

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