

## **Proposals by the Election Committee of AB Volvo to the Annual General Meeting 2011**

### **The Election Committee's proposal as regards 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 nine 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 Chairman of the Board is awarded SEK 1,800,000 and each of the other members elected by the Annual General Meeting SEK 600,000 with the exception of the President. It is further proposed 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 the members of the Remuneration Committee SEK 100,000 each.

### **The Election Committee's proposal as regards Board members**

The Election Committee proposes re-election of Peter Bijur, Jean-Baptiste Duzan, Hanne de Mora, Leif Johansson, Anders Nyrén, Louis Schweitzer, Ravi Venkatesan, Lars Westerberg and Ying Yeh. The Election Committee further proposes election of Louis Schweitzer as Chairman of the Board.

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

*(Please note that the Election Committee has adjusted its proposal as regards Board members. The adjusted proposal is available on Volvo's website [www.volvogroup.com](http://www.volvogroup.com) or [www.volvokoncernen.se](http://www.volvokoncernen.se).)*

#### Louis Schweitzer

Born 1942. Bachelor of Laws.

Member of the Volvo Board since: 2001, Chairman since January 15, 2010, Chairman of the Remuneration Committee.

Board Chairman: AstraZeneca Plc.

Board member: BNP-Paribas, L'Oréal and Véolia.

Holdings in Volvo, own and related parties: 40,000 Series B shares.

Principal work experience: Official at French Budget Department; Chief of Staff of Mr Laurent Fabius (Minister of Budget, then Minister for Industry and Research, and Prime Minister), Chairman of the French High Authority against Discrimination and for Equality (HALDE) (2005-2010); numerous positions with Renault S.A. (Chief Financial Officer and Executive Vice President Finance and Planning, Chief Operating Officer, Chairman and Chief Executive Officer).

Independence: Considering the demands laid down in the Swedish Code of Corporate Governance regarding the Board's independence, the election committee is of the opinion that Louis Schweitzer is independent of the company, the company management and the company's major shareholders. Louis Schweitzer is not employed by nor has he any assignments for Renault s.a.s. Louis Schweitzer is thus no longer to be considered as a representative of Renault s.a.s. on the company's Board.

### Peter Bijur

Born 1942. MBA Marketing, BA Political Science.

Member of the Volvo Board since: 2006, member of the Audit Committee.

Board member: Gulfmark Offshore Inc.

Holdings in Volvo, own and related parties: 3,000 Series B shares.

Principal work experience: Numerous positions with Texaco Inc., retired as Chairman and Chief Executive Officer in 2001.

Independence: Considering the demands laid down in the Swedish Code of Corporate Governance regarding the Board's independence, the Election Committee is of the opinion that Peter Bijur is independent of the company, the company management and the company's major shareholders.

### Jean-Baptiste Duzan

Born 1946. Graduate at the Ecole Polytechnique.

Advisor to the Chief Executive Officer, Renault S.A. Senior Advisor Lazard Frères.

Member of the Volvo Board since: 2009, member of the Audit Committee.

Board Member: Nissan Motor Co. Ltd.

Holdings in Volvo, own and related parties: 1,000 Series B shares.

Principal work experience: Began his career at Citibank. Has held various positions within Renault since 1982 - director of financial services at Renault V.I.; director of financial operations; project director for the car model Safrane; Senior Vice President, Purchasing; and joined the Renault Management Committee. He was also named Chairman and Managing Director, Renault Nissan Purchasing Organization.

Independence: Considering the demands laid down in the Swedish Code of Corporate Governance regarding the Board's independence, the Election Committee is of the opinion that Jean-Baptiste Duzan is independent of the company and the company management. Jean-Baptiste Duzan is Advisor to the Chief Executive Officer, Renault S.A., and is thus considered to have such a relationship with Renault that he is not to be regarded as independent thereof. Since Renault s.a.s. controls more than 10% of the votes in Volvo, he may not in the Election Committee's opinion be considered as independent of one of the company's major shareholders.

### Leif Johansson

Born 1951. M Sc Engineering.

President of AB Volvo and Chief Executive Officer of the Volvo Group since 1997.

Member of the Volvo Board since: 1997.

Chairman: ERT (European Round Table of Industrialists).

Board member: Bristol-Myers Squibb Company, Svenska Cellulosa Aktiebolaget SCA and The Confederation of Swedish Enterprise. Member of the Royal Swedish Academy of Engineering Sciences.

Holdings in Volvo, own and related parties: 540,810 shares, including 349,023 Series B shares.

Principal work experience: Project consultant Indevo; Assistant to President Centro Maskin Morgårdshammar; President Husqvarna Motorcyklar; Division Manager Office Machines Facit Sweden; President Facit; Division Manager AB Electrolux Major Appliances; Division President AB Electrolux Major Appliances; Executive Vice President AB Electrolux; President AB Electrolux; CEO Electrolux Group.

Independence: Considering the demands laid down in the Swedish Code of Corporate Governance regarding the Board's independence and that Leif Johansson is Volvo's CEO, the Election Committee considers Leif Johansson independent of the company's major shareholders but not of the company and company management.

### 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.

Holdings in Volvo, own and related parties: 3,000 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 management company a-connect (group) ag since 2002.

Independence: Considering the demands laid down in the Swedish Code of Corporate Governance 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.

President and Chief Executive Officer of AB Industrivärden.

Member of the Volvo Board since: 2009, member of the Remuneration Committee.

Board Chairman: Sandvik AB

Vice Chairman: Svenska Handelsbanken.

Board Member: AB Industrivärden, Ernströmgruppen, SSAB Svenskt Stål AB, Svenska Cellulosa Aktiebolaget SCA, Telefonaktiebolaget LM Ericsson and SSE Association.

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

Principal work experience: Has worked for AB Wilhelm Becker. He has held various positions within STC - Controller, Executive Vice President and CFO, and President of STC Venture AB; President and Chief Executive Officer 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.

Independence: Considering the demands laid down in the Swedish Code of Corporate Governance regarding the Board's independence, the Election Committee is of the opinion that Anders Nyrén is independent of the company and the company management. Anders Nyrén is Chief Executive Officer of AB Industrivärden, and is as such considered not to be independent thereof. Since AB Industrivärden controls more than 10% of the votes in Volvo, he may not in the Election Committee's opinion be considered as independent of one of the company's major shareholders.

#### Ravi Venkatesan

Born 1963. MBA and M Sc Industrial Engineering.

Chairman of Microsoft India and responsible for Microsoft's marketing, operational and business development efforts in India.

Member of the Volvo Board since: 2008.

Board member: Non Profit Advisory Board Harvard Business School and Advisory Board Indian Institute of Technology.

Holdings in Volvo, own and related parties: 700 Series B shares.

Principal work experience: Several leading positions within the American engine manufacturer Cummins.

Independence: Considering the demands laid down in the Swedish Code of Corporate Governance regarding the Board's independence, the Election Committee is of the opinion that Ravi Venkatesan is independent of the company, the company management and the company's major shareholders.

#### Lars Westerberg

Born 1948. M Sc Engineering, Bachelor Business Administration.

Member of the Volvo Board since: 2007, Chairman of the Audit Committee.

Board Chairman: Autoliv Inc., Husqvarna AB and Vattenfall AB.

Board member: SSAB Svenskt Stål AB and Sandvik AB.

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

Principal work experience: President and CEO of Gränges AB, ESAB AB and Autoliv Inc.

Independence: Considering the demands laid down in the Swedish Code of Corporate Governance 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.

## Ying Yeh

Born 1948. BA, Literature & International Relations.

Chairman for Nalco Greater China.

Member of the Volvo Board since: 2006, member of the Remuneration Committee.

Holdings in Volvo, own and related parties: None.

Principal work experience: Journalist NBC, New York. Numerous positions with the U.S. Government Foreign Service in Burma, Hong Kong, Taiwan and Beijing. Various positions with Eastman Kodak in China, latest as President and Chairman, North Asia Region.

Independence: Considering the demands laid down in the Swedish Code of Corporate Governance regarding the Board's independence, the Election Committee is of the opinion that Ying Yeh is independent of the company, the company management and the company's major shareholders.

## Statement explaining the proposals regarding the Board of Directors

Based on information provided to the Election Committee by the Chairman of the Board, regarding evaluation of the current Board of Directors and its work the Election Committee considers that the number of Directors is appropriate and that the Board collectively has diversity and the breadth of qualifications, experience and background required by the Company's operations and that the Board of Directors is well functioning. The Election Committee further notes that in recent years there has been a considerable renewal of the Volvo Board, implying a need for continuity and stability. With regard to the above the Election Committee proposes to re-elect the present Board members.

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. Due to the recent crisis in the financial system and the following sharp downturn, the remuneration to the Board members has not been raised since 2007. The Election Committee therefore considers that the remuneration to be paid to the Board members should be raised as proposed to the Annual General Meeting.

## **The Election Committee's proposal as regards members of the Election Committee**

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, all in accordance with the instruction for the Election Committee.

The Chairman of the Board of Directors

Jean-Baptiste Duzan, representing Renault s.a.s.

Carl-Olof By, representing AB Industrivärden

Lars Förberg, representing Violet Partner LP

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 2010 Annual General Meeting of shareholders in AB Volvo, the following were appointed to the Election Committee.

Louis Schweitzer, Chairman of the Board

Thierry Moulouguet, representing Renault s.a.s.

Carl-Olof By, representing AB Industrivärden

Håkan Sandberg, representing Svenska handelsbanken, SHB Pension Fund, SHB Employee Fund, SHB Pensionskassa and Oktogonen

Lars Förberg, representing Violet Partners LP

The Election Committee held its first meeting on April 30, 2010, at which Thierry Moulouguet was appointed Chairman and in accordance with the Instructions of the Election Committee it was decided to add one other member to the Election Committee. Following this decision, Ingrid Bonde, representing AMF Pension, was appointed to the Election Committee.

The Election Committee has held in total 8 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 possible need to undertake new recruitment and discussions regarding the fees to be paid to the Board members.

The evaluation of the current Board has included i.a. a report from the Board Chairman to the Election Committee on the Board's recurring self-evaluation process. In addition the Election Committee has also studied the work procedures for the Board's activities.

The Committee has concluded that the current Board is well functioning and possesses broad and valuable experience and competence. In view thereof and for the sake of continuity and stability the Election Committee proposes re-election of the present Board members.

To be able to address future needs to renew the Volvo Board the Election Committee considers it necessary to keep continuously up-dated as regards future possible candidates. The Election Committee has therefore during 2010 engaged the services of Egon Zehnder International (EZI), an international recruitment consultant, to assist investigating and evaluating possible future candidates.

The Board fees have not been raised for a couple of years and in view of the importance of competitive board fees the Election Committee has decided to propose that the fees to be paid to the Board members shall be raised.

At the Election Committee's meetings, the Committee also discussed and formulated proposals to the 2011 Annual General Meeting as regards the Chairman of the Board, the Chairman of the Annual General Meeting and the members of the Election Committee 2011/2012, who are proposed as set forth in the instruction for the Election Committee.

The Election Committee has further evaluated the instructions and the work of the Election Committee and has come to the conclusion that the instructions provide transparent and predictable rules as to the composition of the Election Committee and also provide a suitable and effective work procedure for the Election Committee. Therefore no changes of the instructions are proposed.

The costs incurred in the Election Committee's discharge of its assignment amount to SEK 876,963.39.

February 2011

Election Committee for the 2011 Annual General Meeting of AB Volvo