



AB Volvo

Press Information

Volvo Powertrain signs agreement on shortening of work hours

Volvo Powertrain signed an agreement today, May 18, with the salaried employee organizations in Köping, Sweden, regarding the shortening of work hours with income reduction. The agreement means that the layoff notice for 25 salaried employees is being withdrawn. In addition, Volvo Powertrain has reached a preliminary agreement with the IF Metall trade union in Skövde and Köping on shortening of work hours with income reduction. A final agreement would result in cancellation of layoff notices issued on April 22 involving 600 persons.

The agreement with the salaried employees unions in Köping applies from June 1, 2009 through March 30, 2010. Work hours will be reduced by 20%, salaries reduced by a maximum of 10% during the agreement period and this year's salary scale revisions will be converted to time that is used for establishing stop days. The company also guarantees that no new layoff notices will be issued during the agreement period.

The agreement covers 180 salaried employees in Köping. The management group for Volvo Powertrain in Köping is also included in the agreement.

The management group within Volvo Powertrain in Skövde and the Swedish division management will also comply with the intention in the agreement.

It is Volvo Powertrain's ambition to also reach an agreement regarding a shortening of work hours with other salaried employees within the company's Swedish division.

The company has also reached a preliminary understanding with the local IF Metall unions in Skövde and Köping regarding a shortening of work hours with income reduction. If the understanding results in an agreement, the layoff notices issued on April 22 will be withdrawn in entirety. The layoff notices involved 350 collective-agreement employees in Skövde and 250 in Köping. IF Metall's members will vote on the agreement next week.

The preliminary agreement involves 2,450 employees in Skövde and Köping.

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“It is important and favorable for Volvo that we reached our first agreement regarding a shortening of work hours,” says Peter Karlsten, President of Volvo Powertrain. “With a reduction in work hours, we can sustain operations at an adjusted cost level, retain expertise in the company and increase the pace of production more rapidly when the turnaround occurs.”

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