Volvo Car Group

Remuneration Report 2024

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1. Introduction

This remuneration report provides an outline of how Volvo Car Group's (including Volvo Car AB (publ)) remuneration guidelines for the Executive Management Team ("EMT") were adhered to in 2024 ("Remuneration Guidelines"). The latest version of the Remuneration Guidelines was adopted by the annual general meeting on 3rd April 2023.

This report also provides details on the remuneration of Volvo Car Group's CEO, deputy CEO's and a summary of Volvo Car Group's long-term and short-term variable pay programmes. The report has been prepared in compliance with the Swedish Companies Act (2005:551) and the Remuneration Rules administered by the Swedish Stock Market Self-Regulation Committee. Further information on the executive remuneration is also available in note 8 on pages 87-89 and note 9 on pages 89-91 in the Volvo Car Group's annual report for 2024 (the "**2024 Annual Report**"). Information on the work of the People Committee in 2024 is set out in the corporate governance report, which is available on pages 53-69 in the 2024 Annual Report. Remuneration of the Board of Directors is not covered by this report. Such remuneration is resolved annually by the annual general meeting and disclosed in note 8 on pages 87-89 in the 2024 Annual Report.

The CEO, Jim Rowan, summarizes Volvo Car Group's overall performance in 2024 in his statement on page 12-14 in the 2024 Annual Report.

2. Executive Management Team (EMT) remuneration system overview

Other benefits	Other benefits may include, for example, medical insurance, annual health check-up and company cars. Such benefits may not amount to more than 20% of the annual fixed base salary. For EMT members who are on an international assignment, such benefits may not amount to more than 160% of the annual fixed base salary
Pension benefits	The pension benefits premiums may not amount to more than 50% of the annual fixed base salary for the CEO, and 30% for the other EMT members.
Variable Remuneration	**Long-term variable remuneration (Performance Share Plan – PSP)** Performance criteria: Financial and non-financial criteria. Cap: The total performance achievement can range from 0% to 200%. However, together with the potential share price increase during this period, the received value of the shares can be even more significant, capped at a maximum of 400% of the PSP Award Value (more info under section 4.3). Term and payout: The performance criteria shall be measured over a three-year period, after which potential payout will happen.
	Short-term variable cash remuneration (STVP) Performance criteria: Financial and non-financial criteria. Cap: The pay-out is capped at 200% of the target award and may not amount to more than 200% of the annual fixed salary for the CEO and 140% for the other EMT members. Term and payout: The performance criteria shall be measured over a one-year period, after which potential payout will happen.
Fixed Remuneration	Regular fixed cash base salary that is paid monthly.

The Board of Directors has implemented share ownership guidelines for members of the EMT to create alignment between the EMT members and Volvo Car AB shareholders. As per the policy the EMT member is expected to accumulate personal holdings in shares corresponding to the value of 100% of the EMT member's gross annual fixed base salary.

More info can be found in the Remuneration Guidelines.

3. Overview of the application of the Remuneration Guidelines in 2024

The objective of the Remuneration Guidelines is to ensure that the Volvo Car Group can attract and retain the best people in order to contribute to Volvo Car Group's mission & business strategy, its long-term interests and its sustainability goals. Remuneration for the EMT shall be based on market competitive conditions and at the same time support the shareholders' best interests.

The total remuneration package of the EMT may consist of fixed cash remuneration, variable remuneration, pension benefits and other benefits. The components of remuneration shall be in accordance with market practice. Additionally, the general meeting may – irrespective of the Remuneration Guidelines – resolve on, among other things, share related or share price related remuneration.

The Remuneration Guidelines can be found on Remuneration | Volvo Cars. During 2024 Volvo Car Group has complied with the applicable Remuneration Guidelines and no deviations from the guidelines nor any exemptions from the procedure for implementation of the Remuneration Guidelines have been made.

It shall be noted that the CEO and former deputy CEOs received all remuneration from Volvo Car Corporation and as such, no remuneration is paid from the listed company Volvo Car AB (publ).

The auditor's report regarding the company's compliance with its guidelines is available [on Annual General Meeting 2025 | Volvo Cars].

3.1 Total remuneration earned in 2024 by the CEO and the deputy CEOs

The table below sets out total remuneration earned by Volvo Car Group's CEO and former deputy CEOs during 2024.

Table 1 – Total remuneration in 2024 (TSEK)

Total Remuneration	Fixed Remuneration		Variable Remuneration		Extra Ordinary Items[4]	Pension Expense[5]	Total Remuneration	Proportion in % of fixed and variable remuneration
	Base Salary	Other Benefits[1]	One-Year Variable[2]	Multi -Year Variable[3]				
Jim Rowan, CEO	16,425	320	16,587	2,670	10,900	4,888	51,790	42/58
Javier Varela, COO and deputy CEO (Former) [6]	3,476	83	0	0	0	1,015	4,575	100/0
Björn Annwall, CCO and deputy CEO (Former) [7]	6,067	214	3,822	470	0	1,787	12,360	65/35

1. Includes benefits such as insurance and company car.
2. Payout of the short-term variable pay programme (STVP), is a result of 2024 programme and will be disbursed in the first quarter of 2025. It also includes an individual performance bonus for the CEO which is part of initial three-year incentive according to the agreement reached with the CEO when joining Volvo Car Group in March 2022; net amount to be invested in Volvo Car AB shares. There will not be a payout for the former COO and deputy CEO Javier Varela.
3. Multi- year variable pay is the result of the long-term share-based variable pay programme (PSP 2022/2024) and will be disbursed in the second quarter of 2025. The value of the PSP 2022/2024 is a preliminary award value calculated using the closing share price (24 SEK) on the last day of trading in 2024 (December 30th). There will not be a payout for the former COO and deputy CEO Javier Varela.
4. Third installment of initial three-year incentive agreement for the purpose of recruitment and retention. Net amount to be invested in Volvo Car AB shares.
5. Pension expense is linked to the base salary with defined contribution.
6. Javier Varela has left his position as a COO and Deputy CEO from May 2024, hence his remuneration was prorated accordingly.
7. Björn Annwall has left his position as a CCO and Deputy CEO from November 2024, hence his remuneration was prorated accordingly.

3.2 Comparative information on the change of remuneration and group performance

Volvo Car AB was listed on Nasdaq Stockholm during 2021 and therefore 2021 is the first reference year available. The comparative information between 2021, 2022, 2023 and 2024 has been presented in the table below. For future reports, coming years will be added so that the annual change over the last five years will be visible. The group entity Volvo Car Corporation has been selected as the relevant average remuneration report entity, since it is the largest Swedish entity in the Volvo Car Group, and which also employs the CEO and had employed the former CEO and deputy CEOs.
Also, note that the below table reflects remuneration from the time the CEO and respective former CEO, and deputy CEOs were appointed, thus is not fully comparable year-over-year. Please refer to footnotes for further details.

Table 2 – Change of Remuneration and Company Performance (TSEK)

	2024	2023	2022	2021
CEO and deputy CEOs Remuneration (TSEK)				
Håkan Samuelsson, CEO (Former)[1]	-	-	45,718 (-25,1%)	61,076
Jim Rowan, CEO[2]	51,790(-1,2%)	52,438 (34,1%)	39,115	-
Javier Varela, COO and deputy CEO (Former)[3]	4 575(-82%)	25,155 (153,3%)	9,931	-
Björn Annwall, CCO and deputy CEO (Former)[4]	12 360 (-32,9%)	18,415 (156,3%)	7,185	-
Company's Performance (TSEK)				
EBIT[5]	27,040,000 (5,8%)	25,567,000(14,5%)	22,332,000(10,2%)	20,275,000
Average remuneration on a full-time equivalent basis of employees[6] (TSEK)				
Employees of Volvo Car Corporation[7]	743 (7%)[9]	695 (-1,1%)[8]	703(13,6%)	619

1. Reflects YoY change in remuneration for Håkan Samuelsson (Former CEO); employed until first quarter of 2022.
2. Jim Rowan was appointed as CEO from March 2022, hence comparative information for 2021 is not available. Nine months remuneration reported for 2022 from the date of joining.
3. Javier Varela was appointed as a Deputy CEO from July 2022, hence comparative information for 2021 is not available. Only half year remuneration reported for 2022 from the date of appointment. He has left his position as a COO and Deputy CEO from May 2024 and his remuneration was prorated accordingly.
4. Björn Annwall was appointed as a Deputy CEO from July 2022, hence comparative information for 2021 is not available. Only half year remuneration reported for 2022 from the date of appointment. He has left his position as a CCO and Deputy CEO from November 2024 and his remuneration was prorated accordingly.
5. For 2023 and 2024 EBIT is calculated excluding share of income from JV's & affiliates. For 2022 and 2021 calculation is made on Group EBIT.
6. Excluding CEO and EMT members.
7. Average remuneration for the company's other employees includes payments of remuneration and benefits made in 2024. For one-year variable cash remuneration the amount included is preliminary and will be finally determined and disbursed after the outcome is established in the first quarter of 2025.
8. 2022 was an exceptional year due to defined benefit and defined contribution obligations. During 2023 the cost was stabilized and is back on 2021 level.
9. In 2024, the salary increase was 7,6% in Sweden covering two-year as per the local collective bargaining agreement.

4. Variable Remuneration

4.1 Application of performance criteria

The performance criteria for the variable remuneration have been selected to deliver Volvo Car Group's strategy and to encourage behavior which is in the long-term interest of Volvo Car Group. In the selection of performance criteria, the strategic objectives and short- and long-term business priorities for 2024 have been considered. The non-financial performance criteria further contribute to alignment with the sustainability agenda as well as Volvo Car Group's purpose and values.

4.2 Short-Term Variable Pay Programme (“STVP”)

STVP 2024 Performance Conditions

The STVP is a one-year cash-based incentive programme comprising the CEO, EMT, Group Management Team (“GMT”) and certain other senior leaders, in total approximately 350 employees. The purpose of the STVP is to support Volvo Car Group’s corporate strategy and transformation. Pay-out under the STVP requires that Volvo Car Group satisfies certain performance conditions as established by the Board of Directors. The amount subject to payment for each level of performance is a percentage of the employee’s gross annual base salary, with a cap on the maximum amount payable when reaching or exceeding the maximum levels of all performance conditions. The pay-out is capped at 200% of the so-called target award. The target award is a percentage of the employee’s gross annual base salary on 31 December at the end of each performance year. Unless otherwise agreed, to be eligible for pay-out, the employee must remain within Volvo Car Group on the pay-out date. The variable cash remuneration agreement includes a general clause stipulating that the Board and the People Committee are entitled to wholly or partially reduce variable cash remuneration.

STVP 2024 Performance Outcomes

In 2024, STVP payout was conditional upon achieving certain performance conditions: (i) Mission Execution, measured against six objectives related to People-Employee Engagement, Product, Technology, Customer, and Digital Strategy, which resulted in a 133% achievement; (ii) EBIT excluding income from JVs & affiliates, with an achievement of 126%; and (iii) Sales, where the target was not achieved.

Table 3 - Performance Outcome- Short Term Variable Pay (STVP 2024)

Name and Position	Performance Condition	Max as a % of Base Salary	Weight	Result a. Measured performance b. Actual award/remuneration outcome (TSEK)
Jim Rowan, CEO	Mission Execution	150%	30%	a. 133% b. 4,928
	EBIT (excl. JV’s & affiliates)		40%	a. 126% b. 6,159
	Sales		30%	a. 0% b. 0
Björn Annwall, CCO & Deputy CEO (Former)[1]	Mission Execution	140%	30%	a. 133% b. 1,699
	EBIT (excl. JV’s & affiliates)		40%	a. 126% b. 2,123
	Sales		30%	a. 0% b. 0

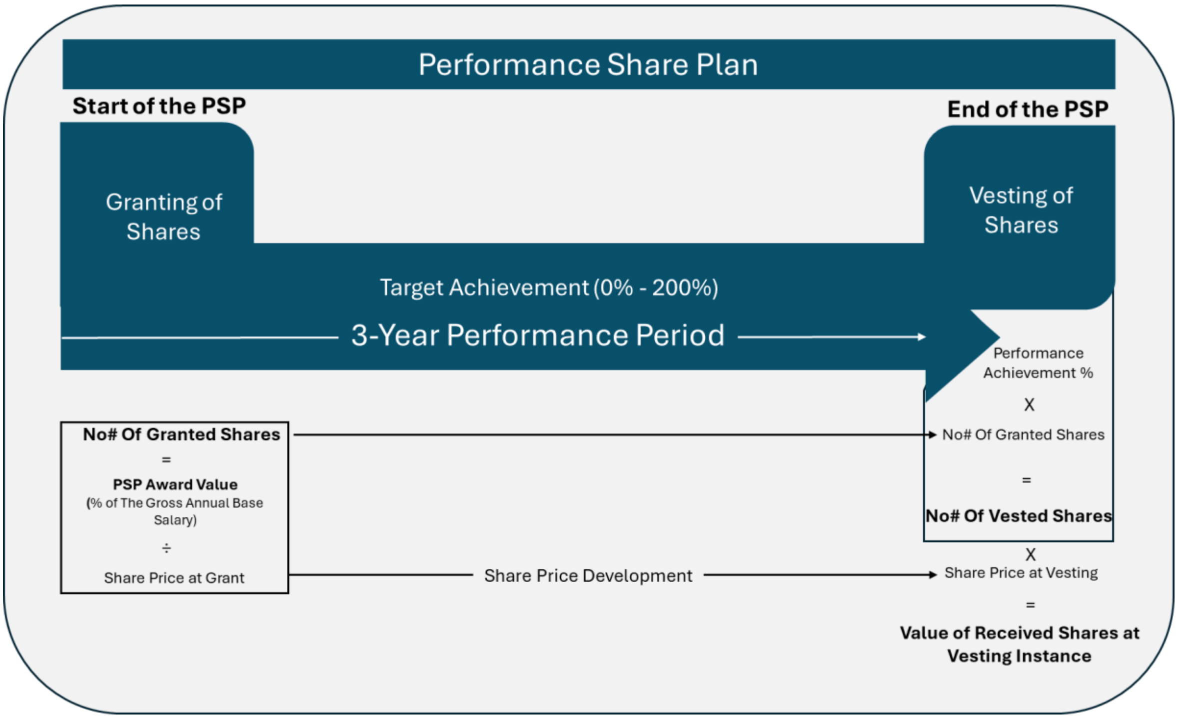
1- Björn Annwall has left his position as CCO and Deputy CEO from November 2024, hence his STVP 2024 payout was prorated accordingly.

4.3 Long-Term Variable Pay Programme (“LTI”) - PSP

The Performance Share Plan (PSP) is a long-term variable pay programme spanning over three years, in which the CEO, EMT, GMT members and certain other senior leaders, and key individuals are invited to participate. Currently, there are approximately 120 participants in PSP 2022/2024, 135 in PSP 2023/2025, and 205 in PSP 2024/2026. The participants are granted a certain number of shares in Volvo Car AB, provided that the relevant performance conditions are met. To calculate the maximum number of shares that each participant can receive, a percentage of the participants gross annual base salary is used (the “PSP Award Value”). This value is then converted into number of shares (“Performance Shares”), based on the volume weighted average share price paid for Volvo Car AB’s series B shares on Nasdaq Stockholm during a period of 30 trading days in connection with the commencement of the Vesting Period.

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 total performance achievement can range from 0% to 200%. However, together with the potential share price increase during this period, the received value of the shares can be even more significant, capped at a maximum of 400% of PSP Award Value, and the number of Performance Shares allotted may be reduced accordingly. Allocation of Performance Shares is conditional upon the participant retaining the employment within the Volvo Car Group over the entire vesting period.



Examples on how the PSP programme works	Example 1: Performance Achievement **200%**	Example 2: Performance Achievement **80%**
Annual Base Salary	1 000 000	1 000 000
Target %	30%	30%
PSP Award Value (Gross Target Amount) (Annual Base Salary * Target %)	300 000	300 000
Share Price at Grant	30	30
No# of Granted Shares at the start of the PSP	10 000	10 000
Performance Achievement after 3 years	200%	80%
# of Shares Vested at end of the PSP (No# of granted shares * performance achievement 3 Y)	20 000	8 000
Share Price at Vesting	40	25
Value of Shares Received at Vesting Instance	800 000	200 000

Note that all shares received at the end of the program are subject to income tax.

PSP 2022/2024 performance conditions

(a) Volvo Car AB's average operating margin (as reported) during the financial years 2022-2024 (being the performance period for the programme), which is weighted at 40%, (b) Volvo Car AB's average revenue growth during the performance period, where the revenue (as reported) for the financial year 2021 is compared to the revenue (as reported) for each of the financial years during the performance period, which is weighted 40% (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 2024, weighted at 10%, 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 350 persons) as of 31st December 2024, weighted at 10%.

PSP 2023/2025 performance conditions

(a) Volvo Car AB's average operating margin excl share of income from JV's & affiliates during the financial years 2023-2025 (being the performance period for the programme), which is weighted 30%, (b) Volvo Car AB's 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, weighted at 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 350 persons) as of 31 December 2025, weighted at 10%.

PSP 2024/2026 performance conditions

(a) Volvo Car AB's average EBIT excl. share of income from JV's & affiliates during the financial years 2024–2026 (being the performance period for the programme), which is weighted 40%, (b) Volvo Car AB's compound annual growth rate (CAGR) for group revenue during the performance period, where the revenue (as reported) for the financial year 2026 is compared to the revenue (as reported) for the financial year 2023 (to reflect revenue growth under the performance period), which is weighted 25%; (c) percentage of reduction of CO_2 emissions per Volvo car manufactured, where the average CO_2 emissions per car manufactured in 2018 is compared to the average CO_2 emissions per car manufactured in 2026, which is weighted 25%, and (d) gender diversity, calculated as the share of females within senior leaders population as of 31 December 2026, which is weighted 10%

PSP 2022/2024 performance outcomes

The payout of the PSP 2022/2024 was conditional upon achieving performance conditions: (a) Volvo Car AB's average operating margin (as reported) during the financial years 2022-2024 (being the performance period for the programme), where the target was not achieved; (b) Volvo Car AB's average revenue growth during the performance period, where the revenue (as reported) for the financial year 2021 is compared to the revenue (as reported) for each of the financial years during the performance period, which resulted in a 111% achievement; (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 2024, where the target was not achieved; (d) gender diversity, calculated as the portion of non-male participants in the short term variable pay plan as of 31st December 2024, with an achievement of 55%.

Total outcome of the PSP 2022/2024 is 50%.

One-time compensation PSP 2022/2024

In 2022, the company launched a new share-based programme (PSP 2022/2024). To ensure continuity in long-term variable compensation for eligible employees during the transition period between the end of the previous cash-based programme in December 2021 and the commencement of PSP 2022/2024 in June 2022, the People Committee approved a one-time cash compensation.

The one-time payment was designed to bridge the above-mentioned gap and was contingent upon the performance outcome of PSP 2022/2024. The start value amount for each eligible individual was calculated as a percentage of their annual base salary as of 1 January 2022, pro-rated for the five-month period from 1 January to 31 May 2022.

The final payout amount was determined based on the start value and the overall performance outcome achieved during the PSP 2022/2024 programme and was approved by the People Committee in February 2025.

Table 4 - The PSP 2022/2024 one-time compensation for the CEO and the former deputy CEO:

Name and Position	Target Value (TSEK)	PSP 2022/2024 Performance Outcome	Amount to be paid (TSEK)
Jim Rowan, CEO	1552	50%	776
Björn Annwall, CCO & Deputy CEO (Former)	320	50%	160

This gap in coverage happened only once. Subsequent programmes were aligned with the Annual General Meetings and are on a rolling basis ensuring continuous coverage for participants.

Table 5 – Long-Term Variable Pay Programme ("LTI") for CEO and former deputy CEOs

The table below sets out relevant information of PSP 2022/2024, PSP 2023/2025 and PSP 2024/2026 with regards to the CEO and the former Deputy CEOs.

					During the year		Closing Balance
Name and Position	Name of Plan	Performance Period	Award Date	Vesting Date	Awarded[4]	Vested	Unvested at year end[5]
Jim Rowan, CEO[1]	PSP 2022/2024	2022–2024	2022-06-15	2025-06-15	11 954	0	157 912
	PSP 2023/2025	2023-2025	2023-05-02	2026-05-02	20 552	0	271 492
	PSP 2024/2026	2024-2026	2024-05-02	2027-05-02	349 478	0	349 478
Javier Varela, COO & Deputy CEO (Former) [2]	PSP 2022/2024	2022–2024	2022-06-15	2025-06-15	0	0	0
	PSP 2023/2025	2023-2025	2023-05-02	2026-05-02	0	0	0
Björn Annwall, CCO & Deputy CEO(Former)[3]	PSP 2022/2024	2022–2024	2022-06-15	2025-06-15	1 954	0	25 819
	PSP 2023/2025	2023-2025	2023-05-02	2026-05-02	2 557	0	33 785
	PSP 2024/2026	2024-2026	2024-05-02	2027-05-02	13 730	0	13 730

1. For the CEO, figures with respect to awarded performance shares and unvested performance shares at year end have been calculated based on a PSP Award Value (as defined in the terms and conditions of PSP 2022/2024, PSP 2023/2025, and PSP 2024/2026, respectively) corresponding to 75% of the CEO's gross annual base salary.
2. Javier Varela has left his position as a COO and Deputy CEO from May 2024 and his unvested performance shares were forfeited.
3. Björn Annwall has left his position as CCO and Deputy CEO from November 2024, hence his PSP programmes awards were prorated accordingly.
4. The awarded numbers of performance shares include Polestar shares distribution adjustment, where the shares were awarded for the three programmes in August 2024.
5. To be subjected to fulfillment of the performance conditions at the vesting date.

The CEO's PSP Award Value was incorrectly stated as 50% of the CEOs gross annual base salary in the terms and conditions of PSP 2022/2024 and PSP 2023/2025 respectively. To align with the agreement reached with the CEO when joining Volvo Car Group in March 2022, the Annual General Meeting 2024 resolved on an amendment of the terms and conditions of the respective programmes with the effect that the PSP Award Value for the CEO shall correspond to 75% of the CEO's gross annual base salary.

The PSP Award Value for the CEO thereafter corresponds to 75% of the CEO's gross annual base salary for all outstanding Performance Share Plans, and for the former deputy CEOs 40%.

Polestar Shares Distribution

The Annual General Meeting 2024 resolved to distribute 62.7% of Volvo Car AB shares in Polestar to Volvo Car AB shareholders.

The distribution of the Polestar shares was carried out by way of share split (2:1) with an automatic share redemption programme. Each share held by Volvo Car ABs' shareholders on the record date of the share split, 12 April 2024, entitled each shareholder to two (2) common series B shares, one (1) of which was a redemption share to sell or convert. The last day of trading in the Volvo Car AB series B share including the right to receive the redemption shares was 10 April 2024.

However, since PSP participants did not own any awarded shares at the time of distribution, they could not take part in the distribution and consequently, did not receive any redemption shares to sell or convert into Polestar shares.

In lieu of the above, the Board of Directors resolved to adjust the awards granted to the PSP participants under the outstanding programmes (PSP 2022/2024, PSP 2023/2025 and PSP 2024/2026), as applicable.

The adjustment has been made to avoid a negative dilution for the participants in the programme. Consequently, there has been no real increase in the benefit for the participants (increase in number shares of shares is netted towards the decrease in value due to the distribution).

The awards were adjusted in relation to the dividend yield and the impact of the Polestar distribution. The adjusted awards were added to the PSP participants existing outstanding awards under each programme respectively, and are calculated as follows.

Adjusted number of awarded shares = Number of originally awarded shares x 8,190375% (Dividend Yield Rate)

Table 6 – Details of awards granted in lieu of Polestar share distribution (CEO and Deputy CEO)

					During the year
Name and Position	**Name of Plan**	**Performance Period**	**Award Date**	**Original Award**	**Adjusted number of awarded shares**
Jim Rowan, CEO	PSP 2022/2024	2022–2024	2024-08-10	145958	11954
	PSP 2023/2025	2023-2025	2024-08-10	250940	20552
	PSP 2024/2026	2024-2026	2024-08-10	323022	26456
Björn Annwall, CCO & Deputy CEO (Former)	PSP 2022/2024	2022–2024	2024-08-10	23865	1954
	PSP 2023/2025	2023-2025	2024-08-10	31228	2557
	PSP 2024/2026	2024-2026	2024-08-10	12691	1039