual General Meeting will be held at 3:00 p.m. on 12 April 2016, at Skandiascenen at Cirkus in Stockholm (Djurgården).

In conjunction with its task, the Nominating Committee is to perform the duties incumbent on nomination committees in accordance with the Swedish Corporate Governance Code, and at the request of the Nomination Committee, the company is to provide human resources, such as a secretary function for the Committee, to facilitate its work. If necessary, the company is also to pay reasonable costs for external consultants deemed necessary by the Nomination Committee for it to perform its duties.

Mekonomen Group has not established any specific age limit for Board members or time limits pertaining to the length of time Board members may sit on the Board. Auditors are elected annually when the matter is submitted to the Annual General Meeting.

### **Specific information about the Board's work**

#### **Size and composition**

According to the Articles of Association, the Board of Directors is to comprise three to seven members and not more than three deputy members. The company's Articles of Association have no specific provisions relating to the appointment and discharge of Board members or amendments to the Articles of Association. The Board of Directors is to be elected annually at the Annual General Meeting.

The Annual General Meeting on 14 April 2015 resolved that the Board was to comprise seven ordinary members with no deputy members. In accordance with the Nomination Committee's proposal, the Annual General Meeting resolved to re-elect Fredrik Persson (Chairman), Kenneth Bengtsson (Executive Vice Chairman), Caroline Berg, Kenny Bräck, Helena Skåntorp and Christer Åberg to the Board and to elect Malin Persson as a new Board member. Marcus Storch declined re-election at the 2015 Annual General Meeting.

At the ordinary Board meeting on 12 May 2015, Fredrik Persson withdrew from his assignment as Mekonomen's Chairman of the Board and the Board elected Kenneth Bengtsson as its Chairman and Caroline Berg as its Executive Vice Chairman until the 2016 Annual General Meeting.

All ordinary members are independent in relation to the company and its management in accordance with the definition in the Swedish Corporate Governance Code. Five of the Board members are independent also in relation to major shareholders. The President is not a member of the Board and neither is any other member of Group Management. A more detailed presentation of the Board members is provided on page 40.

#### **Board members**

In the opinion of the Nomination Committee, the Board has a suitable composition considering the company's operations, financial position, stage of development and circumstances otherwise. An important starting point for the proposal of Board members was that the Board's composition should reflect and provide space for the different knowledge and experience that the company's strategic development and governance may demand. The Nomination Committee has particularly observed the requirement of diversity and breadth in the Board and the requirement of striving for an even gender distribution. According to the Nomination Committee, the composition is suitable to be able to meet such needs in the company's operations.

#### **Chairman**

The Chairman of the Board, Kenneth Bengtsson, is not employed by the company and does not have any assignments with the company beyond his chairmanship. It is the opinion of the Board that Kenneth Bengtsson ensures that the Board conducts its assignments efficiently and also fulfils its duties in accordance with applicable laws and regulations.

#### **The Board's working procedures**

The Board is responsible for the company's organisation and management and is to also make decisions pertaining to strategic issues. The Board held 12 meetings in 2015, of which one was a statutory meeting. The minutes of the meetings were recorded by the Board's secretary, who is the Group's CFO.

Relevant meeting documentation was sent to all members prior to each meeting, which were then held in accordance with the approved agenda. On occasions, other senior executives participated in Board Meetings in a reporting capacity, as necessary. No dissenting opinions to be recorded in the minutes were expressed at any of the meetings during the year. The Board meetings during the year addressed the fixed items of each meeting agenda, such as business situation, financial reporting and investments. Other issues discussed in the Board during the year were strategies, market development, acquisitions, the Danish operations and recruitment of a new President. In addition, selected Board meetings discussed issues relating to annual accounts, interim reports and budget.

#### **Assignments**

In accordance with the requirements of the Code, the Board's aim was to devote particular attention to establishing overall goals for the operations and decide on strategies by which to achieve these goals and to continuously evaluate the operating management, with the aim of ensuring the company's governance, management and control. The Board is responsible for ensuring that suitable systems are in place for the monitoring and control of the company's operations and the risks to the company associated with its operations, that control is implemented of compliance with laws, internal guidelines and other regulations and that the provision of external information is open, objective and relevant. The tasks of the Board also include establishing necessary guidelines for the company's conduct in society with the aim of securing its long-term value-creating ability.

There are written instructions that regulate the internal rules of procedure in the Board and the distribution of assignments between the Board and the President, and for the reporting process. The instructions are reviewed annually and are primarily: the rules of procedure for the Board's work, instructions for the President and authorisation regulations.

The Board evaluates its work every year and it is the duty of the Chairman of the Board to ensure that evaluation is performed. In 2015, the Chairman organised a written questionnaire for all Board members. The collective opinion based on the 2015 evaluation is that the Board's work functioned well and that the Board fulfilled the Code's requirements regarding assignment of the Board.

The Annual General Meeting resolved, in accordance with the proposal from the Nomination Committee, to allocate Board fees amounting to SEK 2,010,000, of which SEK 400,000 to the Chairman of the Board and SEK 310,000 to the Executive Vice Chairman, and SEK 260,000 to each of the other Board members. Furthermore, fees for Committee work are to be paid as follows: SEK 60,000 to the Chairman of the Audit Committee, SEK 35,000 to each of the other members of the Audit Committee, SEK 35,000 to the Chairman of the Remuneration Committee and SEK 25,000 to each of the other members of the Remuneration Committee.

#### **Board Committees**

The Board has established a Remuneration Committee and an Audit Committee. The Committees' work mainly comprises preparing issues and providing consultation, although the Board can delegate authority to make decisions in specific cases. The members and Chairmen of the Committees are appointed at the statutory Board meeting held directly after the election of Board members.

### **Audit Committee**

The Audit Committee's main duties comprise:

- Monitoring the company's financial reporting and the effectiveness of the company's internal control, internal audit and risk management regarding the financial reporting
- Performing annual risk analyses together with the President and Group CFO to govern the resources of the internal audit towards key risk areas
- Establishing an audit plan for internal audits and preparing an audit plan for the Board for external audits and ensuring coordination between them
- Evaluating the work of the external auditors
- Preparing guidelines for the other non-audit services that the company may procure from the company's auditors and, where necessary, grant pre-approval when the company's auditors are engaged for assignments other than audit assignments
- Evaluating the objectivity and independence of the external auditors
- Supporting the Nomination Committee by providing proposals on election of external auditors and fees to auditors

The Audit Committee comprises three Board members: Helena Skåntorp (Chairman), Kenneth Bengtsson and Christer Åberg.

In 2015, the Audit Committee held five meetings. The respective member's participation is presented in the table on page 40. The Group's external auditors and the Group's CFO and Head of internal audit also participated at the meetings.

### **Remuneration Committee**

The task of the Remuneration Committee is to discuss, decide on and present recommendations on the salaries, other employment terms and incentive programmes for company management. However, the Board in its entirety determines the remuneration and other employment terms for the President. The work of the Remuneration Committee is based on resolutions by the Annual General Meeting pertaining to guidelines for remuneration of senior executives.

Until 14 April 2015, the Remuneration Committee comprised Fredrik Persson (Chairman), Marcus Storch and Caroline Berg. From 14 April 2015 to 12 May 2015, the Remuneration Committee comprised Fredrik Persson (Chairman), Malin Persson and Caroline Berg. From 12 May 2015, the Remuneration Committee comprised Kenneth Bengtsson (Chairman), Malin Persson and Caroline Berg. The Remuneration Committee held four meetings in 2015, of which two were before 14 April and two after 12 May. The respective member's participation is presented in the table on page 40. In addition, the company's President at the time, Håkan Lundstedt, was present at one of these meetings and President Magnus Johansson was present at two of these meetings. The Group's CFO was the Committee's secretary.

### **Group Management**

#### **President's assignment**

The President is appointed and may be discharged by the Board and his work is continuously evaluated by the Board, which occurs without the presence of Group Management. Mekonomen Group's President and CEO, Magnus Johansson, is also a member of the Boards of Insamlingsstiftelsen En Frisk Generation and Intermeko Europe, and has no shareholdings or partial ownership in companies with significant business ties with Mekonomen Group.

#### **Group Management**

At 31 December 2015, Group Management consisted of the President and CEO, the Executive Vice President, the CFO, the President of Sørensen og Balchen, the President of MECA Scandinavia and the President of Mekonomen Nordic. A more detailed presentation of Group Management is found on page 41.

### **Remuneration of senior executives**

It is considered very important to ensure that there is a clear link between remuneration and the Group's values and financial goals in both the short and the long term. The guidelines for remuneration of senior executives approved by the 2015 Annual General Meeting entail that the company is to offer market-based remuneration that allows the Group to recruit and retain the right executives, and entail that the criteria for determining remuneration is to be based on the significance of work duties and employees' competencies, experience and performance.

Remuneration is to comprise:

- fixed basic salary,
- variable remuneration,
- pension benefits,
- other benefits and severance pay

The guidelines encompass Group Management, including the President. Remuneration is determined by the Board's Remuneration Committee.

However, remuneration of the President is determined by the Board in its entirety.

Mekonomen Group's Board of Directors makes decisions pertaining to remuneration of the President Magnus Johansson. The President has a fixed cash basic salary per month and a short-term cash variable salary portion, which is based on the company's earnings and individual qualitative parameters and that can amount to a maximum of 60 per cent of the basic annual salary. Under the pension terms, payment of pension premiums is made in the amount corresponding to 29 per cent of basic salary. Other benefits consist of a company car. The period of notice for the President is six months if employment is terminated by the company, and six months if terminated by the President. If termination is initiated by the company, severance pay amounting to 12 months' salary is paid.

The distribution between basic salary and variable remuneration is to be proportionate to the senior executive's responsibilities and authorities. The short-term variable remuneration for other senior executives is based on the Group's earnings and on individual qualitative parameters and can amount to a maximum of a certain percentage of the fixed annual salary. The percentage is linked to the position of each individual and varies between 33 and 60 percentage points for members of Group Management. Other benefits refer primarily to company cars. Pension premiums are paid in an amount that is based on the ITP plan or a corresponding system for employees outside Sweden. Pensionable salary comprises basic salary. The period of notice is 12 months if employment is terminated by the company, and six months if terminated by the employee. Severance pay for termination on the part of the company may amount to a maximum of one annual salary.

Furthermore, a long-term variable remuneration programme was adopted by the 2014 Annual General Meeting. Group Management and a number of selected, business-critical senior executives may receive long-term variable remuneration from the company. The criteria for determining the variable remuneration portion for each individual is decided by the Board's Remuneration Committee, and for the President by the Board in its entirety. The long-term variable remuneration is to be profit-based and calculated on the Group's earnings for the 2014-2016 financial years. The entire bonus programme, as an expense for the company, is to amount to a maximum of SEK 24 M for the period. Furthermore, an additional requirement to the above is that the average price paid for the Mekonomen share on Nasdaq Stockholm on the last trading day in December 2016 is to exceed the Nasdaq Stockholm PI index for the programme period. The right to receive variable remuneration expires if the senior executive resigns (before payment). No bonus was reserved as per 31 December 2015 pertaining to this bonus programme.

Other than the above, the Board has not decided on any other share or share-price based incentive programs for Group Management.

According to the guidelines approved by the 2015 Annual General Meeting, the President shall receive a pension benefit amounting to a maximum of 29 percentage points of the basic salary. In conjunction with the terms in the new President's employment contract, the Board decided, in deviation from the guidelines, that the pension benefit shall be payable in an amount of 30 percentage points as of 15 June 2015.

### Auditors

The auditors are appointed at the Annual General Meeting and are charged with reviewing the company's financial reporting and the Board's and President's management of the company. At the 2015 Annual General Meeting, PricewaterhouseCoopers AB (PwC), with Authorised Public Accountant Lennart Danielsson as Auditor in Charge, was appointed as the auditing firm until the 2016 Annual General Meeting. PwC has an organisation comprising broad and specialised competency that is well-suited to Mekonomen Group's operations and has been the company's auditing firm since 2014. In addition to Mekonomen Group, Lennart Danielsson is the Auditor in Charge of Studsvik AB.

PwC submits an auditor's report for Mekonomen AB (publ.) and for the company's subsidiaries. The auditors also perform a review of the third-quarter interim report. The audit is conducted in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. The audit of annual report documents for legal entities outside Sweden is conducted in accordance with statutory requirements and other applicable rules in each country.

Fees to auditors, SEK M	2015	2014
<b>PwC</b>		
Fees for audit assignments	7	6
Audit-related services other than the audit assignment	1	0
Tax advice	0	0
Other services	0	0
<b>Total fees to PwC<sup>1)</sup></b>	<b>8</b>	<b>6</b>

<sup>1)</sup> Including discontinued operations SEK 1 M (1).

### Reporting and audit

#### Reporting

The Board supervises the quality of the financial reporting through instructions to the President. It is the President's duty, jointly with the Group's CFO, to review and quality-assure all external financial reporting including financial statements, interim reports, annual reports and press releases with financial content, as well as presentation material in connection with meetings with the media, shareholders and financial institutions.

#### Audit

The rules of procedure decided annually by the Board include detailed instructions on, for example, the financial reports and the type of financial information to be submitted to the Board. In addition to financial statements, interim reports and annual reports, the Board examines and evaluates comprehensive financial information that pertains to the Group as a whole and to the various units included in the Group.

The Board also examines, primarily through the Board's Audit Committee, the most significant accounting policies applied to the financial reporting by the Group, and significant changes to policies in the reporting. The Audit Committee's duties also include examining internal and external audit reports regarding internal control and the processes for financial reporting.

The Group's external auditors report to the Board as required, but at least once a year. At at least one of these meetings, the President and CFO leave after presenting their formal reports to enable Board members to conduct discussions with auditors without the participation of senior executives. The Group's external auditors also participate at the meetings of the Audit Committee. The Audit Committee reports back to the Board after every meeting. All Audit Committee meetings are minuted and the minutes are available for all Board members and the auditors.

#### Internal control

Mekonomen Group's internal control process is designed to manage and minimise the risk of errors in the financial reporting. In accordance with the Swedish Companies Act and the Swedish Corporate Governance Code, the Board of Directors is responsible for internal control. This section was prepared in accordance with the Corporate Governance Code and Companies Act.

The report is limited to addressing internal control over financial reporting.

#### Control environment

The control environment represents the basis for the internal control over financial reporting. An important part of the control environment is that decision paths, authorities and responsibilities must be clearly defined and communicated between various levels in the organisation and that the control documents are available in the form of internal policies, handbooks, guidelines and manuals. Thus, a key part of the Board's work is to prepare and approve a number of fundamental policies, guidelines and frameworks. These include the Board's rules of procedure, Instructions for the President, Investment policies, Financial policies and the Insider policy. The aim of these policies is to create a basis for sound internal control.

Furthermore, the Board focuses on ensuring that the organisational structure provides distinct roles, responsibilities and processes that benefit the effective management of the operation's risks and facilitate goal fulfilment. Part of the responsibility structure includes an obligation for the Board to evaluate the operation's performance and results on a monthly basis, through appropriate report packages containing income statements, balance sheets, analyses of important key figures, comments pertaining to the business status of each operation and also quarterly forecasts for future periods. The Board

has established an Audit Committee to assist the Board specifically in the financial reporting. To help strengthen the internal control, Mekonomen Group has prepared a financial handbook that provides an overall view of existing policies, rules and regulations and procedures within the financial area. This is a living document, which is updated continuously and adapted to internal and external changes. In addition to the financial handbook, there are instructions that provide guidance on daily work in stores and the rest of the organisation, for example, pertaining to stock taking and cash-register reconciliation, etc.

#### **Risk assessment**

Mekonomen Group conducts continuous surveys of the Group's risks. During these surveys, a number of items were identified in the income statement and balance sheet in which the risks of errors in the financial reporting are elevated. The company works continuously on these risks by strengthening controls. Furthermore, risks are addressed in a special forum, including questions related to start-ups and acquisitions. For a more detailed description of risks, refer to Risks and uncertainties in the Administration Report and in Note 37 Financial risks.

#### **Control activities**

Risks of errors in the financial reporting are reduced through a high level of internal control over the financial reporting, with specific focus on significant areas defined by the Board. Within Mekonomen Group, the control structures comprise an organisation with clear roles that enables effective and, from an internal control perspective, suitable division of responsibilities, specific control activities that aim to identify and prevent risks of misstatements in the reporting in time. The control activities include reconciliation of accounts, analytic follow-up, comparison between income statements and balance sheets and control stock-taking in warehouses and stores.

#### **Internal audit**

Mekonomen Group has an internal audit function, which is an independent and objective hedging and advice unit that generates value and improves the Group's operations. This is done by evaluating and proposing improvement in such areas as risk management, compliance with policies and efficiency in the internal control over the financial reporting. The function works throughout the Group. The Head of the internal audit reports to the Audit Committee, the President and the CFO and informs management in each business area and other units on the results of the audits performed.

#### **Information and communications**

Policies and guidelines are particularly important for accurate accounting, reporting and dissemination of information. Policies and guidelines on the financial process are continuously updated at Mekonomen Group. Such updates mainly take place in each Group function for the various operations through e-mails, but also at regular CFO meetings in which representatives from the Group finance function participate. For communication with internal and external parties, a communications policy is in place that states guidelines for conducting communication. The aim of the policy is to ensure that all information obligations are complied with in a correct and complete manner.

#### **Follow-up**







The Board continuously evaluates the information submitted by Group Management and auditors. In conjunction with this, the Audit Committee was responsible for the preparation of the Board's work to quality assure the Group's financial reporting. The CEO and CFO hold monthly reviews of financial position with each Head of Operations. Group finance function also cooperates closely with the Group company finance managers and controllers of Group companies on matters pertaining to accounting and reporting. The follow-up and feedback concerning possible deviations arising in the internal controls are a key part of the internal control work, since this is an efficient manner for the company to ensure that errors are corrected and that the control is further strengthened.

#### **Additional information**

The company website at mekonomen.com includes:







- Articles of Association
- Code of Conduct
- Information from previous Annual General Meetings, from 2006
- Information about the Nomination Committee
- Information about principles of remuneration of senior executives
- The Board's evaluation of guidelines for remuneration of programmes for variable remuneration
- Corporate Governance Reports from 2006
- Information about the 2016 Annual General Meeting

## Board of Directors

					
Kenneth Bengtsson	Caroline Berg	Kenny Bräck	Malin Persson	Helena Skåntorp	Christer Åberg
<b>Board position</b>					
Chairman of the Board. Chairman of Mekonomen's Remuneration Committee. Member of Mekonomen's Audit Committee.	Executive Vice Chairman. Member of Mekonomen's Remuneration Committee.	Board member.	Board member. Member of Mekonomen's Remuneration Committee.	Board member. Chairman of Mekonomen's Audit Committee.	Board member. Member of Mekonomen's Audit Committee.
<b>Education</b>					
Upper secondary school education and training in the ICA system.	B.A. Media/Communication and psychology, Middlebury College, Vermont, US.	Upper secondary school education.	MSc in Engineering, Chalmers University of Technology.	Graduate in Business Administration, Stockholm University.	IHM Business School Stockholm and training courses at Unilever.
<b>Elected in</b>					
2013	2014	2007	2015	2004	2014
<b>Born</b>					
1961	1968	1966	1968	1960	1966
<b>Position and Board assignments</b>					
Chairman of the Board of Ahlsell AB (publ), Clas Ohlson AB (publ), Ersta diakoni, Eurocommerce, Systembolaget, Junior Achievement Sweden and World Childhood Foundation. Member of the Boards of Synsam and Herenco.	Chairman of the Board of Axel Johnson AB and the Erik and Göran Ennerfelt Foundation for International Studies for Young Swedes. Board member of AxFast AB, Axfood AB (publ), Axstores AB and Stockholm School of Economics Advisory Board.	Self-employed. Minority owner and Board member of Motorsport Auctions Ltd.  Test and Development Driver for McLaren Automotive.	Chairman of the Board of RO-Gruppen Förvaltning AB. Member of the Boards of Getinge AB (publ), Becker Industrial Coatings Holding AB, Hexatronic Group AB, HEXPOL AB (publ), Magnora AB, Mobile Climate Control Group Holding AB, Ahlström Capital Oy, Konecranes Plc and Kongsberg Automotive ASA.	President of Lernia AB. Board member of 2E Group AB and Bemanningsföretagen. Chairman in a number of Lernia AB's subsidiaries and Chairman and CEO of Skåntorp & Co AB.	CEO of Hilding Anders Group. Board member of AB Svenska Spel.
<b>Work experience</b>					
Employed at ICA for more than 30 years, 11 of which as CEO.	Employed at Axel Johnson AB since 2005, most recently as Vice President Human Resources and Communications and member of Group Management 2006-2014. Prior to that, many years of experience in film, television, and media in Sweden and US.	Former professional racing driver.	President of Volvo Technology AB and the Chalmers University of Technology Foundation. Many years of experience from large Swedish industrial companies, including Aktiebolaget SKF, ASG and the Volvo Group.	Former President and CEO of SBC Sveriges BostadsrättsCentrum AB. President and CEO of Jarowskij, CFO of Arla, Authorised Public Accountant at Öhrlings/PwC.	President of Orkla Confectionary & Snacks. President of Arla Foods AB, President of Atria Scandinavia AB, senior positions at Unilever.
<b>Total remuneration, SEK</b>					
470,000	335,000	260,000	285,000	320,000	295,000
<b>Attendance at Board meetings</b>					
11/12	12/12	11/12	8/8 (newly elected).	11/12	12/12
<b>Attendance at Audit Committee meetings</b>					
5/5	–	–	–	5/5	5/5
<b>Attendance at Remuneration Committee meetings</b>					
2/2 (newly elected)	2/4	–	2/2 (newly elected)	–	–
<b>Own shareholdings and shareholdings of related parties</b>					
2,000	None	1,000	1,000	2,000	2,500
<b>Independent of the company/company management</b>					
Yes	Yes	Yes	Yes	Yes	Yes
<b>Independent of major shareholders</b>					
Yes	No, dependent in relation to major shareholders of the company.	Yes	Yes	Yes	Yes

Marcus Storch declined re-election prior to the 2015 Annual General Meeting. At the ordinary Board meeting on 12 May 2015, Fredrik Persson withdrew from his assignment as Mekonomen's Chairman of the Board and the Board elected Kenneth Bengtsson as its Chairman and Caroline Berg as its Executive Vice Chairman until the 2016 Annual General Meeting. Marcus participated in four of four Board meetings before the Annual General Meeting. Fredrik participated in six of six Board meetings up to 12 May 2015.

## Group Management

					
Magnus Johansson	Per Hedblom	Marcus Larsson	Morten Birkeland	David Larsson	Pehr Oscarsson
<b>Role</b>					
President and CEO.	CFO.	Executive Vice President.	President Sørensen og Balchen.	COO.	President MECA Scandinavia.
<b>Born</b>					
1972	1967	1970	1964	1973	1963
<b>Education</b>					
Master of Science in Business and Economics, Lund University.	MSc in Industrial Engineering and Management, Chalmers University of Technology. MBA INSEAD.	Master of Economics, School of Economics and Management, Lund University, FEM programme, IFL Sigtuna.	Degree in Economics, Oslo Business School.	Graduate in Business Administration, Uppsala University. MBA Helsinki School of Economics.	Technical upper secondary school, supplemented with short economics and management courses.
<b>Employed</b>					
2014	2007	2003	2008	2013	2001
<b>Work experience</b>					
President of Mekonomen Nordic, President of Coop Inköp & Kategori, President of Lantmännen Cerealia, Marketing Director Lantmännen AXA.	Partner of Centigo, Associate Director of Arkwright, Consultant at Accenture, Invest in Sweden Agency.	Self-employed consultant, Head of Purchasing, Head of Business Development at Volkswagen Group.	Head of Marketing Nordic at Stabburet, Marketing Director and Operations Director at Intersport, Sales Director at Tine, Division Director at NetCom Commercial and Private markets, Group Director Sales and Marketing ISS.	Senior positions in Microsoft: COO Microsoft Norway, Vice CFO Microsoft Latin America, CFO Microsoft Sweden.	Senior positions at MECA since 2001, President of Swecar AB.
<b>Board appointments</b>					
Member of the Board of Insamlingsstiftelsen En frisk generation. Board member of Intermeko Europe.		Member of the Boards of Intermeko Europe, Lasingoo Sverige AB and Automotive Web Solutions AB.			Deputy Chairman of Association of Swedish Wholesalers of Automotive Parts and Accessories (SBF). Member of the Board of Fresks Holding AB and Oscarsson Invest Aktiebolag.
<b>Own shareholdings and shareholdings of related parties</b>					
3,000	1,000	3,000	0	0	2,000

### Changes in Group Management

The Board of Directors of Mekonomen appointed Magnus Johansson as the new President and CEO to begin on 15 June 2015. Magnus succeeded Håkan Lundstedt who moved on to a different external position. Gunilla Spongh, International Business Director, resigned from her position in Mekonomen Group during the year for a different external position. David Larsson is a member of Group Management as of 1 September 2015 and was the acting President for the Group company Mekonomen Nordic from 1 September until 31 December 2015. As of 1 March 2016, Örjan Grandin, Supply Chain Director for Mekonomen Group, is also a member of Group Management.