

Remuneration report 2025

Introduction

This remuneration report provides an outline of how the guidelines for executive remuneration of AB Volvo, adopted by the Annual General Meeting in April 2023 (the “Remuneration Guidelines”), have been implemented in 2025. The report also provides details on the remuneration of AB Volvo’s President and CEO.

The report has been prepared in compliance with the Swedish Companies Act and the Swedish Stock Market Self-Regulation Committee’s Remuneration Rules.

Further information on executive remuneration is available in note 27 in the Volvo Group’s annual report for 2025 (the “Annual Report 2025”).

Information on the work of the Remuneration Committee of the AB Volvo Board of Directors in 2025 is set out in the corporate governance report, which is available on p. 190 – 207 in the Annual Report 2025.

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 27 in the Annual Report 2025.

2025 summary

Overall performance in 2025

An update on the overall performance of the Group and AB Volvo is provided in the statement of the President and CEO, Martin Lundstedt, and in the Group Performance section of the Annual Report 2025, available on p. 8 – 11 and p. 28 – 67 in the Annual Report 2025.

In 2025 the Volvo Group maintained its strong performance, despite lower volumes and market demand normalization in many Group markets. The Group also continued to drive the shift toward zero-emission solutions, knowing that the transformation must go hand-in-hand with progress in society.

Overview of the application of the Remuneration Guidelines in 2025

No amendments to the Remuneration Guidelines were proposed to the annual general meeting 2025. Minor alterations to the guidelines have been proposed to the shareholders in recent years, e.g. to accommodate investor views and changes in remuneration practices, but no such need was identified in 2025. The current Remuneration Guidelines, adopted by the annual general meeting 2023, can be found in note 27 in the Annual Report 2025. Under these guidelines, remuneration of the Volvo Group executive management shall be on market terms and shall consist of the following components: fixed cash salary, variable remuneration, pension benefits and other benefits. The company has complied with the applicable Remuneration Guidelines during 2025.

The sustainability incentive program target that the Board decided upon for the first time in 2022, focusing on electric vehicle volume, was continued also in 2025. Electric trucks, buses, construction equipment and drivelines are key drivers for achieving the Volvo Group’s sustainability targets for reductions of product lifecycle emissions, and these incentive targets are aimed to promote sales of such products.

The auditor’s report regarding whether the company has complied with the Remuneration Guidelines is available on the Group’s website: www.volvogroup.com. No remuneration has been reclaimed.

Long-term incentive plan

In 2025 the Board of Directors approved a long-term incentive program for 2025 to 2027 (the “LTI Program 2025-2027”) issued under the long-term incentive plan approved by the annual general meeting in 2023. For more information on the scope and conditions of the long-term incentive plan approved in 2023, please see note 27 of the Annual Report 2025, the proposals to the general meeting 2023 and the remuneration report 2023 (available on www.volvogroup.com).

The LTI Program 2025-2027 is linked to two predetermined performance measures:

- AB Volvo’s three-year average ROCE with a linear scale (0% at minimum, 100% at maximum of the scale; relative weighting 70%), and
- The relative three-year average Volvo B total shareholder return vs. MSCI World Machinery Index with a linear scale (20% at minimum, 100% at maximum of the scale; relative weighting 30%) (relative TSR).

The result on each of these two performance measures is determined after the relevant three-year measurement period has ended. The final outcome of the LTI Program 2025-2027 will be presented in the annual report for 2027. The accounting treatment of the LTI Program 2025-2027 is described in Note 27 of the Annual Report 2025.

Total remuneration of the President and CEO in 2025

Table of total remuneration

The table below sets out total remuneration to AB Volvo’s President and CEO during 2025. All amounts are stated in thousands of SEK (TSEK). It is noted that the information stated in column “Variable remuneration” refers to entitlements built up and accrued during the performance period year 2025, to be paid in 2026.

Name of individual and position	Financial year	Fixed remuneration *		Variable remuneration *		Extraordinary items *	Pension expense	Total remuneration	Proportion fixed/variable remuneration out of total remuneration	
		Base salary	Other benefits**	One-year variable (STI)***	Multi-year variable (LTI)****				Fixed:	Variable:
Martin Lundstedt, President and CEO	2025	22 868	425	9 125	30 687	-	7 775	70 880	Fixed:	43,8%
									Variable:	56,2%

* The President and CEO has only received remuneration from AB Volvo and not from any other Volvo Group company. The President and CEO has not received any extraordinary remuneration (remuneration that under the remuneration guidelines may be awarded under extraordinary circumstances).

** This includes a company car benefit and medical benefits.

*** See below (*Application of performance criteria*) for a further description of terms and performance targets of the programs 2025.

**** This refers to the award under LTI 2023-2025 program which is expected to be paid out in 2026. The President and CEO also participates in LTI 2024-2026 and LTI 2025-2027 programs. As no remuneration has been paid in 2025 under the terms of any of these programs, no remuneration has been recorded in the table related to these programs. For the accounting treatment of the LTI Program 2024-2026 and 2025-2027, please see Note 27 on p. 121 – 125 of the Annual Report 2025.

Application of performance criteria

A prerequisite for successful implementation of the Group’s business strategy is the ability to recruit and retain qualified personnel. To this end, it is necessary that AB Volvo offers competitive remuneration. The Board of Directors and the Remuneration Committee continuously review remuneration to align it with the overall business performance and strategy of the company. For 2025,

it is deemed that the total remuneration of the President and CEO is in line with the business performance and implementation of the Group's strategy.

In the beginning of 2025, targets on operating income, operating cash flow and electric vehicle volume were established for the short-term incentive program.

Performance on the short-term and long-term metrics were measured against a range with a minimum and maximum for the financial period and a linear payout in the range.

For the President and CEO, the above resulted in the following result as regards the 2025 short-term incentive program and the LTI program 2023-2025 (payable in 2026):

Name, Position	Program	Maximum opportunity as % of base salary	Performance Metrics	Relative weight	Result	Payable as % of base salary
Martin Lundstedt, President & CEO	Short-term	100%	Operating income	45%	40,7%	41,1%
			Operating cash flow from industrial operation	45%	36,7%	
			Electric Vehicle Volume	10%	62,4%	
	Long-term	150%	Relative Total Shareholder Return	30%	100,0%	150,0%
			Return on Capital Employed	70%	100,0%	

More information can be found in note 27 in Annual Report 2025.

Derogations and deviations from the Remuneration Guidelines

During 2025, no compensation has been provided or promised to the President and CEO or other executive managers which would constitute a derogation or deviation from the Remuneration Guidelines and no derogations or deviations from the Remuneration Guidelines or the procedure for determining remuneration under the Guidelines have taken place.

Comparative information on the change of remuneration and company performance

Table: remuneration and company performance 2021-2025

As per each year, the actual numbers as well as the percentual change as compared to last year, is disclosed.

		2021		2022		2023		2024		2025	
President and CEO remuneration	TSEK	49 338	12,3%	58 105	17,8%	68 513	17,9%	69 636	1,6%	70 880	1,8%
Short term incentive; outcome as % base salary	%	88,1%	25,3%	80,7%	-8,4%	97,0%	20,2%	71,4%	-26,4%	41,1%	-42,5%
Long term incentive; outcome as % of base salary	%	66,1%	-6,0%	111,3%	68,4%	150,0%	34,8%	116,5%	-22,3%	150,0%	28,8%
Deputy CEO remuneration*	TSEK	23 691	11,2%	25 131	6,1%	-	-	-	-	-	-
Group Operating Income	SEK M	43 074	56,7%	45 712	6,1%	66 782	46,1%	66 611	-0,3%	48 506	-27,2%
Operating Cash Flow in industrial operations	SEK bn	29,4	58,9%	35,3	20,1%	45,8	29,7%	45,3	-1,1%	21,8	-51,8%
Return on Capital Employed	%	25,3	72,1%	27,4	8,3%	36,7	33,9%	35,8	-2,5%	25,3	-29,3%
Electric Vehicles Volume	#			2 073	0,0%	5 110	146,5%	6 477	26,8%	5 225	-19,3%
Average remuneration on a full time equivalent basis of employees (excl. executive management) of the parent company	TSEK	1 799	21,7%	1 675	-6,9%	1 903	13,6%	1 958	2,9%	1 872	-4,4%

* The Deputy CEO stepped down at the end of 2022 and was not replaced in this position. Hence, no remuneration is reported since then for this position.

As for the information relating to remuneration, it is noted that the variable remuneration is reported in the year it was accrued, even though paid the year after.

The average incentive outcome for the five years' period amounts to 75,7% for the short-term incentive and 83,6% for the long-term incentive, to be measured against the maximum incentive opportunity.
