

Insurance terms and conditions – occupational pension insurance

VOLVO FÖRETAGSPENSION – TRADITIONAL INSURANCE

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General information about Volvo Företagspension

Volvo Företagspension is an extra occupational pension based on local collective agreements and applicable to Volvo Group and Volvo Cars, as well as to certain companies that previously were part of these corporate groups or are partner companies. It is provided over and above the retirement pension and occupational pension through collective agreements. Unlike the centrally agreed occupational pensions, Volvo Företagspension has no lower age limit.

Volvo Företagspension applies as of the first month of employment for permanent staff and contract staff with at least three full calendar months per year spent at the same company and in the same place of employment.

Summer-vacation staff and interns are not covered by Volvo Företagspension.

Insurance provider

VFF Pension Tjänstepensionsförening (referred to below as VFF Pension), organisation number 816400-4056, is the insurance provider. VFF Pension is a mutual occupational insurance association registered in Sweden and owned by its policyholders. The principle of mutuality means there is no aim to generate a profit; any surplus is fed back to the policyholders in the form of a bonus.

The association is managed by a council and a board. The trade union forms the council majority, but AB Volvo and Volvo Car Corporation also appoint representatives.

The supervisory bodies are the Swedish Financial Supervisory Authority and EIOPA (the European Insurance and Occupational Pensions Authority).

For questions please contact VFF Pension's customer service, phone +46 (0)31-66 12 10, email vff@volvo.com or by post to the addresses below.

Addresses

Visiting address: Theres Svenssons gata 15, Göteborg, Sweden

Postal address: TSG:5, 405 08 Göteborg, Sweden

Website: www.vffpension.se

Insurance coverage and benefits

Insurance policy based on premiums paid in, taxation category occupational pension.

Combined retirement and survivors' pension, or only retirement pension.

The insurance always starts with repayment cover. Repayment cover can be removed or added up to the date when the pension starts being paid out.

With repayment cover

If the policyholder selects repayment cover and passes away during the payout period, the remaining pension will continue to be paid out to the registered beneficiaries for the remainder of the contract period. If the policyholder passes away before pension payment starts, the pension will be paid for 5 years to the registered beneficiaries. In the event of death after payment of lifetime retirement pension has commenced, payments to the registered beneficiaries will continue, ceasing no later than 20 years after retirement pension started being paid out. The size of the survivor's pension is based on the current insurance capital the month after the death occurred.

Possible alternatives in choice of repayment cover:

- 1 In the first instance to spouse/cohabitee/registered partner. Secondarily to children.
- 2 In the first instance to children. Secondarily to spouse/cohabitee/registered partner.
- 3 As per the Special Beneficiary Instructions registered with VFF Pension.

According to the Income Tax Act, only the following persons can be employed as beneficiaries:

- a) spouse or former spouse
- b) cohabitant or former cohabitant
- c) children / stepchildren / foster children to yourself or to any person according to a) or b)

If the policyholder has not specified otherwise, the survivor's pension will be paid primarily to the spouse/cohabitee/registered partner, and secondarily to the policyholder's child/children.

The term "spouse" also encompasses a partner as per legislation (1994:1117) on registered partner relationship. A spouse is regarded as a beneficiary even if there is an ongoing case to dissolve the marriage. A registered partner is regarded as a beneficiary even if there is an ongoing case to dissolve the partner relationship.

The term "cohabitee" refers to an unmarried person who, under marriage-like conditions or conditions similar to those of a registered partner relationship, lived permanently together with the policyholder at the time of the unmarried policyholder's death, provided they either have a child together, or have had a child together, or are expecting a child together, or have previously been married to each other or lived together in a registered partner relationship, or alternatively have lived together on a full-time basis for a minimum of six months.

If there are multiple children among the beneficiaries, the pension is shared in equal proportions both in the general allocation and in line with the special instructions, unless otherwise specified.

If there is only one possible beneficiary, he/she has the right to request that payout start for the survivor's pension be postponed until a later date. Such a request must be made before payment of the survivor's pension has commenced.

If no beneficiary is specified, the insurance capital is shared between all those policyholders who have insurance with repayment cover. This is known as an inheritance payout.

The policyholder's death shall be registered with VFF Pension, with all necessary documentation sent there as soon as possible. For payout following a policyholder's death, the documents and other information required for assessment of liability shall as soon as possible be acquired and sent to VFF Pension without incurring any cost to VFF Pension.

Without repayment cover

If the policyholder chose not to have repayment cover and passes away before the start of payout or during payout, the policyholder's capital is shared between all other policyholders who have insurance without repayment cover. This is known as an inheritance payout. As a result of inheritance payouts, policyholders without repayment cover have a somewhat higher pension. If a policyholder has opted out of repayment cover once retirement pension starts being paid, it cannot be reinstated.

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Size of the pension

The size of the pension is based on paid-in premiums and guaranteed interest before tax on returns. The guaranteed interest depends on when the premiums were paid.

Any return over and above the guaranteed interest is added as a bonus. A bonus is paid out when the operation generates a surplus. There is no guarantee of a surplus, and this may decrease in poor economic conditions in the coming years.

In addition, the size of the pension also varies depending on predictions of future rates of tax on returns, interest rates, fatality rates, operating costs and more.

Read more at www.vffpension.se/foretagspension

Force Majeure

If there is a delay in assessment of an insurance case or in payment as a result of measures adopted by public authorities, or acts of war, strikes, lockouts, boycotts, blockades or similar, VFF Pension is not responsible for any resultant loss to the pension beneficiary.

Repurchase and right of transfer

There is no right to repurchase.

The policyholder does not have the right to transfer insurance capital to another insurance provider.

The agreement's payout period – payouts

Retirement age

The normal age of retirement is 65. However, it is possible to draw a pension at a different time. Earliest from the month after the policyholder turns 55, or latest when the policyholder turns 70. If the insurance is to be paid out early, VFF Pension must be notified no later than 30 days before payment is scheduled to start.

Period of payment

The policyholder can choose to have his/her pension paid over a period of 5 to 20 years, or lifelong.

Pension payouts to a policyholder whose pension is currently being paid out are made on a monthly basis during the requested payment period. Should the policyholder pass away, the pension is paid up to and including the month in which the policyholder died.

If the policyholder has opted for repayment cover, the pension will continue to be paid out to the registered beneficiaries for the remainder of the specified period. For a lifelong policy, payments will continue to the registered beneficiaries for 20 years after start of payment.

If the policyholder passes away before start of payment, the pension is paid to the registered beneficiaries for a period of 5 years.

If the insurance sum or the insurance policy's total value is less than the minimum levels set by VFF Pension at date of claim, then the association has the right to pay out the entire capital in one lump sum, together with any bonus, or to adjust the repayment period.

Incorrect and/or incomplete information

If inaccurate information is provided this may result in the insurance being either fully or partially invalid.

Legislation

Swedish law applies to this insurance.

Pension payments are taxed as income from employment.

Premiums

Premiums are paid by the employer in accordance with applicable collective agreements regarding Volvo Företagspension.

At present there are the following types of premium:

- Regular premium as per the employer's terms and qualification regulations.
- Time bank conversion. Time bank hours can be converted into pension premiums. This is done in accordance with the regulations applicable in each respective company or corporate group.
- Service years gratuity. Special gratuity after a specific number of years of employment as per each company's or corporate group's rules.

Administrative costs

In order to cover VFF Pension's costs for administration of insurance agreements, administrative fees are applied. As of January 1, 2018, the following fees are levied:

- 0.5 % premium fee
- 0.3 % annual fee on pension capital.

Fees for capital management

The cost of capital management is covered by the annual capital fee as per the previous section entitled "Administrative costs".

The management fees that VFF Pension pays to its asset managers are taken directly from the return for each respective fund, thus reducing the return that is provided to VFF Pension.

Tax on returns

The tax on returns is a Swedish state tax that VFF Pension is obligated to pay by law. This tax is calculated on the capital registered per January 1 of every year.

Bonus entitlement

The insurance entitles the policyholder to a bonus. The bonus for each policy is the share of the surplus that has accumulated, provided the association's financial result has been more favourable than was expected when fees were calculated on the basis of forecast interest rates, fatality rates, operating costs and so on.

Allocated (preliminarily distributed) bonus

The allocated bonus is not guaranteed and can be reduced in the event of

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unfavourable results in future years. An allocated bonus is paid in addition to the guaranteed pensions.

Collective consolidation and consolidation level

Collective consolidation is the difference between the assets that VFF Pension manages, and the policyholders' combined insurance capital.

In order to measure collective consolidation, a parameter known as the consolidation level or consolidation rate is used.

The consolidation level is VFF Pension's total assets divided by the value of the association's undertakings to its policyholders and others entitled to remuneration. The term "undertakings" here refers to the sum total of the insurance's technical repurchase value and allocated bonus. The consolidation level is 100 % if the assets are as large as the undertakings are.

VFF Pension's consolidation policy is that the consolidation level should be between 95 % - 125 %, with a target level of 105 %.

In cases in which the consolidation level deviates from the target level, a correction is made by either raising or lowering the bonus interest rate.

If the consolidation level is outside the permitted range for more than 36 months, this will instead prompt a one-time increase or decrease in the individual insurance capital, known as an instantaneous allocation or reallocation. The aim is for the consolidation level to be within the 100 % - 110 % range after this measure.

The current consolidation level can be seen on the VFF Pension website.

Long-term investment goals

VFF Pension shall have long-term growth characterised by stability and sustainability. The over-riding goals for capital management are to ensure that the value of the assets always covers the pension undertaking in both the short and long terms, and to be able to offer as competitive a bonus as possible in the long run.

The structure of the current norm portfolio is shown on the VFF Pension website.

The investment guidelines are set by the Board of VFF Pension. Ultimately the association's investments are regulated by the desire to ensure that assets are invested in accordance with the regulations in the Insurance Business Act.

Information about VFF's financial status

The most recent annual report and periodic report for January – June can be found on the VFF Pension website and can also be ordered.

In the above documents you can also find information about historical results, returns and bonus interest.

Our sustainability work

VFF Pension's products promote environmental and social characteristics.

VFF Pension also takes into account negative consequences for sustainability factors in investment decisions and thus in our insurance products.

Read more about our sustainability work on our website where you will also find our sustainability report and our sustainability policy: www.vffpension.se

Handling of personal data

Personal data that is submitted to VFF Pension when an insurance agreement is signed or that we obtain in connection with an insurance agreement, will be processed by VFF Pension or by companies with which we collaborate. We do this so we can deliver on our undertakings as per the insurance agreement, so we are able to contact you, and in all other respects so we can fulfil our obligations as an insurance provider.

Personal data may also be processed for analysis or statistical purposes. VFF Pension is responsible for complying with correct procedures for handling of personal data. For more information about how VFF Pension handles personal data, please visit the VFF Pension website.

If you are dissatisfied with the way VFF Pension handles your personal data, or if you feel we handle such data incorrectly, please contact us so we can properly deal with any misunderstandings. You can also submit a complaint to IMY, the Swedish Authority for Privacy Protection, (www.imy.se). You can also request, free of charge, a printout of your registered data and if any information there is incorrect, excessive or insufficient, you have the right to demand that we make the necessary amendments.

A request for register records, amendments and so on should be sent to:

VFF Pension, Data Protection Officer

TSG:5,

405 08 Göteborg, Sweden.

VFF Pension's right to alter insurance terms and conditions

VFF Pension has the right, during the insurance period, to change these insurance terms and conditions as well as the insurance agreement itself, if such a move is deemed necessary owing to the nature of the insurance agreement or for any other special reason. Such a change may stem from calculation preconditions, fees, inheritance payouts and insurance terms and conditions in general. The term "other special reason" includes, for instance, changed legislation or application of the law, rulings by public authorities or other fundamental basis underpinning the insurance agreement.

In order for a change in terms and conditions to become valid for the policyholder and the insured party, it is necessary that they first receive all relevant information in writing. The changed terms and conditions then become applicable from the subsequent premium period, and with certain exceptions also take effect for already accumulated capital. Minor changes, and changes resulting from altered legislation, altered application of the law or rulings by public authorities, however, may take effect immediately.

If you are dissatisfied

If you feel that VFF Pension has handled your case improperly, it is important that you get in touch with us as soon as possible. In the first instance, contact the person who dealt with your case. We advise this to ensure that it is not simply a matter of misunderstanding or because certain information about you is missing. If after this you are still dissatisfied, file a complaint with the Complaints Officer at VFF Pension for a more in-depth examination of your case. If after this stage you still do not feel satisfied with the outcome, contact ARN, the National Board for Consumer Disputes. The ultimate recourse is to the general court.