

TOGETHER WE MOVE THE WORLD



THE VOLVO GROUP: MOVING LIFE FORWARD

“Our solutions to global challenges are driven by our mission to drive prosperity through transport solutions.”



The world doesn't stand still, nor does the Volvo Group. Since our company started in 1927, we have constantly innovated and delivered far-reaching and long-lasting solutions to meet the needs of our customers and society.

Our solutions to global challenges are driven by our vision and mission – to be the most desired and successful transport solution provider in the world – and to drive prosperity through transport solutions.

A KEY ROLE Like a circulatory system, our trucks, buses, engines, construction equipment and different, related services are involved in several of the functions that most of us rely on every day.

- **15% of food** in Europe is delivered by our trucks

- **10.6 million** people worldwide can be transported daily on our buses and coaches

- **300,000** units of our construction equipment build and maintain crucial infrastructure

- **200,000** industrial engines secure electricity supplies for essential services

Our support services keep thousands of customers' fleets on the road, contributing to global productivity and growth. Our marine engines power commercial and leisure activities on the world's waterways.

Together, the Volvo Group's products and services literally do move the world.

GLOBAL CHALLENGES The world faces challenges that we cannot ignore. Demographic growth and urbanization, climate change, resource scarcity, safety and security, and competition for skills are the global trends that most impact the Volvo Group.

The world needs safe, affordable and environmentally-enhanced transport and infrastructure to support the 9 billion people who will be living on Earth by 2050.

The Volvo Group's City Mobility, Bus Rapid Transit and zone management technology programs keep

the world moving efficiently, safely and cleanly.

We need to take urgent action to combat climate change and its impacts. The transport sector is part of the problem. We intend to make it part of the solution.

Volvo Group aims to lead the way on alternative fuels, energy efficiency and low-emission products and production.

The Earth's natural capital is finite and resources are scarce.

We take a whole lifecycle, and increasingly circular, approach.

Over 1.2 million people die and 50 million are injured each year in road traffic accidents worldwide. **In addition to increasing our products' safety, we increase skills and awareness among drivers and road users.**

Talent pools and educational opportunities vary widely across global geographies.

Our programs develop our current colleagues' competences and build future capacity in strategically important markets.



1927 The Start	1959 3-point safety belt	1981 Automatic Power Shift	2001 Volvo I-Shift	2002 Renault Infomax	2004 Penta IPS	2006 I-SAM hybrid concept	2007 CO ₂ -neutral trucks and plant	2012 I-See	2013 Dynamic Steering	2014 Dual clutch	2015 Electric Bus
Volvo is founded by Assar Gabrielsson and Gustaf Larson. Their aim: to produce safe, high-quality vehicles. The first car rolls off the production line this year, and the first truck a year later.	Volvo pioneers the 3-point safety belt that becomes an international life saver.	Volvo BM invents the Automatic Power Shift (APS). APS saves fuel and boosts performance by constantly selecting the right gear for the job and the current operating conditions.	Volvo Trucks launches a revolutionary new automated transmission – I-Shift. It calculates several parameters to determine the best shift option.	Renault Trucks' vehicle management system Infomax is awarded the Siemens Prize for Innovation. Infomax is a tool for measuring and analyzing fuel consumption.	Volvo Penta IPS (Inboard Performance System) is introduced, delivering around 35% better efficiency at cruising speed than inboard shafts.	A commercially viable option for heavy vehicles such as trucks and buses on routes with frequent braking and acceleration. Delivers fuel savings of up to 35%.	The Volvo Group is the first vehicle manufacturer to produce seven CO ₂ -neutral demonstration trucks. Also, the Group presents the world's first CO ₂ -neutral vehicle plant: the Volvo Trucks plant in Ghent, Belgium.	I-See reduces fuel consumption for long-distance transport. Like an autopilot system, it handles gear changes, throttle and brakes on gradients very efficiently.	An electronically controlled electric motor attached to the steering shaft makes the truck driver's job both safer and more comfortable. Made famous by the "epic split" ads.	Volvo Trucks launches the first transmission on the market with a dual clutch system for heavy vehicles. With dual clutches, gear changes take place without any interruption in power delivery.	Together with partners in different sectors, Volvo develops buses and infrastructure, on the way to an electrified bus network in Gothenburg. Benefits include low noise, no local emissions, 99% reduction in CO ₂ emissions and 80% energy savings.

OUR HISTORY OF TRAILBLAZING INNOVATION

“The Volvo Group builds on 90 years of corporate history defined by values-led innovation.”

EARLY PIONEERS Our commitment to quality and safety is rooted in the visionary approach of our founding fathers, Assar Gabrielsson and Gustaf Larson:

“An automobile carries and is driven by people. The basic principle of all engineering is and must therefore be safety. If a ball joint snaps, it can be a matter of life and death.”

In those days, this approach made us unique. Within a few years, our company was producing best-selling trucks and outboard engines and the first bus was launched in 1934.

In 1959, Volvo pioneered the 3-point safety belt and felt so strongly about its importance, we chose not to patent the design. By sharing it, we have

helped to save over 100 million lives to date.

ENVIRONMENTAL CARE AND TRANSPORT SOLUTIONS Already in early 70's we acknowledged that our products had a negative environmental impact and we were determined to do something about it.

By 1976, we had introduced the 3-way catalytic converter as an effective system for reducing exhaust emissions. In the 1990s, we launched the Environmental Concept Car, Bus and Truck and the Group's first fleet management solution.

FAST FORWARD After the divestment of Volvo Cars in 1999 we focused exclusively on commercial vehicles

and the pace of product innovation and successful commercialization accelerated.

In addition, we were the first automotive manufacturer approved to participate in WWF's Climate Savers program; we launched the world's first carbon-neutral automotive production plant; and we have worked with world-leading partners on various pioneering programs.

Going forward, connectivity between vehicles and traffic systems is a major focus. There are already more than 400,000 vehicles on the road today that are wirelessly connected, and improving profitability for our customers and for the Volvo Group.

MAKING A DIFFERENCE ON A GLOBAL SCALE

With 100,000 employees worldwide, production facilities in 18 countries, a presence in 190 markets and sales close to 300,000 units per year, the Volvo Group uses its global scale to meet customer needs locally.

RESPECTED LEADERSHIP The Volvo Group is one of the world's leading manufacturers of trucks, buses, construction equipment, marine and industrial engines. We also provide complete solutions for financing and service.

Through direct ownership, licensing agreements and joint ventures, we have built a strong portfolio of iconic,

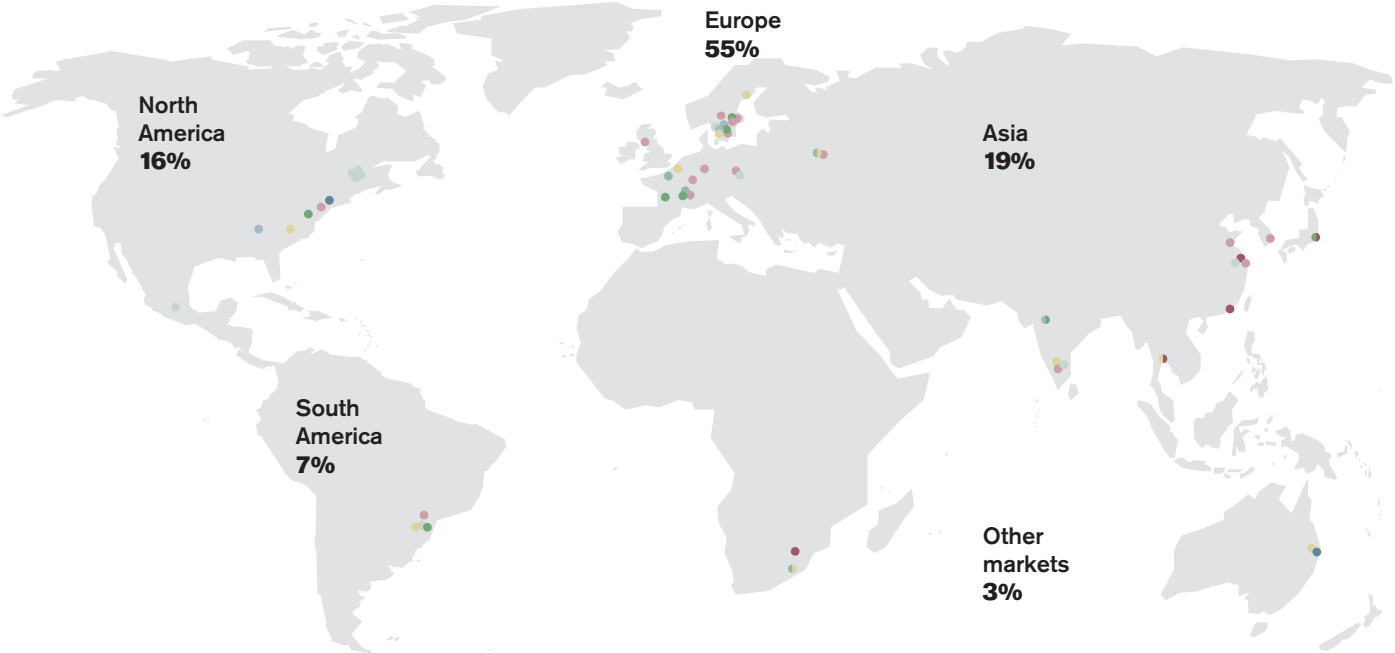
industry-leading brands. Different brands enable us to meet the individual needs of diverse customers across all markets and segments worldwide.

SHARED AMBITIONS Across all operations and countries, we share common ambitions:

- To be a proven innovator of energy-efficient transport and infrastructure solutions.

- To be amongst the most profitable in our industry and our customers' closest business partner.
- To be a contributor to societal development locally and globally.
- To be an employer of choice with a global team of high-performing people and diverse leaders.
- To be recognized as the leading supplier of transport solutions.
- To have zero accidents involving Volvo Group products.

WHERE THE VOLVO GROUP'S 100,000 EMPLOYEES AND 66 PRODUCTION SITES ARE LOCATED



VOLVO GROUP PRODUCTION SITES

- | | |
|-----------------------------|--------------------------|
| ● Eicher* | ● Construction equipment |
| ● Mack | ● Buses |
| ● Renault Trucks | ● Volvo Penta |
| ● UD Trucks | * Ownership ≥ 50% |
| ● Volvo | |
| ● Engines and transmissions | |

BRANDS

- Volvo
- Volvo Penta
- UD
- Terex Trucks
- Renault Trucks
- Prevost
- Nova Bus
- Mack

JOINT VENTURES & STRATEGIC ALLIANCES:

- Sunwing
- SDGL
- Eicher
- Donfeng Trucks





We have a clear vision of the road ahead, a strategic roadmap to get us there, and CSR and sustainability are integrated into our daily work.

OUR VISION FOR THE FUTURE

The Volvo Group's vision is to be the most desired and successful transport solution provider in the world.

FROM THE GROUND UP Our corporate social responsibility (CSR) and sustainability approach and model support our business vision and strategies by developing strength and credibility from the ground up.

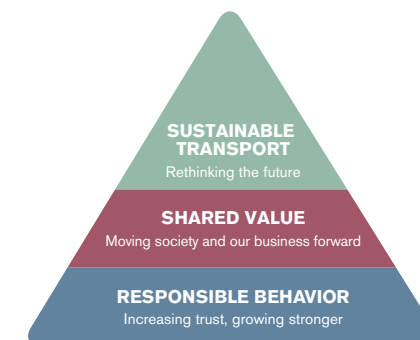
Our approach is based on the Volvo Group's history, values, culture, business strategies and vision, as well as internationally accepted norms of responsible business practice, including the United Nations Global Compact, which we signed in 2001.

SOLID FOUNDATIONS Our approach is visualized as a pyramid, symbolizing the steps that take us onwards and upwards:

- Ethical and responsible behaviour create trust
- Trust encourages more people to

- do business with us
- We create value to move our business forward
- We share value to help move society forward
- We realize our vision

account, the Volvo Group will create sustainable transport solutions and achieve our vision of becoming the world leader. Sustainable transport solutions come at the intersection of these three elements.



SUSTAINABLE TRANSPORT SOLUTIONS For us, sustainability has three dimensions – economic, environmental and social. By taking all three into



WE ACTIVELY EARN TRUST – IT ISN'T GIVEN

We aim to increase trust and gain long-term corporate strength by conducting business in compliance with laws and regulations, managing risks and demonstrating business ethics and integrity, throughout the value chain.

CORPORATE TRUSTWORTHINESS
Actively integrating CSR and sustainability into our policies and practises helps us minimize risk, protect our reputation, and attract high-performing talent.

Every employee is responsible for following the principles of our Code of Conduct, which details the Group's minimum requirements on business ethics, human rights, social justice, and environmental responsibility.

VALUE CHAIN SUSTAINABILITY
What we produce and how we produce it are at the core of our sustainability commitment. We take responsibility for our own operations, and aim to drive responsible business behavior through our supply chain, distribution and service networks, customer base and commercial partnerships.

Product development Each stage of our product development cycle has different quality, safety and environmental objectives.

These are driven by focus on our customers' success and that each new product should have less environmental impact to make it better than the one it replaces.

Purchasing We expect key suppliers of automotive parts to be certified by a third-party environmental management system and all our suppliers to comply with our CSR requirements.

Production 98% of our production centers worldwide has achieved quality and environmental management certification; three have reached the highest international energy standard; and four are carbon neutral.

This supports our aim of minimizing our environmental impacts in terms of energy, emissions, chemicals, waste, water, transport and logistics.

Distribution and service Nine out of ten of our distribution centres have achieved quality and environmental certification. To help our customers make informed purchases, we share

Environmental Product Information based on lifecycle analysis.

To increase customers' uptime and productivity, we invest significantly in aftersales support and servicing.

Products in use More than 90% of our products' environmental impacts arise during the 'in use' phase. In response, we strive to offer products that are more energy efficient, run on alternative fuels, and incorporate technological solutions. We also support the development of fuel-efficient driving and operating skills.

Re-use Around 85% of a Volvo truck can be recycled or remanufactured, dramatically saving the energy needed for creating new components and cutting CO₂ emissions. The Volvo Group has eight remanufacturing centres worldwide who work closely with product developers to ensure they can recover as much material as possible.



THE VOLVO GROUP VALUE CHAIN





OUR ROUTE TO SHARED VALUE

Improving customer satisfaction, delivering a strong financial performance, creating a skilled workforce, and promoting societal engagement are the Volvo Group's main priorities for creating shared value.



On land and at sea, our fuel-efficient products and innovative technology help to move our customers' businesses forward – safely and profitably.

We create economic value for our company and shareholders by delivering transport and infrastructure solutions that meet the needs of our customers. We support our customers' value creation through efficient products and world-class services. We remain competitive, sustainable and profitable by investing in the Group's employees. We move our business and society forward by aligning our CSR programs with our business needs.

FINANCIAL PERFORMANCE Increasing profitability and delivering a strong financial performance is a strategic priority. It enables us to invest in new products, services and the development of our people, and to contribute to society.

CUSTOMER SATISFACTION To support our customers' profitability, we focus on high product quality, safety, reliability and fuel efficiency. But when a truck goes down, so does a customer's business. Through effi-

cient servicing, maintenance, repairs and assistance, we can get them quickly back on the road. This is the thinking behind our dedicated Uptime Center, opened 2014, serving Volvo and Mack trucks in the US and Canada.

DEVELOPING EXPERTISE Achieving our vision is dependent on having people with the right skills and knowledge across all of our businesses. We allocate around half a million training days a year to our employees and retail organization worldwide. In 2014, we opened the Volvo Group University as our global centre for excellence.

MOVING SOCIETY FORWARD In 2015, we launched our renewed program for societal engagement called *Moving Society Forward*. It aims to enhance our competitive advantage and profitability while simultaneously advancing social, economic and environmental conditions in the communities where we operate and sell.

We focus on three areas with the highest potential for mutual benefit for our business and the society:

- Traffic and worksite safety
- Environmental sustainability
- Education and skills development.

The Volvo Group runs a wide range of road and traffic safety campaigns in many of the countries where we operate, including Europe, Asia and the Americas.

We highlight and discuss the issue of climate change at diverse stakeholder events, such as the Volvo Group Sustainability Forum and the Volvo Ocean Race.

To address the shortage of skills in key future markets, we are partnering with various development agencies – to establish vocational training for 4,500 mechanics in 10 African countries over the next five years. We have already opened schools in Ethiopia and are working on plans for Morocco and Zambia.

SUSTAINABLE TRANSPORT SOLUTIONS LEADERSHIP

Our history of pioneering innovation, responsible approach to business, and success at creating value put the Volvo Group in an excellent position to rethink future transport and become the world leader in sustainable transport solutions.

TAKING THE LEAD The Volvo Group invests significant resources in leading-edge research and innovation – both in-house and in partnership with stakeholders. We partner with leading public and private sector stakeholders and collaborate with globally respected organizations to push ourselves, our sector, and society in a more sustainable direction.

We co-chair the United Nations (UN) High-level Advisory Group on Sustainable Transport. We play an active role in numerous local, regional and cross-border governmental initiatives to assess the viability of sustainable transport systems. And we work closely with policy makers to ensure infrastructure supports our innovative solutions.

KEY PRIORITIES To become the most desired and successful trans-

port solution provider in the world, we have prioritized our work in three key areas:

- Energy efficiency and low emissions
- Product and traffic safety
- Technologically smart transport solutions

ENERGY SAVING For the average car driver, fuel savings up to 3 % may not sound a lot. But for the owner of a commercial fleet where fuel is a major cost, it can mean the difference between profit and loss.

The engine in our Volvo trucks in North America is already delivering fuel-saving benefits for our customers. Aerodynamic sculpting and adaptive software developed for the 2016 series could enhance this by up to 3.5 % and 2.5 % respectively.

ROUTE 55 Gothenburg, our Group's

hometown, is now home to the pioneering Route 55 – a bus route serviced exclusively by electric and electric hybrid buses. Volvo buses are quickly charged with renewable energy at each end of the route.

Our fully electric buses are designed for sustainable city transport:

- Silent
- No exhaust emissions
- 80% energy savings



Route 55 is part of ElectriCity – a cooperative venture between academia, industrial and local governmental partners to develop, demonstrate and evaluate the next generation of public transport.

ALTERNATIVE FUELS The Volvo Group believes the use of alternative and renewable fuels is one way of reducing fossil fuel dependency and climate impact. Securing of supply is crucial for long-term environmental, social and economic sustainability.

In Europe, for example, 600 gas powered Renault Trucks are used for city distribution and refuse collection. Volvo Trucks has expanded its range to include the Volvo CNG model, which runs entirely on methane gas (Compressed Natural Gas). When using biogas, it reduces CO₂ emissions by up to 70%. Recently, Volvo

Bus Euro 6 engines used in city and intercity buses were certified to run on HVO – a renewable fuel and alternative to regular diesel.

SAFER SOLUTIONS Our goal is for zero accidents involving the Group's products. As studies show that more than 90% of accidents are down to human factors, assisting drivers with technology and training are our priorities.

Driver Alert Support, Lane Changing Support and Collision Warning with Emergency Brake System are pioneering truck safety features. The technology is also being adapted for our buses.

To complement our technological solutions, we run driver training and operator programs around the world, raising awareness and teaching safe and fuel-efficient techniques.

SMART TRANSPORT Telematics and connected services are changing the way the Volvo Group can enhance existing services and deliver sustainable solutions to support customers and maximize safety, economic and eco-efficiency.

Trucks that save fuel by remembering a stretch of road, and hybrid buses that automatically switch to electric power in emissions-free zones, are already on the road.

We are trialling technology that allows a lead truck to communicate with and drive a platoon behind it. And we are developing construction equipment driven autonomously by robots. To name but a few.

Be part of the future. Come on board and join us...



**The Volvo Group never
stops moving forward.**

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