



AGENDA FOR THE ANNUAL GENERAL MEETING OF AB VOLVO (publ)

WEDNESDAY APRIL 6, 2016

1. Opening of the Meeting

2. Election of Chairman of the Meeting

Proposal by the Election Committee:
Mr Sven Unger, Attorney at law

3. Verification of the voting list

4. Approval of the agenda

5. Election of minutes-checkers and vote controllers

6. Determination of whether the Meeting has been duly convened

Notice to attend the meeting has been issued by announcement in Post- och Inrikes Tidningar on Friday March 4, 2016, and by the notice having been available on the company's website since Wednesday March 2, 2016. The fact that notice has been issued has been advertised on Friday March 4, 2016 in Dagens Nyheter and Göteborgs-Posten.

7. Presentation of the work of the Board and Board committees

8. Presentation of the Annual Report and the Auditor's Report as well as the Consolidated Accounts and the Auditor's Report on the Consolidated Accounts. In connection therewith, speech by the President

9. Adoption of the Income Statement and Balance Sheet and the Consolidated Income Statement and Consolidated Balance Sheet

10. Resolution in respect of the disposition to be made of the Company's profits

Proposal:
The Board of Directors and the President propose that the profits available to the Meeting be disposed of as follows:

| | |
|------------------------------------|------------------------------|
| To the shareholders, a dividend of | SEK 6,093,139,071.00 |
| SEK 3.00 per share in AB Volvo | <u>SEK 25,021,373,396.36</u> |
| To be carried forward | SEK 31,114,512,467.36 |

It is proposed that the record date for determining who is entitled to receive dividends shall be Friday April 8, 2016.

11. Resolution regarding discharge from liability of the members of the Board and of the President
12. Determination of the number of members and deputy members of the Board of Directors to be elected by the Meeting

Proposal by the Election Committee:

Eleven members and no deputy members.

All proposals made by the Election Committee and the information concerning the proposed directors and the statement explaining the proposals regarding the Board of Directors that according to the Swedish Corporate Governance Code shall be available on the company's website and a presentation of the activities carried out by the Election Committee are attached as Enclosure 1.

13. Determination of the remuneration to be paid to the Board members

Proposal by the Election Committee:

The Election Committee proposes that the Board remuneration remains unchanged, meaning that the Chairman of the Board is awarded SEK 3,250,000 and each of the other Board members elected by the Annual General Meeting SEK 950,000 with the exception of the President. Furthermore, the Election Committee proposes that the remuneration for Board Committee work remains unchanged, meaning that the Chairman of the Audit Committee is awarded SEK 300,000, the other members in the Audit Committee SEK 150,000 each and that the Chairman of the Remuneration Committee is awarded SEK 125,000 and the other members of the Remuneration Committee SEK 100,000 each.

14. Election of the Board members

Proposal by the Election Committee, members:

For the period until the close of the next Annual General Meeting,

- 14.1 Matti Alahuhta
- 14.2 Eckhard Cordes
- 14.3 James W. Griffith
- 14.4 Martin Lundstedt (new election)
- 14.5 Kathryn V. Marinello
- 14.6 Martina Merz
- 14.7 Hanne de Mora
- 14.8 Håkan Samuelsson (new election)
- 14.9 Helena Stjernholm (new election)
- 14.10 Carl-Henric Svanberg
- 14.11 Lars Westerberg

The proposed persons have the assignments as shown in Enclosure 1.

The employee organizations have through separate elections designated the following

members:

Mats Henning (PTK)
Mikael Sällström (LO)
Lars Ask (LO)

deputy members:

Mari Larsson (PTK)
Camilla Johansson (LO)

15. Election of the Chairman of the Board

Proposal by the Election Committee:

The Election Committee proposes re-election of Carl-Henric Svanberg as Chairman of the Board.

16. Election of members of the Election Committee

Proposal by the Election Committee:

The Election Committee proposes that the Annual General Meeting elects the following persons to serve as members of the Election Committee and resolves that no fees shall be paid to the members of the Election Committee, all in accordance with the instructions for the Election Committee:

- The Chairman of the Board of Directors
- Bengt Kjell, representing AB Industrivärden
- Lars Förberg, representing Cevian Capital
- Yngve Slyngstad, representing Norges Bank Investment Management
- Pär Boman, representing Handelsbanken, SHB Pension Fund, SHB Employee Fund, SHB Pensionskassa and Oktagonen

17. Resolution regarding amendment of the Instructions for the AB Volvo Election Committee

The Election Committee's proposal is attached hereto as Enclosure 1.

18. Resolution on the adoption of a Remuneration Policy for senior executives

The Board of Directors' proposal is attached hereto as Enclosure 2.

Proposals by the Election Committee of AB Volvo to the Annual General Meeting 2016

The Election Committee's proposal as regards election of Chairman of the Annual General Meeting

The Election Committee proposes that Sven Unger, attorney, be elected Chairman of the Meeting.

The Election Committee's proposal as regards the number of members and deputy members of the Board of Directors to be elected by the Annual General Meeting

According to the Articles of Association, the Board of Directors is to comprise a minimum of six and a maximum of 12 members, with a maximum of an equal number of deputies. The Election Committee proposes that the number of Board members elected by the Annual General Meeting be 11 and that no deputies be elected.

The Election Committee's proposal as regards remuneration to be paid to the Board members

The Election Committee proposes that the Board remuneration remain unchanged, meaning that the Chairman of the Board will be awarded SEK 3,250,000 and each of the other members elected by the Annual General Meeting SEK 950,000 with the exception of the President. Furthermore, the Election Committee proposes that the remuneration for Board committee work remain unchanged, meaning that the Chairman of the Audit Committee will be awarded SEK 300,000 and the other members of the Audit Committee SEK 150,000 each and that the Chairman of the Remuneration Committee will be awarded SEK 125,000 and the other members of the Remuneration Committee SEK 100,000 each.

The Election Committee's proposal as regards election of Board members and Chairman of the Board

The Election Committee proposes the re-election of Matti Alahuhta, Eckhard Cordes, James W. Griffith, Kathryn V. Marinello, Martina Merz, Hanne de Mora, Carl-Henric Svanberg and Lars Westerberg. The Election Committee proposes the new election of Martin Lundstedt, Håkan Samuelsson and Helena Stjernholm. Anders Nyrén has informed the Election Committee that he will not be standing for re-election.

The Election Committee proposes the re-election of Carl-Henric Svanberg as Chairman of the Board.

Information relating to the proposed Board members is presented below.

Carl-Henric Svanberg

Born 1952. MSc Eng., B.Sc. Business Administration.

Member of the Volvo Board since: Chairman since 2012.

Board Chairman: BP p.l.c.

Holdings in Volvo, own and related parties: 700,000 Series B shares.

Principal work experience: Has held various positions at Asea Brown Boveri (ABB) and Securitas AB; President and CEO of Assa Abloy AB; President and CEO of Telefonaktiebolaget LM Ericsson; member of the External Advisory Board of the Earth Institute at Columbia University and the Advisory Board of Harvard Kennedy School.

Independence: Considering the demands laid down in the Swedish Corporate Governance Code regarding the Board's independence, the Election Committee is of the opinion that Carl-Henric

Svanberg is independent of the company, company management and the company's major shareholders.

Matti Alahuhta

Born 1952. MSc Eng. and DSc.

Member of the Volvo Board since: 2014

Board Chairman: DevCo Partners Oy, Outotec Corporation and the Confederation of Finnish Industries.

Board member: ABB Ltd., Kone Corporation and UPM-Kymmene Corporation.

Holdings in Volvo, own and related parties: 64,100 Series B shares.

Principal work experience: Has held several management positions in the Nokia Group – President of Nokia Telecommunications, President of Nokia Mobile Phones and Chief Strategy Officer of the Nokia Group; President of Kone Corporation between 2005 and 2014 and between 2006 and 2014, as well as CEO. Board Chairman of Aalto University until 2015.

Independence: Considering the demands laid down in the Swedish Corporate Governance Code regarding the Board's independence, the Election Committee is of the opinion that Matti Alahuhta is independent of the company, company management and the company's major shareholders.

Eckhard Cordes

Born 1950. MBA and PhD, University of Hamburg.

Partner in Cevian Capital and EMERAM Capital Partners. Member of the Executive Committee of Eastern European Economic Relations of German Industry.

Member of the Volvo Board since: 2015

Board Chairman: Bilfinger SE.

Holdings in Volvo, own and related parties: None.

Principal work experience: Started in 1976 with Daimler Benz AG, where he held several management positions, such as head of the trucks and buses business, Head of Group Controlling, Corporate Development and M&A in AEG AG and CEO of Mercedes Car Group. Previously CEO of Metro AG, senior advisor at EQT and Board member of Air Berlin, SKF, Carl Zeiss and Rheinmetall AG. Partner in Cevian Capital and EMERAM Capital Partners since 2012.

Independence: Considering the demands laid down in the Swedish Corporate Governance Code regarding the Board's independence, the Election Committee is of the opinion that Eckhard Cordes is independent of the company and company management. Since Cevian Capital Partners controls more than 10 percent of the votes in the company, Eckhard Cordes, due to his capacity as partner in Cevian Capital, is not considered independent of one of the company's major shareholders.

James W. Griffith

Born 1954. BS and MBA, Stanford University.

Member of the Volvo Board since: 2014

Board member: Illinois Tool Works Inc.

Holdings in Volvo, own and related parties: 20,000 Series B shares.

Principal work experience: Began his career at The Timken Company in 1984, where he held several management positions, such as head of Timken's bearing business activities in Asia, Pacific and Latin America and head of the company's automotive business in North America. Until 2014, President and CEO of The Timken Company.

Independence: Considering the demands laid down in the Swedish Corporate Governance Code regarding the Board's independence, the Election Committee is of the opinion that James W. Griffith is independent of the company, company management and the company's major shareholders.

Martin Lundstedt

Born 1967. MSc Eng.

President of AB Volvo and CEO of the Volvo Group.

Board Chairman: Partex Marking Systems AB and Permobil AB.

Board member: The Royal Swedish Academy of Engineering Sciences (IVA) and Concentric AB.

Holdings in Volvo, own and related parties: 36,447 Series B shares.

Principal work experience: President and CEO of Scania 2012-2015. Before then, held a number of executive positions in Scania since 1992.

Independence: Considering the demands laid down in the Swedish Corporate Governance Code regarding the Board's independence and the fact that Martin Lundstedt is the President of AB Volvo and CEO of the Volvo Group, the Election Committee is of the opinion that Martin Lundstedt is independent of the company's major shareholders but not of the company and company management.

Kathryn V. Marinello

Born 1956. BA, State University of New York at Albany and MBA, Hofstra University.

Senior Advisor, Ares Management LLC.

Member of the Volvo Board since: 2014

Board member: General Motors Company, Nielsen and RealPage.

Holdings in Volvo, own and related parties: None.

Principal work experience: Has held several management positions at Citibank, Chemical Bank New York (now JP Morgan Chase), First Bank Systems and First Data Corporation; Division President General Electric Financial Assurance Partnership Marketing and Division President General Electric Fleet Services; President and CEO of Ceridian Corporation and subsequently also Chairman. Chairman, President and CEO of Stream Global Services, Inc.

Independence: Considering the demands laid down in the Swedish Corporate Governance Code regarding the Board's independence, the Election Committee is of the opinion that Kathryn V. Marinello is independent of the company, company management and the company's major shareholders.

Martina Merz

Born 1963. BS from University of Cooperative Education, Stuttgart.

Member of the Volvo Board since: 2015

Board member: SAF Holland SA.

Holdings in Volvo, own and related parties: None.

Principal work experience: Until January 2015, CEO of Chassis Brakes International. Has, during almost 25 years held various management positions in Robert Bosch GmbH, most recently as Executive Vice President Sales and Marketing in the Chassis System Brakes division combined with responsibility for regions China and Brazil and previously Chief Executive Officer of the subsidiary Bosch Closure Systems. Has also served as a member of the Board of Management of Brose Fahrzeugteile GmbH & Co.

Independence: Considering the demands laid down in the Swedish Corporate Governance Code regarding the Board's independence, the Election Committee is of the opinion that Martina Merz is independent of the company, company management and the company's major shareholders.

Hanne de Mora

Born 1960. BA in Economics from HEC in Lausanne, MBA from IESE in Barcelona.

Member of the Volvo Board since: 2010

Board Chairman: a-connect (group) ag.

Board member: Sandvik AB and IMD Foundation Board.

Holdings in Volvo, own and related parties: 3,000 Series B Shares.

Principal work experience: Credit Analyst at Den Norske Creditbank in Luxembourg 1984, various positions in brand management and controlling within Procter & Gamble 1986-1989, Partner at McKinsey & Company, Inc. 1989-2002, one of the founders and owners, and Chairman of the Board of the global consulting firm and talent pool a-connect (group) ag since 2002.

Independence: Considering the demands laid down in the Swedish Corporate Governance Code regarding the Board's independence, the Election Committee is of the opinion that Hanne de

Mora is independent of the company, company management and the company's major shareholders.

Håkan Samuelsson

Born 1951. MSc Eng.

President and CEO of Volvo Car Group.

Board member: Teknikföretagen Employers' Association.

Holdings in Volvo, own and related parties: None.

Principal work experience: Began his career in 1977 at Scania, where he held several management roles over a period of nearly 25 years. Between 2000 and 2009, he served as Chairman of the Board and President of the German industrial group MAN. Former Board member of Deutsche Bank, Siemens and Scandlines GmbH.

Independence: Considering the demands laid down in the Swedish Corporate Governance Code regarding the Board's independence, the Election Committee is of the opinion that Håkan Samuelsson is independent of the company, company management and the company's major shareholders. In its assessment, the Election Committee took into consideration the contractual dealings existing between the Volvo Group and Volvo Car Group.

Helena Stjernholm

Born 1970. B.Sc. Business Administration.

President and CEO of AB Industrivärden.

Holdings in Volvo, own and related parties: None.

Principal work experience: Began her career at the Stockholm offices of the management consulting firm Bain & Company in 1997 and held several management positions at IK Investment Partners in Stockholm between 1998 and 2015. President and CEO of AB Industrivärden since 2015.

Independence: Considering the demands laid down in the Swedish Corporate Governance Code regarding the Board's independence, the Election Committee is of the opinion that Helena Stjernholm is independent of the company and company management. Since AB Industrivärden controls more than 10 percent of the votes in the company, Helena Stjernholm, due to her capacity as President and CEO of AB Industrivärden, is not considered independent of one of the company's major shareholders.

Lars Westerberg

Born 1948. MSc Eng., B.Sc. Business Administration.

Member of the Volvo Board since: 2007

Board member: SSAB Svenskt Stål AB, Sandvik AB, Meda AB and Stena AB.

Holdings in Volvo, own and related parties: 30,000 Series A shares and 168,000 Series B shares.

Principal work experience: Has held several positions within ASEA 1972-1984, several management positions, including President and CEO of ESAB AB 1984-1994 and Gränges AB 1994-1999. Has extensive experience from the automotive industry, having served as President of Autoliv Inc. 1999-2007 and Chairman of Autoliv Inc. 2007-2011. Among other companies, former Board Chairman of Husqvarna AB, Vattenfall AB and Ahlsell AB.

Independence: Considering the demands laid down in the Swedish Corporate Governance Code regarding the Board's independence, the Election Committee is of the opinion that Lars Westerberg is independent of the company, company management and the company's major shareholders.

Statement explaining the Election Committee's proposals regarding the Board of Directors and Board remuneration

Proposal regarding the Board of Directors

When determining an appropriate Board composition, the Election Committee considers the competence and experience of the individual Board members and also assesses whether the Board collectively will function well and possess the necessary breadth regarding both experience and skills. The Election Committee also considers the value of diversity and the

balance between the need for renewal and continuity in the Board. In its efforts to achieve diversity, the Election Committee takes into account the particular importance of equal gender distribution.

Through the Chairman of the Board, the Election Committee reviews the results of the evaluation of the current Board of Directors and its work. The Election Committee has concluded that, in all material respects, the Board is well functioning and collectively possesses broad qualifications and experiences relevant to the Volvo Group. In recent years, the Board's expertise in the global automotive and manufacturing industry has been strengthened. The Election Committee believes the Board would benefit from furthering strengthening its expertise in the global automotive industry. For this reason, the Election Committee proposes that Håkan Samuelsson be elected as a new Board member. Håkan Samuelsson, who has served as President and CEO of Volvo Car Group since 2012, has gained extensive experience of the automotive industry over his more than 30 years in various management positions with the German truck manufacturer MAN and the Swedish company Scania.

Furthermore, the Election Committee proposes that Helena Stjernholm be elected as a new Board member. Helena Stjernholm has many years of experience of various industries, financing, corporate transactions and active ownership from her previous position as Partner in the venture capital company IK Investment Partners. Helena Stjernholm replaced Anders Nyrén as President and CEO of AB Industrivärden during 2015. Accordingly, the Election Committee sees it as a natural step to propose that Helena Stjernholm be elected as a new Board member in conjunction with Anders Nyrén stepping down from the Board.

Finally, Martin Lundstedt was appointed as the new President and CEO of the Volvo Group in October 2015. In the past, the President and CEO of the Volvo Group has been a Board member of AB Volvo and the Election Committee considers this to be positive for the company. Accordingly, the Election Committee proposes that Martin Lundstedt be elected as a new Board member. Martin Lundstedt succeeds Olof Persson, who stepped down from the Board in connection with the appointment of Martin Lundstedt as President and CEO in April 2015.

The Election Committee is of the opinion that each of the candidates proposed for new election possesses qualifications and experiences that are important to the Volvo Group and that all three will be valuable additions to the Board and its work. As a whole, the proposed Board collectively has the breadth of qualifications, experience and background required with regard to Volvo's operations and needs. The Election Committee also believes that the proposed number of Board members is appropriate in terms of the need for renewal and continuity. The proposed Board entails an increase in the proportion of female Board members elected by the Annual General Meeting, which the Election Committee considers to be highly positive and valuable for the Board's continued work.

On the basis of the aforementioned reasons, the Election Committee proposes that the other eight members be re-elected and that Håkan Samuelsson, Helena Stjernholm and Martin Lundstedt be elected as new Board members. The Election Committee's proposal entails an increase in the number of Board members elected by the 2015 Annual General Meeting from ten to 11.

Proposal regarding Board remuneration

The guiding principle for the remuneration to be paid to the members of the Board is that remuneration is to be competitive in order to ensure that Volvo can attract and retain competent Board members. Ahead of the 2014 Annual General Meeting, the Election Committee conducted a thorough international study of Board remuneration paid by other global companies. Based on the results of the study, the Election Committee proposed an increase in fees to the 2014 Annual General Meeting and the Meeting resolved in favor of the motion.

The Election Committee considers it appropriate to conduct such a study of remuneration at least every other year. However, after careful consideration and taking into account the review conducted ahead of the 2014 Annual General Meeting, the Election Committee has concluded

that such a review will not be required ahead of the 2016 Annual General Meeting. Accordingly, the Election Committee proposes that the remuneration paid to the Board members elected by the Annual General Meeting, including the Chairman, remains unchanged. Furthermore, the Election Committee considers the current remuneration for work on the Board's committees to be reasonable and, as such, no change to these is proposed.

The Election Committee's proposal as regards election of members of the Election Committee

According to the instructions for the AB Volvo Election Committee, the Annual General Meeting is to elect five Committee members, of whom four are to represent the largest shareholders in the company based on votes, who have expressed their willingness to participate in the Election Committee. The fifth member to be elected by the Annual General Meeting is the Chairman of the Board.

In accordance with the above mentioned instructions, the Election Committee proposes that the Annual General Meeting elect the following individuals to serve as members of the Election Committee and resolve that no fees are to be paid to the members of the Election Committee:

The Chairman of the Board of Directors
Bengt Kjell, representing AB Industrivärden
Lars Förberg, representing Cevian Capital
Yngve Slyngstad, representing Norges Bank Investment Management
Pär Boman, representing Handelsbanken, SHB Pension Fund, SHB Employee Fund, SHB Pensionskassa and Oktogonen

The Election Committee's proposal as regards changes to the instructions for Volvo's Election Committee

The Election Committee proposes that the Annual General Meeting resolve to change the instructions for AB Volvo's Election Committee in accordance with [Appendix 1](#). The proposed changes entail a certain modernization and update of the language used, as well as an adaptation to include amendments in the Swedish Corporate Governance Code.

Presentation of the activities carried out by the Election Committee

At the 2015 Annual General Meeting of AB Volvo, the following individuals were appointed to the Election Committee.

Carl-Henric Svanberg, Chairman of the Board
Carl-Olof By, representing AB Industrivärden
Lars Förberg, representing Cevian Capital
Yngve Slyngstad, representing Norges Bank Investment Management
Håkan Sandberg, representing Handelsbanken, SHB Pension Fund, SHB Employee Fund, SHB Pensionskassa and Oktogonen

After the 2015 Annual General Meeting, the Chairman of the Election Committee, Carl-Olof By, was replaced by Bengt Kjell as a result of the termination of his employment with AB Industrivärden. Bengt Kjell also serves as the Chairman of the Election Committee. Furthermore, Håkan Sandberg stepped down as a member of the Election Committee and was replaced by Pär Boman.

The Election Committee held its first meeting on June 10, 2015. The Election Committee held a total of seven meetings. These meetings have mainly been devoted to an evaluation of the performance of the current Board, discussions regarding the number of Board members, the need to recruit new members to the Board and the fees to be paid to the Board members.

During the course of its work, the Election Committee has given special consideration to its aim to achieve an equal gender distribution in the Board. Based on thorough evaluations and

personal meetings with the candidates, the Election Committee decided to propose the new election of Martin Lundstedt, Håkan Samuelsson and Helena Stjernholm. As regards the Election Committee's further considerations concerning the proposals for election of Board members and Board remuneration, this is referred to the Committee's statement above.

During its meetings, the Election Committee also discussed and formulated proposals concerning the Chairman of the 2016 Annual General Meeting and members of the Election Committee for 2016/2017, who are proposed as set forth in the instructions for the Election Committee.

The costs incurred in the Election Committee's discharge of its assignment amount to SEK 100,961.

February 2016

Election Committee for the 2016 Annual General Meeting of AB Volvo

INSTRUCTIONS FOR THE AB VOLVO ("THE COMPANY") ELECTION COMMITTEE,
ADOPTED AT THE ANNUAL GENERAL MEETING ON APRIL 26, 2014-2016

It follows from the Swedish Corporate Governance Code ("the Code") that companies that are subject to the Code shall have an Election Committee ~~that represents the company's~~ ~~shareholders~~. The Election Committee is ~~thus~~ a body of the ~~shareholders' meeting~~ general meeting of shareholders that prepares decisions on certain appointments to be ~~taken-made~~ by the shareholders at ~~the general meeting of shareholders~~ the Shareholders' Meeting. The main task of the Election Committee is to propose candidates for election to the Board of Directors including the Chairman of the Board, election of members of the Election Committee and, where applicable, candidates for election of auditors. When nominating persons for election to the Board of Directors, the Election Committee shall, according to the Code, ~~i.a.~~ inter alia, determine whether, in its view, the persons nominated for election are considered to be independent of the company and its senior management as well as of major shareholders in the company. In addition, the Election Committee shall propose a candidate for election ~~of as~~ Chairman of the general meeting of ~~s~~ Shareholders. The Election Committee also ~~prepares-submits~~ proposals concerning fees to the Chairman of the Board, the other Board members and the auditors, which fees are presented at the Annual General Meeting for resolution.

1. Appointment of the Election Committee
 - 1.1 The Annual General Meeting elects five members of the Election Committee. Four of these are to represent the largest shareholders in the Company, based on votes, who have expressed their willingness to participate in the Election Committee ("Large Shareholder"). In the election of these members, it shall be stated which Large Shareholder the member represents. One of the members is to be the Chairman of the Board of the Company.
 - 1.2 If a member represents a shareholder(s) that has/have sold the major part of its/their holding of Volvo shares and thereafter (i) is no longer to be considered a Large Shareholder and (ii) in terms of votes has become significantly smaller than the fourth largest shareholder in the Company measured in terms of votes, the Election Committee may decide that the member shall resign from the Election Committee. If such occurs, the Election Committee may, if it considers it appropriate, offer another representative of Large Shareholders a position on the Election Committee.

- 1.3 If a member's affiliation with the Large Shareholder ceases – for example, through termination of employment – the same Large Shareholder shall be entitled to appoint a new member to replace the previous member who no longer represents the Large Shareholder. This shall be effected through notice of such being sent from the Large Shareholder to the Chairman of the Election Committee (or, if it is the Chairman who is being replaced, to another member of the Election Committee) stating the name of the member being replaced and the name of the new member.
- 1.4 If a member leaves the Election Committee for some other reason, the Election Committee, if it so finds appropriate, may offer another representative of Large Shareholder(s) a position on the Election Committee. Notice of resignation is sent from the member to the Chairman of the Election Committee (or, if it is the Chairman who is resigning, to another member of the Election Committee).
- 1.5 The Election Committee may offer other major shareholders to appoint a representative as a member of the Election Committee so as to reflect in this manner the ownership in the Company. If such an offer is to be made it should be directed in turn to the largest shareholders in terms of voting rights not already being represented on the Election Committee. However, the number of members of the Election Committee may never exceed seven.
- 1.6 If the general meeting has not decided otherwise, the members of the Election Committee shall elect a chairman from within its number. The Chairman of the Board of the Company shall not be appointed as chairman of the Election Committee.
- 1.7 It is the task of the Election Committee to determine which shareholders should be considered as Large Shareholder(s) when applying sections 1.2 and 1.4 and as major shareholders when applying section 1.5.

2. Duties

The Election Committee shall have the following duties.

2.1 Board

2.1.1 The Election Committee shall make proposals regarding the chairman and other members of the board as well as the board fee, for the chairman and other members, and any reimbursement for committee work.

2.1.2 The proposals of the Election Committee shall be presented to the Company well in advance in order for the proposal to be presented in the summons to the general meeting and at the same time be presented on the Company's website.

2.1.3 The Election Committee shall at the same time information is presented to the Company according to 2.1.2, also furnish the requisite information regarding the proposed board members in order for the Company to present the following information on the Company's website:

- Ageyear of birth, main education and work experience,
- assignments in the Company and other assignments of importance,
- shares and other financial instruments in the Company held by the person in question as well as related physical or legal entities,
- whether, according to the Election Committee, the member is deemed to be independent of the Company, the Company management and major shareholders in the Company,
- in conjunction with re-election, the year in which the member was elected to the board, and
- other information that could be of importance to the shareholders in making an assessment of the proposed member's expertise and independence.

2.1.4 The Election Committee shall at the same time information is furnished to the Company according to 2.1.2 also provide an account of how the Election Committee has performed its work and a statement explaining its proposals regarding the board of directors with regard to the requirements concerning the composition of the board contained in Code rule 4.1- so that a report can be presented on the Company's website. The Election Committee is to provide

specific explanation of its proposals with respect to the requirement to strive for gender balance contained in rule 4.1. If the ~~retiring-outgoing~~ chief executive officer is nominated for the post of the chairman of the board, reasons for this proposal are also to be fully explained.

- 2.1.5 The Election Committee shall make a presentation at the general meeting and give reasons for its proposals, taking into consideration the requirements concerning the composition of the Board contained in Code rule 4.1. The Election Committee is to provide specific explanation of its proposals with respect to the requirement to strive for gender balance. ~~The Election Committee shall also provide an account of how its work has been performed.~~

2.2 Auditor

- 2.2.1 ~~In the years in which~~ If an auditor for the Company is to be elected the Election Committee shall present a proposal for election of and payment to the auditor. The Election Committee shall then use as a term of reference the preparation of the election made within the audit committee of the Company.
- 2.2.2 The Company shall be notified of the Election Committee's proposal well in advance so that the proposal can be presented in the summons to the general meeting and at the same time be presented on the Company's website.
- 2.2.3 The Election Committee shall, at the same time information is furnished to the Company according to 2.2.2, also furnish the information necessary to allow the Company to provide information about circumstances that could be of significance to shareholders in making an assessment of the expertise and independence of the auditor proposed on the Company's website.

~~2.2.4—The Election Committee shall at the same time information is furnished to the Company according to 2.2.2 also provide an account of how the Election Committee has performed its work so that this account can be presented on the Company's website.~~

~~2.2.5—The Election Committee shall present and give reasons for its proposals at the general meeting and provide an account of how the Election Committee's work has been performed.~~

2.3 Chairman for the meeting

- 2.3.1 The Election Committee shall present a proposal for a chairman for the annual general meeting.
- 2.3.2 The Election Committee's proposal shall be presented to the Company well in advance so that the proposal can be presented in the summons to the meeting and at the same time be presented on the Company's website.

2.4 Members of the Election Committee

- 2.4.1 Based on the shareholding statistics received by the Company from Euroclear Sweden AB as per the last bank day of January each year and the willingness of the largest shareholders thus identified to participate in the Election Committee, the Election Committee shall submit proposals for the members of the following year's Election Committee. The Election Committee may, however, take changes in the shareholding structure of the Company occurring after the last bank day of January into account, to the extent the Committee deems appropriate and practically possible.
- 2.4.2 In its proposal for the members of the following year's Election Committee, the Election Committee shall indicate which Large Shareholders the members represent.
- 2.4.3. The Election Committee's proposal shall be presented to the Company in adequate time so that the proposal can be included in the notice to attend the annual general meeting and at the same time be presented on the Company's website~~notifications of general meetings.~~

3. Meetings

- 3.1 The Election Committee shall meet as often as necessary for the Election Committee to perform its duties. A summons to a meeting is sent out by the chairman of the Election Committee, however, to the first meeting this is done

by the Chairman of the Board. If a member requests that the Election Committee be convened, this request shall be complied with.

- 3.2 The Election Committee shall form a quorum if more than half of the members are present – which, however, may not number fewer than three. No decisions may be reached, however, unless all members, have been offered the opportunity to be involved in dealing with the matter.
 - 3.3 A decision by the Election Committee applies when more than half of the members present vote for or, in the event of a tied vote, the opinion supported by the chairman.
 - 3.4 At the Election Committee meetings minutes should be taken which are signed and verified by the chairman and the member appointed by the Election Committee. The minutes shall be taken and filed in the manner applicable to board minutes.
4. Confidentiality
 - 4.1 A member of the Election Committee is subject to a confidentiality obligation concerning the Company's business and this obligation shall, at the Company's request, be confirmed by the member through the signing of a special non-disclosure agreement between the member and the Company.
5. Fee and cost reimbursement
 - 5.1 A fee can be payable to the members of the Election Committee following a decision thereon at the general meeting.
 - 5.2 The members of the Election Committee are entitled to payment from the Company for reasonable, confirmed costs incurred in the discharge of the assignment as well as, for example, costs for recruitment services.
 - 5.3 The Election Committee shall, in conjunction with the presentation of the report on its work ~~at the annual general meeting~~, report payments under this point.

6. Amendments to instruction
 - 6.1 The Election Committee shall evaluate these instructions and the work of the Election Committee on an ongoing basis and present a proposal at the general meeting for changes to these instructions that the Election Committee has deemed appropriate.
-

POLICY ON REMUNERATION TO SENIOR EXECUTIVES, proposed by the Board of Directors of AB Volvo to be adopted by the Annual General Meeting 2016 (point 18 on the proposed agenda).

The Board proposes that the Annual General Meeting resolves to adopt the following Remuneration Policy for senior executives.

This policy concerns the remuneration and other terms of employment for the members of the Volvo Group Executive Board ("Executives").

The remuneration and the other terms of employment of the Executives shall be competitive so that the Volvo Group can attract and retain competent Executives. The total remuneration to Executives consists of fixed salary, short-term and long-term incentives, pension and other benefits. Short-term and long-term incentives shall be linked to predetermined and measurable criteria relating to EBIT and cash flow targets for the Volvo Group, devised to promote the long-term value creation of the Volvo Group and strengthen the link between achieved performance targets and reward. The criteria for short-term and long-term incentives shall be determined by the Board annually.

Short-term incentive may, as regards the President & CEO, amount to a maximum of 100 % of the fixed salary and, as regards other Executives, a maximum of 80 % of the fixed salary.

Long-term incentive may, as regards the President & CEO, amount to a maximum of 100 % of the fixed salary and, as regards other Executives, a maximum of 80 % of the fixed salary. The Board of Directors has decided on a new cash-based long-term incentive program for the Group's top 300 executives, including the Executives, subject to the general meeting's approval of this policy. Awards under the program, based on how well the performance targets are achieved, are disbursed in cash to the participants on the condition that they invest the net award in AB Volvo shares and that they retain the shares for at least three years. The long-term share-based incentive program resolved by the 2014 Annual General Meeting is therefore discontinued after 2015. New share-based incentive programs, will, where applicable, be resolved by the General Meeting, but no such program is currently proposed.

For Executives resident in Sweden, the notice period upon termination by the company shall not exceed 12 months and the notice period upon termination by the Executive shall not exceed 6 months. In addition, in the event of termination by the company, the Executive may be entitled to a maximum of 12 months' severance pay.

Executives resident outside Sweden or resident in Sweden but having a material connection to or having been resident in a country other than Sweden may be offered notice periods for termination and severance payment that are competitive in the country where the Executives are or have been resident or to which the Executives have a material connection, preferably solutions comparable to the solutions applied to Executives resident in Sweden.

Authority to decide on deviations from this policy

The Board of Directors may deviate from this policy if there are special reasons to do so in an individual case.

Additional information

Executive compensation, which has been decided but which has not yet become due for payment by the time of the 2016 Annual General Meeting, falls within the scope of this policy. Additional information regarding remuneration is available in the Volvo Group Annual Report for 2015.