

Questions from Avanza Zero with regard to agenda matter No. 15 (Presentation of the Board's remuneration report for approval)

- *Would the CEO have chosen to terminate his employment should the revision of the bonus targets, and thus also the possibility of a bonus payout, not have been introduced?*

Volvo's response

It is the Board's assessment that this would not have been the case. The bonus targets were revised during the second quarter of 2020. During parts of this quarter, approximately 90 per cent of the Group's industrial sites came to a standstill and the development was almost impossible to predict. The cash flow forecast that was established in April indicated a negative cash flow of SEK 20 billion during the first six months and Group sales decreased by almost SEK 50 billion during the second quarter. The purpose of revising the targets was to make the whole organization gather strength and focus on reaching relevant and realistic targets in order to secure the Group's survival under these extraordinarily challenging conditions. In this context, it is important to note that not only the top management but approximately 5,000 managers, of which only 20 per cent are employed in Sweden, are covered by the variable salary programs. It is the Board's assessment that the programs have served their purpose. In relation to its competitors, the Volvo Group delivered a very strong financial result for 2020.

- *Why were the shareholders not informed about the revision of the bonus targets/criteria at an earlier stage?*

Volvo's response

We do not normally give information about the targets beforehand. Since the revision made last year took place before the incentive programs had been fully launched, we did not see any reasons to make any special communication regarding that the targets had been revised. We present the targets and measurements afterwards in the remuneration report. Transparency is important, which was the reason for choosing to include information in the remuneration report regarding that the targets had been revised during the year and the reasons for why they were changed.