



Notice of Annual General Meeting in Volvo Car AB (publ)

The shareholders of Volvo Car AB (publ), Reg. No. 556810-8988, (“**Volvo Cars**”) are invited to participate in the Annual General Meeting (the “**AGM**”) to be held on 3 April 2023, at 13.00 CEST at Volvohallen, Gunnar Engellaus väg 2, SE-418 78 Gothenburg, Sweden. Admission and registration to the AGM will begin at 12.00 CEST.

The Board of Directors has resolved, in accordance with the provisions of Volvo Cars’ Articles of Association, that shareholders may also exercise their voting rights in advance by so-called postal voting.

The AGM will be conducted in Swedish and simultaneously translated into English.

Right to participate and notification

A) Participation at the meeting venue

A person who wishes to attend the meeting venue in person or by proxy must

- be listed as a shareholder in the presentation of the share register prepared by Euroclear Sweden AB concerning the circumstances on 24 March 2023; *and*
- give notice of its participation no later than on 28 March 2023 by mail to Volvo Car AB (publ), c/o Euroclear Sweden AB, Box 191, SE-101 23 Stockholm, Sweden, by phone +46(0)8-402 90 64, or through the company’s website, <https://investors.volvocars.com/en/agm-2023>. Upon the notification of participation, the shareholder must state name/business name, personal or corporate identity number, address, telephone number and number of any assistants (not more than two).

For shareholders who wish to be represented by proxy, a written and dated power of attorney signed by the shareholder must be issued for the representative. If the shareholder is a legal entity, a copy of certificate of incorporation, or corresponding authorisation document for the legal entity, must be attached. Form of proxy is available on Volvo Cars’ website, <https://investors.volvocars.com/en/agm-2023>. In order to facilitate the registration at the AGM, the power of attorney together with any registration certificate or other authorisation documents should be received by the company at the address set out above in connection with the notice of participation.

B) Participation by postal voting

A person who wishes to participate in the AGM by postal voting must

- be listed as a shareholder in the presentation of the share register prepared by Euroclear Sweden AB concerning the circumstances on 24 March 2023; *and*

- give notice of its participation no later than on 28 March 2023, by submitting its postal vote in accordance with the instructions below, so that the postal vote is received by Euroclear Sweden AB no later than that day.

A shareholder who wishes to attend the meeting venue in person or by proxy, must give notice of this in accordance with the instructions stated under A) above. Hence, a notice of participation only through postal voting is not sufficient for a person who wishes to attend the meeting venue.

A special form shall be used for postal voting. The form is available on the company's website <https://investors.volvocars.com/en/agm-2023>. The completed and signed form may be sent by post to Volvo Car AB (publ), c/o Euroclear Sweden AB, Box 191, SE-101 23 Stockholm, Sweden, or by email to GeneralMeetingService@euroclear.com. Shareholders may also submit their postal votes electronically by verification with BankID via Euroclear Sweden AB's website <https://anmalan.vpc.se/EuroclearProxy/>. The completed and signed form must be received by Euroclear Sweden AB no later than on 28 March 2023.

Shareholders may not provide special instructions or conditions in the voting form. If so, the vote (in its entirety) is invalid. Further instructions and conditions are included in the form for postal voting.

If a shareholder submits its postal vote by proxy, a written and dated power of attorney signed by the shareholder must be enclosed with the postal voting form. If the shareholder is a legal entity, a copy of certificate of incorporation, or corresponding authorisation document for the legal entity, must be enclosed with the form. Form of proxy is available on the company's website, <https://investors.volvocars.com/en/agm-2023>.

Nominee-registered shares

In order to be entitled to participate in the AGM, a shareholder whose shares are registered in the name of a nominee must, in addition to giving notice of its participation in the AGM, register its shares in its own name so that the shareholder is listed in the presentation of the share register as of 24 March 2023. Such registration may be temporary (so-called voting rights registration), and request for such voting rights registration shall be made to the nominee, in accordance with the nominee's routines, at such a time in advance as decided by the nominee. Voting rights registrations that have been made by the nominee no later than 28 March 2023, will be taken into account in the presentation of the share register.

Agenda

1. Opening of the meeting
2. Election of Chairperson of the meeting
3. Preparation and approval of the voting register
4. Approval of the agenda
5. Election of persons to approve the minutes
6. Determination of whether the meeting has been duly convened
7. Presentation by the CEO
8. Presentation of
 - a) the annual report and the audit report as well as the consolidated financial statements and the auditor's report for the group

- b) the auditor's statement regarding the company's compliance with the guidelines for remuneration to members of the executive management
9. Resolutions regarding
- a) adoption of the income statement and balance sheet as well as the consolidated income statement and consolidated balance sheet
 - b) allocation of the company's profit or loss in accordance with the adopted balance sheet
 - c) discharge from liability of the members of the Board of Directors and the CEO
10. Determination of
- a) the number of Board members
 - b) the number of auditors
11. Determination of
- a) fees to the Board members
 - b) fees to the auditors
12. Election of the Board of Directors and the Chairperson of the Board
- a) Eric Li (Li Shufu) (re-election)
 - b) Lone Fønss Schrøder (re-election)
 - c) Daniel Li (Li Donghui) (re-election)
 - d) Anna Mossberg (re-election)
 - e) Diarmuid O'Connell (re-election)
 - f) Jim Rowan (re-election)
 - g) Jonas Samuelson (re-election)
 - h) Lila Tretikov (re-election)
 - i) Winfried Vahland (re-election)
 - j) Ruby Lu (new election)
 - k) Eric Li (Li Shufu) as Chairperson of the Board (re-election)
 - l) Lone Fønss Schrøder as Vice Chairperson of the Board (re-election)
13. Election of auditors
14. Resolution on approval of the remuneration report
15. Resolution regarding guidelines for executive remuneration
16. Resolution on the implementation of a Performance Share Plan and an Employee Share Matching Plan in accordance with A.2 and A.3, respectively, and delivery arrangements in respect thereof in accordance with B.1 or B.2
17. Resolution regarding authorisation of the Board of Directors to resolve on new issues
18. Closing of the meeting

Proposals

Election of Chairperson of the meeting (item 2)

The Nomination Committee prior to the AGM 2023 has consisted of Tom Johnstone (appointed by Geely Sweden Holdings AB), Yimin Chen (appointed by Geely Sweden Holdings AB), Anders Oscarsson (appointed by AMF), Ylva Wessén (appointed by Folksam) and Eric Li (Li Shufu) as the Chairperson of the Board of Directors. Tom Johnstone has been the Chairperson of the Nomination Committee.

The Nomination Committee proposes that the attorney Eva Hägg is elected as Chairperson of the AGM.

Preparation and approval of the voting register (item 3)

The voting list proposed for approval is the voting list drawn up by Euroclear Sweden AB on behalf of the Company, based on the AGM's register of shareholders, shareholders having given notice of participation and being present at the meeting venue, and postal votes received.

The Board's proposal on allocation of the company's profit or loss in accordance with the adopted balance sheet (item 9 b)

The Board of Directors proposes that no dividend is distributed and that the retained profits shall be carried forward to the new accounts.

Determination of the number of Board members and the number of auditors (item 10)

The Nomination Committee proposes that the Board of Directors shall consist of 10 ordinary Board members elected by the AGM, without deputy Board members, and that the number of auditors shall be one without deputies.

Determination of fees to the Board members and fees to the auditors (item 11)

The Nomination Committee proposes to leave the Board's remuneration unchanged meaning that the following remuneration would be applied until next year's AGM:

Compensation to the Board members that are not employed or otherwise remunerated by Volvo Car Group or the Geely Holding Group shall be the following; (i) SEK 1,155,000 to each of the Board members, other than the vice Chairperson who shall receive SEK 2,730,000, (ii) SEK 131,000 to each of the members and SEK 168,000 to the Chairperson of the People Committee and (iii) SEK 189,000 to each of the members and SEK 410,000 to the Chairperson of the Audit Committee. All remunerated Board members elected by the AGM are also entitled to a company car in accordance with Volvo Cars' applicable car policy (corresponding to an average yearly benefit of approximately SEK 110,000 per entitled Board member). The Chairperson of the Board, the CEO as well as Daniel Li (Li Donghui) shall not be remunerated. In addition, the Nomination Committee proposes a symbolic compensation for reading time for the union representatives with in total SEK 331,700, whereof SEK 81,700 to each of the ordinary representatives and SEK 43,300 to each of the deputy representatives.

To support the shareholding policy for the Board, the Nomination Committee furthermore recommends that the Board members elected by the AGM, use 50% of the remuneration (after tax) received by the Board members to acquire shares in the Company until the level stated in the policy is reached, which means shares of a market value corresponding to at least one year's board remuneration, before tax, excluding remuneration for committee work.

The Nomination Committee proposes that remuneration to the auditor shall be paid according to separate invoicing.

Election of the Board of Directors and the Chairperson of the Board (item 12)

The Nomination Committee proposes that Eric Li (Li Shufu), Lone Fønss Schrøder, Daniel Li (Li Donghui), Anna Mossberg, Diarmuid O'Connell, Jim Rowan, Jonas Samuelson, Lila Tretikov and Winfried Vahland shall be re-elected as Board members. Ruby Lu shall be elected as new Board member. Eric Li (Li Shufu) shall be re-elected as Chairperson of the Board of Directors and Lone Fønss Schrøder shall be re-elected as vice Chairperson of the Board.

It was noted that Tom Johnstone has informed the Nomination Committee that he will not stand for re-election.

Ruby Lu

Ruby Lu is a venture capitalist investing in technology start-ups in the US and China, she founded Atypical Ventures in 2019 - an early-stage technology investment firm. She is an independent board member of Unilever, Yum China and Uxin Limited. In 2006 Ruby Lu co-founded DCM China, a venture capital firm. Prior to becoming a venture capitalist, Ruby Lu was a Vice President in Goldman Sachs' technology media and telecommunication banking group in the US. Ruby Lu comes with extensive financial and global market experience, including board work in listed companies. She is well acquainted with the Chinese market and has vast experience from various tech companies.

Further information about all Board members proposed for re-election and new election is available on the company's website <https://investors.volvocars.com/en/agm-2023>.

Election of auditors (item 13)

The Nomination Committee proposes, in accordance with the recommendation from the company's Audit Committee, re-election of Deloitte AB as the company's auditor for the period until the close of the next AGM.

The Board's proposal to guidelines for executive remuneration (item 15)

The Board proposes that the AGM resolves on the following guidelines for remuneration to the Executive Management Team (including the CEO and any deputy CEO) ("**EMT**"). The guidelines replace the guidelines adopted by the annual general meeting 2022. In relation to the current guidelines, the proposal implies, in addition to editorial changes, amended performance conditions for awarding variable short-term cash remuneration. The Board of Directors has not received any views from the shareholders on the existing guidelines for executive remuneration.

Introduction and objective

These guidelines shall be applicable to remuneration to the EMT of Volvo Cars. These guidelines are applicable to remuneration agreed, and amendments to remuneration already agreed, after its adoption by the annual general meeting on 3 April 2023. These guidelines do not apply to any remuneration decided or approved by the general meeting.

The guidelines' promotion of the company's business strategy, long-term interests and sustainability

The company purpose is to provide Freedom to Move in a personal, sustainable and safe way. The business strategy focuses on maintaining a stable and strong platform for continued profitable and sustainable growth through personal and direct relationships with consumers, sustainable products and business, safe mobility with leading technology and a purpose-driven organisation. For more information regarding the company's business strategy, please see the strategic direction section of the annual report.

A prerequisite for the successful implementation of the company's strategy and safeguarding of its long-term interests, including its sustainability, is that the company is able to recruit and retain qualified personnel. To this end, it is necessary that the company offers competitive remuneration.

These guidelines enable the company to offer the EMT a competitive total remuneration.

Variable cash pay remuneration covered by these guidelines shall aim at promoting the company's business strategy and long-term interest, including its sustainability.

Types of remuneration

The total remuneration package for the EMT may consist of the following components:

- fixed cash remuneration;

- variable cash remuneration;
- pension benefits; and
- other benefits.

The components of remuneration shall be in accordance with market practice.

Additionally, the general meeting may – irrespective of these guidelines – resolve on, among other things, share-related or share price-related remuneration. Please refer to *Share-based or share price-related incentive programmes* below.

Variable cash remuneration

The satisfaction of criteria for awarding short-term variable cash remuneration shall be measured over a period of one year, whereas the satisfaction of criteria for awarding long-term variable cash remuneration shall be measured over a period of three years.

For the CEO, the short-term variable cash remuneration may amount to not more than 200 per cent of the annual fixed cash salary on December 31 at the end of each performance year, and the long-term variable cash remuneration may amount to not more than 150 per cent of the annual fixed cash salary the year the programme was implemented. For the other EMT members, the short-term variable cash remuneration may vary but amount to not more than 140 per cent of the annual fixed cash salary on December 31 at the end of each performance year, and the long-term variable cash remuneration may vary but amount to not more than 120 per cent of the annual fixed cash salary the year the programme was implemented. For information on the criteria for awarding short- and long-term variable cash remuneration, please refer to *Criteria for awarding variable cash remuneration* below.

Extraordinary arrangements

Further variable cash remuneration may also be paid out in extraordinary circumstances, provided that such arrangement is of a one-time nature and is agreed on an individual basis for management recruitment or retention purposes or as compensation for extraordinary efforts beyond the individual's ordinary assignment. Such remuneration shall be in line with market practice and may for example include a one-time cash payment, retention bonus or severance payment in case of a change of control, or similar. The remuneration may amount to not more than the fixed annual cash salary for 1 year and shall not be paid more than once a year per individual. Resolutions on such compensation shall be made by the People Committee based on a proposal from the CEO if an EMT member (other than the CEO) is concerned and by the People Committee and the Chairperson if it relates to the CEO.

Share-based or share price-related incentive programmes

The Board of Directors may, irrespective of these guidelines, propose general meetings to resolve on long-term share-based or share price-related incentive programmes. The Board of Directors proposed, and the annual general meeting 2022 approved, a long-term share-based incentive programme comprising, amongst others, the EMT. The Board of Directors has proposed the annual general meeting 2023, and intends to propose forthcoming annual general meetings, to approve similar incentive plans. No new long-term variable cash programmes will therefore be offered to the EMT as long as there is a long-term share-based program in place.

Pension benefits

For the CEO, pension benefits shall be a defined contribution scheme and the pension premiums may amount to not more than 50 per cent of the annual fixed cash salary. Variable cash remuneration shall not qualify for pension benefits.

For other EMT members, pension benefits shall be a defined contribution scheme and the pension premiums may amount to not more than 30 per cent of the annual fixed cash

salary. Some current EMT members have a defined benefit pension as part of a pre-existing agreement. To the extent that variable cash remuneration qualifies for pension benefits under the applicable collective bargaining agreement, the pension benefits shall be deducted from the cash payment and paid as pension.

Other benefits

Other benefits may include, for example, medical insurance, annual health check-up and company cars. Such benefits may amount to not more than 20 per cent of the annual fixed cash salary.

For employments governed by rules other than Swedish, pension benefits and other benefits may be duly adjusted for compliance with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these guidelines.

EMT members who are expatriates (i.e., are sent on an international assignment and are not on a local employment contract) may receive additional remuneration and other benefits determined in line with the company's International Assignment Instruction which may include (but are not limited to) relocation cost, cost of living allowance, housing, schooling, home travel allowance and tax assistance. Such benefits may amount to no more than 160 per cent of the annual fixed cash salary.

Termination of employment

Upon termination of an employment, the notice period may not exceed twelve (12) months. Fixed cash salary during the notice period and severance pay may together not exceed an amount corresponding to the individual's fixed cash salary for two (2) years, subject to applicable law. When termination is made by the EMT member, the notice period may not exceed twelve (12) months, without any right to severance pay.

Additionally, remuneration may be paid for non-compete undertakings. Such remuneration shall compensate for loss of income and shall only be paid in so far as the previously employed executive is not entitled to severance pay. The remuneration may amount to not more than 60 per cent of the monthly base salary at the time of termination of employment and be paid during the time the non-compete undertaking applies, however not for more than twelve (12) months following the termination of employment.

Criteria for awarding variable cash remuneration

The variable cash remuneration shall be linked to predetermined and measurable criteria which can be financial or non-financial. They may also be individualized, quantitative or qualitative objectives. The criteria shall be designed so as to contribute to the company's business strategy and long-term interests, including its sustainability, by for example being clearly linked to the business strategy or to promote the executive's long-term development.

The variable short-term cash remuneration shall be linked to Volvo Cars' earnings before interest and taxes (EBIT), sales, and mission execution activities.

Variable long-term cash remuneration, which is not approved by a general meeting, if any, shall be linked to the satisfaction of certain performance conditions related to operating margin and revenue growth measured over the term of the programme.

To which extent the criteria for awarding variable cash remuneration have been satisfied shall be evaluated when the measurement period has ended. The People Committee is responsible for the evaluation. For financial objectives, the evaluation shall be based on the latest financial information made public by the company.

The Board of Directors shall have the possibility, in accordance with applicable law or contractual provisions, to in whole or in part reclaim variable remuneration paid on incorrect grounds (claw-back).

Salary and employment conditions for employees

In the preparation of the Board of Directors' proposal for these remuneration guidelines, salary and employment conditions for employees of the company have been taken into account by including information on the employees' total income, the components of the remuneration and increase and growth rate over time, in the People Committee's and the Board of Directors' basis of decision when evaluating whether the guidelines and the limitations set out herein are reasonable.

Share ownership guidelines for members of the EMT

Since the Board of Directors believes that long-term share ownership is an important way to create alignment between the EMT members and Volvo Cars' shareholders, it has implemented the following policy of share ownership for members of the EMT.

The Board of Directors expects the CEO and other members of the EMT to accumulate personal holdings in shares with a market value corresponding to the value of 100 per cent of the EMT member's annual fixed cash salary. It is expected that the personal holding of shares be established within five years from the listing of the Company and, for new hires, within five years from commencement of employment with the Group as CEO or other member of the EMT. The CEO and the other members of the EMT are expected to achieve share ownership by retaining shares allotted (net after taxes payable) under future incentive programmes. Further, upon reaching the recommended share ownership level, it is expected that the CEO and the other members of the EMT maintain shares of such value for the duration of their appointment as CEO or the other member of the EMT.

Remuneration guidelines governance

The Board of Directors has established the People Committee, whose tasks include preparing the Board of Directors' decision to propose guidelines for EMT remuneration. The Board of Directors shall prepare a proposal for new guidelines at least every fourth year and submit it to the general meeting. The guidelines shall be in force until new guidelines are adopted by the general meeting.

The People Committee shall also monitor and evaluate variable pay programmes, the application of the guidelines for executive remuneration as well as the current remuneration structures and compensation levels in the company.

The members of the People Committee are independent of the company and its executive management. Neither the CEO nor any other EMT member participate in the Board of Directors' processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters.

Deviation from the guidelines

The Board of Directors may temporarily resolve to deviate from the guidelines, in whole or in part, if in a specific case there is special cause for the deviation and a deviation is necessary to serve the company's long-term interests, including its sustainability, or to ensure the company's financial viability. The People Committee's tasks shall include preparation of any resolutions to deviate from the guidelines.

The Board's proposal on the implementation of a Performance Share Plan and an Employee Share Matching Plan in accordance with A.2 and A.3, respectively, and delivery arrangements in respect thereof in accordance with B.1 or B.2 (item 16)

The Board proposes that the AGM resolve on the implementation of share based plans, giving all permanent employees of the Volvo Cars group the opportunity of becoming shareholders in Volvo Cars. A division into two parts is proposed: one Performance Share Plan (the "**PSP**") directed to the CEO, other members of the Executive Management Team ("**EMT**") and certain other senior executives, and an Employee Share Matching Plan (the "**ESMP**", jointly with the

PSP, the “**Plans**”) directed to all permanent employees of the Volvo Cars group, other than the participants of the PSP. In order to secure the obligations of Volvo Cars to deliver shares to participants under the Plans, the Board of Directors further proposes that the Annual General Meeting resolve on delivery arrangements. The Board of Directors’ proposal for the Plans is set out in A. below and for the delivery arrangements in B. below.

A Proposal for the implementation of the Plans

1. Background and reasons

The overall purpose of the Plans is to strengthen the alignment of interests of the group’s employees with those of the shareholders and thus encourage long-term commitment to the Volvo Cars group. The purpose of PSP is further to create a long-term focus amongst the participants on reaching Volvo Cars’ long term ambitions, as well as to facilitate recruitment and retention of employees with key competencies. The purpose of the ESMP is further to create engagement, commitment and motivation for the entire permanent workforce of the Volvo Cars group.

Since the Board of Directors believes that long-term share ownership is an important way to create alignment between the EMT and Volvo Cars’ shareholders, it has implemented a policy setting out recommendations for certain levels of share ownership for members of the EMT. The PSP offers an opportunity for such members to increase their holdings to achieve the recommended share ownership.

The Board of Directors’ intention is that the structure of the Plans should correspond to the incentive plans approved by the Annual General Meeting 2022.

2. Terms and conditions for the PSP

- i. It is proposed that the PSP shall comprise approximately 170 employees, whereof approximately 160 Vice Presidents and key individuals (“**VPs**”), approximately 10 members of the EMT and the CEO of the group (jointly, the “**PSP Participants**”).
- ii. The PSP shall comprise a maximum of 9,886,909 series B shares in Volvo Cars, all of which can be allocated to PSP Participants (the “**Performance Shares**”).
- iii. Subject to satisfaction of the conditions set out below, the PSP Participants will be entitled to allocation of Performance Shares free of charge, from Volvo Cars or from a designated third party, after the expiration of a three-year vesting period (subject to certain exemptions), starting on the date Volvo Cars grants the PSP Awards (as defined below) to the Participants of the PSP (the “**Vesting Period**”).
- iv. The number of Performance Shares that may be allocated to the PSP Participants after expiration of the Vesting Period will be established according to the following. Each PSP Participant will at commencement of the PSP free of charge receive a conditional award of Performance Shares (an “**PSP Award**”). The PSP Award will amount to the number of Performance Shares the value of which corresponds to the following percentages of each PSP Participant’s gross annual fixed salary in 2023: (i) 50% for the CEO, (ii) 40% for members of the EMT and (iii) 30% for VPs (each an “**PSP Award Value**”). The share price used to calculate the PSP Award Value and number of underlying Performance Shares subject to the PSP Award shall be the volume-weighted average price paid for the Volvo Cars series B share on Nasdaq Stockholm during a period of 30 trading days in connection with the commencement of the Vesting Period. When calculating the number of Performance Shares, rounding off shall be made to the closest whole number of Performance Shares.

- v. Dependent on satisfaction of the performance conditions in 2.vi. below, the number of Performance Shares allocated to the PSP Participants after expiration of the Vesting Period may amount to between 0% and 200% of the PSP Award. However, the total value of the Performance Shares at the end of the Vesting Period may not exceed 400% of the PSP Award Value, and the number of Performance Shares allotted may be reduced accordingly. Further, should there be a decline in the price of the Volvo Cars series B share such that the number of Performance Shares subject to allocation exceeds the maximum number of Performance Shares set out in 2.ii. above, the number of Performance Shares allocated to the PSP Participants will be reduced proportionately.
- vi. The allocation of Performance Shares is subject to satisfaction of performance conditions relating to (a) Volvo Cars' average operating margin (as reported) during the financial years 2023–2025 (the "**Performance Period**"), which is weighted 30%, (b) Volvo Cars' average revenue growth during the Performance Period, where the revenue (as reported) for the financial year 2022 is compared to the revenue (as reported) for each of the financial years during the Performance Period, which is weighted 30%, (c) reduction of CO₂ emissions per car sold, where the average CO₂ emissions per car sold in 2018 is compared to the average CO₂ emissions per car sold in 2025, which is weighted 30%, and (d) gender diversity, calculated as the portion of non-male participants in the short term variable pay plan (so called senior leaders, currently approximately 300 persons) as of 31 December 2025, which is weighted 10% ((a) through (d) jointly, the "**Performance Conditions**").

The Performance Conditions include a minimum level which must be exceeded in order for any Performance Shares at all to be allocated, as well as a maximum level in excess of which no additional Performance Shares will be allocated. Should the minimum level be exceeded but the maximum level not reached, a proportionate number of Performance Shares will be allocated.

The minimum and maximum levels for (a) and (b) above will be set by the Board of Directors prior to commencement of the PSP. The minimum level for (c) is 26% and the maximum level for (c) is 40%. The minimum level for (d) is 30% and the maximum level for (d) is 34%.

Information about the minimum and maximum levels for (a) and (b) above, as well as the outcome of each of the Performance Conditions above, will be provided in the annual report for the financial year 2025.

- vii. Allocation of Performance Shares is, subject to the below, conditional upon the PSP Participant retaining the employment within the Volvo Cars group over the entire Vesting Period. For so-called good leaver PSP Participants during the Vesting Period, allocation of Performance Shares is subject to satisfaction of the Performance Conditions and the number of Performance Shares allocated (after expiration of the Vesting Period, unless compassionate circumstances apply) will be proportionately reduced for time served during the Vesting Period.
- viii. The number of Performance Shares shall be subject to recalculation in the event of any intervening bonus issue, split, rights issue and/or other similar corporate actions.
- ix. The Board of Directors shall be entitled to reduce the number of Performance Shares subject to allocation or, wholly or partially, terminate the PSP in advance if significant changes in the group or in the market occur which, in the opinion of the Board of Directors, would result in a situation where the conditions for allocation of Performance

Shares become unreasonable. In the event that allocation of Performance Shares has been made based on misstated information, or if actions have been taken by a PSP Participant which could result in material damage to the group's reputation, the Board of Directors may decide to reclaim whole or a part of the allocated Performance Shares for such PSP Participant.

- x. The Board of Directors shall be entitled to make such local adjustments of the PSP that may be necessary or appropriate to implement it with reasonable administrative costs and efforts in the concerned jurisdictions, including, among other things, to offer cash settlement.
- xi. The Board of Directors shall be responsible for the further design and administration of the PSP within the framework of the above stated main terms and conditions.

3. Terms and conditions for the ESMP

- i. It is proposed that the ESMP shall comprise all permanent employees of the Volvo Cars group, other than the PSP Participants (the "**ESMP Participants**").
- ii. The ESMP shall comprise a maximum of 7,832,000 series B shares in Volvo Cars, all of which can be allotted to the ESMP Participants (the "**Matching Shares**")
- iii. To participate in the ESMP, ESMP Participants must make own investments in series B shares in Volvo Cars ("**Investment Shares**"), up to an aggregate value for each ESMP Participant at the time of the investment of no more than SEK 10,000. ESMP Participants must normally purchase Investment Shares in connection with the start of the Vesting Period (as defined below).
- iv. For each Investment Share, ESMP Participants will be entitled to allocation of one Matching Share free of charge, from Volvo Cars or from a designated third party, after the expiration of a two-year vesting period (subject to certain exemptions), starting on the date that ESMP Participants have acquired all of their Investment Shares (the "**Vesting Period**"). Should there be a decline in the price of the Volvo Cars series B share such that the number of Matching Shares subject to allocation exceeds the maximum number of Matching Shares set out in 3.ii. above, the number of Matching Shares allocated to the ESMP Participants will be reduced proportionately. Taxes payable by ESMP Participants as a result of allocation of Matching Shares will be paid by Volvo Cars on behalf of the ESMP Participants. A two-year Vesting Period is considered appropriate and motivated in order to reach a good engagement level within the broad employee group that the ESMP is applicable for in order to encourage long-term commitment to the Volvo Cars group.
- v. Allocation of Matching Shares is, subject to the below, conditional upon the ESMP Participant retaining the employment within the Volvo Cars group over the entire Vesting Period and the ESMP Participant, until the expiration of this Vesting Period, retaining the Investment Shares purchased. Any disposal of Investment Shares prior to the expiration of the Vesting Period will generally result in no Matching Shares being allocated. For so-called good leaver ESMP Participants during the Vesting Period, the number of Matching Shares allocated (after expiration of the Vesting Period, unless compassionate circumstances apply) will be proportionately reduced for time served during the Vesting Period.

- vi. The number of Matching Shares shall be subject to recalculation in the event of any intervening bonus issue, split, rights issue and/or other similar corporate actions.
- vii. The Board of Directors shall be entitled to reduce the number of Matching Shares subject to allocation or, wholly or partially, terminate the ESMP in advance if significant changes in the group or in the market occur which, in the opinion of the Board of Directors, would result in a situation where the conditions for allocation of Matching Shares become unreasonable. In the event actions have been taken by a ESMP Participant which could result in material damage to the group's reputation, the Board of Directors may decide to reclaim whole or a part of the allocated Matching Shares.
- viii. The Board of Directors shall be entitled to make such local adjustments of the ESMP that may be necessary or appropriate to implement it with reasonable administrative costs and efforts in the concerned jurisdictions, including, among other things, to offer cash settlement.
- ix. The Board of Directors shall be responsible for the further design and administration of the ESMP within the framework of the above stated main terms and conditions.

4. Delivery activities

The Board of Directors has considered different methods for delivery of shares under the Plans to PSP and ESMP Participants (jointly, the **"Participants"**). For this purpose, the Board of Directors proposes that the Annual General Meeting resolve on (i) an authorisation for the Board of Directors to resolve on the repurchase of shares of series B on Nasdaq Stockholm; and (ii) transfer of own series B shares free of charge to the Participants. Should the majority required for these resolutions not be reached, the Board of Directors proposes that Volvo Cars shall be able to enter into an equity swap agreement with a third party.

The detailed conditions for the Board of Directors' proposal are set out in item B below.

5. Dilution

Neither of the delivery arrangements referred to in item A.4 above would give rise to an increased number of shares in Volvo Cars and, accordingly, no dilutive effect in terms of shares issued will occur for existing shareholders.

6. Estimated costs and effects on key ratios

The costs for the Plans, which will impact the income statement, are calculated according to the accounting standard IFRS 2 and distributed over the respective Vesting Period. The total effect of the Plans on the income statement, including social security contributions, is estimated to range between SEK 125-1,371 million (between SEK 0-684 million for the PSP and between SEK 125-687 million for the ESMP), depending on satisfaction of the Performance Conditions for the PSP and the share price at allotment of Performance Shares and Matching Shares, distributed over the years 2023-2025. Total value for the PSP Participants at allotment of Performance Shares is capped at SEK 684 million. The cap will come into play in case of a total increase of PSP Award Value 400% or more during the term of the PSP.

The estimated aggregated annual costs of between SEK 63-572 million correspond to approximately 0.2-1.8% of the group's total employee costs for the financial year 2022. Thus, the costs for the Plans are expected to have a marginal effect on the group's key ratios.

7. Preparation of the proposal

The Plans have been initiated by the Board of Directors and prepared in consultation with external advisors taking into account market practice for multinational companies headquartered in Sweden and the rest of Europe along with corporate governance best practice requirements. The Plans have been processed in the Board's People Committee and discussed at Board meetings in 2023.

B Delivery arrangements

1. Authorisation for the Board of Directors to resolve on acquisition of shares of series B and resolution on transfer of own series B shares to the Participants in the Plans

The Board of Directors proposes that the Annual General Meeting, as a main alternative, (a) authorise the Board of Directors to resolve on acquisition of own shares of series B on Nasdaq Stockholm and (b) resolve that own series B shares may be transferred to the Participants in the Plans.

(a) Acquisition of own shares of series B may be made on the following terms:

- i. Acquisitions of shares of series B in Volvo Cars may only be effected on Nasdaq Stockholm.
- ii. A maximum of 17,718,909 shares of series B in Volvo Cars may be acquired to secure delivery of shares to the Participants.
- iii. Acquisitions of shares of series B in Volvo Cars on Nasdaq Stockholm may only be made at a price within the price range (spread) on Nasdaq Stockholm applicable from time to time, meaning the spread between the highest purchase price and the lowest selling price prevailing and disseminated by Nasdaq Stockholm from time to time.
- iv. The authorisation may be utilised on one or several occasions, however, only until the Annual General Meeting 2024.

(b) Transfers of Volvo Cars' own series B shares to the Participants may be made on the following terms.

- i. A maximum of 17,718,909 series B shares in Volvo Cars (9,886,909 Performance Shares and 7,832,000 Matching Shares) may be transferred free of charge to the Participants.
- ii. Right to purchase series B shares in Volvo Cars free of charge shall – with deviation from the shareholders' preferential rights – be granted to each such person within the group who is a PSP or an ESMP Participant.
- iii. Transfers of series B shares in Volvo Cars shall be made free of charge at the time and on the other terms that the PSP or ESMP Participants, as relevant, are entitled to be allocated shares.
- iv. The number of series B shares in Volvo Cars that may be transferred under the Plans shall be subject to recalculation in the event of any intervening bonus issue, split, rights issue and/or other similar corporate actions.

2. Equity swap agreement with a third party

The Board of Directors proposes that the Annual General Meeting, should the majority required under item B.1 above not be reached, resolve that the expected financial exposure resulting

from the Plans may be hedged by Volvo Cars being able to enter into an equity swap agreement with a third party on terms in accordance with market practice, whereby the third party, against a fee and in its own name, shall be entitled to acquire and transfer series B shares in Volvo Cars to the Participants in accordance with the terms and conditions of the Plans.

C Majority requirements, etc.

The Annual General Meeting's resolutions on the implementation of the PSP and the ESMP according to item A.2 and A.3, respectively, above, are conditional on the Annual General Meeting either resolving in accordance with the Board of Directors' proposal under item B.1 or B.2 above.

Each of the Annual General Meeting's resolutions according to item A.2 and A.3 above requires a simple majority of the votes cast. A valid resolution under item B.1 above requires that shareholders representing not less than nine-tenths of the votes cast as well as of the shares represented at the Annual General Meeting approve the resolution. A valid resolution under item B.2 above requires a simple majority of the votes cast.

D Other

The repurchase and transfer of shares in Volvo Cars are integral parts of the proposed Plans. Therefore, and in light of the above, the Board of Directors considers it to be advantageous for Volvo Cars and the shareholders that the PSP and ESMP Participants are invited to become shareholders in Volvo Cars.

For a description of the existing share price-related incentive plan, reference is made to Volvo Cars' annual report for 2022, note 8.

The Board's proposal for authorisation of the Board of Directors to resolve on new issues (item 17)

The Board of Directors proposes that the AGM authorises the Board of Directors to, on one or several occasions up to the next AGM, with or without deviation from the shareholders' preferential right, resolve on new issues of shares of series B and/or subscription warrants and/or convertible bonds. The total number of shares that may be issued, by way of a new share issue, exercise of subscription warrants or conversion of convertible bonds, by virtue of the authorisation shall be within the limits of the Articles of Association and not exceed ten (10) per cent of the total number of shares in Volvo Cars at the time of the Board of Directors' resolution. The authorisation includes a right to resolve on new issues for cash consideration, by contribution in kind or payment by set-off. The issue price shall, in the case of deviation from the shareholders' preferential right, be determined in accordance with market practice. The Board of Directors shall be entitled to determine other terms of the issue.

The purpose of the authorisation, and the reason for any deviation from the shareholders' preferential right, is to increase the financial flexibility of the company to enable the company to finance the operations in a fast and efficient way, acquire companies, businesses or parts thereof and/or to enable a broadening of the ownership of the company.

In order for the AGM's resolution in accordance with the Board of Directors' proposal as set out above to be valid, the resolution requires approval of at least two thirds of the votes cast and the shares represented at the AGM.

Shares and votes

The total number of shares in the company is 2 979 524 179 shares of series B, each with one vote per share, corresponding to a total of 2 979 524 179 votes. There are no outstanding shares of series A. The company does not hold any own shares.

Shareholders' right to receive information at the AGM

The Board of Directors and the CEO shall, if any shareholder so requests and the Board of Directors believes that it can be done without material harm to the company, provide information at the AGM regarding circumstances that may affect the assessment of an item on the agenda, circumstances that can affect the assessment of the company's or its subsidiaries' financial situation and the company's relation to other companies within the Group.

Shareholders who wish to submit questions in advance may do so by mail to Volvo Car AB (publ), "AGM 2023", Gunnar Engellaus väg 8, SE-418 78 Gothenburg, Sweden or by email to investors@volvocars.com.

Available documentation

The financial statements, the auditor's report, the auditor's statement regarding guidelines for executive remuneration and the Board of Directors' remuneration report for the financial year 2022 will be available at the company and on the company's website, <https://investors.volvocars.com/en/agm-2023>, in connection with the publication of the company's annual report on 9 March 2023.

The Board of Directors' complete proposals for resolutions under items 15–17 and the Board of Directors' statement pursuant to Chapter 19, Section 22 of the Swedish Companies Act are available at the company and on the company's website. In other respects, the complete proposals are set out under each respective item in the notice.

Information about all Board members proposed for election and the Nomination Committee's reasoned statement etc. are available on the company's website.

The documents will be sent free of charge to shareholders who so request and state their address.

Processing of personal data

For information on how your personal data is processed, see <https://www.euroclear.com/dam/ESw/Legal/Privacy-notice-bolagsstammor-engelska.pdf>.

Gothenburg in February 2023
Volvo Car AB (publ)
The Board of Directors