

## **ANNUAL GENERAL MEETING OF AB VOLVO (publ)**

AB Volvo (publ) hereby gives notice to attend the Annual General Meeting at Konserthuset, Götaplatsen, Göteborg, Tuesday, April 4, 2017, at 3.00 p.m. Registration to the Annual General Meeting starts at 1.30 p.m.

### **Proposed agenda**

Matters:

1. Opening of the Meeting
2. Election of Chairman of the Meeting
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
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
11. Resolution regarding discharge from liability of the Board members and of the President
12. Determination of the number of Board members and deputy Board members to be elected by the Meeting
13. Determination of the remuneration to the Board members
14. Election of Board members

The Election Committee proposes re-election of the following Board members:

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

15. Election of the Chairman of the Board

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

16. Election of members of the Election Committee
17. Resolution regarding amendment of the Instructions for the AB Volvo Election Committee
18. Resolution regarding Remuneration Policy for senior executives
19. Proposals from the shareholder Henrik Munck
  - 19.1 Policy for paying corporate tax in Sweden
  - 19.2 Discontinuation of Blue Chip Jet and policy against the use of private jets
  - 19.3 Review of so called "representation hunts" at the Rossared Estate

- 19.4 Report on the results of the employee survey
- 19.5 Development of the so called whistle blower function
- 19.6 Discontinuation of so called variable remuneration to senior executives of the Volvo Group
- 19.7 Policy to support the social contract
- 19.8 Change in the Articles of Association of AB Volvo

## **Motions**

**Point 2:** The Election Committee proposes Sven Unger, Attorney at law, to be the Chairman of the Meeting.

**Point 10:** The Board proposes payment of a dividend of SEK 3.25 per share. Thursday, April 6, 2017, is proposed as the record date to receive the dividend. If the Annual General Meeting resolves in accordance with the proposal, payment of the dividend is expected to be performed through Euroclear Sweden AB on Tuesday, April 11, 2017.

**Point 12:** The Election Committee proposes eleven members and no deputy members.

**Point 13:** The Election Committee proposes that the Chairman of the Board will be awarded SEK 3,400,000 (3,250,000) and each of the other Board members elected by the Annual General Meeting SEK 1,000,000 (950,000) with the exception of the President. Furthermore, the Election Committee proposes that the Chairman of the Audit Committee will be awarded SEK 350,000 (300,000) and the other members of the Audit Committee SEK 160,000 (150,000) each and that the Chairman of the Remuneration Committee will be awarded SEK 140,000 (125,000) and the other members of the Remuneration Committee SEK 105,000 (100,000) each. The Election Committee finally proposes that for the new Volvo CE-committee, the Chairman will be awarded SEK 175,000 and the other members of the Volvo CE-committee SEK 150,000 each.

**Point 14-15:** The Election Committee's proposals are set out in the proposed agenda. A presentation of the candidates proposed by the Election Committee is available on AB Volvo's website; [www.volvokoncernen.se](http://www.volvokoncernen.se) or [www.volvogroup.com](http://www.volvogroup.com).

**Point 16:** The Election Committee proposes that 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, and the Chairman of the Board are elected members of the Election Committee and that no fees are paid to the members of the Election Committee.

**Point 17:** The Election Committee proposes that the Annual General Meeting resolves to amend the Instructions for the AB Volvo Election Committee. The proposed change entails an adaptation to the new rules on auditors and audit, which came into effect during 2016.

**Point 18:** 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 long-term incentive program for the Group's top executives, including the Executives, is cash-based. 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. Any new share-based incentive program 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 2017 Annual General Meeting, falls within the scope of this policy. Additional information regarding remuneration is available in the Volvo Group Annual Report for 2016.

**Point 19:** Proposals from the shareholder Henrik Munck that the Annual General Meeting shall decide:

#### *19.1 Policy for paying corporate tax in Sweden*

To give AB Volvo's Board of Directors the task of formulating a policy under which AB Volvo will actively pursue payment of corporate tax in Sweden. That this policy will be presented to the Annual General Meeting in 2018.

#### *19.2 Discontinuation of Blue Chip Jet and policy against the use of private jets*

19.2.1 To give AB Volvo's Board of Directors the task of initiating an independent review of the company's overall use of private jets since 2009, with a focus on the total cost to the Volvo Group (including ownership of Blue Chip Jet), environmental impact, and any improper action (similar to the investigation conducted into SCA's private jets). That this review will be presented to the Annual General Meeting in 2018.

19.2.2 To give AB Volvo's Board of Directors the task of formulating a policy to ban the use of private jets throughout the Volvo Group. That this policy will be presented to the Annual General Meeting in 2018.

### 19.3 *Review of so called “representation hunts” at the Rossared Estate*

To give AB Volvo’s Board of Directors the task of initiating an independent review of the cumulative occurrence and participation in representation hunts since 2009, with focus on the total cost involved for the company, including operations at the Rossared Estate and any improper action such as bribes and tax evasion crime. That this review will be presented to the Annual General Meeting in 2018.

### 19.4 *Report on the results of the employee survey*

To give AB Volvo’s Board of Directors the task of ensuring that the Annual and Sustainability Report as from 2017 includes a report on the results of the employee survey, which has been broken down into the organic units comprising 500 or more employees. That this is to highlight the five most positive factors for each respective unit, as well as the five areas in most urgent need of improvement, as identified in the employee survey.

### 19.5 *Development of the whistle blower function*

19.5.1 To give AB Volvo’s Board of Directors the task of developing the whistle blower procedure/process during 2017 so that an employee is guaranteed that an independent whistleblowing investigation will be conducted, if so requested by the employee. That this investigation must be conducted by a third party who has no other commitments toward the Volvo Group. That a written report on the investigation’s issues and findings must be presented directly by the independent investigator to the company, the union representatives and to the employee in person, without giving the company the opportunity to edit the content of the report.

19.5.2 To give AB Volvo’s Board of Directors the task of ensuring that the Annual and Sustainability Report as from 2017 includes information on the number of reported whistle-blowing incidents in the Volvo Group, and also, where applicable, which major misconducts have been uncovered and have been corrected based on the incidents reported to the whistle blower procedure/process in respective years.

### 19.6 *Discontinuation of variable remuneration to senior executives of the Volvo Group*

To give AB Volvo’s Board of Directors the task from 2018 to discontinue the variable remuneration paid to senior executives of the Volvo Group and to replace this system with a market-based fixed remuneration.

### 19.7 *Policy to support the social contract*

19.7.1 To give AB Volvo’s Board of Directors the task of formulating a policy in order for AB Volvo to actively support the possibility of combining a job with political assignments, for example, by adjusting work duties. That this policy will include that the Volvo Group is not to contact a hired employee in their capacity as a politician, and likewise not to try to influence the person in their area of political responsibility. That this policy will be presented to the Annual General Meeting in 2018.

19.7.2 To give AB Volvo’s Board of Directors the task of ensuring that the Annual and Sustainability report as from 2017 includes a report on the number of employees in the Volvo Group who take time off work in order to carry out political assignments in Sweden.

## 19.8 *Change in the Articles of Association of AB Volvo*

That Section 2 in AB Volvo's Articles of Association be changed to:

*"The Company shall – directly or through subsidiaries – carry on business mainly within the areas of sustainable transport, sustainable energy, and finance (with the exception, however, of activities provided for in the laws on banking business and credit market companies), manage real estate and movable property and carry on other activities compatible therewith."*

### **Documents**

The complete proposals by the Election Committee and its statement explaining the proposals as well as the complete proposals from the shareholder Henrik Munck (in original language) pursuant to Point 19 of the Agenda are available at [www.volvogroup.com](http://www.volvogroup.com) and [www.volvokoncernen.se](http://www.volvokoncernen.se).

The Annual Report, the Auditor's Report and the Auditor's statement pursuant to Chapter 8, Section 54 of the Swedish Companies Act will be available at [www.volvogroup.com](http://www.volvogroup.com) and [www.volvokoncernen.se](http://www.volvokoncernen.se), and at AB Volvo's Headquarters, Gropegårdsgatan 2, Göteborg, from March 14, 2017 at the latest.

The documents will be sent on request to such shareholders who provide their address from the date they become available. The documents will also be available at the Annual General Meeting.

### **The number of shares and votes**

When this notice to attend the Annual General Meeting was issued, the total number of shares in the Company was 2,128,420,220, distributed among 492,522,176 series A shares (1 vote per series A share), and 1,635,898,044 series B shares (1/10 vote per series B share). The total number of votes was 656,111,980.4. The Company's holding of own shares amounted to 96,854,164, distributed among 20,728,135 series A shares and 76,126,029 series B shares, corresponding to 28,340,737.9 votes. The Company may not vote using its treasury shares.

### **Information at the Annual General Meeting**

Upon request by any shareholder and where the Board believes that such may take place without significant harm to the Company, the Board and the President should provide information at the Annual General Meeting in respect of any circumstances which may affect the assessment of a matter on the agenda, and any circumstances which may affect the assessment of the Company's or a subsidiary's financial position and as regards the Company's relationship to other Group companies.

### **Right to participate in the Annual General Meeting**

Participation in AB Volvo's Annual General Meeting is limited to those who are recorded as shareholders in the share register maintained by Euroclear Sweden AB on March 29, 2017 and who no later than March 29, 2017 give notice of their intention to participate in the Annual General Meeting to AB Volvo.

### **Shares registered in the name of a nominee**

To be entitled to participate in the Annual General Meeting, shareholders having their shares registered in the name of a nominee must request the nominee to enter the shareholder into the share register. Such registration, which can be temporary, must have been effected by March 29, 2017 and should therefore be requested well in advance of March 29, 2017. Nominees normally charge a fee for this.

**Notice**

Notice of intention to participate in the Annual General Meeting can be given:

- by telephone, +46 8 402 90 76
- by mail addressed to AB Volvo (publ), "AGM", P.O. Box 7841, SE-103 98 Stockholm, Sweden
- on AB Volvo's website; [www.volvogroup.com](http://www.volvogroup.com) and [www.volvokoncernen.se](http://www.volvokoncernen.se)

In providing such notice, the shareholder should state:

- name
- personal registration number (corporate registration number)
- address and telephone number
- name and personal registration number of the proxy, if any
- the number of any accompanying assistant(s) (maximum two assistants)

Shareholders who wish to participate in the Annual General Meeting must submit notice prior to March 29, 2017. If you wish to be accompanied by an assistant, notification of the number of assistant(s) must be provided as specified above. Please note that notice of intention to participate could be given per telephone no later than 4.00 p.m. on March 29, 2017.

Shareholders who are represented by proxy must issue a written, dated proxy for the representative. Such proxy forms are available at [www.volvogroup.com](http://www.volvogroup.com) or [www.volvokoncernen.se](http://www.volvokoncernen.se). The proxy, in its original, should be sent to the Company at the above address well in advance of the Annual General Meeting. The proxy may not be older than one year unless it states that it is valid for a longer period of time, although the validity of the proxy may not exceed five years. If the proxy is issued by a legal entity, a certified copy of the certificate of registration or an equivalent certificate of authority must be submitted to the company. Note that shareholders who are represented by proxy must notify the Company of their participation according to the above instructions and be registered as shareholders in the share register on March 29, 2017.

**Miscellaneous**

The main entrance of Konserthuset opens at 1.30 p.m. A light meal will be served in the foyer before the Annual General Meeting.

Göteborg, March 2017

AB Volvo (publ)

The Board of Directors