

Proposals by the Election Committee of AB Volvo to the Annual General Meeting 2019

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 twelve 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 ten 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 Chairman of the Board will be awarded SEK 3,600,000 (3,500,000) and each of the other members elected by the Annual General Meeting SEK 1,060,000 (1,030,000) with the exception of the President and CEO. Furthermore, the Election Committee proposes that the Chairman of the Audit Committee will be awarded SEK 380,000 (360,000) and the other members of the Audit Committee SEK 175,000 (165,000) each and that the Chairman of the Remuneration Committee will be awarded SEK 160,000 (150,000) and the other members of the Remuneration Committee SEK 115,000 (110,000) each. The Election Committee finally proposes that the Chairman of the Technology and Business Transformation Committee¹ will be awarded SEK 190,000 and the other members of the Technology and Business Transformation Committee SEK 160,000 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, Eric Elzvik, James W. Griffith, Martin Lundstedt, Kathryn V. Marinello, Martina Merz, Hanne de Mora, Helena Stjernholm and Carl-Henric Svanberg.

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

Chairman: The Royal Swedish Academy of Engineering Sciences (IVA) and European Round Table of Industrialists.

Holdings in Volvo, own and related parties: 1,500,000 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 and Board Chairman of BP plc. Currently member of the Advisory Board of Harvard Kennedy School.

¹ The Chairman of the Board has informed the Election Committee that the current Business Area Committee is intended to be replaced by a new committee, the Technology and Business Transformation Committee. The Annual General Meeting 2018 resolved that the Chairman of the Business Area Committee should be awarded SEK 180,000 and the other members of the Business Area Committee SEK 155,000 each.

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 and Outotec Corporation.

Board member: Kone Corporation and ABB Ltd.

Holdings in Volvo, own and related parties: 146,100 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 2005-2014 and between 2006-2014 also CEO.

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. 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, company management and the company's major shareholders.

Eric Elzvik

Born 1960. MSc Business Administration, Stockholm School of Economics

Member of the Volvo Board since: 2018

Board member: Telefonaktiebolaget LM Ericsson, Landis+Gyr Group AG, Fenix Marine Services and VFS Global.

Holdings in Volvo, own and related parties: 7,475 Series B Shares.

Principal work experience: Joined ABB in 1984 and has held several management positions in the Finance function at ABB in Sweden, Singapore and Switzerland – most recently as Group CFO between 2013 and 2017 and previously as CFO for the Divisions Discrete Automation & Motion and Automation Products and a position as Head of Mergers & Acquisitions and New Ventures and also as Head of Corporate Development. Industrial advisor to private equity.

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

James W. Griffith

Born 1954. BSc Industrial Engineering, MBA, Stanford University.

Member of the Volvo Board since: 2014

Board member: Illinois Tool Works Inc.

Holdings in Volvo, own and related parties: 40,000 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 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 and CEO of AB Volvo. Member of the Royal Swedish Academy of Engineering Sciences (IVA).

Member of the Volvo Board since: 2016

Board Chairman: Partex Marking Systems AB and Permobil AB.

Board member: ACEA Commercial Vehicle and Concentric AB.

Advisory member: The Swedish National Innovation Council.

Holdings in Volvo, own and related parties: 154,056 Series B Shares.

Principal work experience: President and CEO of Scania 2012-2015. Prior to that, various managerial positions at Scania since 1992. Co-chairman of the UN Secretary-General's High-Level Advisory Group on Sustainable Transport 2015-2016.

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 from State University of New York at Albany, MBA from Hofstra University.

President and CEO Hertz Global Holdings

Member of the Volvo Board since: 2014

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. Senior Advisor, Ares Management LLC. Past Board member of Nielsen, RealPage, General Motors Co. and MasterCard US.

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 Chairman: SAF Holland SA and Thyssenkrupp AG (supervisory board).

Board member: Deutsche Lufthansa AG (supervisory board), NV Bekaert S.A. and Imerys SA.

Holdings in Volvo, own and related parties: 4,500 Series B Shares.

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 CEO 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: IMD Supervisory Board and Outotec Oyj.

Holdings in Volvo, own and related parties: 6,000 Series B Shares.

Principal work experience: Credit Analyst Den Norske Creditbank in Luxemburg 1984, various positions within 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, company management and the company's major shareholders.

Helena Stjernholm

Born 1970. MSc Business Administration.

President and CEO of AB Industrivärden.

Member of the Volvo Board since: 2016

Board member: AB Industrivärden, Sandvik AB and Telefonaktiebolaget LM Ericsson.

Holdings in Volvo, own and related parties: 8,000 Series B Shares.

Principal work experience: Between 1998-2015, employed by the private equity firm IK Investment Partners (former Industri Kapital) where she held various positions. She was a Partner with responsibility for the Stockholm office. She was also a member of IK's Executive Committee. Prior to that she worked as a consultant for Bain & 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 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.

Statement explaining the Election Committee's proposal regarding Board remuneration and Board members

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 the best possible expertise. Volvo Group is a global organization, meaning that it is of key importance that Volvo can attract people from various parts of the world, who have experience from the various markets where Volvo operates to the Board. The assessment of what comprises competitive remuneration must be based on an international perspective.

Furthermore, the Election Committee has evaluated and discussed the structure and level of the Board remuneration, concluding that an increase of the Board remuneration of approximately 3 percent is justified.

Further, the Election Committee is also of the opinion that an increase in remuneration to the Chairman and members of the Audit Committee as well as to the Chairman and members of the Remuneration Committee is especially due, because of the increased work duties and responsibilities placed on the committees.

Proposal regarding Board members

With respect to the Board composition, the Election Committee takes into account the skills and experience of the individual Board members and also strives to ensure that the Board collectively should function well and possess the necessary breadth regarding both experience and knowledge. In particular, the Election Committee also takes into account the value of diversity and the balance between the need for renewal and continuity on the Board. In its efforts to achieve diversity, the Election Committee takes into account the particular importance of equal gender distribution.

The Board has, with support from external consultants in 2018, made an assessment of the current Board members', Chairman's and the Board's work. In the light of the results of the assessment, the Election Committee is of the opinion that the Board functions well, that the number of Board members is appropriate and that the Board, in its entire capacity, possesses the skills and experience relevant to the Volvo Group.

Against this background, and taking the requirement for continuity and stability into account, the Election Committee sees no need to propose any changes to the composition of the Board. With regard to this, the Election Committee proposes re-election of the ten Board members.

Finally, and obviously, the Election Committee is of the firm opinion that the Board members must be in a position to dedicate enough time to their important task as Board members, and therefore the Election Committee has specifically taken into account the extent of the proposed Board members' duties and engagements outside of Volvo. The Election Committee has noted that all Board members have a very high Board meeting attendance and, as appears from the evaluation of the Board's work, the Board members do dedicate the necessary time for preparation for board meetings and other board work. Further, the Board members have confirmed that they can and will continue to dedicate enough time to their task as Board members in Volvo. Accordingly, the Election Committee has concluded that the proposed Board members are able to dedicate the time required to fulfil their duty as Board members of Volvo. In reaching this conclusion the Election Committee has paid particular attention to the other engagements of Martina Merz and has had a close dialogue with Martina Merz regarding these. Martina Merz has confirmed that her intention is to, over time, reduce the number of her board assignments.

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 annually appoint members to the Election Committee for the coming year and the current Election Committee shall submit a proposal therefore to the Annual General Meeting. The Election Committee shall propose five Election Committee members, whereof one member shall be the Board chairman and four members shall be nominated by the largest shareholders based on votes who have expressed their willingness to nominate a member.

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 (AB Industrivärden)
Carine Smith Ihenacho (Norges Bank Investment Management)
Pär Boman (Svenska Handelsbanken, SHB Pension Fund, SHB Employee Fund, SHB Pensionskassa and Oktogonen)
Ramsay Brufer (Alecta)

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 main purpose is to create the necessary scope to consider conflict of interest situations and similar circumstances.

Presentation of the activities carried out by the Election Committee

At the 2018 Annual General Meeting of AB Volvo, the following individuals were appointed to the Election Committee:

The Chairman of the Board of Directors (Carl-Henric Svanberg)
Bengt Kjell (AB Industrivärden)
Pär Boman (Svenska Handelsbanken, SHB Pension Fund, SHB Employee Fund, SHB Pensionskassa and Oktogonen)
Ramsay Brufer (Alecta)
Yngve Slyngstad (Norges Bank Investment Management)

The Election Committee held its first meeting on June 29, 2018. The Election Committee held a total of six meetings. These meetings have mainly been devoted to an evaluation of the performance of the current Board and evaluation and discussions of the fees to be paid to the Board members.

The Election Committee has also, during its meetings, discussed and formulated its proposals to the Annual General Meeting 2019 concerning the Chairman of the Meeting and members of the Election Committee for 2019/2020. Furthermore, the Election Committee has reviewed the instructions for AB Volvo's Election Committee. The Committee has concluded that an update of the instructions is required to create appropriate scope to consider conflict of interest situations and similar circumstances, resulting in the proposed amendment of the instructions set out above.

The Election Committee has applied rule 4.1 of the Swedish Corporate Governance Code as diversity policy in its nomination work. This has resulted in the Election Committee's proposal to the Annual General Meeting regarding election of Board members.

The costs incurred in the Election Committee's discharge of its assignment amount to approximately SEK 370 000.

February 2019

Election Committee for the 2019 Annual General Meeting of AB Volvo