

VOLVO

Key Elements Procedure 6 Corporate Social Responsibility

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1. Foreword

The Volvo Group is committed to a Code of Conduct which describes our intention on how to behave when we do business and how we interact with our stakeholders. The Volvo Group enjoys an invaluable reputation for corporate trustworthiness around the world, based on consistently conducting business with integrity and in compliance with the laws and regulations governing its activities. Therefore we seek to ensure that all our suppliers operate in compliance with our requirements. The purpose of our supply chain management is to help our business partners understand our requirements and develop together with us.

Corporate Social Responsibility (CSR) within Volvo Group

The Volvo Group's Code of Conduct is the corporate policy and general reference document on ethical issues and for appropriate business practices.

It consists of 13 principles in the areas of: business principles, environmental principles and human rights and workplace practice. The principles in our Code of Conduct are based on UN Global Compact* and international conventions.

The Code of Conduct formalizes the principles that the Volvo Group shall commit in relation to employees, business partners and other stakeholders.

All Volvo Group employees should know about the Code of Conduct, since the policy is applicable to all employees at all levels.

The Volvo Group encourages suppliers, dealers, consultants and other business partners within its sphere of influence to adopt these principles. In the assessment of potential and current suppliers, the principles described in this document shall be applied.

Please find the Volvo Group Code of Conduct in section 2 of this document.

*UN Global Compact: United Nations ten principles based on international conventions on human rights, anticorruption, ILO conventions, workplace rights and sustainable development.

2. Volvo Group Code of Conduct

The Volvo Group enjoys an invaluable reputation for corporate trustworthiness around the world, based on consistently conducting business with integrity and in compliance with the laws and regulations governing its activities. Success in business depends on building and maintaining the trust of customers, shareholders, employees, governments and the general public.

General principles

The Volvo Group shall:

- comply with the laws and regulations of each country in which it operates
- demonstrate and promote its commitment to responsible business practice in policies, decisions and activities
- Integrate the principles of this policy into critical processes.

Requirements on business partners

The Volvo Group prefers to work with component suppliers, consultants, distributors and other business partners that share the principles expressed in this Code of Conduct.

The Volvo Group encourages its business partners to apply standards of business conduct consistent with the principles of this Code of Conduct.

Business principles

Accounting and reporting

All financial transactions shall be reported in accordance with generally accepted accounting practices, and the accounting records must show the nature of all transactions in a correct and non-misleading manner.

The Volvo Group shall report in a transparent, truthful and timely manner with the aim of conveying a true view of the Volvo Group's performance.

Anti-corruption

The Volvo Group shall not participate in or endorse any corrupt practices.

Representatives of the Volvo Group shall not offer customers, potential customers, suppliers, consultants, governments, agencies of governments, or any representative of such entities, any rewards or benefits in violation of applicable laws or established business practices stricter than applicable laws, in order to obtain or retain business or to gain any other improper advantage.

Volvo Group employees shall not accept payments, gifts or other kinds of reimbursement from a third party that could affect or appear to affect their objectivity in their business decisions.

Money laundering

The Volvo Group shall not accept, facilitate or support money laundering.

Conflicts of interest

All representatives of the Volvo Group shall conduct their private and other external activities and financial interests in a manner that does not conflict or appear to conflict with the interests of the Group.

Employees' private interests shall not influence, or appear to influence, their judgement or actions in performing their duties as representatives of the Group.

Company property and resources

The Volvo Group's property and resources shall be used for business objectives.

The property and resources shall not be used for personal gain, fraudulent purposes, or in any other inappropriate manner.

Taxation

The Volvo Group shall comply with the tax laws and regulations of each country in which it operates. Where tax laws do not give clear guidance, prudence and transparency shall be the guiding principles.

Customer offering

The Volvo Group shall ensure that its products meet all applicable regulatory requirements.

The Volvo Group shall design its products with a focus on our core values of quality, safety and environmental care.

Marketing and sales

The Volvo Group shall present its products and services accurately and shall comply with applicable regulatory and legal requirements.

The Volvo Group shall not make false statements or provide misleading information regarding its products or their performance, including the safety and environmental attributes of the products.

Fair competition practices

The Volvo Group shall compete in a fair manner and with integrity.

The Volvo Group shall not exchange information or enter into agreements or understandings with competitors, customers or suppliers in a way that improperly influences the market place or the outcome of a bidding process.

The Volvo Group shall use legitimate methods to gather information about our competitors.

Insider trading

Volvo Group employees who have access to non-public information that may affect the Volvo share price are not allowed to buy or sell Volvo shares or any other financial instruments that relate to the Volvo share, such as futures or options. In addition, he or she may not induce anyone else, by giving advice or in some other manner, to undertake such trading.

Political involvement

The Volvo Group shall observe neutrality with regard to political parties and candidates for public office. Neither the names nor the assets of Volvo Group companies shall be used to promote the interests of political parties or candidates for public office.

Principles of human rights and social justice

Human rights

The Volvo Group shall support and respect the protection of internationally proclaimed human rights and make sure the Group is not complicit in human rights abuses.

Non-discrimination

All employees shall have equal opportunities based on competencies, experience and performance regardless of gender, race, religion, age, disability, sexual orientation, nationality, political opinion, union affiliation, social background or ethnic origin.

All employees shall be treated with respect. Discrimination, physical or verbal harassment, or any illegal threats are not tolerated.

Workplace practice

The necessary conditions for a safe and healthy work environment shall be provided for all Volvo Group employees.

Forced labor

The Volvo Group shall not engage in or support forced, bonded or compulsory labour, nor shall the Volvo Group require any form of deposit or confiscate identification papers from employees.

Employees are free to leave their employment after reasonable notice as required by law and contract.

Child labour

Child labour is not tolerated. The minimum employment age is the age of completion of compulsory school, but never less than 15 years.

Freedom of association

The Volvo Group respects the right of all employees to join an association to represent their interests as employees, to organize and to bargain collectively or individually. The Volvo Group shall respect the recognized unions. An employee's right to refrain from joining a union is equally respected.

The Volvo Group shall notify employees' representatives and relevant government authorities of major changes in our operations as required by law.

Working hours and compensation

The Volvo Group shall comply with applicable laws, agreements and industry standards on working hours and compensation.

Environmental principles

Resource efficiency

The Volvo Group products and processes shall be designed in such a way that energy, natural resources and raw materials are used efficiently, and waste and residual products are minimized.

Precautionary principle

The Volvo Group shall avoid materials and methods posing environmental and health risks when suitable alternatives are available.

Particular emphasis shall be put on evaluating the potential risks of present and future substances and operations in order to minimize the negative impact on the environment.

Responsibility of Managers and Employees

It is the responsibility of Volvo Group managers to communicate and demonstrate the content as well as the spirit of this document within their organizations, and to encourage employees to reveal behaviour that may be non-compliant with these principles. Explicit or implicit approval of questionable actions will not be tolerated.

Reports of violations of this code may be done anonymously and confidentially to the chairman of the audit committee. Persons reporting violations in good faith will not be subject to retaliation.

This Code of Conduct will be promptly and consistently enforced. Failure to comply with its provisions can result in disciplinary action.

This Code of Conduct has been adopted by the Board of Directors of AB Volvo and can only be amended or waived by the Board. Any amendments or waivers shall be disclosed.

Adopted by the Board of Directors 2012-09-05

3. Corporate Social Responsibility requirements for suppliers

The Volvo Group enjoys an invaluable reputation for corporate trustworthiness around the world, based on consistently conducting business with integrity and in compliance with the laws and regulations governing its activities. The Volvo Group corporate values and commitment to sustainable development are, and will continue to be, reflected, promoted and implemented in Group policies, decisions and actions

In the same spirit we want our suppliers to adopt the principles in our Code of Conduct or similar principles.

Suppliers of materials, equipment, services and consumption goods play a vital part in the development and manufacturing of Volvo Group's products.

The principles are valid for all suppliers to the Volvo Group.

All suppliers and contractors should have knowledge of the Volvo Group Code of Conduct, coupled with internal working procedures including the following aspects;

- comply with laws and regulations of the countries where the supplier operates; when the local laws and regulations are lacking, the principles in the Code shall guide;
- the principles described in the Code of Conduct should be the minimum level to be used in relations to their employees, business partners and other stakeholders;
- take responsibility for their sub-suppliers for deploying these requirements through their supply chain;
- maintain an open dialogue with Volvo Group companies concerning achievements, trends and possibilities for Corporate Social Responsibility improvements;
- Have a system in place to ensure compliance with the principles outlined in the Code of Conduct;
- Have a senior executive responsible for compliance with UN Global compact;
- Be positive to develop together in this area.

Each Business Area and Business Unit of the Volvo Group is responsible for evaluation of the requirements to its suppliers as well as clarifying the contact persons and channels of information to its suppliers.

4. The Corporate Social Responsibility Self-Assessment

We use a Self-Assessment Questionnaire (SAQ) which we ask our suppliers to update. This SAQ is developed by a working group in Europe with most of the Automotive OEM.s.

If you have completed an assessment using the same SAQ for any other OEM, you are free to use that SAQ and update in our systems or send it to Volvo.

In case you get several SAQ from the Volvo Group, you can re-use the assessment and update us with one result.

The purpose of this self-assessment is to get an overview of the status of performance in fulfilling the Volvo Group requirements in this document. As this is an important issue for Volvo, we kindly ask you to fill in this SAQ.

We will use the returned self-assessment for follow-up in connection with other visits to you. Please, send the self assessment to your contact at Volvo Group purchaser department, and/or update your assessment in the system you might have access to (VSIB or VeSA)

The result/score from the evaluation cannot be older than 3 years prior to getting a new contract. In case your evaluation is not approved, you need to improve to get it approved. The approval is given by your purchasing contact at Volvo.

If you have any questions, do not hesitate to ask your contact at the Volvo purchasing department.