

INSTRUCTIONS FOR THE AB VOLVO ("THE COMPANY") ELECTION COMMITTEE,  
ADOPTED AT THE ANNUAL GENERAL MEETING ON APRIL 3, 2019

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*Pursuant to the Swedish Corporate Governance Code ("the Code") companies subject to the Code shall have an Election Committee. The Election Committee is a body of the general meeting of shareholders that prepares decisions on certain appointments to be made by the shareholders at the general meeting of shareholders. 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, 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 as Chairman of the general meeting of shareholders. The Election Committee also submits proposals concerning fees to the Chairman of the Board, the other Board members and the auditor, to be presented at the Annual General Meeting for resolution.*

*In these Instructions, "Large Shareholder" means the largest shareholders in the Company, based on votes, which have expressed their willingness to nominate a member to the Election Committee and where there is nothing preventing such representation. When the Election Committee, in accordance with these Instructions, prepares a proposal for election of members to the Election Committee, or Large Shareholders can or shall be offered to appoint a member, Large Shareholders shall be asked in descending order of voting share.*

*When these Instructions make reference to which shareholder a certain Election Committee member "represents", the intention is merely to clarify to which shareholder that member is associated, through employment or otherwise, or otherwise which shareholder which has nominated such member. This notwithstanding, the Election Committee members must always act in all shareholders' interests, regardless of how the members have been appointed and who they represent (in the meaning described above).*

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## **1. Appointment of the Election Committee**

- 1.1 The Annual General Meeting annually elects members of the Election Committee. A proposal for the election of members of the Election Committee shall be submitted by the current Election Committee as set out in 2.4 below.

- 1.2 If a member represents a shareholder(s) which has/have sold the major part of its/their holding of Volvo shares, 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 Large Shareholder representative a position on the Election Committee. Similarly, the Election Committee may decide that a member must leave the committee upon the occurrence of a disqualifying circumstance, relating to the member or the Large Shareholder which the member represent, as set out in the fifth sentence of 2.4.1 below. In such event, the Election Committee may offer, as it deems appropriate, such Large Shareholder to appoint another representative, or, if the disqualifying circumstance relates to the Large Shareholder, offer another Large Shareholder the opportunity to appoint a new member to replace the previous member.
- 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 Large Shareholders to appoint a representative as a member of the Election Committee so as to reflect changes in the ownership of the Company. 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 to be Large Shareholder(s).

## **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 notice 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:
- year 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. If the 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.

## **2.2 Auditor**

- 2.2.1 If and when the Election Committee shall present a proposal for election of and payment to the auditor, the Election Committee's proposal is to include the Audit Committee's recommendation. If the proposal differs from the alternative preferred by the Audit Committee, the reasons for not following the Audit Committee's recommendation are to be stated in the proposal. The auditor or auditors proposed by the Election Committee must have participated in the Audit Committee's selection process (if any).
- 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 notice 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.

## **2.3 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 notice 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 The Election Committee shall submit proposals for election of members of the following year's Election Committee. The Election Committee shall propose an Election Committee of five members. One of the members shall be the Chairman of the Board. Four of the members shall be members nominated by Large Shareholders. This notwithstanding, the Election Committee shall not propose as member of the Election Committee anyone who, in the opinion of the Election Committee, would be inappropriate as member of the Election Committee – due to circumstances relating to the individual or the company with which her or she is associated or nominated by – for example due to a conflict of interest or because it could otherwise cause damage to or otherwise negatively affect the Company and its business interests. When the Election Committee prepares its proposal for election of Election Committee members, the Election Committee shall base its proposal 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 Large Shareholders thus identified to participate in the 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.

### **3. Meetings**

- 3.1 The Election Committee shall meet as often as necessary for the Election Committee to perform its duties. A notice 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, 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.
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