

*N.B. The English text is an in-house translation.*

**Minutes of the Annual General Meeting  
(the “AGM”) of Volvo Car AB (publ),  
Reg. No. 556810-8988, Tuesday,  
26 March 2024 in Gothenburg, Sweden**

**1. § Opening of the meeting**

The chairperson of the Board of Directors (via link) and the vice chairperson of the Board of Directors gave an introductory welcome speech.

The AGM was opened by attorney Eva Hägg on behalf of the Board of Directors.

**2. § Election of chairperson of the meeting**

In accordance with the Nomination Committee’s proposal, it was resolved to appoint Eva Hägg as chairperson of the meeting. It was recorded that Helen Hu, General Counsel and Chief Legal Officer, had been assigned to keep the minutes of the meeting.

It was noted that the shareholders had been able to exercise their voting rights by postal voting prior to the meeting.

It was resolved that guests could attend the meeting.

The notice to the AGM and the postal voting form were attached to the minutes, Appendix 1 and Appendix 2.

**3. § Preparation and approval of the voting register**

A list of the shareholders, representatives and assistants present at the meeting was 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, Appendix 3. The list was approved as the voting list for the meeting.

**4. § Approval of the agenda**

The proposed agenda included in the notice to the AGM was approved.

**5. § Election of persons to approve the minutes**

Anders Oscarsson, representative for AMF, and Emilie Westholm, representative for Folksam, were appointed to approve the minutes together with the chairperson of the meeting.

## **6. § Determination of whether the meeting has been duly convened**

It was noted that the notice to the AGM had been published in the Official Swedish Gazette (*Sw. Post- och Inrikes Tidningar*) on Tuesday, 27 February 2024, and that the notice had been available on Volvo Cars' website since Friday, 23 February 2024. Also, an announcement stating that the notice had been made was published in *Dagens industri* on Tuesday, 27 February 2024.

The AGM was declared duly convened.

## **7. § Presentation by the CEO**

The CEO Jim Rowan gave a speech.

Hereafter, questions from the shareholders were answered.

## **8. § Presentation of a) the annual report and the audit report as well as the consolidated financial statements and auditor's report for the group, and b) the auditor's statement regarding compliance with the guidelines for remuneration to members of the executive management**

The annual report and the audit report, as well as the consolidated financial statements and the auditor's report for the group for the financial year 2023 were presented. Further, the auditor's statement regarding whether the guidelines for remuneration to senior executives have been complied with was presented.

Lone Fønss Schrøder, vice chairperson of the Board of Directors, gave a speech on the Board's work.

The authorised public accountant Fredrik Jonsson gave an account of the audit process during 2023 and presented the conclusions in the auditor's report for the financial year 2023.

### **9 a. § Resolution regarding adoption of the income statement and balance sheet as well as the consolidated income statement and consolidated balance sheet**

The AGM resolved to adopt the income statement and balance sheet and the consolidated income statement and consolidated balance sheet for the financial year 2023.

### **9 b. § Resolution regarding allocation of the company's profit or loss in accordance with the adopted balance sheet**

The AGM resolved, in accordance with the Board of Directors' proposal, that there shall be no ordinary dividend for the financial year 2023 and that the company's available funds shall be carried forward to the new accounts.

It was further noted that through the proposed distribution of a portion of Volvo Cars' shareholding in Polestar Automotive Holding UK PLC ("**Polestar**") under item 19 on the agenda, Volvo Cars makes an extraordinary value transfer to the shareholders of no more than SEK 35,000,000,000.

**9 c. § Resolution regarding discharge from liability of the members of the Board of Directors and the CEO**

The AGM resolved to discharge the members of the Board of Directors and the CEO from liability in respect of their management of the company's business during the financial year 2023.

It was noted that each person concerned, if registered in the voting list, did not participate in the resolution regarding themselves.

**10. § Determination of a) the number of Board members and b) the number of auditors**

The chairperson of the Nomination Committee, Tom Johnstone, gave an account of the Nomination Committee's work and presented the Nomination Committee's proposals.

It was resolved that the number of Board members shall be nine (9) without deputies.

It was resolved that the number of auditors shall be one (1) without deputies.

**11. § Determination of a) fees to the Board members and b) fees to the auditors**

It was resolved that Board fees shall be paid in the amount of SEK 1,200,000 to each Board member elected by the general meeting and not employed or otherwise remunerated by Volvo Car Group or the Geely Holding Group, other than the vice chairperson who shall receive SEK 2,840,000.

It was resolved that compensation for work in the People Committee shall be SEK 185,000 to the chairperson and SEK 145,000 to each of the other members of the People Committee, compensation for work in the Audit Committee shall be SEK 470,000 to the chairperson and SEK 220,000 to each of the other Audit Committee members, and compensation for work in the China Committee shall be 220,000 to each of the members.

It was resolved that all remunerated Board members elected by the AGM shall be entitled to a company car in accordance with the company's applicable car policy (corresponding to an average yearly benefit of approximately SEK 120,000 per entitled Board member).

It was resolved that compensation for reading time for the employee representatives shall be paid with in total SEK 345,100, whereof SEK 85,000 to each of the ordinary representatives and SEK 45,050 to each of the deputy representatives.

It was resolved that auditor fees shall be paid according to approved invoice.

## **12. § Election of the Board of Directors and chairperson of the Board**

It was recorded that details of other assignments of the proposed Board members had been available on the company's website.

It was resolved to re-elect the Board members Eric Li (Li Shufu), Lone Fønss Schrøder, Daniel Li (Li Donghui), Anna Mossberg, Diarmuid O'Connell, Jim Rowan, Jonas Samuelsson, Lila Tretikov and Ruby Lu.

Eric Li (Li Shufu) was re-elected as chairperson of the Board. Lone Fønss Schrøder was re-elected as vice chairperson of the Board.

It was recorded that employee representatives on the company's Board are, for IF Metall, Adrian Avdullahu and Björn Olsson with Marie Stenqvist as deputy, for Unionen, Jörgen Olsson and for Akademikerna, Anna Margitin as deputy.

## **13. § Election of auditors**

In accordance with the Nomination Committee's proposal, the auditing firm Deloitte AB was elected as auditor for a period until the close of the AGM 2025.

## **14. § Resolution on approval of remuneration report**

It was recorded that the Board's remuneration report in accordance with Chapter 8, Section 53 a of the Swedish Companies Act had been available at the company and on the company's website during three weeks prior to the meeting as well as sent to shareholders upon request.

It was resolved, in accordance with the Board's proposal, to approve the remuneration report for the financial year 2023 in accordance with Appendix 4.

## **15. § Resolution on the implementation of a Performance Share Plan and an Employee Share Matching Plan and delivery arrangements in respect thereof**

It was recorded that the Board's proposal in respect of item 15 on the agenda, Appendix 5, together with the Board's reasoned statement pursuant to Chapter 19, Section 22 of the Swedish Companies Act, Appendix 6, had been available at the company and on the company's website during three weeks prior to the meeting as well as sent to shareholders upon request.

It was resolved on implementation of a Performance Share Plan and an Employee Share Matching Plan in accordance with A.2 and A.3, respectively, in the Board's proposal. It was further resolved, with the support of shareholders representing at least nine-tenths

of the votes cast and the shares represented at the meeting, on delivery arrangements in respect of the plans in accordance with item B.1 in the Board's proposal.

**16. § Resolution on amendment of the terms and conditions of the Performance Share Plans adopted in 2022 and 2023 and delivery arrangements in respect thereof**

It was recorded that the Board's proposal in respect of item 16 on the agenda, Appendix 7, had been available at the company and on the company's website during three weeks prior to the meeting as well as sent to shareholders upon request.

It was resolved to amend the terms and conditions of the Performance Share Plans adopted by the Annual General Meetings in 2022 and 2023 in accordance with item B in the Board's proposal. It was further resolved, with the support of shareholders representing at least nine-tenths of the votes cast and the shares represented at the meeting, on delivery arrangements in respect thereof in accordance with item C.1 in the Board's proposal.

**17. § Resolution on authorisation for the Board of Directors to resolve on acquisition of own shares for delivery to participants under the Performance Share Plans and Employee Share Matching Plans adopted in 2022 and 2023**

It was recorded that the Board's proposal in respect of item 17 on the agenda, Appendix 8, together with the Board's reasoned statement pursuant to Chapter 19, Section 22 of the Swedish Companies Act, Appendix 6, had been available at the company and on the company's website during three weeks prior to the meeting as well as sent to shareholders upon request.

It was resolved, with the support of shareholders representing at least two-thirds of the votes cast and the shares represented at the meeting, to authorise the Board of Directors to resolve on acquisition of own shares of series B on Nasdaq Stockholm, for delivery to participants under the Performance Share Plans and Employee Share Matching Plans adopted by the Annual General Meetings in 2022 and 2023, in accordance with the Board's proposal.

**18. § Resolution regarding authorisation for the Board of Directors to resolve on new issues**

It was recorded that the Board's proposal in respect of item 18 on the agenda, Appendix 9, had been available at the company and on the company's website during three weeks prior to the meeting as well as sent to shareholders upon request.

It was resolved, with the support of shareholders representing at least two-thirds of the votes cast and the shares represented at the meeting, to authorise the Board of Directors to resolve on new issues of shares of series B and/or subscription warrants and/or convertible bonds in accordance with the Board's proposal.

**19. § Resolution on distribution of Volvo Cars' shareholding in Polestar by way of a share split (2:1), a reduction of the share capital through redemption of shares, and an increase of the share capital through a bonus issue without issuance of new shares**

It was recorded that the Board's proposal in respect of item 19 on the agenda, Appendix 10, together with the Board's reasoned statement pursuant to Chapter 20, Section 8 of the Swedish Companies Act, Appendix 6, the Auditor's opinion on the Board of Directors' reasoned statement in accordance with Chapter 20, Section 8 of the Swedish Companies Act, Appendix 11, the Board of Directors' report in accordance with Chapter 20, Section 13 of the Swedish Companies Act, Appendix 12, and the Auditor's opinion on the Board of Directors' report in accordance with Chapter 20, Section 13 of the Swedish Companies Act, Appendix 13, had been available at the company and on the company's website during three weeks prior to the meeting as well as sent to shareholders upon request.

It was resolved, with the support of shareholders representing at least two-thirds of the votes cast and the shares represented at the meeting, to distribute a portion of Volvo Cars' shareholding in Polestar by way of share split (2:1) in accordance with item A in the Board's proposal, reduction of the share capital through redemption of shares, including authorisation for the Board of Directors to finally determine the portion of the Polestar shareholding to be distributed, the redemption amount per share as well as the timetable for the share redemption, in accordance with item B in the Board's proposal, and increase of the share capital through a bonus issue without issuance of new shares in accordance with item C in the Board's proposal.

It was recorded that the Board of Directors, by way of the authorisation from the AGM, is expected to decide on the final terms and timetable for the share redemption on or around 5 April 2024, and that this will be announced by way of a press release.

**20. § Closing of the meeting**

The AGM was declared closed.

Minutes kept by:

---

Helen Hu

Approved:

---

Eva Hägg

---

Anders Oscarsson

---

Emilie Westholm



# 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 26 March 2024, at 13.00 CET at Volvohallen, Gunnar Engellaus väg 2, SE-418 78 Gothenburg, Sweden. Admission and registration to the AGM will begin at 12.00 CET.

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.

## Bus to Volvohallen

A bus to the AGM departs from Drottningtorget (outside Clarion Hotel Post) at 11.50 CET. In addition, the bus will stop at Hjalmar Brantningsplatsen (busstop A1) at 12.00 CET. After the meeting is ended, there is a bus back to Drottningtorget, with a stop at Hjalmar Brantningsplatsen. No sign-up is required. The bus transport is free of charge.

## 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 18 March 2024; *and*
- give notice of its participation no later than on 20 March 2024 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/AGM24>. 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/AGM24>. 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 18 March 2024; *and*
- give notice of its participation no later than on 20 March 2024, 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/AGM24>. 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](mailto: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 20 March 2024.

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/AGM24>.

### 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 18 March 2024. 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 20 March 2024, 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) Ruby Lu (re-election)
  - j) Eric Li (Li Shufu) as Chairperson of the Board (re-election)
  - k) 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 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
16. Resolution on amendment of the terms and conditions of the Performance Share Plans adopted in 2022 and 2023 in accordance with B and delivery arrangements in respect thereof in accordance with C.1 or C.2

17. Resolution on authorisation for the Board of Directors to resolve on acquisition of own shares for delivery to participants under the Performance Share Plans and Employee Share Matching Plans adopted in 2022 and 2023
18. Resolution regarding authorisation of the Board of Directors to resolve on new issues
19. Resolution on distribution of Volvo Cars' shareholding in Polestar by way of (A) a share split (2:1), (B) a reduction of the share capital through redemption of shares, and (C) an increase of the share capital through a bonus issue without issuance of new shares
20. Closing of the meeting

## Proposals

### Election of Chairperson of the meeting (item 2)

The Nomination Committee prior to the AGM 2024 has consisted of Tom Johnstone (appointed by Geely Sweden Holdings AB), Yimin Chen (appointed by Geely Sweden Holdings AB), Anders Oscarsson (appointed by AMF), Emilie Westholm (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 ordinary dividend is distributed and that the retained profits shall be carried forward to the new accounts.

### *Distribution of Volvo Cars' shareholding in Polestar*

Through the proposed distribution of a portion of Volvo Cars' shareholding in Polestar Automotive Holding UK PLC ("**Polestar**") under item 19 on the agenda, Volvo Cars makes an extraordinary value transfer to its shareholders of no more than SEK 35,000,000,000, equivalent to a maximum of approximately SEK 11.75 per Volvo Cars series B share. The Board proposes that the distribution is made by way of a share split followed by a share redemption and that the Board of Directors is authorised to finally determine the portion of the Polestar shareholding to be distributed, the redemption amount per share as well as the timetable for the share redemption. The detailed transaction structure and conditions of the Board of Directors' proposal are set out in item 19 below.

### 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 9 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)

Since the last AGM, the Board of Directors has established a new committee, the China Committee. The Nomination Committee proposes a slight adjustment of the base remuneration to the Board members and to the vice Chairperson. Given the added responsibilities and workload driven by the new sustainability reporting requirements, the Nomination Committee suggests a substantial increase of the Audit Committee remuneration. Also, the People Committee fees are suggested to be increased to better reflect the workload and the responsibilities of that committee. Finally, the Nomination Committee proposes the members of the China Committee to be remunerated on par with the Audit Committee members.

The Nomination Committee thereby proposes that the following remuneration shall be applied until next year's AGM:

The 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 1,200,000 (1,155,000) to each of the Board members, other than the vice Chairperson who shall receive SEK 2,840,000 (2,730,000), (ii) SEK 145,000 (131,000) to each of the members and SEK 185,000 (168,000) to the Chairperson of the People Committee, (iii) SEK 220,000 (189,000) to each of the members and SEK 470,000 (410,000) to the Chairperson of the Audit Committee, and (iv) SEK 220,000 to each of the members of the China Committee. All remunerated Board members elected by the general meeting are also entitled to a company car in accordance with the Company's applicable car policy (corresponding to an average yearly benefit of approximately SEK 120,000 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 345,100 (331,700), whereof ordinary representatives each receive SEK 85,000 (81,700) and deputy representatives each receive SEK 45,050 (43,300).

The Nomination Committee supports the policy of share ownership for the members of the Board adopted by the Board. Under the policy, it is recommended that the members of the Board, who are appointed by the General Meeting and who do not already have such holding, over a five year period from the date of listing of Volvo Cars on Nasdaq Stockholm or for new members from the date of appointment, shall acquire an ownership in shares with a market value corresponding to at least one year of Board remuneration, before taxes, excluding remuneration for committee work. Upon reaching the recommended share ownership level, it is expected that the members of the Board maintain shares of such value for the duration of their appointments as members of the Board.

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 Samuelsson, Lila Tretikov, and Ruby Lu shall be re-elected as Board members. The Nomination Committee further proposes re-election of Eric Li (Li Shufu) as Chairperson of the Board of Directors and Lone Fønss Schrøder as vice Chairperson of the Board.

It is noted that Winfried Vahland decided to leave his assignment as member of the Board of Directors on 12 January 2024 and the Nomination Committee does not propose any replacement of Winfried Vahland.

Further information about all Board members proposed for re-election is included in the Nomination Committee's proposal and reasoned statement available on the company's website <https://investors.volvocars.com/en/AGM24>.

### 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 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 15)

The Board of Directors 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"), Group Management Team ("GMT") 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' proposal for the Plans corresponds in essence with the structure of the incentive plans approved by the Annual General Meetings in 2022 and 2023.

##### 2. Terms and conditions for the PSP

- i. It is proposed that the PSP shall comprise approximately 220 employees, whereof approximately 213 Vice Presidents and key individuals ("VPs"), approximately 7 members of the EMT and the CEO of the group (jointly, the "PSP Participants").

- ii. The PSP shall comprise a maximum of 12,539,648 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 (a “**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 base salary in 2024: (i) 75% for the CEO, (ii) 40% for members of the EMT and (iii) 30% for VPs (each a “**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 the PSP Award, as calculated based on 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 (as set out in 2.iv. above) 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 EBIT excl. income from JV’s & affiliates during the financial years 2024–2026 (the “**Performance Period**”), which is weighted 40%, (b) Volvo Cars’ 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<sub>2</sub> emissions per Volvo car manufactured, where the average CO<sub>2</sub> emissions per car manufactured in 2018 is compared to the average CO<sub>2</sub> 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% ((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 40% and the maximum level for (c) is 50%. 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 2026.

- 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 16,578,427 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, in the period between the date of publication of this proposal and the ESMP Participants’ purchase of Investment Shares, 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 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 99-2,959 million (between SEK 0-1,176 million for the PSP and between SEK 99-1,783 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 2024-2026. Total value for the PSP Participants at allotment of Performance Shares is capped at SEK 1,176 million. The cap will come into play in case of a total increase of PSP Award Value of 400% or more during the term of the PSP.

The estimated aggregated annual costs of between SEK 50-1,284 million correspond to approximately 0.1-3.2% of the group's total employee costs for the financial year 2023. 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 2024.

## **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 29,118,075 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 2025.

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

- i. A maximum of 29,118,075 series B shares in Volvo Cars 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 Volvo Cars' other on-going long-term incentive plans, reference is made to Volvo Cars' annual report for 2023, note 8. No other long-term incentive plans than those described herein or in the annual report for 2023, note 8, have been implemented in Volvo Cars.

The Board's proposal on amendment of the terms and conditions of the Performance Share Plans adopted in 2022 and 2023 in accordance with B and delivery arrangements in respect thereof in accordance with C.1 or C.2 (item 16)

#### A Background and reasons

The Annual General Meetings held in 2022 and 2023, respectively, resolved in accordance with the Board of Directors' proposal, on the implementation of a Performance Share Plan directed to the CEO, other members of the Executive Management Team and certain other senior executives, as well as delivery arrangements in respect thereof by way of an authorisation for the Board of Directors to resolve on acquisition of own shares of series B on Nasdaq Stockholm and transfer of own shares of series B to the participants in the plans (each plan referred to as "PSP 2022/2024" and "PSP 2023/2025", respectively, and PSP 2022/2024 and PSP 2023/2025 jointly referred to as the "Plans").

The purpose of the Plans is 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 Plans also offers an opportunity for the CEO, and other members of the EMT, to increase their holdings in Volvo Cars to achieve the share ownership level as recommended by the Board of Directors.

Bearing in mind the anticipated purpose of the Plans as set out above, the Board of Directors, in connection with the CEO joining Volvo Cars in March 2022, reached an agreement with the CEO that the PSP Award Value (as defined in the terms and conditions of PSP 2022/2024 and PSP 2023/2025, respectively) shall amount to 75% of the CEO's gross annual fixed salary. However, in the Board of Directors' proposals on the implementation of PSP 2022/2024 and PSP 2023/2025 to the Annual General Meetings held in 2022 and 2023, respectively, it was incorrectly stated that the PSP Award Value for the CEO shall correspond to 50% of the CEO's gross annual fixed salary. It should be noted that the maximum number of series B shares that can be allocated to the participants under the terms and conditions of PSP 2022/2024 and PSP 2023/2025, respectively, as well as the number of performance shares awarded to the CEO under the Plans as set out in the 2022 annual report as well as the remuneration report for the financial year 2022 and 2023, respectively, have been calculated based on a PSP Award Value for the CEO corresponding to 75% of the CEO's gross annual fixed salary.

#### B Proposal on amendment of the terms and conditions of PSP 2022/2024 and PSP 2023/2025

In light of the above, the Board of Directors proposes that the Annual General Meeting resolve on an amendment of the terms and conditions of PSP 2022/2024 and PSP 2023/2025 as adopted by the Annual General Meetings held on 11 May 2022 and 3 April 2023, respectively, with the effect that the PSP Award Value for the CEO shall correspond to 75% of the CEO's gross annual fixed salary in 2022 for PSP 2022/2024, and in 2023 for PSP 2023/2025. The amendment corresponds to the proposed terms and conditions for the new Performance Share Plan as proposed by the Board of Directors to be adopted by the Annual General Meeting 2024 (i.e., PSP 2024/2026).

#### C Delivery arrangements

##### 1. Resolution on transfer of own series B shares

For the purpose of securing delivery of additional shares that the proposed amendment to the terms and conditions of the Plans may result in, the Board of Directors further proposes that the Annual

General Meeting, as a main alternative, resolve to amend the previous resolutions on transfers of own series B shares to the participants, adopted by the Annual General Meetings in 2022 and 2023, so that own series B shares may be transferred to the CEO, free of charge, at the time and on the terms that the CEO is entitled to be allocated shares on the basis of the proposed amended terms and conditions of PSP 2022/2024 and PSP 2023/2025, respectively.

## **2. Equity swap agreement with a third party**

The Board of Directors proposes that the Annual General Meeting, should the majority required under item C.1 above not be reached, resolve that the financial exposure resulting from the proposed amended terms and conditions of 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 the additional number of series B shares in Volvo Cars to the CEO that the proposed amended terms and conditions of PSP 2022/2024 and PSP 2023/2025, respectively, may result in.

### **D Estimated costs, etc.**

The estimated costs for the Plans, and the total effect of the Plans on the income statement, including social security contributions, as well as the expected effect on the group's key ratios, as set out in the Board of Directors' proposals to the Annual General Meeting in 2022 and 2023, respectively, have been calculated based on a PSP Award Value for the CEO corresponding to 75% of the CEO's gross annual fixed salary in 2022 and 2023, respectively, in accordance with the agreement between the company and the CEO. Accordingly, the proposed amendment is not expected to have any significant effect on the estimated costs for the Plans as previously disclosed in the Board of Directors' proposals to the Annual General Meeting in 2022 and 2023, respectively, as well as the 2022 annual report.

### **E Majority requirements, etc.**

The Annual General Meeting's resolution on the amendment of the terms and conditions of PSP 2022/2024 and PSP 2023/2025, respectively, according to item B above, is conditional on the Annual General Meeting either resolving in accordance with the Board of Directors' proposal under item C.1 or C.2 above.

The Annual General Meeting's resolution according to item B above requires a simple majority of the votes cast. A valid resolution under item C.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 C.2 above requires a simple majority of the votes cast.

### **The Board's proposal on authorisation for the Board of Directors to resolve on acquisition of own shares for delivery to participants under the Performance Share Plans and Employee Share Matching Plans adopted in 2022 and 2023 (item 17)**

In 2022 and 2023, respectively, the AGM resolved on the implementation of share based plans, giving all permanent employees of the Volvo Cars group the opportunity of becoming shareholders in Volvo Cars, with a division into two parts: a Performance Share Plan (the "PSP") directed to the CEO, other members of the Executive Management Team and certain other senior executives, and an Employee Share Matching Plan (the "ESMP") directed to all permanent employees of the Volvo Cars group, other than the participants of the PSP. For a description of the Performance Share Plans and

Employee Share Matching Plans adopted in 2022 and 2023 (together the “Plans”), please refer to note 8 in Volvo Cars’ annual report for 2022 and 2023, respectively.

The AGM in 2022 and 2023, respectively, also resolved on delivery arrangements in respect of the Plans by way of (i) an authorisation for the Board of Directors to resolve on the repurchase of shares of series B on Nasdaq Stockholm on one or several occasions until the next AGM; and (ii) transfer of own series B shares free of charge to the participants under the Plans. As the Board of Directors has not utilised the authorisation from the AGM in 2022 or 2023, and in order to secure Volvo Cars’ obligations to deliver shares to the participants under the Plans, the Board of Directors therefore proposes that the AGM 2024 authorise the Board of Directors to resolve on acquisition of own shares of series B on Nasdaq Stockholm.

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 35,437,818 shares of series B in Volvo Cars may be acquired to secure delivery of shares to the participants under the Plans, of which 9,886,909 shares relate to each of PSP 2022 and PSP 2023, respectively, and 7,832,000 shares relate to each of ESMP 2022 and ESMP 2023, respectively.
- 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 AGM 2025.

Volvo Cars’ own series B shares, acquired pursuant to the proposed authorisation, may be transferred to the participants under the Plans in accordance with and on the terms as resolved by the respective AGMs in 2022 and 2023.

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.

### [The Board’s proposal for authorisation of the Board of Directors to resolve on new issues \(item 18\)](#)

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.

The Board of Directors, the CEO or a person appointed by one of them shall be entitled to make any minor adjustments to the above decision that might be required in connection with registration with the Swedish Companies Registration Office.

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.

The Board's proposal on distribution of Volvo Cars' shareholding in Polestar by way of (A) a share split (2:1), (B) a reduction of the share capital through redemption of shares, and (C) an increase of the share capital through a bonus issue without issuance of new shares (item 19)

#### Distribution of depository receipts in Polestar

As announced by Volvo Cars on 23 February 2024, the Board of Directors proposes that the Annual General Meeting 2024 resolve on a distribution of a portion of Volvo Cars' shareholding in Polestar to Volvo Cars' shareholders pro rata to the number of series B shares they own in Volvo Cars.<sup>1</sup> Since 2022, Polestar has American Depository Shares ("**Polestar ADSs**"), which represents the underlying Class A shares in Polestar, listed on Nasdaq New York.

Volvo Cars indirectly (through its wholly-owned subsidiaries Volvo Car Corporation and Snita Holding B.V ("**Snita**")) holds 204,572,624 Polestar Class A ADSs and 814,219,838 Polestar Class B ADSs, representing in total approximately 48.28% of the share capital and 49.42% of the votes in Polestar. Each Polestar Class A ADS entitles to one (1) vote at a General Meeting and each Polestar Class B ADS entitles to ten (10) votes at a General Meeting. The Board of Directors' intention is to distribute a portion of the Polestar shareholding corresponding to 638,469,467 Polestar Class A ADSs, representing approximately 30.26% of the share capital in Polestar.<sup>2</sup> Following the distribution, Volvo Cars will indirectly via its wholly-owned subsidiaries, hold 380,322,995 Polestar Class A ADSs, representing in total approximately 18.02% of the share capital and approximately 14.86% of the votes in Polestar.

Due to technical reasons, Volvo Cars' shareholding in Polestar will be distributed in the form of Swedish Depository Receipts ("**SDRs**"), which represent the underlying Polestar Class A ADSs. The holder of a SDR may apply for conversion under the SDR-program (see further under "*Further information regarding the share redemption and the SDR-program*" below) to Polestar Class A ADSs during a conversion period of three (3) months. Based on the Board of Directors' intention as set out above, fourteen (14) shares of series B in Volvo Cars is expected to entitle to approximately three (3) SDRs. Based on the closing price for the Polestar Class A ADSs on Nasdaq New York on 22 February 2024, the extraordinary value transfer to Volvo Cars' shareholders amounts to

---

<sup>1</sup> As there are no outstanding shares of series A in Volvo Cars, the distribution will only be made to holders of series B shares in Volvo Cars.

<sup>2</sup> Prior to the distribution, 814,219,838 Polestar Class B ADSs will be reclassified as Polestar Class A ADSs.

approximately SEK 9,452,942,695 in total, corresponding to approximately SEK 3.17 per series B share in Volvo Cars.

The Board of Directors further proposes that the distribution is made by way of a share split followed by a share redemption and that the Board of Directors is authorised to finally determine the portion of the Polestar shareholding to be distributed, the redemption amount per share as well as the timetable for the share redemption.

#### Further information regarding the share redemption and the SDR-program

An information brochure with further information on the share redemption, as well as detailed instructions on the conversion from SDRs to Polestar Class A ADSs, including the general terms and conditions for the SDRs (the “**General Terms and Conditions**”), will be available on the company’s website, <https://investors.volvocars.com/en>, no later than on 5 March 2024. For information regarding Polestar, as well as the Polestar Class A ADSs, please refer to Polestar’s website, <https://investors.polestar.com/>.<sup>3</sup>

The Board of Directors’ proposals for the (A) share split, (B) reduction of the share capital through redemption of shares, and (C) increase of the share capital through a bonus issue without issuance of new shares, are further described below.

#### A Share split (2:1)

The Board of Directors proposes that the Annual General Meeting resolve to increase the number of shares by a share split, whereby one (1) existing share of series B will be split into two (2) shares of series B, of which one is a so-called redemption share (the “**Redemption Share**”).<sup>4</sup> Upon completion of the share split, the share capital of the company will be unchanged and amount to SEK 60,947,709.283160, and the number of shares will amount to 5,959,048,358 shares of series B, of which 2,979,524,179 will be Redemption Shares. The quota value of each share will be approximately SEK 0.010228.

The Board of Directors shall be authorised to set the record date for the share split which, at the time of the notice convening the Annual General Meeting is made public, is estimated to be on 12 April 2024. Based on the estimated record date for the share split, the last trading day in the Volvo Cars series B share including the right to receive Redemption Shares, will be on 10 April 2024, and the first trading day in the Volvo Cars series B share excluding the right to receive Redemption Shares will be on 11 April 2024.

#### B Reduction of the share capital through redemption of shares

The Board of Directors proposes that the Annual General Meeting resolve to reduce the share capital by SEK 30,473,854.641580 for repayment to the shareholders (the “**Repayment**”) through redemption of 2,979,524,179 shares of series B. The shares to be redeemed shall be the shares that following the share split in accordance with the Board of Directors proposal under item A above, are classified as Redemption Shares. Upon completion of the redemption, the share capital of the company will be reduced and amount to SEK 30,473,854.641580 and the number of shares will

---

<sup>3</sup> Volvo Cars has neither prepared nor reviewed the information available on Polestar’s website and takes no responsibility for its accuracy or completeness.

<sup>4</sup> Since there are no outstanding shares of series A in Volvo Cars, the proposed share split will only include shares of series B.

amount to 2,979,524,179 shares of series B. The quota value of each share will be approximately SEK 0.010228.

Terms and conditions:

- Repayment for each Redemption Share shall be made by distribution of SDRs.
- The value of the SDRs distributed through the Repayment shall amount to no more than SEK 35,000,000,000, corresponding to a maximum redemption consideration of approximately SEK 11.75 per Redemption Share.
- Based on the estimated record date for the share split, trading in Redemption Shares is estimated to take place during the time from and including 15 April 2024 to and including 30 April 2024.
- The Board of Directors is authorised to finally determine the proportion of the holding in Polestar to be distributed, the redemption consideration for each Redemption Share and the record date for the right to receive the redemption consideration.

#### Authorisation for the Board of Directors to decide on the final redemption consideration and the timetable for the share redemption

The Board of Directors' intention is to distribute a portion of the Polestar shareholding corresponding to 638,469,467 Polestar Class A ADSs, representing approximately 30.26% of the share capital in Polestar, which, as of the date the notice convening the Annual General Meeting is made public, falls within the limit for the maximum amount for the Repayment. If 638,469,467 Polestar Class A ADSs are distributed (in the form of SDRs), the total redemption consideration is estimated to be 638,469,467 SDRs for 2,979,524,179 Redemption Shares. The Board of Directors will, prior to the last day of trading including the right to receive Redemption Shares, as referred to in item A above, decide on the final redemption consideration for each Redemption Share. At the time of the publication of the notice convening the Annual General Meeting, the Board of Directors is expected to decide on the final redemption consideration for each Redemption Share on or around 5 April 2024. Based on the estimated record date for the share split (as set out in item A above), the record date for the right to receive the redemption consideration is estimated to be 8 May 2024. The redemption consideration is estimated to be available on the shareholders' securities accounts, nominee accounts or equivalent on or around 13 May 2024.

#### Fractions

Only whole SDRs can be distributed to Volvo Cars' shareholders as redemption consideration. Therefore, Volvo Cars will retain Skandinaviska Enskilda Banken ("**SEB**") to aggregate all fractions of SDRs ("**Fractions**") which do not entitle the respective holder to a whole SDR. The total number of SDRs that such Fractions correspond to will then be converted to Polestar Class A ADSs and sold by SEB on Nasdaq New York. The sale will take place as soon as practicable after the distribution of SDRs to Volvo Cars' shareholders. The payment of the proceeds from the sale of Fractions will be settled by SEB and paid in proportion to the Fractions of a SDR each relevant shareholder in Volvo Cars is entitled to. This payment is expected to take place on or around 22 May 2024.

#### The SDR-program

The SDRs will not be admitted to trading in Sweden or elsewhere. Holders of SDRs will be able to convert their SDRs to Polestar Class A ADSs, listed on Nasdaq New York, during a period of three (3) months. The conversion period is expected to commence on or around 13 May 2024 and end on or around 13 August 2024 (the "**Conversion Period**"). An information brochure including further instructions and the General Terms and Conditions for the SDRs, will be made available on the company's website no later than on 5 March 2024.

The SDR-program is a temporary solution that is expected to be terminated in connection with the expiry of the Conversion Period on or around 13 August 2024. Upon termination of the program, all holders of SDRs who have not yet converted their SDRs into Polestar Class A ADSs, will automatically have their SDRs redeemed by SEB, whereby the Polestar Class A ADSs that the SDRs represent will be sold by SEB on Nasdaq New York. The sale shall take place as soon as practicable after the termination of the SDR-program. The payment of the proceeds from the sale of Polestar Class A ADSs will be paid pro rata to the previous holders of such SDRs. Such payment is expected to take place on or around 27 August 2024.

#### The book value of the Repayment and its effect on Volvo Cars' non-restricted equity

Based on an estimated book value of Volvo Cars' shareholding in Polestar at the time of the Repayment (estimated on the basis of the market value of Polestar Class A ADSs on Nasdaq New York on 22 February 2024), the Repayment constitutes an extraordinary value transfer of approximately SEK 9,452,942,695 in total, corresponding to a redemption consideration of approximately SEK 3.17 for each Redemption Share. Of the redemption consideration, approximately SEK 3.16 is expected to exceed the quota value for each Redemption Share. Volvo Cars' holding in Polestar is included in Volvo Cars' balance sheet indirectly through the wholly-owned subsidiaries Volvo Car Corporation and Snita. By 30 September 2023, Volvo Cars' consolidated book value of the holding in Polestar amounted to SEK 5,596,250. Before the Repayment is effectuated (but no later than 8 May 2024), Volvo Cars will through an intra-group transaction acquire the Polestar Class A ADSs from Snita. The Polestar Class A ADSs will be acquired and booked at market value at the time of the intra-group transaction (based on the closing price of the Polestar Class A ADSs on Nasdaq New York at the time of the intra-group transaction). As a result, the value of the Polestar Class A ADSs may fluctuate during the period from the date the notice convening the Annual General Meeting is made public to the time of the intra-group transaction due to changes in the price of the Polestar Class A ADSs on Nasdaq New York and currency conversion from USD to SEK. In addition, the book value of the Repayment including the book value of the redemption consideration (per share), and hence the remaining non-restricted equity (retained earnings) in Volvo Cars will change accordingly.

#### C Increase of the share capital through a bonus issue without issuance of new shares

In order to achieve an efficient redemption procedure that does not require authorisation from the Swedish Companies Registration Office (Sw. *Bolagsverket*) or a court of general jurisdiction, the Board of Directors proposes that the Annual General Meeting resolve on a bonus issue to restore the share capital to the same level as prior to the reduction of the share capital through redemption of shares, *i.e.*, SEK 60,947,709.283160, by increasing the share capital with SEK 30,473,854.641580 by transferring the corresponding amount from the company's non-restricted equity.

No new shares shall be issued in connection with the proposed increase of the share capital through a bonus issue.

#### D Majority requirements, etc.

The Board of Directors, the CEO or a person appointed by one of them shall be entitled to make any minor adjustments to the above decision that might be required in connection with registration with the Swedish Companies Registration Office and Euroclear Sweden.

The resolutions by the Annual General Meeting in accordance with items (A), (B) and (C) above are conditional upon each other and shall therefore be adopted as one resolution. In order for the resolution by the Annual General Meeting to be valid, the resolution must be approved by

shareholders representing at least two thirds of the votes cast as well as the shares represented at the Annual General Meeting.

The Annual General Meeting's resolution on the distribution of Volvo Cars' shareholding in Polestar in accordance with items (A), (B) and (C) above, is conditional upon receipt of all necessary regulatory clearances, approvals and decisions on terms which, in Volvo Cars' opinion, are acceptable no later than 5 April 2024. As at the date of the notice of the Annual General Meeting, the proposed distribution remains subject to receipt of regulatory approval in the United Kingdom. The outcome of such approval process in the United Kingdom will be made public by means of a press release in accordance with applicable rules and regulations.

## 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 2024", Gunnar Engellaus väg 8, SE-418 78 Gothenburg, Sweden or by email to [investors@volvocars.com](mailto: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 2023 will be available at the company and on the company's website in connection with the publication of the company's annual report on 5 March 2024.

The Board of Directors' complete proposals for resolutions under items 15–19, the Board of Directors' statements pursuant to Chapter 19, Section 22, Chapter 20, Section 8 and Chapter 20, Section 13 of the Swedish Companies Act and the auditor's opinion on the Board of Directors' reasoned statement in accordance with Chapter 20, Section 8 of the Swedish Companies Act and the auditor's opinion on the Board of Directors' report in accordance with Chapter 20, Section 13 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 2024  
**Volvo Car AB (publ)**  
*The Board of Directors*



# Notification of participation and form for postal voting

in accordance with § 12 in Volvo Car AB (publ)'s articles of association

**To be received by Volvo Car AB (publ) c/o Euroclear Sweden AB no later than 20 March 2024.**

The shareholder set out below hereby notifies the company of its participation and exercises its voting right for all of the shareholder's shares in Volvo Car AB (publ), Reg. No. 556810-8988, at the Annual General Meeting on 26 March 2024. The voting right is exercised in accordance with the voting options marked below.

Shareholder	Personal identity number/registration number

**Assurance (if the undersigned is a legal representative of a shareholder who is a legal entity):** I, the undersigned, am a board member, the CEO or a signatory of the shareholder and solemnly declare that I am authorised to submit this postal vote on behalf of the shareholder and that the contents of the postal vote correspond to the shareholder's decisions

**Assurance (if the undersigned represents the shareholder by proxy):** I, the undersigned, solemnly declare that the enclosed power of attorney corresponds to the original and that it has not been revoked

<b>Place and date</b>	
<b>Signature</b>	
<b>Clarification of signature</b>	
<b>Telephone number</b>	<b>Email</b>

## Instructions:

- Complete the information above.
- Select the preferred voting options below.
- Print, sign and send the form to Volvo Car AB (publ), c/o Euroclear Sweden AB, Box 191, SE-101 23 Stockholm, Sweden, or by email to [GeneralMeetingService@euroclear.com](mailto:GeneralMeetingService@euroclear.com). Shareholders may also cast their votes electronically through verification with BankID via Euroclear Sweden AB's website <https://anmalan.vpc.se/EuroclearProxy/>.
- If the shareholder is a natural person who is personally voting by post, it is the shareholder who should sign under *Signature* above. If the postal vote is submitted by a proxy of the shareholder, it is the proxy who should sign. If the postal vote is submitted by a legal representative of a legal entity, it is the representative who should sign.
- A power of attorney shall be enclosed if the shareholder votes by post by proxy. If the shareholder is a legal entity, a registration certificate or a corresponding document for the legal entity shall be enclosed with the form.

**Please note that a shareholder whose shares are registered in the name of a bank or securities institute must register its shares in its own name in order to vote.** Instructions regarding this are included in the notice convening the Annual General Meeting.

A shareholder cannot give any other instructions than selecting one of the options specified at each item in the form. If a shareholder wishes to abstain from voting in relation to a matter, kindly refrain from selecting an option. A vote (i.e. the postal voting in its entirety) is invalid if the shareholder has provided the form with specific instructions or conditions or if pre-printed text is amended or supplemented.

The form, together with any enclosed authorisation documentation, shall be received by Euroclear Sweden AB no later than 20 March 2024. A postal vote can be withdrawn up to and including 20 March 2024, by contacting Euroclear Sweden AB by email to [GeneralMeetingService@euroclear.com](mailto:GeneralMeetingService@euroclear.com). Shareholders who have cast their votes electronically can also withdraw the postal vote electronically through verification with BankID via Euroclear Sweden AB's website <https://anmalan.vpc.se/EuroclearProxy/>.

One form per shareholder will be considered. If more than one form is submitted, the form with the latest date will be considered. The form latest received by the company will be considered if two forms are dated at the same date. An incomplete or wrongfully completed form may be discarded without being considered. A shareholder who has voted by means of postal voting may also attend the meeting venue in person, provided that a notification has been given in accordance with the instructions in the notice convening the Annual General Meeting. If a shareholder has voted by means of postal voting and thereafter attends the meeting venue in person or by proxy, the postal vote is still valid, unless the shareholder participates in a vote during the Annual General Meeting or otherwise withdraws the submitted postal vote. If a shareholder chooses to participate in a vote during the course of the Annual General Meeting, the vote cast will replace the submitted postal vote for the relevant item(s).

**Please note that the postal vote is not a notice to attend the meeting venue in person or by proxy.**

Instructions for shareholders who wish to attend the meeting venue in person or by proxy are included in the notice convening the Annual General Meeting.

For complete proposals regarding the items on the agenda, kindly refer to the notice convening the meeting and the company's website, <https://investors.volvocars.com/en/AGM24>.

For information on how your personal data is processed, see the integrity policy that is available at Euroclear Sweden AB's website [www.euroclear.com/dam/ESw/Legal/Privacy-notice-bolagsstammor-engelska.pdf](http://www.euroclear.com/dam/ESw/Legal/Privacy-notice-bolagsstammor-engelska.pdf).

## Annual General Meeting in Volvo Car AB (publ) on 26 March 2024

The voting options below comprise the proposals which are included in the notice convening the Annual General Meeting and are available on the company's website.

<b>2. Election of Chairperson of the meeting</b> Yes <input type="checkbox"/> No <input type="checkbox"/>
<b>3. Preparation and approval of the voting register</b> Yes <input type="checkbox"/> No <input type="checkbox"/>
<b>4. Approval of the agenda</b> Yes <input type="checkbox"/> No <input type="checkbox"/>
<b>6. Determination of whether the meeting has been duly convened</b> Yes <input type="checkbox"/> No <input type="checkbox"/>
<b>9a. Resolution regarding adoption of the income statement and balance sheet as well as the consolidated income statement and consolidated balance sheet</b> Yes <input type="checkbox"/> No <input type="checkbox"/>
<b>9b. Resolution regarding allocation of the company's profit or loss in accordance with the adopted balance sheet</b> Yes <input type="checkbox"/> No <input type="checkbox"/>
<b>9c. Resolution regarding discharge from liability of the members of the Board of Directors and the CEO</b>
9c. 1. Eric Li (Li Shufu) ( <i>Chairperson of the Board</i> ) Yes <input type="checkbox"/> No <input type="checkbox"/>
9c. 2. Lone Fønss Schrøder ( <i>Vice Chairperson of the Board</i> ) Yes <input type="checkbox"/> No <input type="checkbox"/>
9c. 3. Thomas Johnstone ( <i>Board member until AGM 2023</i> ) Yes <input type="checkbox"/> No <input type="checkbox"/>
9c. 4. Daniel Li (Li Donghui) ( <i>Board member</i> ) Yes <input type="checkbox"/> No <input type="checkbox"/>
9c. 5. Anna Mossberg ( <i>Board member</i> ) Yes <input type="checkbox"/> No <input type="checkbox"/>
9c. 6. Diarmuid O'Connell ( <i>Board member</i> ) Yes <input type="checkbox"/> No <input type="checkbox"/>
9c. 7. Jim Rowan ( <i>Board member</i> ) Yes <input type="checkbox"/> No <input type="checkbox"/>

9c. 8. Jonas Samuelson ( <i>Board member</i> ) Yes <input type="checkbox"/> No <input type="checkbox"/>
9c. 9. Lila Tretikov ( <i>Board member</i> ) Yes <input type="checkbox"/> No <input type="checkbox"/>
9c. 10. Winfried Vahland ( <i>Board member</i> ) Yes <input type="checkbox"/> No <input type="checkbox"/>
9c. 11. Ruby Lu ( <i>Board member</i> ) Yes <input type="checkbox"/> No <input type="checkbox"/>
9c. 12. Adrian Avdullahu ( <i>Board member, employee representative</i> ) Yes <input type="checkbox"/> No <input type="checkbox"/>
9c. 13. Björn Olsson ( <i>Board member, employee representative</i> ) Yes <input type="checkbox"/> No <input type="checkbox"/>
9c. 14. Jörgen Olsson ( <i>Board member, employee representative</i> ) Yes <input type="checkbox"/> No <input type="checkbox"/>
9c. 15. Anna Margitin ( <i>Deputy Board member, employee representative</i> ) Yes <input type="checkbox"/> No <input type="checkbox"/>
9c. 16. Marie Stenqvist ( <i>Deputy Board member, employee representative</i> ) Yes <input type="checkbox"/> No <input type="checkbox"/>
9c. 17. Jim Rowan ( <i>CEO</i> ) Yes <input type="checkbox"/> No <input type="checkbox"/>
<b>10a. Determination of the number of Board members</b> Yes <input type="checkbox"/> No <input type="checkbox"/>
<b>10b. Determination of the number of auditors</b> Yes <input type="checkbox"/> No <input type="checkbox"/>
<b>11a. Determination of fees to the Board members</b> Yes <input type="checkbox"/> No <input type="checkbox"/>
<b>11b. Determination of fees to the auditors</b> Yes <input type="checkbox"/> No <input type="checkbox"/>
<b>12. Election of the Board of Directors and the Chairperson of the Board</b>
12a. Eric Li (Li Shufu) ( <i>re-election</i> ) Yes <input type="checkbox"/> No <input type="checkbox"/>

12b. Lone Fønss Schrøder ( <i>re-election</i> ) Yes <input type="checkbox"/> No <input type="checkbox"/>
12c. Daniel Li (Li Donghui) ( <i>re-election</i> ) Yes <input type="checkbox"/> No <input type="checkbox"/>
12d. Anna Mossberg ( <i>re-election</i> ) Yes <input type="checkbox"/> No <input type="checkbox"/>
12e. Diarmuid O'Connell ( <i>re-election</i> ) Yes <input type="checkbox"/> No <input type="checkbox"/>
12f. Jim Rowan ( <i>re-election</i> ) Yes <input type="checkbox"/> No <input type="checkbox"/>
12g. Jonas Samuelson ( <i>re-election</i> ) Yes <input type="checkbox"/> No <input type="checkbox"/>
12h. Lila Tretikov ( <i>re-election</i> ) Yes <input type="checkbox"/> No <input type="checkbox"/>
12i. Ruby Lu ( <i>re-election</i> ) Yes <input type="checkbox"/> No <input type="checkbox"/>
12j. Eric Li (Li Shufu) as Chairperson of the Board ( <i>re-election</i> ) Yes <input type="checkbox"/> No <input type="checkbox"/>
12k. Lone Fønss Schrøder as Vice Chairperson of the Board ( <i>re-election</i> ) Yes <input type="checkbox"/> No <input type="checkbox"/>
<b>13. Election of auditors</b> Yes <input type="checkbox"/> No <input type="checkbox"/>
<b>14. Resolution on approval of the remuneration report</b> Yes <input type="checkbox"/> No <input type="checkbox"/>
<b>15. 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</b>
<b>15.A.2 Resolution on the implementation of a Performance Share Plan</b> Yes <input type="checkbox"/> No <input type="checkbox"/>
<b>15.A.3 Resolution on the implementation of an Employee Share Matching Plan</b> Yes <input type="checkbox"/> No <input type="checkbox"/>

**15.B.1 Resolution on 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**

Yes

No

**15.B.2 Should the majority required under item 15.B.1 not be reached, resolution regarding equity swap agreement with a third party**

Yes

No

**16. Resolution on amendment of the terms and conditions of the Performance Share Plans adopted in 2022 and 2023 in accordance with B and delivery arrangements in respect thereof in accordance with C.1 or C.2**

**16.B Resolution on amendment of the terms and conditions of PSP 2022/2024 and PSP 2023/2025**

Yes

No

**16.C.1 Resolution on transfer of own series B shares**

Yes

No

**16.C.2 Should the majority required under item 16.C.1 not be reached, resolution regarding equity swap agreement with a third party**

Yes

No

**17. Resolution on authorisation for the Board of Directors to resolve on acquisition of own shares for delivery to participants under the Performance Share Plans and Employee Share Matching Plans adopted in 2022 and 2023**

Yes

No

**18. Resolution regarding authorisation of the Board of Directors to resolve on new issues**

Yes

No

**19. Resolution on distribution of Volvo Cars' shareholding in Polestar by way of (A) a share split (2:1), (B) a reduction of the share capital through redemption of shares, and (C) an increase of the share capital through a bonus issue without issuance of new shares**

Yes

No

---

# Remuneration report

## 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 2023 (the "Remuneration Guidelines"). The latest version of the Remuneration Guidelines was adopted by the annual general meeting on 3<sup>rd</sup> 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 incentive programmes together with its share-based programmes. The report has been prepared in compliance with the Swedish Companies Act (2005:551) and the Remuneration Rules issued by the Swedish Corporate Governance Board. Further information on the executive remuneration is also available in note 8 on pages 92-94 and note 9 on pages 95-96 in the company's annual report for 2023 (the "2023 Annual Report"). Information on the work of the People Committee in 2023 is set out in the corporate governance report, which is available on pages 59-66 in the 2023 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 92-94 in the 2023 Annual Report.

## Key developments 2023

The CEO, Jim Rowan, summarizes Volvo Car Group's overall performance in 2023 in his statement on page 10-12 in the 2023 Annual Report.

## Overview of the application of the Remuneration Guidelines in 2023

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 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 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 2023 Volvo Car Group has complied with the applicable Remuneration Guidelines and no deviations from the guidelines nor any derogations from the procedure for implementation of the guidelines have been made. In addition, no remuneration has been reclaimed.

It shall be noted that the CEO and deputy CEO's receive 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 2024 | Volvo Cars](#).

**Table 1 – Total remuneration in 2023 (TSEK)**

The table below sets out total remuneration earned by Volvo Car Group’s CEO and deputy CEOs during 2023.

Total Remuneration	Fixed Remuneration		Variable Remuneration		Extra Ordinary Items <sup>6</sup>	Pension Expense <sup>7</sup>	Total Remuneration	Proportion of fixed and variable remuneration
	Base Salary	Other Benefits <sup>1</sup>	One-Year Variable <sup>3</sup>	Multi - Year Variable <sup>4</sup>				
Jim Rowan, CEO	15,000	1,166 <sup>2</sup>	20,912	N/A <sup>5</sup>	10,900	4,460	52,438	39/61
Javier Varela, COO and deputy CEO	9,500	244	9,111	2,848	0	3,453	25,155	52/48
Björn Annwall, CCO and deputy CEO	7,000	198	6,713	2,037	0	2,467	18,415	52/48

1. Includes benefits such as insurance and company car.
2. For the CEO reimbursement and advance payment of insurance premium until June 2024 is included.
3. One year variable pay (STVP), is a result of 2023 programme and will be disbursed in the first quarter of 2024. It also includes an individual performance bonus for the CEO which is part of initial three-year incentive; net amount to be invested in Volvo Car AB shares.
4. Multi- year variable pay is the result of long-term cash-based incentive programme (LTVP 2021/2023) and will be disbursed in the first quarter of 2024.
5. CEO Jim Rowan was not part of the LTVP programme. LTVP (Long-term cash-based programme) has been replaced with a long- term share-based programme from 2022 and onwards and Jim is included in the long-term share-based programme.
6. Second installment of initial three-year incentive agreement for the purpose of recruitment and retention. Net amount to be invested in Volvo Car AB shares.
7. For CEO Jim Rowan, Pension expense is linked to base salary with defined contribution. For the Deputy CEO’s, Pension expense relates to base salary & also includes pension expense related to LTVP 2020 payout with defined contribution.

### 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 2023 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.

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

The STVP is a one-year, cash-based incentive programme comprising the CEO, EMT, Group Management Team (“GMT”) and certain other senior executives, in total approximately 370 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 indicators 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 indicators. The pay-out is capped at 200 per cent 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.

**Table 2 - Performance Outcome- Short Term Variable Pay (STVP 2023)**

Name and Position	Performance Criteria	Max Target as a % of Base Salary	Weight	Result a. Measured performance and b. Actual award/remuneration outcome (TSEK)
Jim Rowan, CEO	Mission Execution*	150%	40%	a. 150% b. 6,750
	EBIT (excl. JV's & affiliates)		30%	a. 186% b. 6,300
	Sales		30%	a. 71% b. 2,362
Javier Varela, COO & Deputy CEO	Mission Execution*	140%	40%	a. 150% b. 3,990
	EBIT (excl. JV's & affiliates)		30%	a. 186% b. 3,724
	Sales		30%	a. 71% b. 1,397
Björn Annwall, CCO & Deputy CEO	Mission Execution*	140%	40%	a. 150% b. 2,940
	EBIT (excl. JV's & affiliates)		30%	a. 186% b. 2,744
	Sales		30%	a. 71% b. 1,029

\*Includes 10 (financial/non-financial) deliverables linked with Volvo Car Groups transformation activities.

### Long-Term Variable Pay Programme (“LTVP” a cash-based programme)

The LTVP is a three-year, cash-based long term incentive programme comprising the CEO (however, see table 1, footnote 5), EMT, GMT and certain other senior executives, in total approximately 160 employees. Currently there is one outstanding LTVP i.e., 2021/2023. The purpose of the LTVP is to (i) strengthen the alignment of key people around Volvo Car Group’s vision, objectives, strategies, and business plan, (ii) improve Volvo Car Group’s ability to attract and retain people with key competencies, and (iii) reward potential future contribution in relation to increased shareholder value. The amount subject to payment under the LTVP is a percentage of the employee’s gross annual base salary, with a cap on

the maximum amount payable. Under the LTVP the pay-out is capped at 300 per cent of the target award. The target award is a percentage of the employee’s gross annual base salary set at the start of the programme. To be eligible for pay-out under the LTVP, the employee must remain within Volvo Car Group (and not be under notice of termination) on the pay-out date. Whether or not an employee under notice due to redundancy is entitled to payment will be at the discretion of the company and will depend on local legal requirements. 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.

### Performance Outcome Long Term Variable Pay – (LTVP 2021/2023)

Under the 2021/2023 LTVP, the pay-out depended on the development of the market value of Volvo Car Group as well as satisfaction of certain performance conditions related to operating margin and revenue growth measured over the

term of the programme. The outcome for LTVP 2021/2023 was 93% of target. This is the last LTVP (long term cash-based programme) which is replaced with long term share-based programmes from 2022 and onwards.

### Comparative information on the change of remuneration and group performance

Volvo Cars was listed on Nasdaq Stockholm during 2021 and therefore 2021 is the first reference year available. The comparative information between 2021, 2022 and 2023 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 Volvo Car Group, and which also employs the CEO and deputy CEOs.

Also, note that the below table reflects remuneration from the time the CEO and respective deputy CEOs were appointed, thus is not fully comparable year-over-year. Please refer to footnotes for further details.

**Table 3 – Change of Remuneration and Company Performance (TSEK)**

	2023	2022	2021
<b>CEO Remuneration (TSEK)</b>			
Håkan Samuelsson, CEO (Former) <sup>1</sup>	-	45,718 (-25,1%)	61,076
Jim Rowan, CEO <sup>2</sup>	52,438 (34,1%)	39,115	-
Javier Varela, COO and deputy CEO <sup>3</sup>	25,155 (153,3%)	9,931	-
Björn Annwall, CCO and deputy CEO <sup>4</sup>	18,415 (156,3%)	7,185	-
<b>Company's Performance (TSEK)</b>			
EBIT <sup>5</sup>	25,567,000(14,5%)	22,332,000(10,2%)	20,275,000
<b>Average remuneration on a full-time equivalent basis of employees<sup>6</sup> (TSEK)</b>			
Employees of Volvo Car Corporation <sup>7</sup>	695 (-1,1%) <sup>8</sup>	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 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.
4. Björn Annwall was appointed as 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.
5. For 2023 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 2023. 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 2024.
8. 2022 was an exceptional year due to defined benefit and defined contribution obligations. During 2023 the cost has been stabilized and back on 2021 level.

## Share-based incentive Programmes

### Outstanding Performance Share Plan

The Performance Share Plan (PSP) is a long-term incentive plan spanning over three years, in which the CEO, EMT, GMT members and certain other senior executives, in total approximately 170 employees are invited to participate. Currently there are two outstanding programmes PSP 2022/2024 and PSP 2023/2025. 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. 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.

In connection with the CEO joining Volvo Cars in March 2022, the Board of Directors reached an agreement with the CEO that the PSP Award Value (as defined in the terms and conditions of

PSP 2022/2024 and PSP 2023/2025, respectively) shall amount to 75% of the CEO's gross annual base salary. The calculation in respect of awarded performance shares and unvested performance shares at year end 2022 and 2023 have been based on a PSP Award Value of 75% of the CEO's gross annual base salary. As it was incorrectly stated that the PSP Award Value for the CEO shall correspond to 50% of the CEO's gross annual base salary in the terms and conditions of PSP 2022/2024 and PSP 2023/2025, respectively, the Board of Directors has proposed that the Annual General Meeting 2024 resolve on an amendment of the terms and conditions of the respective programme 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 deputy CEOs is 40%.

The allocation of Performance Shares is subject to satisfaction of the following performance conditions:

#### For PSP 2022/2024

(a) Volvo Car Group's average operating margin (total group as reported) during the performance period, weighted at 40%, (b) Volvo Cars' 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 300 persons) as of 31<sup>st</sup> December 2024, weighted at 10%.

#### For PSP 2023/2025

(a) Volvo Car Group's average operating margin (excl share of income from JV's & affiliates) during the performance period, weighted at 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, 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 300 persons) of 31 December 2025, weighted at 10%.

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 can be even more significant, capped at a maximum of 400% of PSP Award Value. Allocation of Performance Shares is conditional upon the participant retaining the employment within the Volvo Car Group over the entire vesting period.

#### Table 4 – Share based Incentive Programme (CEO and deputy CEOs)

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

Name and Position	Name of Plan	Performance Period	Award Date	Vesting Date	During the year		Closing Balance
					Awarded	Vested	Unvested at year end <sup>2</sup>
Jim Rowan, CEO <sup>1</sup>	PSP 2022/2024	2022–2024	2022-06-15	2025-06-15	N/A	0	145 958
	PSP 2023/2025	2023-2025	2023-05-02	2026-05-02	250 940	0	250 940
Javier Varela, COO & Deputy CEO	PSP 2022/2024	2022–2024	2022-06-15	2025-06-15	N/A	0	49 301
	PSP 2023/2025	2023-2025	2023-05-02	2026-05-02	84 762	0	84 762
Björn Annwall, CCO & Deputy CEO	PSP 2022/2024	2022–2024	2022-06-15	2025-06-15	N/A	0	30 100
	PSP 2023/2025	2023-2025	2023-05-02	2026-05-02	62 456	0	62 456

- 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 and PSP 2023/2025, respectively) corresponding to 75% of the CEO's gross annual base salary, in accordance with the agreement between the company and the CEO as referred to under "Share-based Incentive Programmes – Outstanding Performance Share Plan" above. It should be noted that the number of performance shares awarded to the CEO under PSP 2022/2024 as set out in the remuneration report for the financial year 2022 was also calculated based on a PSP Award Value corresponding to 75% of the CEO's gross annual base salary. Any allocation of performance shares to the CEO, after the expiration of the three-year vesting period under each respective programme, on the basis of the number of awarded performance shares as set out in the table, and the corresponding table in the remuneration report for the financial year 2022, will be subject to the Annual General Meeting 2024 resolving to amend the terms and conditions of PSP 2022/2024 and PSP 2023/2025, respectively, in accordance with the Board of Directors' proposal as described further under "Share-based Incentive Programmes – Outstanding Performance Share Plan" above.
- Subject to fulfillment of performance conditions.

# V O L V O

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 15)

The Board of Directors of Volvo Car AB (publ) ("**Volvo Cars**") proposes that the Annual General Meeting 2024 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**"), Group Management Team ("**GMT**") 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' proposal for the Plans corresponds in essence with the structure of the incentive plans approved by the Annual General Meetings in 2022 and 2023.

### 2. Terms and conditions for the PSP

- i. It is proposed that the PSP shall comprise approximately 220 employees, whereof approximately 213 Vice Presidents and key individuals ("**VPs**"), approximately 7 members of the EMT and the CEO of the group (jointly, the "**PSP Participants**").

- ii. The PSP shall comprise a maximum of 12,539,648 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 (a “**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 base salary in 2024: (i) 75% for the CEO, (ii) 40% for members of the EMT and (iii) 30% for VPs (each a “**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 the PSP Award, as calculated based on 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 (as set out in 2.iv. above) 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 EBIT excl. income from JV’s & affiliates during the financial years 2024–2026 (the “**Performance Period**”), which is weighted 40%, (b) Volvo Cars’ 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<sub>2</sub> emissions per Volvo car manufactured, where the average CO<sub>2</sub> emissions per car manufactured in 2018 is compared to the average CO<sub>2</sub> 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% ((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 40% and the maximum level for (c) is 50%. 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 2026.

- 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 16,578,427 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, in the period between the date of publication of this proposal and the ESMP Participants’ purchase of Investment Shares, 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 99-2,959 million (between SEK 0-1,176 million for the PSP and between SEK 99-1,783 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 2024-2026. Total value for the PSP Participants at allotment of Performance Shares is capped at SEK 1,176 million. The cap will come into play in case of a total increase of PSP Award Value of 400% or more during the term of the PSP.

The estimated aggregated annual costs of between SEK 50-1,284 million correspond to approximately 0.1-3.2% of the group's total employee costs for the financial year 2023. 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 2024.

# **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 29,118,075 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 2025.

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

- i. A maximum of 29,118,075 series B shares in Volvo Cars 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 Volvo Cars' other on-going long-term incentive plans, reference is made to Volvo Cars' annual report for 2023, note 8. No other long-term incentive plans than those described herein or in the annual report for 2023, note 8, have been implemented in Volvo Cars.

The reasoned statement of the Board of Directors pursuant to Chapter 19, Section 22 of the Swedish Companies Act is attached as Appendix A.

---

Gothenburg in February 2024

**Volvo Car AB (publ)**

The Board of Directors

**V O L V O**

## Statement by the Board of Directors pursuant to Chapter 19, Section 22 and Chapter 20, Section 8 of the Swedish Companies Act

The Board of Directors of Volvo Car AB (publ) ("**Volvo Cars**") hereby gives the following statement pursuant to Chapter 19, Section 22 and Chapter 20, Section 8 of the Swedish Companies Act.

The Board of Directors has decided to propose that the Annual General Meeting ("**AGM**") 2024 resolve on the implementation of a Performance Share Plan and an Employee Share Matching Plan (the "**Proposed Plans**") and delivery arrangements in respect thereof. The delivery arrangements include, among other things, a proposal to authorise the Board of Directors to resolve on the repurchase of shares of series B on Nasdaq Stockholm. The AGM in 2022 and 2023, respectively, resolved on corresponding delivery measures for the Performance Share Plans and Employee Share Matching Plans adopted in 2022 and 2023 (the "**Existing Plans**", and jointly with the Proposed Plans, the "**Plans**"). As the Board of Directors has not utilised the authorisation from the AGM in 2022 or 2023, respectively, and in order to secure Volvo Cars' obligations to deliver shares to the participants under the Existing Plans, the Board of Directors has also decided to propose that the AGM 2024 resolves on an authorisation for the Board of Directors to resolve on acquisition of own shares for delivery to the participants under the Existing Plans.

The Board of Directors is convinced that the Existing Plans are, and the implementation of the Proposed Plans will be, beneficial to both the company and its shareholders. The repurchase of the series B shares is an integral step in the implementation of the Plans and the purpose is to secure the obligations of Volvo Cars to deliver shares to participants under the Plans. The intention is that the repurchased series B shares shall be transferred to the participants in the Plans free of charge.

In accordance with item 19 on the agenda, the Board of Directors has further decided to propose that the AGM 2024 resolve on a distribution of a portion of Volvo Cars shareholding in Polestar Automotive Holding UK PLC ("**Polestar**") to Volvo Cars' shareholders, including (A) a share split (2:1), (B) a reduction of the share capital through redemption of shares, and (C) an increase of the share capital through a bonus issue without issuance of new shares. Polestar has American Depository Shares ("**Polestar ADSs**"), which represents the underlying Class A shares in Polestar, listed on Nasdaq New York. Due to technical reasons, the distribution of the shareholding in Polestar will be in the form of Swedish Depository Receipts ("**SDRs**"), which represent the underlying Polestar Class A ADSs.

The Board of Directors proposes that the AGM resolve to reduce the share capital by SEK 30,473,854.641580 for Repayment (as defined in the Board of Directors' proposal) to the shareholders, through redemption of 2,979,524,179 shares of series B. The proposed value of the SDRs to be distributed through the Repayment can, according to the limits set by the Board of Directors' proposal to the AGM, amount to no more than SEK 35,000,000,000 (corresponding to a maximum redemption consideration of approximately SEK 11.75 per Redemption Share (as defined in the proposal)). The Board of Directors of Volvo Cars will, however, decide on the final redemption consideration for each Redemption Share on or around 5 April 2024, taking into account changes in the price of the Polestar Class A ADSs on Nasdaq New York and currency conversion from USD to SEK,

in order to ensure that the Repayment is in accordance with the provisions of Chapter 17, Section 3, second and third paragraphs of the Swedish Companies Act.

As of 31 December 2023, Volvo Cars' equity amounted to SEK 39,905 million, of which SEK 39,844 million consisted of non-restricted equity. The group's total equity amounted to SEK 130,485 million as of 31 December 2023. In accordance with IFRS, there is no division between restricted and non-restricted equity in the group.

Based on the market value of the Polestar Class A ADSs on Nasdaq New York on 22 February 2024, the value of the proposed Repayment is estimated to amount to SEK 9,452,942,695, corresponding to a redemption consideration of approximately SEK 3.17 for each share to be redeemed. Volvo Cars' holding in Polestar is included in Volvo Cars' balance sheet indirectly through the wholly-owned subsidiaries Volvo Car Corporation and Snita Holding B.V ("**Snita**"). By 30 September 2023, Volvo Cars' consolidated book value of the holding in Polestar amounted to approximately SEK 5,596,250. Before the Repayment is effectuated (but no later than 8 May 2024), Volvo Cars will through an intra-group transaction acquire the Polestar Class A ADSs from Snita. The Polestar Class A ADSs will be acquired and booked at market value at the time of the intra-group transaction (i.e. based on the closing price of the Polestar Class A ADSs on Nasdaq New York at the time of the intra-group transaction). As a result, the value of the Polestar Class A ADSs may fluctuate during the period from the date this reasoned statement is issued to the time of the intra-group transaction due to changes in the price of the Polestar Class A ADSs on Nasdaq New York and currency conversion from USD to SEK. In addition, the book value of the Repayment including the book value of the redemption consideration (per share), and hence the remaining non-restricted equity (retained earnings) in Volvo Cars will change accordingly.

Based on the assumptions set out above, the Repayment is estimated to constitute 23.69% of Volvo Cars' equity and 23.72% of Volvo Cars' non-restricted equity, and can amount to no more than 87.71% of Volvo Cars' equity and 87.84% of Volvo Cars' non-restricted equity. Further, the group's equity/asset ratio amounts to 36.62% prior to the proposal on the Repayment, and is estimated to amount to 36.00% after the proposal has been taken into account. As per 31 December 2023, the group's liquidity reserve, including short-term investments and available unutilised credit facilities, totalled SEK 75,021 million, and the debt/equity ratio was 1.73.

In view of the above, it is the opinion of the Board of Directors that the proposals regarding authorisations to repurchase own shares and the Repayment are justifiable with reference to the demands that the nature, scope and risks of the operations place on Volvo Cars' and the group's equity as well as Volvo Cars' and the group's consolidation needs, liquidity and overall position. The Board of Directors has hereby considered, among other things, Volvo Cars' and the group's historical development, the budgeted development and the state of the market.

The Board of Directors is of the opinion that, after use of the proposed authorisations to repurchase own shares and completion of the Repayment, the financial strength of Volvo Cars and the group is assessed to continue to be good in relation to the industry in which the group is operating. Neither the authorisations to repurchase own shares nor the Repayment will affect the ability of Volvo Cars or the group to comply with its payment obligations. The Board of Directors finds that Volvo Cars and the group are well prepared to handle any changes in respect of liquidity as well as unexpected events. The Board of Directors is of the opinion that Volvo Cars and the group have the ability to take future business risks and also cope with potential losses. Neither the proposed authorisations to repurchase own shares nor the Repayment will negatively affect Volvo Cars' and the group's ability to make further commercially motivated investments in accordance with the strategy of the Board of

Directors. Although the market value of the Polestar Class A ADSs at the time of the Repayment – taken into account what is reasonable and realistic – may result in a higher value of the Repayment (although not more than SEK 35,000,000,000) than if the Repayment had occurred at the date of this reasoned statement, the Board of Directors is of the opinion that the considerations set out above remain valid.

---

Gothenburg in February 2024  
**Volvo Car AB (publ)**  
*The Board of Directors*

# V O L V O

The Board's proposal on amendment of the terms and conditions of the Performance Share Plans adopted in 2022 and 2023 in accordance with B and delivery arrangements in respect thereof in accordance with C.1 or C.2 (item 16)

## A Background and reasons

The Annual General Meetings held in 2022 and 2023, respectively, resolved in accordance with the Board of Directors' proposal, on the implementation of a Performance Share Plan directed to the CEO, other members of the Executive Management Team and certain other senior executives, as well as delivery arrangements in respect thereof by way of an authorisation for the Board of Directors to resolve on acquisition of own shares of series B on Nasdaq Stockholm and transfer of own shares of series B to the participants in the plans (each plan referred to as "**PSP 2022/2024**" and "**PSP 2023/2025**", respectively, and PSP 2022/2024 and PSP 2023/2025 jointly referred to as the "**Plans**").

The purpose of the Plans is 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 Plans also offers an opportunity for the CEO, and other members of the EMT, to increase their holdings in Volvo Cars to achieve the share ownership level as recommended by the Board of Directors.

Bearing in mind the anticipated purpose of the Plans as set out above, the Board of Directors, in connection with the CEO joining Volvo Cars in March 2022, reached an agreement with the CEO that the PSP Award Value (as defined in the terms and conditions of PSP 2022/2024 and PSP 2023/2025, respectively) shall amount to 75% of the CEO's gross annual fixed salary. However, in the Board of Directors' proposals on the implementation of PSP 2022/2024 and PSP 2023/2025 to the Annual General Meetings held in 2022 and 2023, respectively, it was incorrectly stated that the PSP Award Value for the CEO shall correspond to 50% of the CEO's gross annual fixed salary. It should be noted that the maximum number of series B shares that can be allocated to the participants under the terms and conditions of PSP 2022/2024 and PSP 2023/2025, respectively, as well as the number of performance shares awarded to the CEO under the Plans as set out in the 2022 annual report as well as the remuneration report for the financial year 2022 and 2023, respectively, have been calculated based on a PSP Award Value for the CEO corresponding to 75% of the CEO's gross annual fixed salary.

## B Proposal on amendment of the terms and conditions of PSP 2022/2024 and PSP 2023/2025

In light of the above, the Board of Directors proposes that the Annual General Meeting resolve on an amendment of the terms and conditions of PSP 2022/2024 and PSP 2023/2025 as adopted by the Annual General Meetings held on 11 May 2022 and 3 April 2023, respectively, with the effect that the PSP Award Value for the CEO shall correspond to 75% of the CEO's gross annual fixed salary in 2022 for PSP 2022/2024, and in 2023 for PSP 2023/2025. The amendment corresponds to the

proposed terms and conditions for the new Performance Share Plan as proposed by the Board of Directors to be adopted by the Annual General Meeting 2024 (i.e., PSP 2024/2026).

## C Delivery arrangements

### 1. Resolution on transfer of own series B shares

For the purpose of securing delivery of additional shares that the proposed amendment to the terms and conditions of the Plans may result in, the Board of Directors further proposes that the Annual General Meeting, as a main alternative, resolve to amend the previous resolutions on transfers of own series B shares to the participants, adopted by the Annual General Meetings in 2022 and 2023, so that own series B shares may be transferred to the CEO, free of charge, at the time and on the terms that the CEO is entitled to be allocated shares on the basis of the proposed amended terms and conditions of PSP 2022/2024 and PSP 2023/2025, respectively.

### 2. Equity swap agreement with a third party

The Board of Directors proposes that the Annual General Meeting, should the majority required under item C.1 above not be reached, resolve that the financial exposure resulting from the proposed amended terms and conditions of 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 the additional number of series B shares in Volvo Cars to the CEO that the proposed amended terms and conditions of PSP 2022/2024 and PSP 2023/2025, respectively, may result in.

## D Estimated costs, etc.

The estimated costs for the Plans, and the total effect of the Plans on the income statement, including social security contributions, as well as the expected effect on the group's key ratios, as set out in the Board of Directors' proposals to the Annual General Meeting in 2022 and 2023, respectively, have been calculated based on a PSP Award Value for the CEO corresponding to 75% of the CEO's gross annual fixed salary in 2022 and 2023, respectively, in accordance with the agreement between the company and the CEO. Accordingly, the proposed amendment is not expected to have any significant effect on the estimated costs for the Plans as previously disclosed in the Board of Directors' proposals to the Annual General Meeting in 2022 and 2023, respectively, as well as the 2022 annual report.

## E Majority requirements, etc.

The Annual General Meeting's resolution on the amendment of the terms and conditions of PSP 2022/2024 and PSP 2023/2025, respectively, according to item B above, is conditional on the Annual General Meeting either resolving in accordance with the Board of Directors' proposal under item C.1 or C.2 above.

The Annual General Meeting's resolution according to item B above requires a simple majority of the votes cast. A valid resolution under item C.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 C.2 above requires a simple majority of the votes cast.

---

Gothenburg in February 2024  
**Volvo Car AB (publ)**  
*The Board of Directors*

# V O L V O

The Board's proposal on authorisation for the Board of Directors to resolve on acquisition of own shares for delivery to participants under the Performance Share Plans and Employee Share Matching Plans adopted in 2022 and 2023 (item 17)

In 2022 and 2023, respectively, the Annual General Meeting ("AGM") of Volvo Car AB (publ) ("Volvo Cars") resolved on the implementation of share based plans, giving all permanent employees of the Volvo Cars group the opportunity of becoming shareholders in Volvo Cars, with a division into two parts: a Performance Share Plan (the "PSP") directed to the CEO, other members of the Executive Management Team and certain other senior executives, and an Employee Share Matching Plan (the "ESMP") directed to all permanent employees of the Volvo Cars group, other than the participants of the PSP. For a description of the Performance Share Plans and Employee Share Matching Plans adopted in 2022 and 2023 (together the "Plans"), please refer to note 8 in Volvo Cars' annual report for 2022 and 2023, respectively.

The AGM in 2022 and 2023, respectively, also resolved on delivery arrangements in respect of the Plans by way of (i) an authorisation for the Board of Directors to resolve on the repurchase of shares of series B on Nasdaq Stockholm on one or several occasions until the next AGM; and (ii) transfer of own series B shares free of charge to the participants under the Plans. As the Board of Directors has not utilised the authorisation from the AGM in 2022 or 2023, and in order to secure Volvo Cars' obligations to deliver shares to the participants under the Plans, the Board of Directors therefore proposes that the AGM 2024 authorise the Board of Directors to resolve on acquisition of own shares of series B on Nasdaq Stockholm.

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 35,437,818 shares of series B in Volvo Cars may be acquired to secure delivery of shares to the participants under the Plans, of which 9,886,909 shares relate to each of PSP 2022 and PSP 2023, respectively, and 7,832,000 shares relate to each of ESMP 2022 and ESMP 2023, respectively.
- 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 AGM 2025.

Volvo Cars' own series B shares, acquired pursuant to the proposed authorisation, may be transferred to the participants under the Plans in accordance with and on the terms as resolved by the respective AGMs in 2022 and 2023.

### Majority requirements, etc.

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.

The reasoned statement of the Board of Directors pursuant to Chapter 19, Section 22 of the Swedish Companies Act is attached as Appendix A.

---

Gothenburg in February 2024

**Volvo Car AB (publ)**

*The Board of Directors*

**V O L V O**

The Board's proposal for authorisation of the Board of Directors to resolve on new issues (item 18)

The Board of Directors of Volvo Car AB (publ) ("**Volvo Cars**") proposes that the 2024 Annual General Meeting (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.

The Board of Directors, the CEO or a person appointed by one of them shall be entitled to make any minor adjustments to the above decision that might be required in connection with registration with the Swedish Companies Registration Office.

### Majority requirements

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.

---

Gothenburg in February 2024

**Volvo Car AB (publ)**

*The Board of Directors*

# V O L V O

The Board of Directors' proposal on distribution of Volvo Cars' shareholding in Polestar (item 19)

## Distribution of depository receipts in Polestar

As announced by Volvo Car AB (publ) ("**Volvo Cars**") on 23 February 2024, the Board of Directors proposes that the Annual General Meeting 2024 resolve on a distribution of a portion of Volvo Cars' shareholding in Polestar Automotive Holding UK PLC ("**Polestar**") to Volvo Cars' shareholders pro rata to the number of series B shares they own in Volvo Cars.<sup>1</sup> Since 2022, Polestar has American Depository Shares ("**Polestar ADSs**"), which represents the underlying Class A shares in Polestar, listed on Nasdaq New York.

Volvo Cars indirectly (through its wholly-owned subsidiaries Volvo Car Corporation and Snita Holding B.V ("**Snita**")) holds 204,572,624 Polestar Class A ADSs and 814,219,838 Polestar Class B ADSs, representing in total approximately 48.28% of the share capital and 49.42% of the votes in Polestar. Each Polestar Class A ADS entitles to one (1) vote at a General Meeting and each Polestar Class B ADS entitles to ten (10) votes at a General Meeting. The Board of Directors' intention is to distribute a portion of the Polestar shareholding corresponding to 638,469,467 Polestar Class A ADSs, representing approximately 30.26% of the share capital in Polestar.<sup>2</sup> Following the distribution, Volvo Cars will indirectly via its wholly-owned subsidiaries, hold 380,322,995 Polestar Class A ADSs, representing in total approximately 18.02% of the share capital and approximately 14.86% of the votes in Polestar.

Due to technical reasons, Volvo Cars' shareholding in Polestar will be distributed in the form of Swedish Depository Receipts ("**SDRs**"), which represent the underlying Polestar Class A ADSs. The holder of a SDR may apply for conversion under the SDR-program (see further under "*Further information regarding the share redemption and the SDR-program*" below) to Polestar Class A ADSs during a conversion period of three (3) months. Based on the Board of Directors' intention as set out above, fourteen (14) shares of series B in Volvo Cars is expected to entitle to approximately three (3) SDRs. Based on the closing price for the Polestar Class A ADSs on Nasdaq New York on 22 February 2024, the extraordinary value transfer to Volvo Cars' shareholders amounts to approximately SEK 9,452,942,695 in total, corresponding to approximately SEK 3.17 per series B share in Volvo Cars.

The Board of Directors further proposes that the distribution is made by way of a share split followed by a share redemption and that the Board of Directors is authorised to finally determine the portion of the Polestar shareholding to be distributed, the redemption amount per share as well as the timetable for the share redemption.

<sup>1</sup> As there are no outstanding shares of series A in Volvo Cars, the distribution will only be made to holders of series B shares in Volvo Cars.

<sup>2</sup> Prior to the distribution, 814,219,838 Polestar Class B ADSs will be reclassified as Polestar Class A ADSs.

Further information regarding the share redemption and the SDR-program

An information brochure with further information on the share redemption, as well as detailed instructions on the conversion from SDRs to Polestar Class A ADSs, including the general terms and conditions for the SDRs (the “**General Terms and Conditions**”), will be available on the company’s website, <https://investors.volvocars.com/en>, no later than on 5 March 2024. For information regarding Polestar, as well as the Polestar Class A ADSs, please refer to Polestar’s website, <https://investors.polestar.com/>.<sup>3</sup>

The Board of Directors’ proposals for the (A) share split, (B) reduction of the share capital through redemption of shares, and (C) increase of the share capital through a bonus issue without issuance of new shares, are further described below.

## A Share split (2:1)

The Board of Directors proposes that the Annual General Meeting resolve to increase the number of shares by a share split, whereby one (1) existing share of series B will be split into two (2) shares of series B, of which one is a so-called redemption share (the “**Redemption Share**”).<sup>4</sup> Upon completion of the share split, the share capital of the company will be unchanged and amount to SEK 60,947,709.283160, and the number of shares will amount to 5,959,048,358 shares of series B, of which 2,979,524,179 will be Redemption Shares. The quota value of each share will be approximately SEK 0.010228.

The Board of Directors shall be authorised to set the record date for the share split which, at the time of the notice convening the Annual General Meeting is made public, is estimated to be on 12 April 2024. Based on the estimated record date for the share split, the last trading day in the Volvo Cars series B share including the right to receive Redemption Shares, will be on 10 April 2024, and the first trading day in the Volvo Cars series B share excluding the right to receive Redemption Shares will be on 11 April 2024.

## B Reduction of the share capital through redemption of shares

The Board of Directors proposes that the Annual General Meeting resolve to reduce the share capital by SEK 30,473,854.641580 for repayment to the shareholders (the “**Repayment**”) through redemption of 2,979,524,179 shares of series B. The shares to be redeemed shall be the shares that following the share split in accordance with the Board of Directors proposal under item A above, are classified as Redemption Shares. Upon completion of the redemption, the share capital of the company will be reduced and amount to SEK 30,473,854.641580 and the number of shares will amount to 2,979,524,179 shares of series B. The quota value of each share will be approximately SEK 0.010228.

Terms and conditions:

- Repayment for each Redemption Share shall be made by distribution of SDRs.

---

<sup>3</sup> Volvo Cars has neither prepared nor reviewed the information available on Polestar’s website and takes no responsibility for its accuracy or completeness.

<sup>4</sup> Since there are no outstanding shares of series A in Volvo Cars, the proposed share split will only include shares of series B.

- The value of the SDRs distributed through the Repayment shall amount to no more than SEK 35,000,000,000, corresponding to a maximum redemption consideration of approximately SEK 11.75 per Redemption Share.
- Based on the estimated record date for the share split, trading in Redemption Shares is estimated to take place during the time from and including 15 April 2024 to and including 30 April 2024.
- The Board of Directors is authorised to finally determine the proportion of the holding in Polestar to be distributed, the redemption consideration for each Redemption Share and the record date for the right to receive the redemption consideration.

#### Authorisation for the Board of Directors to decide on the final redemption consideration and the timetable for the share redemption

The Board of Directors' intention is to distribute a portion of the Polestar shareholding corresponding to 638,469,467 Polestar Class A ADSs, representing approximately 30.26% of the share capital in Polestar, which, as of the date the notice convening the Annual General Meeting is made public, falls within the limit for the maximum amount for the Repayment. If 638,469,467 Polestar Class A ADSs are distributed (in the form of SDRs), the total redemption consideration is estimated to be 638,469,467 SDRs for 2,979,524,179 Redemption Shares. The Board of Directors will, prior to the last day of trading including the right to receive Redemption Shares, as referred to in item A above, decide on the final redemption consideration for each Redemption Share. At the time of the publication of the notice convening the Annual General Meeting, the Board of Directors is expected to decide on the final redemption consideration for each Redemption Share on or around 5 April 2024. Based on the estimated record date for the share split (as set out in item A above), the record date for the right to receive the redemption consideration is estimated to be 8 May 2024. The redemption consideration is estimated to be available on the shareholders' securities accounts, nominee accounts or equivalent on or around 13 May 2024.

#### Fractions

Only whole SDRs can be distributed to Volvo Cars' shareholders as redemption consideration. Therefore, Volvo Cars will retain Skandinaviska Enskilda Banken ("**SEB**") to aggregate all fractions of SDRs ("**Fractions**") which do not entitle the respective holder to a whole SDR. The total number of SDRs that such Fractions correspond to will then be converted to Polestar Class A ADSs and sold by SEB on Nasdaq New York. The sale will take place as soon as practicable after the distribution of SDRs to Volvo Cars' shareholders. The payment of the proceeds from the sale of Fractions will be settled by SEB and paid in proportion to the Fractions of a SDR each relevant shareholder in Volvo Cars is entitled to. This payment is expected to take place on or around 22 May 2024.

#### The SDR-program

The SDRs will not be admitted to trading in Sweden or elsewhere. Holders of SDRs will be able to convert their SDRs to Polestar Class A ADSs, listed on Nasdaq New York, during a period of three (3) months. The conversion period is expected to commence on or around 13 May 2024 and end on or around 13 August 2024 (the "**Conversion Period**"). An information brochure including further instructions and the General Terms and Conditions for the SDRs, will be made available on the company's website no later than on 5 March 2024.

The SDR-program is a temporary solution that is expected to be terminated in connection with the expiry of the Conversion Period on or around 13 August 2024. Upon termination of the program, all holders of SDRs who have not yet converted their SDRs into Polestar Class A ADSs, will automatically have their SDRs redeemed by SEB, whereby the Polestar Class A ADSs that the SDRs represent will be

sold by SEB on Nasdaq New York. The sale shall take place as soon as practicable after the termination of the SDR-program. The payment of the proceeds from the sale of Polestar Class A ADSs will be paid pro rata to the previous holders of such SDRs. Such payment is expected to take place on or around 27 August 2024.

The book value of the Repayment and its effect on Volvo Cars' non-restricted equity  
Based on an estimated book value of Volvo Cars' shareholding in Polestar at the time of the Repayment (estimated on the basis of the market value of Polestar Class A ADSs on Nasdaq New York on 22 February 2024), the Repayment constitutes an extraordinary value transfer of approximately SEK 9,452,942,695 in total, corresponding to a redemption consideration of approximately SEK 3.17 for each Redemption Share. Of the redemption consideration, approximately SEK 3.16 is expected to exceed the quota value for each Redemption Share. Volvo Cars' holding in Polestar is included in Volvo Cars' balance sheet indirectly through the wholly-owned subsidiaries Volvo Car Corporation and Snita. By 30 September 2023, Volvo Cars' consolidated book value of the holding in Polestar amounted to SEK 5,596,250. Before the Repayment is effectuated (but no later than 8 May 2024), Volvo Cars will through an intra-group transaction acquire the Polestar Class A ADSs from Snita. The Polestar Class A ADSs will be acquired and booked at market value at the time of the intra-group transaction (based on the closing price of the Polestar Class A ADSs on Nasdaq New York at the time of the intra-group transaction). As a result, the value of the Polestar Class A ADSs may fluctuate during the period from the date the notice convening the Annual General Meeting is made public to the time of the intra-group transaction due to changes in the price of the Polestar Class A ADSs on Nasdaq New York and currency conversion from USD to SEK. In addition, the book value of the Repayment including the book value of the redemption consideration (per share), and hence the remaining non-restricted equity (retained earnings) in Volvo Cars will change accordingly.

## C Increase of the share capital through a bonus issue without issuance of new shares

In order to achieve an efficient redemption procedure that does not require authorisation from the Swedish Companies Registration Office (Sw. *Bolagsverket*) or a court of general jurisdiction, the Board of Directors proposes that the Annual General Meeting resolve on a bonus issue to restore the share capital to the same level as prior to the reduction of the share capital through redemption of shares, *i.e.*, SEK 60,947,709.283160, by increasing the share capital with SEK 30,473,854.641580 by transferring the corresponding amount from the company's non-restricted equity.

No new shares shall be issued in connection with the proposed increase of the share capital through a bonus issue.

## D Majority requirements, etc.

The Board of Directors, the CEO or a person appointed by one of them shall be entitled to make any minor adjustments to the above decision that might be required in connection with registration with the Swedish Companies Registration Office and Euroclear Sweden.

The resolutions by the Annual General Meeting in accordance with items (A), (B) and (C) above are conditional upon each other and shall therefore be adopted as one resolution. In order for the resolution by the Annual General Meeting to be valid, the resolution must be approved by shareholders representing at least two thirds of the votes cast as well as the shares represented at the Annual General Meeting.

The Annual General Meeting's resolution on the distribution of Volvo Cars' shareholding in Polestar in accordance with items (A), (B) and (C) above, is conditional upon receipt of all necessary regulatory clearances, approvals and decisions on terms which, in Volvo Cars' opinion, are acceptable no later than 5 April 2024. As at the date of the notice of the Annual General Meeting, the proposed distribution remains subject to receipt of regulatory approval in the United Kingdom. The outcome of such approval process in the United Kingdom will be made public by means of a press release in accordance with applicable rules and regulations.

## E Other

The following documents are attached hereto:

- The Board of Directors' reasoned statement in accordance with Chapter 20, Section 8 of the Swedish Companies Act, [Appendix 1](#).
- The Auditor's opinion on the Board of Directors' reasoned statement in accordance with Chapter 20, Section 8 of the Swedish Companies Act, [Appendix 2](#).
- The Board of Directors' report in accordance with Chapter 20, Section 13 of the Swedish Companies Act, [Appendix 3](#).
- The Auditor's opinion on the Board of Directors' report in accordance with Chapter 20, Section 13 of the Swedish Companies Act, [Appendix 4](#).

---

Gothenburg in February 2024  
**Volvo Car AB (publ)**  
*The Board of Directors*



## **Auditor's statement pursuant to Chapter 20, section 8, subsection 2 of the Companies Act as to whether the general meeting should resolve in accordance with the proposal to reduce the share capital**

To the general meeting of Volvo Car AB (publ), reg. no. 556810-8988.

We have reviewed the Board of Directors' proposal to reduce the share capital dated 23 February 2024.

### **The board of directors' responsibility for the proposal**

The Board of Directors is responsible for producing the proposal to reduce the share capital pursuant to the Companies Act and for ensuring that there is the degree of internal control which the Board of Directors deems necessary to enable it to produce the proposal without any material inaccuracies, whether they be due to improprieties or mistakes.

### **Responsibility of the auditor**

Our task is to provide our opinion regarding the reduction of share capital based on our review. We have performed the review in accordance with FAR's recommendation RevR 9 "Auditor's other statements according to the Companies Act and the Companies Regulation". This recommendation requires that we plan and perform the review in such a way as to ensure, with a limited degree of certainty, that the board of directors' proposal does not contain any material inaccuracies. The firm applies ISQM 1 (International Standard on Quality Management) and thereby maintains a comprehensive system for quality control which includes documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

We are independent of Volvo Car AB (publ) in accordance with the rules of professional ethics for accountants in Sweden and have complied with all professional ethics requirements in accordance with these rules.

The review comprises, through various measures, collecting evidence of financial and other information in the board of directors' proposal. The auditor selects which measures will be performed, by means of, among other things, assessing the risks of there being material inaccuracies in the proposal due to either improprieties or mistakes. In this risk assessment, for the purpose of formulating review measures which are appropriate based on the circumstances, but not for the purpose of providing an opinion as to the efficiency of the companies' internal control, the auditor takes into consideration those aspects of the internal control which are relevant to the manner in which the board has produced the proposal. The review includes an evaluation of the appropriateness and fairness in the board of directors' assumptions. We believe that the evidence that we have obtained is a sufficient and appropriate basis for our opinion.

### **Opinion**

We recommend the Board of Directors' proposal to reduce the share capital for repayment to the shareholders.



## **Other information**

The sole purpose of this statement is to satisfy the requirement imposed by Chapter 20, section 8, subsection 2 of the Companies Act and the statement may not be used for any other purpose.

Göteborg den 23 February 2024

Deloitte AB

*Signature on Swedish original*

---

Fredrik Jonsson

Authorized Public Accountant

*This is a translation of the Swedish language original. In the event of any differences between this translation and the Swedish language original, latter shall prevail.*

# V O L V O

The Board of Directors' report pursuant to Chapter 20, Section 13 of the Swedish Companies Act

In accordance with item 19 on the agenda, the Board of Directors has proposed that the Annual General Meeting on 26 March 2024 resolve on a distribution of a portion of Volvo Car AB (publ) ("**Volvo Cars**") shareholding in Polestar Automotive Holding UK PLC ("**Polestar**") to Volvo Cars' shareholders, including (A) a share split (2:1), (B) a reduction of the share capital through redemption of shares, and (C) an increase of the share capital through a bonus issue without issuance of new shares. Polestar has American Depository Shares ("**Polestar ADSs**"), which represents the underlying Class A shares in Polestar, listed on Nasdaq New York. Due to technical reasons, the distribution of the shareholding in Polestar will be in the form of Swedish Depository Receipts ("**SDRs**"), which represent the underlying Polestar Class A ADSs. In view of the foregoing, the Board of Directors of Volvo Cars hereby issues the following report pursuant to Chapter 20, Section 13 of the Swedish Companies Act.

The proposed reduction of the share capital through redemption of shares in accordance with item 19 on the agenda for the Annual General Meeting 2024 amounts to SEK 30,473,854.641580, and will be effectuated by cancellation of shares. The shares to be redeemed shall be the shares that, following the share split in accordance with the Board of Directors proposal under item 19 on the agenda, are classified as Redemption Shares (as defined in the Board of Directors' proposal). The reason for cancelling only the Redemption Shares is that the reduction of the share capital through redemption of shares is carried out in order to effectively distribute Volvo Cars' shareholding in Polestar to Volvo Cars' shareholders.

For more information regarding the redemption consideration, please refer to the general terms and conditions for the SDRs which will be available on Volvo Cars' website, <https://investors.volvocars.com/en>. For more information in respect of the underlying Polestar Class A ADSs, reference is made to Polestar's website, <https://investors.polestar.com/>,<sup>1</sup> where Polestar's historical financial reports are available under the heading "*Financials and filings*" and information regarding the Polestar Class A ADSs is available under the heading "*Stock quote and chart*".

The Board of Directors of Volvo Cars will, prior to the last day of trading including the right to receive Redemption Shares, decide on the final redemption consideration for each Redemption Share. As of the date this report is issued, the Board of Directors is expected to decide on the final redemption consideration for each Redemption Share on or around 5 April 2024, taking into account changes in the price of the Polestar Class A ADSs on Nasdaq New York and currency conversion from USD to SEK. Before the Repayment (as defined in the Board of Directors' proposal) is effectuated (but no later than 8 May 2024), Volvo Cars will acquire 638,469,467 Polestar Class A ADSs from the wholly-owned subsidiary Snita Holding B.V ("**Snita**") through an intra-group transaction. Volvo Cars' book value of the Polestar Class A ADSs will correspond to the market value (based on the price of the Polestar

---

<sup>1</sup> Volvo Cars has neither prepared nor reviewed the information available on Polestar's website and takes no responsibility for its accuracy or completeness.

Class A ADSs on Nasdaq New York at the time of the intra-group transaction). As a result, the value of the Polestar Class A ADSs may fluctuate during the period from the date this report is issued to the time of the intra-group transaction due to changes in the price of the Polestar Class A ADSs on Nasdaq New York and currency conversion from USD to SEK. In addition, the book value of the Repayment including the book value of the redemption consideration (per share), and hence the remaining non-restricted equity (retained earnings) in Volvo Cars will change accordingly. The estimated book value of the Repayment, based on the market value of the Polestar Class A ADSs on Nasdaq New York on 22 February 2024, amounts to SEK 9,452,942,695. Volvo Cars' holding in Polestar is included in Volvo Cars' balance sheet indirectly through the wholly-owned subsidiaries Volvo Car Corporation and Snita. By 30 September 2023, Volvo Cars' consolidated book value of the holding in Polestar amounted to SEK 5,596,250.

With reference to the above and based on an estimated book value of the Polestar Class A ADSs at the time of the Repayment, the proposed redemption consideration will amount to approximately SEK 3.17 per Redemption Share, whereof approximately SEK 3.16 exceeds the quota value of the share, and the Repayment will amount to approximately SEK 9,452,942,695 in total. In accordance with the limitations set out in the Board of Directors' proposal of the reduction of the share capital through redemption of shares, the Repayment can amount to no more than SEK 35,000,000,000, corresponding to a maximum redemption consideration of SEK 11.75 per share. This will be taken into account when the Board of Directors of Volvo Cars decides, by virtue of the authorisation by the Annual General Meeting, on the on the redemption consideration for each of the shares to be redeemed in the Repayment, on or around 5 April 2024.

The Board of Directors' proposals under item 19 on the agenda to the Annual General Meeting on 26 March 2024 entails that the amount available for distribution can be reduced with no more than SEK 35,000,000,000 according to the company's balance sheet as of 31 December 2023. Based on the market value of the Polestar Class A ADSs on Nasdaq New York on 22 February 2024, the amount available for distribution is estimated to be reduced with approximately SEK 9,452,942,695. Due to applicable tax and accounting standards, the value may change as Volvo Cars will acquire and book the Polestar Class A ADSs at market value at the time of the intra-group transaction. The value of the Polestar Class A ADSs, and accordingly their book value, may fluctuate in accordance with the description above.

In order to achieve an efficient redemption procedure that does not require authorisation from the Swedish Companies Registration Office (*Sw. Bolagsverket*) or a court of general jurisdiction, the Board of Directors proposes, in accordance with item 19 on the agenda to the Annual General Meeting on 26 March 2024, that the meeting resolves on a bonus issue to restore the share capital of the company to no less than its original amount of SEK 60,947,709.283160, by increasing the share capital of the company with SEK 30,473,854.641580, to be transferred to the share capital from the non-restricted equity, without issuance of new shares.

There will be no other effect on the company's restricted equity, and the company's share capital will thus be the same as prior to the Repayment.

---

Gothenburg in February 2024  
**Volvo Car AB (publ)**  
*The Board of Directors*



**Auditor's statement pursuant to Chapter 20, section 14 of the Companies Act regarding the Board of Directors' report regarding special redemption terms and conditions etc.**

To the general meeting of Volvo Car AB (publ), reg. no 556810-8988.

We have reviewed the Board of Directors' report regarding special redemption terms and conditions dated 23 February 2024.

**The Board of Directors' responsibility for the report**

The Board of Directors is responsible for producing the report regarding special redemption terms and conditions pursuant to the Companies Act and for ensuring that there is the degree of internal control which the Board of Directors deems necessary to enable it to produce the report without any material inaccuracies, whether they be due to improprieties or mistakes.

**Responsibility of the auditor**

Our task is to provide our opinion regarding the special redemption terms and conditions based on our review. We have performed the review in accordance with FAR's recommendation RevR 9 "Auditor's other statements according to the Companies Act and the Companies Regulation". This recommendation requires that we plan and perform the review in such a way as to ensure, with a limited degree of certainty, that the report does not contain any material inaccuracies. The firm applies ISQM 1 (International Standard on Quality Management) and thereby maintains a comprehensive system for quality control which includes documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

We are independent of Volvo Car AB (publ) in accordance with the rules of professional ethics for accountants in Sweden and have complied with all professional ethics requirements in accordance with these rules.

The review comprises, through various measures, collecting evidence of financial and other information in the report. The auditor selects which measures will be performed, by means of, among other things, assessing the risks of there being material inaccuracies in the report due to either improprieties or mistakes. In this risk assessment, for the purpose of formulating review measures which are appropriate based on the circumstances, but not for the purpose of providing an opinion as to the efficiency of the company's internal control, the auditor takes into consideration those aspects of the internal control which are relevant to the manner in which the Board of Directors has produced the report. The review includes an evaluation of the appropriateness and fairness in the Board of Directors' assumptions. We believe that the evidence that we have obtained is a sufficient and appropriate basis for our opinion.

**Opinion**

In our opinion

- the Board of Directors' statement, regarding the property to be disposed of by the company is being true and fair, and

- the measures to be taken, which means that neither the company's restricted equity or share capital decrease, are appropriate and the assessments made about the effects of these actions are correct.

## Other information

As per the report from the Board of Directors, the Board of Directors has proposed a distribution of a portion of the shares held by Volvo Car AB (publ) in Polestar Automotive Holding UK PLC ("**Polestar**") to the shareholders of Volvo Car AB (publ).

Volvo Car AB (publ) indirectly (through its wholly-owned subsidiaries Volvo Car Corporation AB and Snita Holding B.V) holds Polestar Class A ADSs ("**Polestar ADSs**"), representing the underlying shares of class A in Polestar, listed on Nasdaq New York.

The distribution is proposed to correspond to a portion of the shares held by Volvo Car AB (publ) in Polestar. Due to technical reasons, the distribution of the shareholding in Polestar will be in the form of Swedish Depository Receipts, which represent the underlying Polestar ADSs.

The sole purpose of this statement is to satisfy the requirement imposed by Chapter 20, section 14 of the Companies Act and the statement may not be used for any other purpose.

Göteborg, 23 February 2024

Deloitte AB

*Signature on Swedish original*

---

Fredrik Jonsson

Authorized Public Accountant

*This is a translation of the Swedish language original. In the event of any differences between this translation and the Swedish language original, latter shall prevail.*