

Proposals by the Election Committee of AB Volvo to the Annual General Meeting 2015

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

The Election Committee proposes Sven Unger, attorney, to be the 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

The Election Committee proposes an increase in the number of Board members elected by the Annual General Meeting from previous nine to ten members and no deputy members.

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

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 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 and the other members of 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.

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

Jean-Baptiste will not stand for re-election. The Election Committee proposes re-election of Matti Alahuhta, James W. Griffith, Kathryn V. Marinello, Hanne de Mora, Anders Nyrén, Olof Persson, Carl-Henric Svanberg and Lars Westerberg. The Election Committee proposes new election of Martina Merz and Eckhard Cordes.

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

Information relating to the proposed Board members is set out below.

Carl-Henric Svanberg

Born 1952. Master of Science, 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 at Securitas AB; President and Chief Executive Officer of Assa Abloy AB; President and Chief Executive Officer 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, the company management and the company's major shareholders.

Matti Alahuhta

Born 1952. MSc and DSc.

Member of the Volvo Board since: 2014

Board Chairman: DevCo Partners Oy, Outotec Corporation, Aalto University Foundation and Confederation of Finnish Industries.

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

Holdings in Volvo, own and related parties: 42,300 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 2005-2014 and between 2006-2014 also Chief Executive Officer.

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, the 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. Chairman of the Committee of Eastern European Economic Relations of German Industry.

Board Chairman: Bilfinger SE.

Holdings in Volvo, own and related parties: None.

Principal work experience: Started with Daimler Benz AG, where he has 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. Since 2012 partner in Cevian Capital and EMERAM Capital Partners respectively.

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 the company management. Since Cevian Capital Partners controls more than 10 per cent 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 has held several management positions, such as responsible for Timken's bearing business activities in Asia, Pacific and Latin America and for the company's automotive business in North America. Until 2014 President and Chief Executive Officer at 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, the company management and the company's major shareholders.

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 and Nielsen.

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 Chief Executive Officer at Ceridian Corporation and subsequently also Chairman. Chairman, President and Chief Executive Officer at 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, the company management and the company's major shareholders.

Martina Merz

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

Board Member: SAF Holland SA.

Holdings in Volvo, own and related parties: None.

Principal work experience: Until January 2015, Chief Executive Officer for 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, also 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, the 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, Den Norske Creditbank in Luxembourg 1984, various positions in brand management and controlling within Procter & Gamble 1986-1989, Partner McKinsey & Company, Inc. 1989-2002, one of the founders and owners, also 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, the company management and the company's major shareholders.

Anders Nyrén

Born 1954. Graduate of the Stockholm School of Economics, MBA at UCLA, Honorary Doctor of Economics.

President and Chief Executive Officer of AB Industrivärden.

Member of the Volvo Board since: 2009

Board Chairman: Sandvik AB and Svenska Handelsbanken.

Board Member: AB Industrivärden, Ernström & Co AB, Svenska Cellulosa Aktiebolaget SCA, Stockholm School of Economics and SSE Association. Vice preses IVA.

Holdings in Volvo, own and related parties: 5,200 Series B Shares.

Principal work experience: Has worked for AB Wilhelm Becker. Has held various positions within STC – Controller, Executive Vice President and CFO, and President of STC Venture AB; President at OM International AB; Executive Vice President and CFO at Securum; Director with executive responsibility for Markets and Corporate Finance at Nordbanken; Executive Vice President and CFO at Skanska. Currently President and Chief Executive Officer of AB Industrivärden.

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 Anders Nyrén is independent of the company and the company management. Since AB Industrivärden controls more than 10 per cent of the votes in the company, Anders Nyrén, due to his capacity as President and CEO of AB Industrivärden, is not considered independent of one of the company's major shareholders.

Olof Persson

Born 1964. B.Sc. in Business Administration and Economics.

President of AB Volvo and Chief Executive Officer of the Volvo Group.

Member of the Volvo Board since: 2011

Chairman: Co-Chairman of United Nation's High-level Advisory Group on Sustainable Transport.

Member: European Round Table of Industrialists and the Royal Swedish Academy of Engineering Sciences.

Holdings in Volvo, own and related parties: 164,830 shares, of which 164,779 Series B Shares.

Principal work experience: Began his career at ABB; has held a number of executive positions at AdTranz and Bombardier; president of Volvo Aero; president of Volvo Construction Equipment. Since 2011, he has been President of AB Volvo and Chief Executive Officer of the Volvo Group.

Independence: Considering the demands laid down in the Swedish Corporate Governance Code regarding the Board's independence and that Olof Persson is the President of AB Volvo and Chief Executive Officer of the Volvo Group, the Election Committee considers that Olof Persson is independent of the company's major shareholders but not of the company and company management.

Lars Westerberg

Born 1948. Master of Science Engineering, Bachelor Business Administration.

Member of the Volvo Board since: 2007.

Board Chairman: Husqvarna AB.

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

Holdings in Volvo, own and related parties: 60,000 Series A shares.

Principal work experience: President and Chief Executive Officer of Gränges AB, ESAB AB and Autoliv 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 Lars Westerberg is independent of the company, the company management and the company's major shareholders.

Statement explaining the proposals regarding the Board of Directors and the Board remuneration

Proposal regarding the Board of Directors

With respect to appropriate Board composition, the Election Committee considers the competence and experience of the individual Board members and also assesses that the Board collectively will be well functioning and possess necessary breadth regarding both experience and skills. The Election Committee also considers the value of diversity and 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.

Based on information that the Election Committee has received from the Chairman of the Board regarding the results of the evaluation of the current Board of Directors and its work, the Election Committee considers that the Board is well functioning and collectively possesses broad qualifications and experiences relevant for the Volvo Group. However, the Election Committee is seeking a more even gender distribution on the Board of Directors and also considers that it would be valuable to add additional competence to the Board from the global automotive and manufacturing industry. The Election Committee's evaluation resulted in the identification of two well-qualified candidates, both of whom are now proposed for election.

However, Jean-Baptiste Duzan will not stand for re-election at the Annual General Meeting to be held in 2015. With regard to this and in light of the statement below, the Election Committee proposes re-election of the eight current Board members and new election of Martina Merz and Eckhard Cordes. This proposal entails an increase in the number of Board members elected by the Annual General Meeting from nine to ten.

The Election Committee considers that each of the two candidates proposed for new election possesses qualifications and experiences relevant for the Volvo Group. The Committee further considers that the candidates will jointly constitute a valuable contribution to the Board and its work. The proposed candidates will strengthen the Board with their solid global industrial and manufacturing experiences. It should be particularly noted that Martina Merz, through her many years with Robert Bosch, has solid experience derived from a major global subcontractor to the automotive industry, including in the areas of sales and marketing. Eckhard Cordes has experience valuable to Volvo in that he has worked for nearly 30 years in the automotive industry, in which his experience as head of truck and bus operations at Daimler Benz AG deserves special mention. In addition, he also has experience of work on several boards of listed companies, such as Air Berlin, SKF and Billinger SE.

In summary, the Election Committee has concluded that the proposed Board collectively has diversity and the breadth of qualifications, experience and background required with regard to Volvo's operations and the phase of development of the Group. 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 General Meeting, which the Election Committee considers positive and valuable for the Board's continued work. It is the Election Committee's ambition to continue its efforts to strive for equal gender distribution on the Board.

Proposal regarding Board remuneration

The guiding principle for the remuneration to be paid to the members of the Board is that remuneration shall 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. The result of the evaluation entails that the Election Committee proposed an increase in the fees to the 2014 Annual General Meeting and the Meeting resolved in favour of the motion.

The Election Committee has therefore conducted a benchmark study of Board remuneration paid by international companies in Scandinavia, Europe and also in the USA. Based on the outcome of that benchmark study the Election Committee has concluded that the remuneration paid to the members of the Volvo Board is generally in line with the Board remuneration paid in many other global companies situated in Europe and in the USA that are of comparable size and/or complexity.

The Election Committee considers it appropriate to conduct such a study of remuneration at least every other year and, in light of the increase approved at the 2014 Annual General Meeting, assesses that no such study is required ahead of the 2015 Annual General Meeting. Accordingly, the Election Committee proposes that remuneration paid to the Board members elected by the Annual General Meeting, including the Chairman, remains unchanged. Further, the Election Committee assesses that the current remuneration for work on the Board's committees is 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 shall elect five Committee members, of whom four shall 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 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:

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

Presentation of the activities carried out by the Election Committee

At the 2014 Annual General Meeting of shareholders in AB Volvo, the following 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 Svenska Handelsbanken, SHB Pension Fund, SHB Employee Fund,
SHB Pensionskassa and Oktogonen

The Election Committee held its first meeting on May 23, 2014, at which Carl-Olof By was appointed Chairman.

The Election Committee has 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 undertake new recruitment to the Board and the fees to be paid to the Board members.

In the process of recruiting two new Board members, the Election Committee engaged the international recruitment firm Korn/Ferry International. The Election Committee considered several different candidates and in such considerations, the Election Committee strived to achieve equal gender distribution on the Board. Based on thorough evaluations and personal meetings with the candidates, the Committee has decided to propose new election of Martina Merz and Eckhard Cordes. 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 has also discussed and formulated proposals concerning the Chairman of the Annual General Meeting 2015 and members of the Election Committee 2015/2016, who are proposed as set forth in the instruction for the Election Committee.

The costs incurred in the Election Committee's discharge of its assignment amount to SEK 986,745. Most of these costs are attributable to compensation to the recruitment firm Korn/Ferry International.

February 2015

Election Committee for the 2015 Annual General Meeting of AB Volvo