

Remuneration policy

Ratified by the Board, valid as of 2019-01-01

Company	VFF Pension
Issued by	Madlen Ekman
Ratified	2018-12-13

VFF Pension Försäkringsförening

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1. Purpose

The purpose of this policy is to state the principles according to which VFF Pension, decides how remunerations and salaries are determined. This policy has been drawn up in accordance with Finansinspektionen (FI) – the Swedish financial supervisory authority – and its General Guidelines Regarding Remuneration Policy in Insurance Undertakings (FFFS 2011:2). VFF Pension wants a remuneration policy that supports effective risk handling, and it is not aimed at short-term profits or excessive risk.

The remuneration policy covers all VFF Pension's employees as well as the Board and the Steering Committee.

2. Responsibility

The Board is responsible for establishing this policy. The CEO is responsible for ensuring its compliance.

3. Risk analysis

VFF Pension's operations consist primarily of providing occupational pension insurance to employees of Volvo Group and Volvo Car Group in Sweden.

The insurance portfolio consists of long-term agreements featuring what is known as traditional management. Traditional management is provided within strict frameworks that are ultimately determined by the investment guidelines set by the Board of VFF Pension.

The scope for the individual employee's risk-taking within VFF Pension's operations is thus very limited. In addition, VFF Pension does not offer any variable remuneration.

4. Scope of remuneration

All employees receive a fixed remuneration that conforms to market norms and is based on the individual employee's responsibilities and performance.

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4.1 Decisions on remuneration

Only the CEO is regarded as an employee in an executive position and he/she is the person who can impact the association's risk level. Remuneration decisions and benefits to the CEO are determined by the Board.

Remunerations to other employees are determined by the CEO and in certain cases in consultation between the CEO and the Chairman of the Board. The Board's fee is determined by the Council and consists of one fixed portion that follows the price index and one portion based on each board meeting actually attended.

5. Non-monetary benefits

Employees may occasionally receive benefits such as health and wellness subsidies, corporate health-care benefits and parking subsidies. These perks follow AB Volvo's established regulations and their scope is determined by the CEO within the framework of the budget.

In addition to these benefits, the CEO also has a health insurance policy. A decision on whether or not to provide a company car is taken and if so, provided by the CEO within the framework of the budget.

6. Remuneration for regulatory functions

The compliance, risk monitoring and internal audit functions are currently outsourced and thus not covered by this remuneration policy.

7. Pensions

Pensions for employees are agreed in accordance with the collective agreement. The currently available pension types are ITP1 and ITP2, depending on the employee's age. The insurance policies are signed via Collectum.

Pension benefits to the CEO shall be issued in accordance with the applicable collective agreement and ITP plan. However, the Board is allowed to decide on supplementary benefits.

There are no pension plans to cover Board members.

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7.1 Volvo Företagspension

Volvo Företagspension is a local collectively agreed occupational pension covering all employees of Volvo Group and Volvo Car Group in Sweden. VFF Pension administrates and manages Volvo Företagspension.

Employees receive Volvo Företagspension and the premium is set by the Board of VFF Pension. For 2018 – with payout in 2019 – the premium was SEK 1 166 per month. The criteria for receiving a premium is the same as in the AB Volvo Group. The premium has been calculated to the income base figure, with 2013 as the base year.

The premium is paid at the start of the year to a traditional insurance at VFF Pension.

8. Notice and severance pay

Notice to employees follows the terms of the collective agreement and is based on current employment. No severance pay is given.

The CEO has six months' notice, which can be submitted by either party. If VFF Pension gives notice, the CEO is entitled to his/her salary for nine months after termination of employment.

9. Regulation and monitoring

The Board feels there is very little risk of conflict of interest regarding remunerations since the employee's scope for impacting the operation's financial results is very limited. The monitoring of salary costs is within the framework of the Board's budget follow-up procedure.

Changes to this policy may only be decided by the Board, and the policy is to be reviewed annually.
