

PLUSPENSION – TRADITIONAL INSURANCE

NOTE! As of 2019 PLUSpension is closed for subscription, premium payment and capital inflows. Existing PLUSpensions are not affected. Your PLUSpension will managed and admi-

Contents

General information on PLUSpension	2
Insurance provider	2
Adresses	2
Insurance coverage and benefits	2
Surrender and transfer rights	3
Duration of the contract - payment	3
Policyholder's right to cancel insurance contract	3
Inaccurate and/or incomplete data	3
Legislation	3
Tax category	3
Premiums	3
Administrative costs and risk charge	3
Right to bonus	4
Allocated (preliminary distribution) bonus	4
Collective consolidation and consolidation policy	4
Insurance transfer and surrender values	4
Transferring PLUSpension from VFF Pension	4
Transferring insurance to PLUSpension with VFF Pension	4
Long-term investment targets	4
Information on VFF Pension's financial status	4
Handling of personal data	5
If you are dissatisfied	5

Insurance terms & conditions – private pension insurance

PLUSPENSION – TRADITIONAL INSURANCE

General information on PLUSpension

PLUSpension is a private pension available to employees (and their spouses) of the Volvo Group and Volvo Car Corporation, including some of their previously owned companies or associates. Anyone who has started saving in PLUSpension, and thus become a member of VFF Pension can then continue with contributions even if employment is terminated. In order to join, the applicant must successfully undergo a medical examination and may not be over 64 years of age during the entry year.

NOTE! As of 2019, PLUSpension is closed for subscription, premium payment and capital inflows. Existing PLUS pensions are not affected. Your PLUS pension will be managed and administered as before.

Insurance provider

VFF Pension Försäkringsförening, corporate no. 816400-4056, is the insurance provider. VFF Pension Försäkringsförening (hereinafter referred to as VFF Pension) is a mutual benefit association /occupational pension fund. The association is owned by its members. Mutuality means that there are no shareholders, but instead the policyholders /members share the profits in the form of bonuses.

The association is headed by a representative and a Board of Directors. The trade unions have the majority vote but Volvo Group and Volvo Cars also appoint representatives.

VFF Pension Försäkringsförening falls under the supervision of the Swedish Financial Supervisory Authority (Finansinspektionen).

Should you have any queries, please contact VFF Pension's customer service, telephone +46 (0)31-66 12 10, e-mail: vff@volvo.com or by mail to the address below.

Addresses

Street address: Götavergsgatan 2, Gothenburg, Sweden

Postal address: M2.7, 405 08 Gothenburg, Sweden

Internet: www.vffpension.se

Insurance coverage and benefits

Combined retirement and survivor's pension or only retirement pension.

Survivors protection can be added to or cancelled until pension payments are initiated.

With survivors protection

If the policyholder (the insured) has opted to keep survivor's protection and dies after the payment period has been initiated, pension will continue to be paid to the registered beneficiary(ies) for the remaining period. Should the policyholder die before payments have been initiated, the pension will be paid to the registered beneficiary(ies) for a period of five years. Regardless of when the policyholder dies, the level of the survivor's pension is the same as the policyholder's own pension would have been at the age of 65.

Options when choosing survivor's protection are:

- 1 First instance - spouse/cohabiting partner/registered partner.
Second - children.

- 2 First instance - children.
Second - spouse/cohabiting partner/registered partner.

- 3 According to a special beneficiary clause registered at VFF Pension.

Unless otherwise nominated by the member, a survivor's pension is paid, in the first instance, to the spouse/cohabiting partner/registered partner and, secondly, to the member's child(ren).

The term "spouse" is equal in status to cohabiting partner under the Act on Registered Partnership (1994:1117).

A spouse is a beneficiary even when divorce/dissolution of marriage proceedings have been initiated. A registered partner is a beneficiary even when legal proceedings have been initiated to end the partnership.

The term "cohabiting partner" refers to a single (unmarried) person who, at the time of death, permanently resided with an unmarried policyholder under marital conditions, or conditions similar to a registered partnership, provided they have, or have had, or are expecting a child together, or were previously married to each other, or lived together in a registered partnership, or in our case, have permanently lived together for at least six months.

If there are several children who are beneficiaries, the pension is divided into equal portions in the case of a general or a special clause, unless otherwise specified.

If there is only one possible beneficiary he/she has the right to request that payment of the survivor's pension be postponed. Any such request must be made before payments of the survivor's pension have been initiated.

In the absence of a beneficiary, the insurance capital reverts to those policyholders with repayment cover. This is known as inheritance gains.

Notification of death shall be made to VFF Pension, to whom the requisite documents must also be submitted, as soon as possible. For payment in the event of death, the documents and other information required to assess liability must be acquired and sent at no extra cost to VFF Pension, as soon as possible.

Without survivors protection

Notification of death shall be made to VFF Pension, to whom the requisite documents must also be submitted, as soon as possible. For payment in the event of death, the documents and other information required to assess liability must be acquired and sent at no extra cost to VFF Pension, as soon as possible.

Size of the pension

The size of the pension is calculated on the basis of the contributions paid. Guaranteed pensions are based on the contributions paid in and on the guaranteed interest. Pension per month can never be lower than that guaranteed.

The insurance capital is divided into two parts: a guaranteed part and a bonus.

Returns over and above the guaranteed interest are added as bonuses. Bonuses are paid when the business generates a surplus. Surpluses are not guaranteed and can drop if the outcome is unfavourable in the future.

Current information on guaranteed interest and bonuses is available on VFF Pension's website.

Insurance terms & conditions – private pension insurance

PLUSPENSION – TRADITIONAL INSURANCE

Limitations

The insurance is not valid if death occurs while the member is engaged in a war which is unrelated to a state of warfare in Sweden, or political unrest outside Sweden. Moreover, the insurance is not valid if death occurs one year after such participation and can be deemed to be due to the war or unrest.

Participation in UN military missions is not considered as participating in war or political unrest.

During the first three years of the insurance policy, the insurance is not valid if death occurs that can be deemed due to war, which is unrelated to a state of warfare in Sweden, or to war-like political unrest, or occurs while the member, without participating in a war or unrest, is outside of Sweden in a region where such conditions exist. Moreover, during the first three years of the insurance policy, the insurance is not valid if death occurs within one year of such a stay and can be deemed a consequence of that war or unrest. Should war or unrest break out while a member is in a region this restriction does not apply for the first three months.

Force majeure (Grounds for exemption)

Should a delay in the investigation into a claim or payment occur as a consequence of government action, acts of aggression, strikes, lockouts, boycotts, blockades or similar, VFF Pension cannot be deemed liable for any loss arising thereof for anyone entitled to a pension.

Surrender and transfer rights

On receipt of a written request from the policyholder or survivor(s), VFF Pension will decide about a surrender of insurance if no legal impediment exists under applicable law and/or the stipulations by the Swedish Financial Supervisory Authority. Information on current surrender charges is available on VFF Pension's website or can be ordered.

Insurances cannot be surrendered (redeemed) unless the insurance value is less than the limit specified in the Income Tax Act. Surrender means that the insurance policy becomes void after VFF Pension has paid the surrender value.

The policyholder is entitled to transfer his/her insurance capital to another insurance provider. Once pension payments have been initiated, the insurance capital cannot be transferred.

Duration of the contract – payment

Retirement age

The normal retirement age is 65. Pension payments can be initiated at another time, but no earlier than the month after the policyholder reaches the age of 55, or no later than when the policyholder reaches the age of 70. If the pension payments are to begin early, VFF Pension must be notified no later than 30 days before payments are to be initiated.

Period of payment

The policyholder can choose to have his/her pension paid over a period of 5

- 20 years or for the rest of life. Lifetime payment can only be chosen if the policyholder has insurance without survivor's protection. The payment time can be shortened to a period of less than 5 years, but not less than 3. In this case pension payments cease the month immediately after that in which the member reaches the age of 65.

Pension to a member is paid on a monthly basis during the specific payment period requested. In the event of death, the pension is paid up to and including the month in which the policyholder dies.

If the policyholder has opted for survivor's protection, the pension will continue to be paid thereafter to the beneficiary(ies) nominated for the period remaining.

If the policyholder dies before payments have been initiated, the pension will be paid to the beneficiary(ies) nominated for a period of 5 years.

If the insurance amount or the total value of the insurance is less than the minimum limits VFF Pension applies on any occasion, the association has the right to pay out the full amount plus bonus as a lump sum, or change the period of payment.

Policyholder's right to cancel the insurance contract

Cancellation is not applicable as the contributions are paid as current single premiums.

Inaccurate and/or incomplete data

When applying to enrol in VFF Pension the law on a member's obligation to disclose information applies. If false information is provided, this may result in the insurance being wholly or partially invalid.

Legislation

Swedish law applies.

Tax category

The Income Tax Act rules on Private Pension Insurance:

- Premiums are tax deductible under the rules and regulations for pension savings.
- Pensions paid are subject to income tax.

Premiums

All premiums are considered as single contributions with the lowest single contribution on any occasion being 200 SEK.

Administrative costs and risk charge

To cover VFF Pension's costs for managing the insurance contracts, administrative fees are charged. Effective from 1 January 2018 the following charges apply:

- 1 % as premium fee

Insurance terms & conditions – private pension insurance

PLUSPENSION – TRADITIONAL INSURANCE

- 0.4 % as annual charge on the capital.

For insurances with survivor's protection, there is an additional cost – a risk charge. The risk charge is calculated taking into account the age of the policyholder, the likelihood of death and the size of the insurance capital.

Right to bonus

The insurance entitles policyholders to bonuses. For each insurance policy the bonus is its share of the surplus in the event the association's results have been more favourable than calculated when estimating presumptive charges with regard to interest, mortality, operating costs, etc.

Allocated (preliminary distribution) bonus

Allocated bonuses are not guaranteed and the amounts may be reduced in the event the results are unfavourable in the following year. Allocated bonuses are paid as a supplement to the guaranteed pensions.

In cases where the consolidation deviates from the target level, an adjustment is made by raising or lowering the bonus interest.

If the consolidation is outside the accepted range, there will instead be a one-off increase, or decrease, in the individual insurance capitals, an instantaneous allocation or reallocation. The goal is that the consolidation following this action should be within the range of 100% - 105%.

If the consolidation is below 100% for a period in excess of 36 months, there should be a one-off decrease to restore the consolidation to 100% and if the consolidation is above 125% in more than 36 months there should be an allocation to 110%.

Collective consolidation and consolidation policy

The level of consolidation is VFF Pension's total assets divided by the value of the association's obligations to policyholders and others entitled to insurance. Obligations here refer to the total of the insurance's technical surrender values and allocated bonus. Consolidation is 100% if the assets and the liabilities are equal in size.

VFF Pension's consolidation policy is that consolidation should be in the range of 95% - 125%, with the target being 105%.

In cases where the consolidation deviates from the target, an adjustment is made by raising or lowering the bonus interest.

Insurance transfer and surrender values

The surrender value is equal to the insurance's technical surrender value, calculated according to the premium basis applicable when enrolling.

When moving the insurance capital to another insurance provider the surrender value plus the capital value of the allocated bonus benefits is paid.

When transferring insurance capital to another insurance provider or on surrender, the value must be adjusted by the market adjustment factor if PLUSPension's consolidation is below 100%.

Transferring PLUSPension from VFF Pension

The policyholder (insured) is entitled to transfer (move) his/her insurance

capital to another insurance provider operating an insurance business from a permanent establishment within the European Economic Area (EEA), provided the new insurance contract is classified as a pension insurance under the Income Tax Act (1999:1229) and that it is consistent with applicable legislation.

For a transfer to be implemented without any tax consequences, the company receiving the transfer must fulfil all the criteria for pension insurances according to the Income Tax Act (1999:1229).

When transferring, the full insurance value must be transferred to another pension insurance with the policyholder being the same.

Insurance terms vary between insurance providers and a transfer can lead to changes in the insurance terms and conditions.

VFF Pension cannot be held liable for the terms and conditions of the insurance becoming less advantageous by reason of a transfer.

VFF Pension's liability with respect to the insurance terminates on the date of transfer.

VFF Pension cannot be held liable for any tax effects as a consequence of a transfer.

When transferring insurance, there is a fee which is levied in the form of a deduction from the insurance transfer value.

The transfer fee is determined on the basis of costs attributable to the transfer also taking into account the remaining claim against the policyholder for expenses incurred in connection with enrolling for the insurance. Information on current transfer fees is available on VFF Pension's website or can be ordered.

Transferring insurance to PLUSPension with VFF Pension

NOTE! As of 2019, PLUSPension is closed for subscription, premium payment and capital inflows. Existing PLUS pensions are not affected. Your PLUS pension will be managed and administered as before.

Long-term investment targets

The goal is to strive to generate a 4% return on investment at an acceptable level of risk. Given this background, about 55% of the assets are invested in interest-bearing securities, approximately 30% in shares and money market instruments, about 5% in real estate and about 10% in alternative investments.

Investment guidelines are determined by VFF Pension's Board of Directors. Ultimately, the association's investments are guided by the policy that the assets should be invested in accordance with the provisions of the Insurance Business Act.

Information on VFF's financial status

The latest annual report, an interim report for the period January-June is available on VFF's website and can also be ordered.

Insurance terms & conditions – private pension insurance

PLUSPENSION – TRADITIONAL INSURANCE

Handling of personal data

Personal data submitted to VFF Pension in connection with signing of an insurance agreement, and information we obtain in connection with signing of an insurance agreement, will be processed by VFF Pension or by companies with which we cooperate. This is necessary so we can fulfil our obligations as per the insurance agreement, so we can contact you, and so that we can in all other respects meet our obligations as insurance providers. Personal data may also be used for analysis and statistics purposes. VFF Pension is responsible for proper handling of such personal data. For further information about how VFF Pension handles personal data, see vffpension.se.

If you are dissatisfied with the way VFF Pension handles your personal data, or if you feel we have handled such information incorrectly, please contact us so we can deal properly with any misunderstandings. You can also submit any complaints you may have to the Swedish Data Protection Authority (datainspektionen.se). You may request a printout of your register records – free of charge – and if any information there is incorrect, too detailed or incomplete, you have the right to request that we amend it accordingly.

Requests for register printouts, amendments and so on should be sent to:

VFF Pension, Data Protection Officer, M2.7, 405 08 Gothenburg

If you are dissatisfied

If you believe that VFF Pension has acted with impropriety in your case, it is important that you contact us as soon as possible. Initially, you should contact your case officer who handled your matter. This is to ensure that it is not a misunderstanding, or that information from you is not lacking. If you are still dissatisfied, please submit a report to our complaints officer to have your case evaluated further. If you are still dissatisfied after this, you may contact the National Board for Consumer Disputes (Swedish ARN) and ultimately the court of law.