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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