Volvo Car Corporation

2008/09 CORPORATE REPORT WITH SUSTAINABILITY



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THE WORLD OF VOLVO CARS



Car production	**2008**	**%**	**2007**	**%**
Gothenburg, Sweden	165,129	45.1	193,370	41.9
Uddevalla, Sweden	12,800	3.5	20,306	4.4
Ghent, Belgium	181,425	49.6	240,192	52.1
Chongqing, China	5,811	1.6	6,313	1.4
Assembly plants				
Malaysia	474	0.1	486	0.1
Thailand	610	0.1	441	0.1
Total:	**366,249**		**461,108**	

LAUNCH OF CITY SAFETY AND DRIVe CARS

- The XC60 is launched at the motor show in Geneva in March 2008 – an entirely new Volvo in a new segment for Volvo Cars. The XC60 is Volvo's first crossover vehicle and is being launched in the fastest growing segment of the car industry. Presented along with this model was City Safety – a world-class safety system. City Safety helps drivers avoid collisions at low speeds and is a standard feature in all XC60 cars.

- The largest redundancies in the company's history are announced in June and October 2008. A total of 6,000 people will be leaving the company. The cutbacks coincide with an increasingly tough global economy that results in a weak market situation. The entire car industry is hit hard by declining demand, resulting in lower profitability, and Volvo Cars responds forcefully.

- The new President and CEO Stephen Odell joins the company in October. He comes most recently from Ford of Europe and has worked at Ford since 1980.

- At the October 2008 motor show in Frankfurt an environmental product offensive is unveiled. The first generation of environmentally adapted DRIVe cars are available and Volvo is best in class. In March 2009, Volvo Cars unveils its second generation of DRIVe products, expanding the offer to include large cars. All are best in their market segments. With the Volvo C30, S40 and V50, Volvo Cars has taken its first step towards the development of hybrids using a Start/Stop system that enables the engine to be shut off when a car is at a stand still, for example at a red light or while waiting in traffic.

- A taste of the next generation of cars is shown in January 2009 at the Detroit motor show with the Volvo S60 Concept car. This provides a clear indication as to what the new Volvo S60 will look like when it is launched during 2010. With the S60 Concept, a pioneering new safety feature is unveiled. Included is a function that can detect a pedestrian that is stepping in front of a car – and activate the full braking force if the driver does not react to the danger.



GOOD OPPORTUNITIES FOR SUSTAINABLE PROFITS



2008 proved to be a challenging year for Volvo Car Corporation and indeed the car industry as a whole. A global economic crisis impacted heavily on industry volumes and car makers have had to make some difficult decisions to adapt their productions and cost levels to the rapidly changing market conditions. Our sales were down by 18.3 percent compared to the record year 2007 with 374,297 cars sold. A significant restructuring programme was announced in October and we had to reduce our personnel levels by nearly 6,000 people. As we have moved into 2009 we continue to face a difficult market situation with lower sales, increased competition, and disadvantageous currency fluctuations. And despite a pressed financial situation, the need for further investments in research and development to meet the climate change challenges is bigger than ever before.

Volvo Cars continues to pursue aggressive development of new products and technologies that meet consumer demands for fuel economy and low emission levels. 2008 saw the introduction of the first generation of the DRIVe range, Volvo Cars' umbrella name for investments in low-emission vehicles. To date no less than seven products are offered that are all number one in their respective segments in fuel efficiency and carbon dioxide emission levels. And our Flexifuel offer continues to be one of the broadest in the market with five models that can be driven on bioethanol. We will continue to invest at a high pace in green technologies to meet the need for sustainable mobility in the years to come.

For us at Volvo Cars, sustainable mobility goes beyond emission levels and fuel economy. To meet the needs of a society to move freely without sacrificing long-term human or ecological values, we believe safety considerations must be fully integrated with our efforts to improve environmental performance. We are leading in safety, and our latest car – the all new XC60 crossover – is the safest Volvo to date. The City Safety technology that can help to avoid low speed collisions, and is standard equipment in the XC60 car, has won a number of global awards during the year and impressed customers around the world.

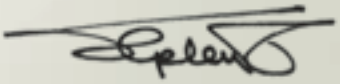
The S60 Concept revealed at the Detroit motor show in January 2009 shows the next generation of Volvo products to come. While still being committed to sustainable mobility with world-class safety technology and excellent environmental performance, this car also takes us to the next level in stunning Scandinavian design. I have very high expectations for the production cars which will be launched in 2010.

This year's Corporate Report has been integrated with our sustainability reporting and communication. I believe that it is perhaps more important than ever to work proactively with sustainability issues and demonstrate tangible results. Progressively, the issues are also becoming of increasing significance for end customers and as such an important competitive advantage for any business. For us, it is an integral part of our business and cannot be seen as an isolated focus area. Our approach to sustainability is divided into three sections in the report: Safety, Environment and Profitability. Safety and Environment are cornerstones in our business and represent the values of the company. To secure a successful business, our values and innovations must translate to the needs and desires of the consumers in the market. That is how we will deliver sustainable profitability in the years to come.

> "I BELIEVE THAT IT IS PERHAPS MORE IMPORTANT THAN EVER BEFORE TO WORK PROACTIVELY WITH SUSTAINABILITY ISSUES AND DEMONSTRATE TANGIBLE RESULTS."
>
> Stephen Odell,
> President and CEO Volvo Car Corporation

It is evident that we can never deliver our sustainability efforts on our own. In the report we focus on the importance of partnership and cooperation with other stakeholders to create new solutions. I would also like to take the opportunity to reiterate that we continue stay committed to the ten principles of United Nations Global Compact.

I hope you enjoy reading about our work for a sustainable future and I welcome any comments or suggestions you may have.



Stephen Odell
President and CEO

A SUSTAINABLE COMPANY PHILOSOPHY

Volvo Cars has a company philosophy that is marked by conviction, values and focus on a number of targeted areas. This company philosophy has a distinct business approach with a strong focus on employee contribution. The goal of Volvo Cars is to sell cars with good profitability in the premium segment. Those values that distinguish Volvo Cars from its competitors are the company's most important business assets by far. Product offerings include world-class safety and environmental care. These are values that have evolved in harmony with Swedish culture and Swedish values for life in general.

Brand

An important part of the company philosophy is the company's brand pyramid which describes Volvo Cars' most important values and how they are linked to business goals.

Set out along the base of the Brand Pyramid are the essentials for any car competing in the premium market segment: Premium Quality, Customer Experience and Driving Dynamics. On the middle level are the areas in which the ambition is to set Volvo Cars apart from other carmakers: Modern Scandinavian Design and Environmental Care. At the top of the pyramid is, of course, Safety – the area in which Volvo Cars is a leader, not least in perception. The combination of all levels is Volvo Cars' strength.

Work culture

The work culture at Volvo Cars is also illustrated by a pyramid. The foundation for success lies in high-class execution and premium quality, involvement and responsibility. The middle layer of the pyramid shows those values where Volvo Cars and its employees stand out in comparison with other companies; confidence, degree and speed of development and the strength of our relationships. At the top of the pyramid, our strength as a "we" company makes us unique. The power of "we" is the result of cooperation which is based on integrity, courage and diversity of thought. Committed employees are the key to success and the company views diversity as a means of achieving competitive business advantage. By continuously striving to develop the work culture in accordance with the work culture pyramid, the ability to secure sustainable business development will increase.

These two diagrams reveal a lot about the way in which sustainability is woven into Volvo Car Corporation's business operations. The guiding principle is "Caring for people." Care applies to everyone – within the organisation, suppliers, customers, other road users and the environment. Volvo Cars' promise is: "We create cars for a better life." This means that the work at a sustainable company such as Volvo Cars promotes an enhanced quality of life.

Volvo Cars' Brand Pyramid



Volvo Cars' Work Culture Pyramid





VOLVO CARS' APPROACH TO SUSTAINABILITY

"Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs." Brundtland (Our Common Future, 2007)

Sustainable development encompasses three parts:
- Economy
- Environment
- Social responsibility

which, for Volvo Cars, means the following priorities:

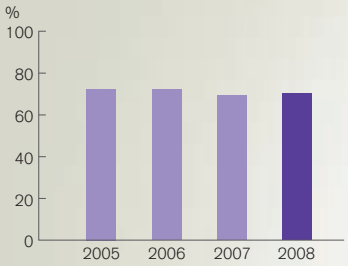
SAFETY is Volvo Cars' leading edge. The aim is to create cars that will not crash.

ENVIRONMENTAL CARE is based on a holistic perspective, in which the car's entire life cycle is environmentally adapted. Over the long term, Volvo Cars has as its goal to create cars that are free of harmful emissions.

PROFITABILITY for Volvo Cars means good, long-term business for the company, customer and society at large.



Number of cars with full marks in safety test



In 2008, Volvo Cars had full marks in 44 of 63 tests conducted, corresponding to 70 percent.



SAFETY

Currently, 1.2 million individuals die in traffic accidents annually. Volvo Cars has a vision of no serious injuries or deaths in or by a Volvo car by the year 2020, in line with a long tradition focusing on safety. Safety efforts are based on behavioral science research and knowledge from actual traffic situations, which has paved the way for new, successful innovations. The path towards Volvo Cars' vision 2020 consists of two parts: its own development of safety efforts and partnerships with other key players in society.

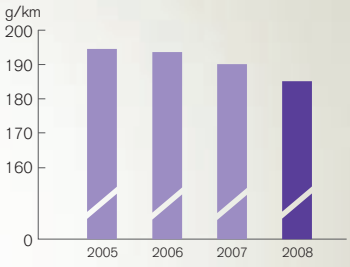
ENVIRONMENTAL CARE

During the past year, Volvo Cars has taken great strides towards a sustainable future with its new climate-adapted cars. New products and technologies have been launched in 2008 and 2009 and a new Volvo is available with carbon dioxide emissions as low as 104 grams per kilometre. The next step is to continue to reduce carbon dioxide emission by electrifying the powertrain, for example, and to continue to ensure low consumption for all types of fuel. The sights have been set on a future free of harmful emissions where electrification is a key technology, with the first hybrid expected in a few years.



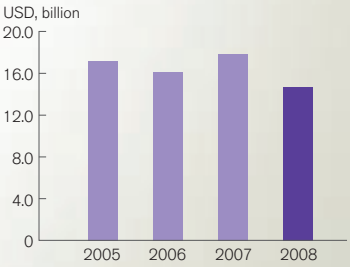


Average CO_2 emissions for the EU fleet



Volvo Cars' average emissions level in Europe decreased from 190 to182 g CO_2/km. With the help of DRIVe and electrical hybrid technology, we expect to reduce emission levels to target levels.

Revenue



Volvo Cars' revenue fell to USD 14,679 M, a decline of 18 percent with the prior year.



PROFITABILITY

The goal of Volvo Cars is to sell cars profitably in the premium segment. The key to success for Volvo Cars is to listen to customers and to be a driving force and flexible in a changing world. By cooperating with other players in society, the right conditions are created to build cars that meet customers' demands, both in terms of safety, environment and comfort. Sustainable profitability will be achieved by translating the company's and society's values into attributes that customers want and are prepared to pay for.

A CHANGING BUSINESS ENVIRONMENT

2008 could be summarized as a turbulent year with significant challenges for the entire car industry. The economic downturn accelerated quickly due to the financial crisis. It started with the mortgage-lending crisis in the US, which put the banking and credit operations in a difficult economic situation. The crisis spread rapidly to several countries, showing once again that we live in a globally connected economy. Several governments have provided state financial support and presented action packages to shore up the financial system and create economic stability.

Climate change generates urgency

During 2008, the climate change issue remained a major focus and is high on the agenda. Emissions of greenhouse gases continue to increase at an alarming rate. China and India now account for more than half of the world's total carbon dioxide emissions*. With a new President in the US, there is now great hope for promoting an active climate policy that contributes to creating a new era in global climate cooperation.

Several research results have been presented, indicating that climate changes are occurring even more rapidly than previous thought. Several reports during 2008 showed that ice melt is accelerating and that Greenland and Antarctica are losing more and more ice to the world's oceans each day. The result will be ocean levels that will rise higher than previously feared. Researchers have found evidence that the Arctic areas are heating up more rapidly than the rest of the globe**. As a result, there is significant concern that climate changes will result in ice-free summers in the Arctic. The UN's climate change panel, IPCC, which routinely evaluates and reports on scientific research into climate change, has made the assessment that it is highly likely that human emissions of greenhouse gases are behind the majority of the temperature increase observed.

Negotiations have been ongoing to prepare the climate agreement that the world leaders will agree on during the climate conference in Copenhagen in December 2009. It is expected that the Kyoto Protocol will be replaced by a new global climate agreement. The EU's goal in advance of the climate conference is for industrial nations to reduce their emissions by 30 percent by the year 2020. The EU Commission suggests that developing nations, except for the most impoverished, agree not to increase their collective emissions by more than 15–30 percent. The long-term goal is for global warming to be limited to two degrees Celsius over pre-industrial levels.

Automotive industry hit hard

The automotive industry is an industry that has been hit very hard by the economic crisis. Falling demand for cars has posed car manufacturers significant difficulties with unsold cars and declining profitability, and with notices and redundancies as a result.

Support efforts and challenges

In several countries, governments have become involved in support measures for the car industry. Support is being given both in the form of short-term support packages as well as contri-

*Source: The Swedish Environmental Protection Agency's annual chronicle 2008/Global Carbon Project.

**Source: National Snow and Ice Data Center.



butions for long-term restructuring towards sustainable development.

Car manufacturing is the backbone of the manufacturing industry in several countries. It is a challenge for the automotive sector to secure long-term profitability and simultaneously implement investments to develop and commercialize environmentally sound alternatives. An additional challenge for the sector is to adapt production levels in order to meet today's lower consumption rates.

EU sets clear goals for car industry

The EU's 27 member states agreed in December 2008 on an energy and climate package to limit carbon dioxide emissions.

By the year 2012, 65 percent of the car manufacturers' new vehicle fleets must meet the EU's requirement for maximum average emissions of 130 grams per kilometre. The requirements are gradually intensified through 2015 when all new cars will have to meet the requirement. An additional 10-gram reduction will be achieved through technical add-on requirements and the use of biofuels. Penalty fees will be implemented gradually starting in 2012 for those car manufacturers who do not achieve the goals and where cars exceed the permitted levels. The long-term goal is an average of 95 grams of carbon dioxide per kilometre by 2020.

Breakthrough for environmentally adapted cars

Car buyers have shown a great deal of interest in cars that are fuel-efficient during 2008. The share of environmentally adapted cars as a percentage of total car sales has increased, although that share varies from market to market. However, the overall trend is a continued reduction in carbon dioxide emissions from new cars.

The financial crisis has had consequences for new car sales, which have dropped dramatically. In the US, industrial volume fell from 16.5 million new cars in 2007, to 13.5 million cars in 2008 – an 18 percent decline. In Europe, the corresponding decline was 27 percent, down from 18.1 million cars to 16.6 million cars.

Fuel prices impact choice of car

Fuel prices are impacting the sale of cars with alternative fuels and an interest in opting for biofuel. The price of petrol varies and fell in several markets during the end of 2008, which has had an impact on sales of environmental cars.

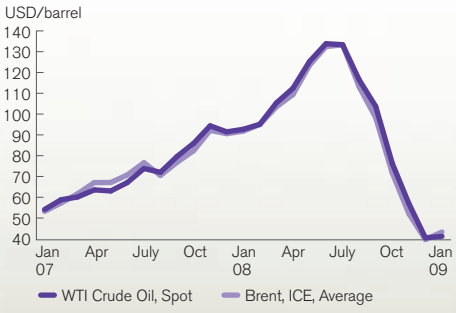
In order to secure a continued long-term demand for environmental and climate-adapted alternatives, it is important that climate-smart solutions be the most profitable for the consumer. Incentives in the form of environmental premiums and carbon dioxide taxes will be important political tools in the future to limit climate change.

Societal challenges

The financial crisis has also impacted the stability of currencies, with sharp fluctuations as a result. Volvo Cars is impacted to a high degree as a relatively small car manufacturer with production primarily in Sweden and Belgium, and a significant portion of sales in the American market.

In addition to greenhouse gases and the goal of reducing carbon dioxide emissions from vehicles, there are also other societal challenges for the car industry, which require solutions from several players involved. One big challenge is ensuring access to fuel that customers can afford to buy as fossil fuels are to be phased out. Solutions are also required for improving air quality, primarily in cities through a reduction in unhealthy emissions and to contribute to solving the problem of traffic congestion that is the result of increased car usage. These areas are closely linked and require broad solutions at both the global and local levels.

Crude oil prices



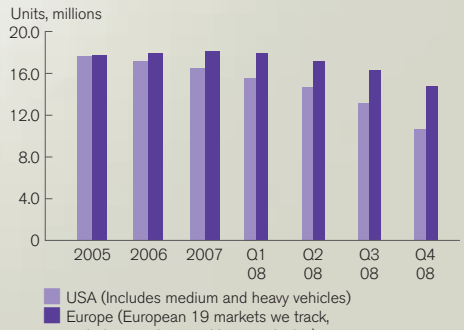
Source: Reuters EcoWin

Spot rates



Source: Reuters EcoWin

Industrial volumes (SAAR – Seasonally Adjusted Annual Rate)



STAKEHOLDER DIALOGUE DRIVES DEVELOPMENT







An ongoing dialogue with stakeholders is key for ensuring Volvo Car Corporation's continued success. All of these stakeholders have varying demands and expectations. Volvo Cars has worked in a structured and conscious manner using business intelligence and stakeholder analysis to consider and balance these views to the greatest extent possible. Every stakeholder group should feel that it has been heard and well received. A selection of stakeholders has participated in identifying those areas and aspects that they view to be of the highest priority in terms of operational sustainability.

In addition to employees, customers, owners and suppliers, Volvo Cars has well-developed relations with trade unions, universities and research, the media, non-profit organisations and authorities in other segments of the public sphere.

Owners
Volvo Cars reports back on a continuous basis to its principal owner, Ford Motor Company, and develops, through regular dialogue, ambitions and focus in strategic areas, such as the field of sustainability.

Employees
Volvo Cars aims for an inclusive culture. An annual process is conducted around objective setting, competence development and evaluating achievements. Routine employee surveys and employee discussions are important tools for listening and creating an open culture and the prerequisites for ongoing development.

Non-profit organisations
An ongoing dialogue with non-profit organisations provides additional perspectives and is an important source for identifying current social issues. Volvo Cars believes that cooperation with organisations that represent various interests promotes a common understanding of challenges facing society.

Suppliers
Suppliers are a central part of our operation. They contribute to Volvo Cars' ability to deliver to customers and to achieve goals. Volvo Cars works actively with suppliers including training and follow-up. As a responsible player, Volvo Cars supports suppliers to help implement high standards in terms of employment terms and environmental care.

Research and universities
Volvo Cars success is strong due to pioneering technological and conceptual development. This is especially true in the areas of safety and the environment. Volvo Cars conducts extensive research in the areas of climate change as well as other environmental and social issues. Volvo Cars participates in several research and knowledge projects and works to direct resources to those solutions that provide the best impact on society, the environment and the economy. Long-term sustainable solutions are based on active cooperation between industry and research.

Authorities
Volvo Cars maintains an ongoing dialogue with authorities regarding various issues that might impact operations, such as the environment and safety. Volvo Cars has, for example, initiated long-term cooperation with the Swedish National Road Administration to jointly create the necessary prerequisites for improved traffic safety in the future.

Customers
Volvo Cars has, as its primary task, to actively listen to its customers and fulfill their wishes and expectations. This occurs on a continuous basis through various interfaces with customers and through various surveys on customer satisfaction, attitude, preferences and other wishes. It is about identifying the wishes of both existing and potential customers.

CITY SAFETY – WORLD-CLASS SAFETY

Volvo's City Safety is one of the new safety features for 2008 that attracted a great deal of attention. The system was launched at the same time as the new Volvo XC60 and is a standard feature of the car. The technology was developed internally by Volvo Cars and can reduce the number of crashes at low speed. City Safety is a function that assists the driver in braking if he is about to collide with the car in front of them. This sort of accident is very common in both busy city traffic as well as traffic queues. Approximately 75 percent of all collisions occur at speeds below 30 kilometres per hour. Studies have shown that in 50 percent of those cases, the driver did not brake at all prior to the collision. With City Safety, the car will brake automatically if the driver does not react in time when a car in front slows down or stops. If the relative speed between the two vehicles is less than 15 kilometres per hour then a collision is avoided entirely. If the speed is between 15–30 kilometres per hour, then the collision speed is lowered to minimize the effects of the crash.

"City Safety is an example of how Volvo Cars works according to actual traffic situations to develop functions to prevent accidents," says Thomas Broberg, safety expert at Volvo Cars.

The new Volvo XC60 is Volvo Cars' safest car to date. In addition to City Safety, the XC60 also offers Volvo's other safety technologies such as Driver Alert Control, Alcoguard, and WHIPS.

"City Safety has received a great deal of attention and a positive reception from our customers, insurance companies and the media. People recognize this traffic situation and the risks that exist of rear-ending the car in front, for example in roundabouts and in stop and go driving," says Thomas Broberg.

Several insurance companies have recognized City Safety's significant potential to reduce the risk of both personal injury and body damage.

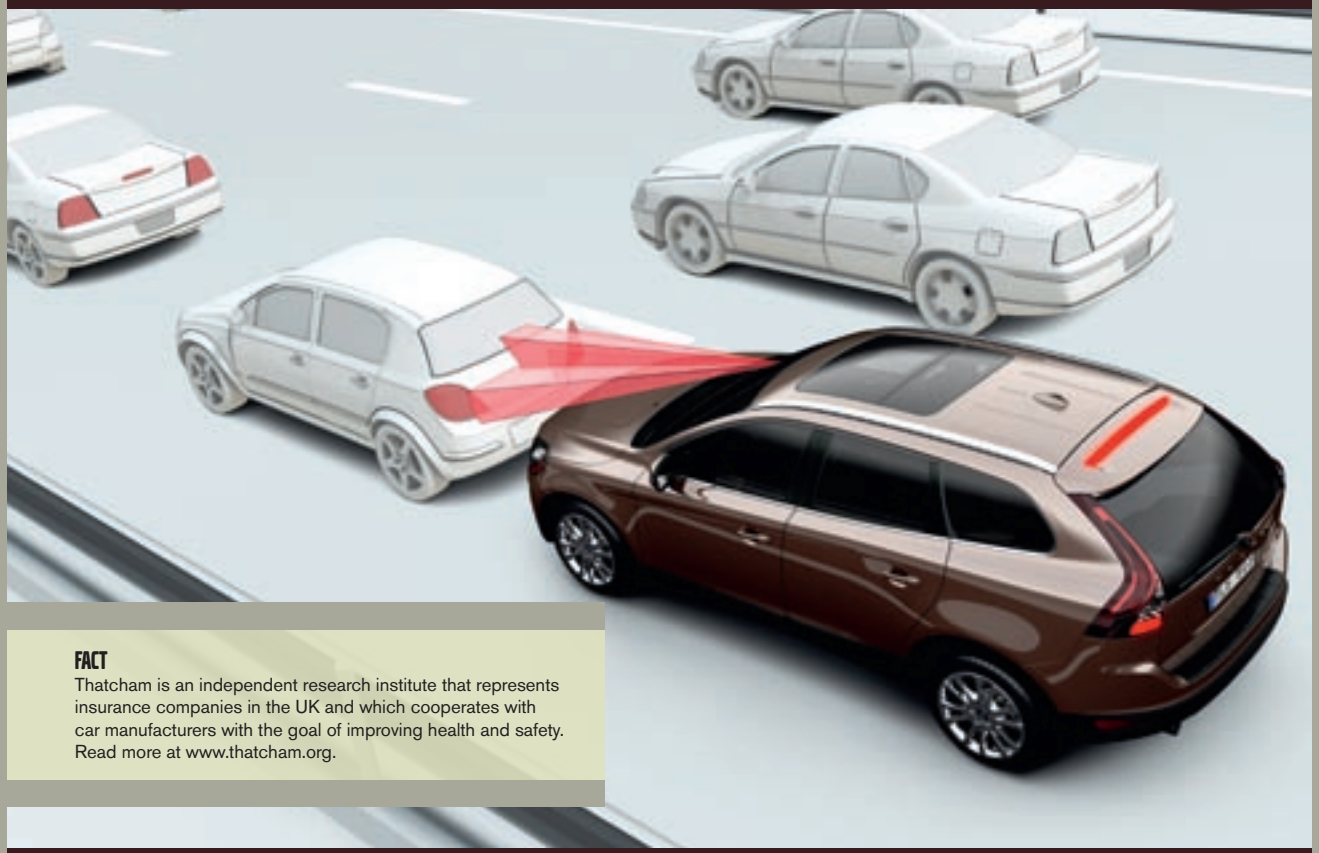
"In most instances, insurance companies await accident statistics before evaluating premiums. Some fifteen insurance companies in various countries have already deemed City Safety as very promising. Some insurance companies provide XC60 owners with premium discounts of up to 30 percent. The cost is less for the car owner, society and the insurance company," says Thomas Broberg.

City Safety has received several awards and has been honored for its technology. The Thatcham research institute in the UK, which has been testing the technology for a year and a half and demonstrated it to insurance companies, has awarded City Safety with "British Fleet World Honors Award 2008." At this year's international safety symposium in New York, the American "Traffic Safety Achievement Award" went to City Safety.

In Germany, City Safety has received the prestigious "Paul Pietsch Award 2009," from the esteemed magazine Auto Motor und Sport, for its innovative safety system that is highlighted as a breakthrough for reducing accidents in city traffic. Volvo Cars will use the award money to educate and promote safety among children in conjunction with the working group Sicherheit in Strassenverkehr (Safety in Traffic).

WHIPS – neck injury protection system

Safety has always been a cornerstone of Volvo Cars' philosophy and it is the interaction of various systems that provides a car with world-class safety. It has now been a decade since Volvo introduced WHIPS, a system that protects the neck during a rear-end collision, avoiding whiplash injuries. Just like City Safety, the system handles the problem of collisions at low speed, often during city driving. Whiplash injuries are common and can cause major problems, resulting in being on sick leave for a long period of time. WHIPS halves the risk of long-term difficulties and is standard in the front seats of all Volvo car models.
For independent whiplash testing see EuroNCAP, www.euroncap.com



FACT

Thatcham is an independent research institute that represents insurance companies in the UK and which cooperates with car manufacturers with the goal of improving health and safety. Read more at www.thatcham.org.

THREE-POINT SAFETY BELT – A VOLVO INNOVATION

2009 marks the 50th anniversary of Volvo engineer Nils Bohlin's invention of the three-point seatbelt of the V type*. The three-point safety belt is the tool that has saved the most lives and is considered to be the single most important safety solution in the history of the automobile. It is estimated that there are several million people who are alive today thanks to safety belts. Still today, the seatbelt is the single most effective protection in an accident.

It was as early as in 1959 that the three-point seatbelt became standard on several of Volvo's models. The seatbelt spread quickly throughout the world. Volvo initially patented this unique three-point belt but decided early on to release the patent to all car manufacturers in order to save lives.

> "CARS ARE DRIVEN BY PEOPLE. THE FUNDAMENTAL PRINCIPLE BEHIND EVERYTHING WE DO AT VOLVO IS THEREFORE – AND MUST ALWAYS BE – SAFETY".
>
> Assar Gabrielsson and Gustaf Larson, founders of Volvo

Today, three-point seatbelts are one part of an integrated protection that operate in conjunction in the car to provide optimal safety should an accident occur. One example is the belt force limiter, which acts on a signal from a collision sensor and tightens the belt against the body of the wearer if a collision occurs. The force limiter enables the belt to protect the wearer as early as possible.

The seatbelt will continue to play a central role in the future. It will only be once there are only cars that can never crash that it will be possible to discontinue use of car seatbelts. Volvo Cars is currently working along two tracks: to make the seatbelt and the system it is part of as safe as possible: and to facilitate seatbelt use for those in the car.

"It is a challenge for the car industry and other players to increase usage of the seatbelt. In many markets, seatbelt usage is very low," says Malin Persson, Manager safety communications at Volvo Cars.

"An effective way to increase usage is to legislate the use of seatbelts in combination with education, informational campaigns and control checks. In addition, all of Volvo Cars' vehicles are standard equipped with seatbelt reminders," concludes Malin Persson.

* The seatbelt geometry for Nils Bohlin's solution was unique and formed in a V with the point down towards the floor.



FIVE PHASES OF THE ACCIDENT SEQUENCE

The sequence of events for a traffic accident can be divided into five phases – from the normal driving situation to the time after the accident has occurred. Volvo Cars develops new, and improves existing, safety solutions based on these five phases.

SAFETY PHILOSOPHY THAT SAVES LIVES

The World Health Organisation estimates that approximately 1.2 million people are killed and over 50 million injured in traffic accidents every year. Traffic accidents cause significant human suffering and are a large burden on society. It is a prioritized challenge to reduce accidents, where advances in several areas must occur in parallel and interact in order to yield effects. Efforts are focused on three areas: safe traffic environments, attentive drivers and safe cars. Volvo Cars is taking the lead with a vision that no one will be seriously injured or killed in a new Volvo car by the year 2020.

Volvo Vision 2020

Volvo Cars' safety efforts focus both on innovative solutions using today's car models, as well as a visionary effort. Since 2008, Volvo Cars has clearly formulated a long-term vision to create cars that will not crash. By 2020, nobody should be seriously injured or killed in a new Volvo.

"The goal is unique in that Volvo Cars has designated a year and is showing a social responsibility that also extends to people in other vehicles and pedestrians," says Anders Eugensson, safety expert at Volvo Cars. "We are very clear about the fact that our cars should not negatively affect other people at the moment of an accident. In addition, no unprotected road-users should be seriously injured or killed."

The overall perspective and view of reality are and have always been the starting points for Volvo Cars' safety philosophy. Volvo Cars' strategy to achieve Vision 2020 includes cooperating with social partners, integrating preventative and protective safety systems into the car and, in particular, to better understand people in traffic situations. Driver behaviour is a contributing factor in over 90 percent of all accidents.

"We now have eleven years left to meet that goal, for us that is two car generations. We have much to learn, especially in the area of active safety, which focuses on preventing accidents. It is possible to still develop both the preventative and protective systems to improve integrated safety in the car. We cannot solve that on our own, cooperation is essential," says Anders Eugensson.

"Another challenge from a safety perspective is that work to increase fuel efficiency results in lighter weight cars. Overall, a lighter car is less safe, but obviously other factors have an influence, such as the car's dimensions," says Anders Eugensson.

Actual accidents basis for research

Volvo Cars has a traffic accident team, the Traffic Accident Research Team, that has investigated traffic accidents since 1970. Currently there is a database with information on over 36,000 accidents.

Volvo Cars has used knowledge from actual traffic situations about what was occurring before, during and after an accident. This is the basis for research that has helped to design cars that offer very good safety in a collision, and which can help to prevent accidents.

Volvo even has its own crash test labratory where approximately 400 full-scale tests are performed annually. The facility provides limitless opportunities to vary test conditions and make reconstructions of crashes from actual traffic situations.

Driver behaviour causes accidents

Several studies have shown that driver behaviour causes up to 90 percent of all accidents. Driver Alert Control is designed to warn tired drivers who are not concentrating, for example during long, monotonous distances of driving. The system detects that the driver's driving pattern is starting to become irregular. When that is the case, the driver is encouraged to take a break by an audible warning and a coffee cup in the dashboard display.

Safety system at low speeds

Volvo Cars launched City Safety in 2008, which assists drivers in avoiding collisions at low speeds, that are commonplace in city traffic and traffic queues. If there is a risk of a collision, the driver is alerted with an audible signal and a light. If the driver does not react to the warning, the car will brake automatically with full braking effect. If the speed is under 15 kilometres per hour an accident can be avoided entirely.

Car warns of pedestrians

Pedestrian accidents are common in city traffic. According to statistics within the EU, the average number of pedestrians among the total number of traffic deaths ranges between 10 and 25 percent, depending on the country. In many developing nations, that figure can be as high as 80–90 percent. In 2009, Volvo Cars demonstrated its next generation safety technology in the S60 Concept – Collision Warning with Full Auto Brake and pedestrian detection. The technology is uniquely able to detect a pedestrian that steps out in front of the car and activate full braking power if the driver does not react to the danger.

Alcohol lock reduces drunk driving

Driving under the influence of alcohol, lack of seatbelt usage and excessive speed are among the biggest safety problems. Volvo Cars has offered an alcohol lock, Alcoguard, since 2008, with the aim of preventing drivers from driving under the influence of alcohol.

CAUSE OF ACCIDENTS

Fatigue

- 100,000 fatigue-related accidents in the USA. (NHTSA)
- 20 percent of accidents on the Autobahn related to fatigue. (National Sleep Foundation)
- 45 percent of all accidents where the driver fell asleep occurred during daylight. (NASS/CDS)

Rear-ending

- Driving into a car from behind is the most commonplace of all accident types, comprising 29 percent of all police-reported accidents. In more than half of those rear-endings, the driver had not braked at all prior to the collision. (NHTSA)
- 75 percent of all reported accidents occur at speeds of 30 kilometers/hour or slower.
- Accident statistics from Sweden, Germany and the US show that 5 percent of all severe personal injuries are related to being hit from behind.

Driving off the road

- For almost 30 percent of all accidents in Volvo Cars' database, the vehicle was driven off the road. Of all accidents with severe personal injuries, approximately 40 percent were driving off the road accidents.

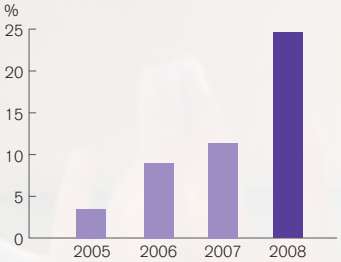


Carbon dioxide emissions and fuel consumption

Volvo C30	3.9 l/100 km	104 g CO_2/km
Volvo S40	3.9 l/100 km	104 g CO_2/km
Volvo V50	3.9 l/100 km	104 g CO_2/km
Volvo V70	4.9 l/100 km	129 g CO_2/km
Volvo S80	4.9 l/100 km	129 g CO_2/km
Volvo XC60	6.0 l/100 km	159 g CO_2/km
Volvo XC70	6.0 l/100 km	159 g CO_2/km

Volvo's new DRIVe cars are best in their segments.

Sale of E85 environmental cars in Sweden*



In 2008, car buyers showed a large amount of interest in cars using alternative fuels.
*Share of new car sales

VOLVO ROLLING TOWARDS ZERO EMISSIONS

Drive towards Zero is Volvo Cars' vision for the future. The company's focus is to develop cars that are entirely free of harmful emissions and emissions that negatively impact the environment. 2008 was a pioneering year for Volvo Cars' technology in the environmental area.

"Today we have an extensive model programme with very competitive levels of carbon dioxide emissions. By the year 2020, it is our goal to have reduced emissions to an average of 90–100 grams of carbon dioxide per kilometre, and be a leader in the environmental area. Electrification will be an important part of the journey to drastically reduce carbon dioxide emissions," says Paul Gustavsson, Director of Volvo Cars' electrification strategy.

Technology for reduced environmental impact

Volvo Cars offers a host of solutions to reduce cars' environmental impact. In the short term, the emphasis is on greater efficiency of existing technology that can be used in more models. All systems and details are carefully followed up for all car programmes in order to identify additional potential and to improve fuel efficiency.

The transition towards increased use of renewable fuels will include car models that are adapted for use with multiple sources of fuel. Volvo Cars offers products that can operate on petrol, diesel, ethanol and natural gas/biogas. Volvo Cars' Flexifuel offer, which can operate on petrol and bioethanol, is one of the broadest on the market. The Volvo V70, with two Flexifuel versions 2.0F and 2.5FT were the most sold environmental cars in Sweden during 2008. Added to those are a number of other car models with Flexifuel engines, that reduce fossil fuel-based carbon dioxide emissions through ethanol operation instead of operating on petrol. A Multifuel car is also offered in the Swedish market, which can operate on five different kinds of fuel – natural gas, biogas, hytane, E85 and petrol.

Efficient diesels

The DRIVe concept is Volvo Cars' symbol for a broad environmental initiative. The concept encompasses the entire life cycle of the car, from product development to production and recycling. Volvo's DRIVe cars are a series of extremely fuel-efficient diesels that had their world premier at the international motor show in Paris in early October 2008. The Volvo C30, S40 and V50 were presented with highly fuel-efficient engines. At the motor show in Geneva in March 2009, this technology had been developed further and extended to large cars. DRIVe versions of the Volvo C30, S40 and V50 all emit approximately 100 grams of carbon dioxide emissions per kilometre. The Volvo V70 and S80 achieve emission levels of under 130 grams of carbon dioxide per kilometre, while XC70/XC60 levels are less than 160 grams per kilometre. As a result, all are best in their class in terms of fuel-efficiency and carbon dioxide emissions.

Cars of the future – hybrids and electrification

In conjunction with continuously greater efficiency in today's petrol and diesel-powered cars, Volvo Cars is focusing on developing various types of hybrid alternatives. In early 2009, Volvo Cars introduced micro-hybrids, a Start/Stop technique that turns off combustion engines when standing still. Over the slightly longer term, electrification of the powertrain is the greatest opportunity for achieving significantly reduced environmental impacts when driving the car. Technology and market conditions will likely develop such that plug-in hybrids will be offered to customers, e.g. cars that can be charged from an ordinary wall outlet. These cars have a regular combustion engine and a battery. Driving occurs primarily with energy from the battery and the combustion engine takes over when demand exceeds the capacity of the battery. It is important that the battery's capacity enables a driving distance that covers daily driving needs in order to reduce environmental impact and to have satisfied customers. Car manufacturers and battery developers work in close collaboration to develop efficient batteries that are also lighter and less bulky. For customers, such a solution must also be acceptable from a price perspective.

Volvo ReCharge Concept

A first step towards future hybrids was the Volvo ReCharge concept car presented in 2007 – a plug-in hybrid with a 100 kilometre battery range. The ReCharge concept is a clear step in the development towards cars with reduced environmental impact. The big difference between the ReCharge concept and hybrids that are available in the market today is that the ReCharge has an electrical motor at each wheel and batteries that charge up using an ordinary electrical outlet. The batteries last for a range of approximately 100 kilometre. Battery operation is combined with a combustion engine that can be activated as needed. Carbon dioxide emissions are less than half compared with the hybrids that currently exist in production, and when operating entirely on electricity, the running cost is approximately 80 percent lower than for a similar-sized petrol-powered car.

Biogas

There is an aftermarket conversion available in Sweden for the Volvo V70 2.5FT, allowing it to also operate on vehicle gas. The car can be operated using five different fuels: biogas, bioethanaol, natural gas, gasoline and hytane (methane with a small mixture of hydrogen). The range for gas is about 300 kilometres and an additional 600 kilometres with bioethanol. Demand for natural gas-powered vehicles is not yet sufficiently large for Volvo Cars to be able to restart series production of Bi-fuel cars, which was canceled in 2006 as the venture was not profitable for the company.

Eco interiors

Volvo Cars has adopted a comprehensive view of health and the environment. Creating a good environment in the car interior is a high priority. Volvo Cars is the only carmaker recommended by the Swedish Asthma and Allergy Association. To be recommended, strict requirements are posed on air quality inside the car, including in the form of low levels of formaldehyde, particles and odors.

Five candidates for Green car of the year

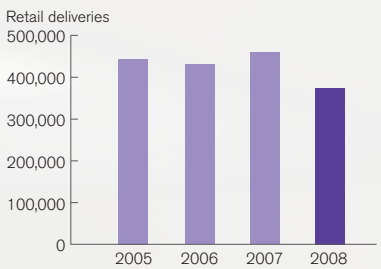
Volvo Cars is the manufacturer that had the most candidates nominated as the World's Environmental Car of the Year 2009 with no less than five models – the C30, S40 and V50 DRIVe, as well as the Flexifuel models Volvo V70 2.5 FT and Volvo S80 2.5 FT.

Ecosafe driving

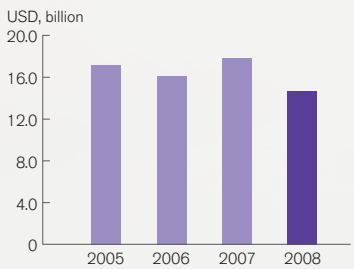
Individual driver habits impact both safety and fuel consumption. Volvo Cars' environmental car customers were offered a course to learn environmentally-adapted and safe, Ecosafe driving. An efficient driving style can reduce fuel consumption up to 20 percent.



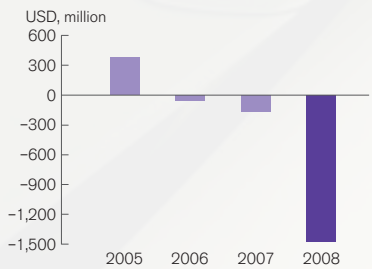
Sales



Revenue



Profit before tax



SUSTAINABLE PROFITABILITY THROUGH INNOVATION AND COOPERATION

Volvo Cars operates in a global market with customers around the globe. As a company clearly positioned in the premium segment, very high demands are placed on customer offerings. The market and requirements develop at a rapid pace and customers are conscious and knowledgeable. Customers expect to be able to combine a premium car that offers a good driving experience with good design along with high performance in the areas of environment and safety. More and more consumers are demanding sustainably produced goods and services, which is in line with our desire to develop a sustainable society. More people would like to live sustainably and climate-smart without giving up the opportunities that the car affords. At the global level, the earth's resources are scarce and the population continues to grow. Governments, companies and other key players are working together to take on the challenges the world is facing.

2008 – a challenging year

2008 was a difficult year for all car manufacturers. Volvo Cars' profitability was negatively impacted by falling sales volumes, a sharp downturn in the American market, negative currency effects and high prices for raw materials. The financial result for 2008 amounted to a loss of USD 1,465 million.

The goal of Volvo Cars is to turn around the negative trend and to deliver sustainable profitability. Costs must be modified to lower revenue, even as major investments are required to secure the future. The biggest restructuring in the company's history occurred in 2008. Personnel was reduced by more than 6,000 people, and the rate of production at plants was lowered in pace with declining demand. In addition, major efficiency improvements were implemented in all areas of Volvo Cars' operations. At the same time, many aggressive strategies were launched for future product offerings and more new cars with new technologies were launched during the year.

The new XC60 – a car in an entirely new segment for Volvo Cars – was launched in conjunction with the motor show in Geneva. The XC60 showcases Volvo Cars' new design, with a focus on modern Scandinavian design, and is also the safest Volvo car to date. It is the goal of Volvo Cars to annually launch new innovative safety solutions and by 2020, to have created a future where nobody will die or be seriously injured in a new Volvo.

Already in 2006, Volvo Cars announced a major initiative in environmental technology with an investment of SEK 11 billion over five years. Volvo Cars has renewed its model programme with the launch of fuel-efficient alternatives and has developed flexible vehicle solutions for a number of different fuels, with low carbon dioxide emissions. Volvo Cars also has well-developed technology for the manufacture of hybrid cars to meet the needs of the future.

The motor show in Detroit in January 2009 provided a taste of the next generation of Volvo cars. The Volvo S60 concept car received very favorable attention from visitors and the media. In addition to a good-looking, sporty exterior design, the S60 Concept contains new safety technology that can detect a pedestrian in front of the car and activate full braking power should an accident be about to occur. The engine, a 1.6 liter turbocharged petrol engine with direct injection, provides 180 horsepower with emission levels of 119 grams of carbon dioxide per kilometre.

Mobility and quality of life

"We create cars for a better life." – that is Volvo Cars' promise to customers. Mobility is a key prerequisite for both economic development and increasing peoples' quality of life. Volvo Cars is eager to ensure that all solutions shall be made available to customers and individuals for the improvement of their lives. In order to realize that promise and to ensure continued profitability, Volvo Cars' philosophy permeates all aspects of operations. That means Volvo Cars works together within the organisation and with various joint venture partners to offer an attractive customer offering that is based on what customers value. Volvo Cars is continuously advancing its position within the fields of environment and safety and knows that customers can have both a premium car and a clear conscience.

Cooperation for increased knowledge

Volvo Cars has its own extensive safety research operations that are based on actual traffic situations and real accidents. That is an important foundation for developing and testing of new components and solutions for safer cars. Through Volvo Car's extensive cooperation with other key players, that exchange of ideas and innovation can lead to long-term solutions in the areas of safety and the environment. One example is a partnership with the Swedish National Road Administration to take a joint step towards minimizing accidents in the future as well as cooperation with insurance companies. Another important aspect is the research cooperation in other countries where Volvo Cars develops awareness of traffic safety at the local level.

Volvo Cars has successfully created concept cars and initiated cooperation with various players in order to create a commercial market for new alternatives. Cooperation has enabled an introduction of ethanol into the Swedish market and now plug-in hybrids are facing a similar development that requires cooperation among car manufacturers, battery suppliers and the electrical infrastructure.

Belief in future and sustainable solutions

The market has seen a sharp sales decline due to the difficult economic situation. In addition, there is now a fundamental change in regard to environment and climate change that can be considered a paradigm shift, where profitability is highly dependent on sustainable solutions. Volvo Cars lies at the forefront of development and has a comprehensive perspective, where caring for people and the environment play a central role. Through a product offering that combines new, innovative environmentally adapted technologies with world-class safety, Volvo Cars is ensuring long-term profitability and a strong position in the future.

LEADER IN FUEL EFFICIENCY

Volvo Cars' environmental efforts yielded good results during 2008, both in terms of broad and distinct solutions to reduce carbon dioxide emissions. The DRIVe concept is an umbrella name for a long-term, comprehensive initiative that will show the way to tomorrow's fuel-thrifty, carbon-efficient cars.

The DRIVe concept is being introduced in stages by Volvo Cars in several markets and with even lower carbon dioxide emissions. Many technologies are converging to provide more fuel efficiency and better environmental attributes. The first generation was launched in October 2008, with extremely fuel-efficient engines in the smaller car models.

The three new diesel versions of the Volvo C30, S40 and V50 today have fuel consumption figures of 3.9 liters per 100 kilometres. The corresponding carbon dioxide figure is 104 grams per kilometre.

"That means the Volvo C30, S40 and V50 are the best in class when it comes to carbon dioxide emissions. We now have several cars with carbon dioxide emissions close to 100 grams per kilometre," says Paul Gustavsson, Director of electrification strategy at Volvo Cars.

"At the motor show in Geneva in March 2009 the larger cars were also launched as extra fuel-efficient DRIVe versions, specifically the Volvo XC60, XC70, S80 and V70, which are also best in class. The V70 and S80 test at less than 130 grams of carbon dioxide emissions per kilometre."

The DRIVe concept is continuously being developed and improved. The second generation of small cars has several improvements that are related to the use of the so-called Start/Stop system. The technology involves shutting off the engine when the car stands still, for example at traffic lights or during traffic queues.

Optimization and new functions

Volvo Cars has analysed the conditions for every car in detail in order to provide more efficient driving. The cars have been optimized in primarily four areas to reduce carbon dioxide emissions:

- reduced air resistance
- lower rolling resistance
- high gearing ratios
- more efficient powertrain such as transmission, rear axle and transaxle.

A true Multifuel car

Volvo Cars currently has a very broad offering of Flexifuel cars. During 2006, Volvo Cars presented a concept called Multifuel – to demonstrate that a car can be built with the ability to operate on several fuels. The concept has now become a reality through a conversion of the V70 2.5 FT, e.g. the Flexifuel version, to operate on five different fuels. They are E85, biogas, natural gas and hytane (biogas mixed with hydrogen gas) and petrol.

The demo car and technology has been a model for converted cars, with sales starting in Sweden in spring 2009. Similar offerings are available in the Swiss, German and Italian markets.

"We offer conversion in conjunction with partners, utilising proven technology. It is possible that there will be more markets in Europe depending on how the infrastructure for vehicle gas develops," says Paul Gustavsson.

FACTS

Flexifuel

Volvo Cars' Flexifuel models can operate on bioethanol (E85), petrol and a mixture of these two fuels. Filling up with E85 can reduce emissions of fossil fuel-based carbon dioxide by up to 80 percent, viewed from a lifecycle perspective.



STEPS TO CLIMATE NEUTRAL PRODUCTION

Seen from a life cycle perspective, a car has its biggest impact on the environment during use. However, even during manufacturing and after the car has been taken out of service, there is an environment impact. Volvo Cars has worked for decades on emissions issues and still today has one of the world's cleanest paint shops at the Torslanda plant in Gothenburg. Climate change issues and resource optimization are high priorities. The initiative includes increasing efficiency and using climate neutral energy sources.

The quest for climate-neutral plants

A systematic effort to lower energy utilization has yielded results. Volvo Cars has identified those areas that can be improved by mapping energy streams. Though such efforts as training and motivating employees, as well as redesigning ventilation and lighting, energy consumption has been reduced by more than 10 percent in facilities during 2008.

"While a reduction in production of cars has played a contributing role, most of the savings come from our efficiency efforts. The goal is a reduction of at least 5 percent per year," says Mihkel Laks, Energy Manager at Volvo Cars.

Reusing waste energy from other industries and by replacing fossil fuels with renewable fuels is a central part of the strategy. The biggest part of the energy consumption in the paint workshops is used in heating ovens and for electricity for pumps, ventilation and lighting.

Since the beginning of 2008, all fossil-based electricity in the European plants has been replaced with so-called green electricity, primarily from hydro-power. This has resulted in an approximately 77,000-ton reduction in carbon dioxide emissions, or about a 50 percent improvement.

"What remains now is to supplement district heating in Skövde and Gothenburg, which is not 100 percent climate neutral yet, which it is at our Floby plant. Similarly, we need to find renewable energy as a replacement for natural gas and LPG that is used in Ghent, Gothenburg, Floby and Olofström. We are seeking suppliers that can provide us with biogas instead of today's natural gas," continues Mihkel Laks.

Train over truck

During the year, Volvo Cars Body Components has switched from transporting scrap waste, a byproduct of production, using truck transports to sending it by rail. Using the so-called recycling train, carbon dioxide emissions are 55 percent lower.

"In cooperation with our supplier, we have created a system for transporting scrap waste by train directly from the plant in Olofström to a collection site in Halmstad. By replacing our truck transports, we have reduced carbon dioxide emissions substantially," says Mihkel Laks.

Sales

Total sales in 2008 were 374,297 cars, an 18.3 percent reduction compared with the record year in 2007. Despite increased total sales and growing market share in a number of markets, such as the UK and Eastern Europe, lower demand in key markets such as the US and Sweden nevertheless resulted in a lower total sales volume.

Following a successful refresh, the Volvo model that sold best was the Volvo V50. Russia and China have established themselves as important sales markets on the top ten list.

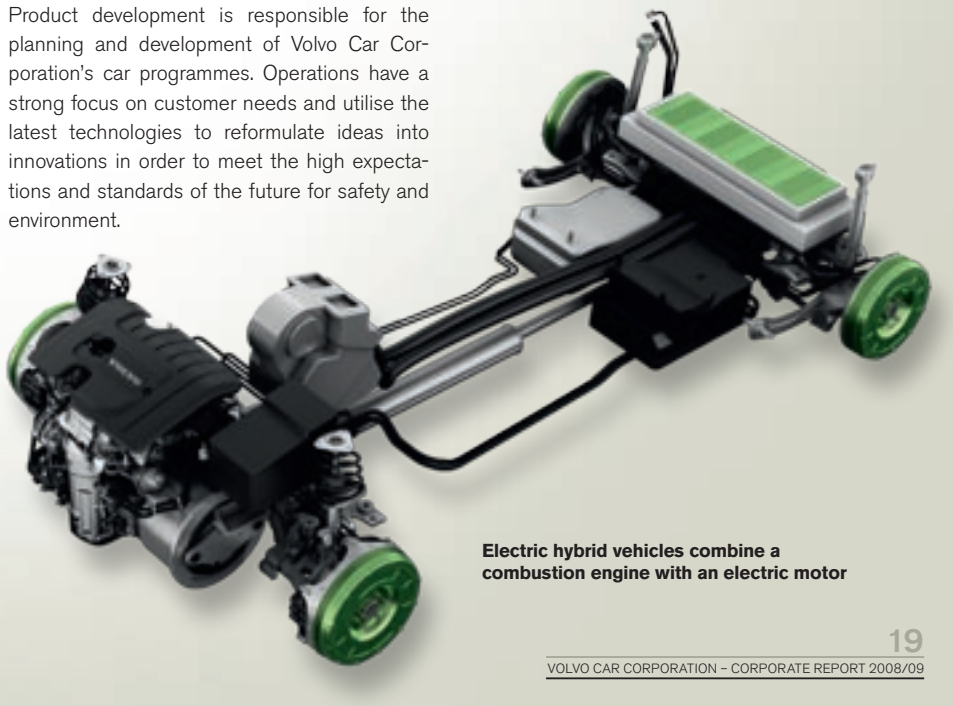
Production

In 2008, Volvo Car Corporation produced a total of 366,249 cars, of which 181,425 were manufactured in Ghent, Belgium, and 165,129 were manufactured in Gothenburg, Sweden. In addition, 12,800 cars were manufactured at Pininfarina Sverige AB's facilities in Uddevalla (Volvo C70 convertible). Production in Chongqing, China totaled 5,811 cars (Volvo S40). In February 2009 production started of the S80L, a long version of the S80 for the Chinese market. Volvo Cars also assembled a number of so-called completely knocked-down (CKD) units in Malaysia (474 cars) and Thailand (610).

Product development

Product development is responsible for the planning and development of Volvo Car Corporation's car programmes. Operations have a strong focus on customer needs and utilise the latest technologies to reformulate ideas into innovations in order to meet the high expectations and standards of the future for safety and environment.

Approximately 3,000 people work on product development, above all engineers and specialists in the areas of safety systems and behavioural science.



Electric hybrid vehicles combine a combustion engine with an electric motor

OUR CARS

People choose a car with their hearts. Our driving dynamics are based on some key principles – refined control and responsive performance. This ensures an engaging drive and ride. These principles are there to make Volvo drivers feel confident and in command and their passengers to feel relaxed and secure, regardless of weather or road conditions.

The new crossover Volvo XC60 with the safety feature City Safety as standard, was launched in March 2008.



S Sedans for all tastes



S80



S60



S40

XC Cross Country/SUV



XC90



XC70



XC60

C Coupés and convertibles



C70



C30

V Versatile wagons



V70



V50

PARTNERSHIP FOR SUSTAINABLE SOLUTIONS

Volvo Car Corporation currently plays a key role in creating sustainable solutions in partnerships in the areas of safety and the environment. As a car manufacturer, Volvo Cars has taken on a clear role of promoting development that generates added value, both for customers, for the company and for society at large. Customers' demands are central both to the vision that no one should be seriously injured or killed in a new Volvo by the year 2020 and our path towards zero harmful emissions. The challenges are many and cooperation with other players is critical to the ability to achieve sustainable profitability and satisfied customers. During 2008, Volvo Cars has actively participated in various research and cooperative projects and invited both government authorities and other manufacturers to cooperate.

Cooperation with Swedish National Road Administration

Volvo Car Corporation and the National Road Administration reached a long-term cooperative agreement in 2008 for strategies on how Volvo's and society's visions of a future without traffic accidents could be realized. The National Road Administration, which is the Swedish body charged with responsibility for infrastructure, has worked on a zero vision for accidents since 1997.

"Cooperation involves mutual exchanges of information and a learning process where it is key to find roles within the field of traffic safety – drivers, cars and infrastructure," says Anders Eugensson, safety expert and responsible for the cooperation at Volvo Cars.

The work involves discussions around a number of factors that are relevant for future traffic situations. What will the infrastructure and vehicles look like? Can you change driver behaviour?

"The biggest challenge is that cars are driven by humans. Human limitations are the cause of 93 percent of accidents. Efforts are concentrated primarily on passenger cars and infrastructure to help drivers avoid an accident," adds Anders Eugensson.

It will be critical to find technical solutions that correspond to developments in several areas. Cars and roads are increasingly dependent on one another for new safety solutions to work as well as possible. Already today Volvo Cars has technology that can read road markings and warn drivers if they are headed over into the wrong driving lane. Volvo Cars and the National Road Administration are cooperating, for example, on finding measures and interfaces where vehicles and roads can communicate with one another for increased safety.

"Future technical opportunities will be taken better advantage of if there is a constructive dialogue with industry. This cooperation is unique from an international perspective," says Ingemar Skogö, Director General of the National Road Administration.

The partnership means that Volvo Cars can focus on the right things today and coordinate efforts on common challenges.

Volvo Cars and Vattenfall – plug-in hybrids

The next big step in development towards climate-friendly cars is plug-in hybrids that can be charged with electricity from the power supply network, and where electrical power can be combined with other fuels. Developments are now moving quickly forward towards a future market for plug-in hybrids. During 2008, Volvo Cars and Vattenfall initiated a long-term cooperation with the aim of creating the prerequisites for the introduction of plug-in hybrids by using existing cars and infrastructure. The cooperation aims to understand the technology, customer behaviour and the interface between cars and the electrical infrastructure.

In addition to adapting cars to the new battery technology and developing charging stations, it will be key to create solutions that work in practice in order to be able to charge cars using ordinary wall sockets. There are many questions that must be solved within a field where the players are breaking new ground. The cooperation will generate skills that can be used to develop a powertrain for production.

"Similar cooperation was required when we developed ethanol engines. Fuel suppliers provide bioethanol and ethanol pumps. Politicians are supporting the introduction of environmental car subsidies, for example. For electric hybrids, development will have to work in a similar manner, with several entities interacting to create a market for electric cars; a cooperation between battery suppliers and electric companies, which have a key role in providing infrastructure, and the car manufacturers. Political decisions can drive development with the help of economic incentives," says Paul Gustavsson, Director of the electrification strategy at Volvo Cars.

One step in the right direction is the discussions that the Swedish government has initiated with the electricity companies regarding how Sweden can build up a common functional infrastructure for electric and plug-in hybrid cars.



Paul Gustavsson, Director of Electrification Strategy

DIVERSITY PROVIDES NEW BUSINESS OPPORTUNITIES

Diversity is a prerequisite for being a successful company, especially for a global business operation like Volvo Car Corporation. The concept of diversity encompasses everything that makes us different as individuals – age, gender, education, personality traits, values, sexual orientation, ethnic background and physical abilities. Diversity is about human rights, the equal value of all people and achieving equal opportunities for development.

> "IT IS A FORTUNATE CO-INCIDENCE THAT DIVERSITY IS EXCELLENT FOR BUSINESS WHILE SIMULTANEOUSLY COMPLEMENTING THE BROADER, MORAL ASPECTS."
>
> Stephen Odell,
> President and CEO,
> Volvo Car Corporation

Diversity is important in attracting new employees, customers and joint-venture partners. When an accepting culture exists, the "Power of WE" can become a reality and contribute to sustainable business development. Volvo Cars has zero tolerance towards discrimination and works actively to achieve an inclusive culture.

From words to action

There is an ongoing strategic and goal-oriented effort to increase awareness of diversity in the company's operations. Volvo Cars' diversity goal is to use skills regarding diversity as a competitive business advantage. During 2008, several workshops were held which were open to all employees to increase their awareness of diversity.

Also during 2008, a programme for dealers was developed with the goal of increasing sales though greater focus on diversity.

At Volvo Cars, there is a network of Global Diversity Champions, who have been appointed by their business units to play a key role in leading diversity efforts and serving as role models in their respective operations. In 2008, these diversity efforts were further reinforced by the formation of a steering group comprising of three senior company leaders and the Chairperson of the Global Diversity Council.

Diversity initiatives rewarded

Diversity Summits are held annually at Volvo Cars. The goal is to raise awareness and interest throughout the organisation by nominating employees and teams for Diversity Awards. The year 2008 saw a breakthrough for both Ford as well as Volvo Cars – never before have so many initiatives been nominated. Altogether within Ford Motor Company, 25 teams were awarded prizes and two of those went to Volvo Cars. One was DIPANET, a network of parents of functionally impaired children at Volvo Cars.

Long-term leadership

Companies within the automotive industry are currently facing several challenges in an increasingly tough global market. In order to adapt to market changes, deal with internal priorities and develop, the company requires outstanding business leadership at all levels within the organisation. Long-term leadership also requires increased awareness of the value of active efforts in the areas of health and safety, diversity and employee involvement. Employee communication and motivation are key to sustainable business success.

Development programme for sustainable profitability

Volvo Cars has as its goal to build further its reputation as a global company, known worldwide for its premium products which combine safety, and enviromental leadership with Scandinavian design. The desire to reach this goal must deliver profitability, both over the long and short term, for a sustainable business. Volvo Cars routinely reviews its processes with a critical eye, aimed at designing cars in a more efficient manner and delivering products which meet customers' changing demands. Volvo Cars views it as an important task to support managers in this ongoing process of change. The HR department has developed an internal support programme aimed at supporting individual managers and management groups to see opportunities to develop and improve internal processes. It is also important to focus on maximising value in customer offerings, and leading and transforming changes within the organisation. The goal is to take the initiative by driving and managing change in an uncertain world.



DIPANET, a network of parents with functionally impaired children, was presented with the Diversity Award 2008.

A learning organisation

The company must be able to anticipate changes. The key to success lies in Volvo Cars' employees and their ability to learn, create new opportunities and quickly implement changes. Employees are Volvo Cars' most important asset and the source of our competitive advantage. During 2008, the company placed significant emphasis on competence and development. The involvement extends beyond formal classroom training. The focus has been on putting an infrastructure in place to support the development of a learning organisation. By utilising a straightforward Competence Management Framework, Volvo Cars has created a standard for the competences required for every position within the company. In this way, all employees can evaluate their expertise according to a clear standard and then create a development plan together with their manager.

Health and safety

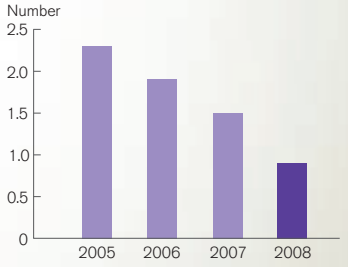
As an employer, Volvo Cars strives to offer employees stimulating work tasks. Health and safety are high priority areas. During 2008, a number of activities were implemented to increase health and fitness with the aim of lowering sickness absenteeism over the long term. For example, employees have been able to take advantage of a well-being benefit for physical activities.

2007 saw the conclusion of a programme to reduce sickness absenteeism, which had been under way for two and a half years. The drop in the number of sick days taken exceeded expectations and the goal was achieved. Total sickness absenteeism at Volvo Cars during 2008 was 5 percent. In Sweden, sickness absenteeism dropped to the historically low figure of 4.3 percent, with production units in Sweden delivering their best results during the period 2005 to 2008. These results confirm the positive trend that Volvo Cars has seen since strategies, action plans and goals were set during 2005 and 2006. There has been very strong support from management for implementing these activities and the effort to lower sickness absenteeism has been continuously monitored. The stated goal through 2010 is to lower sickness absenteeism to 4.5 percent. This will require additional efforts, but is realistic since an efficient work routine has been established within the organisation. Long-term absenteeism has also been reduced through improved coordination between long-term sick employees, the company, the union and the national insurance office, by having measures put in place at an early stage and conducting follow-up according to plan.

Through systematic efforts throughout the company to reduce risks in the workplace, the number of accidents and workplace injuries has steadily fallen over a sustained period of time. Several processes based on having the clear involvement of all managers, as well as a focus on reporting and follow-up of incidents and risks, have resulted in a reduction in the number of accidents.

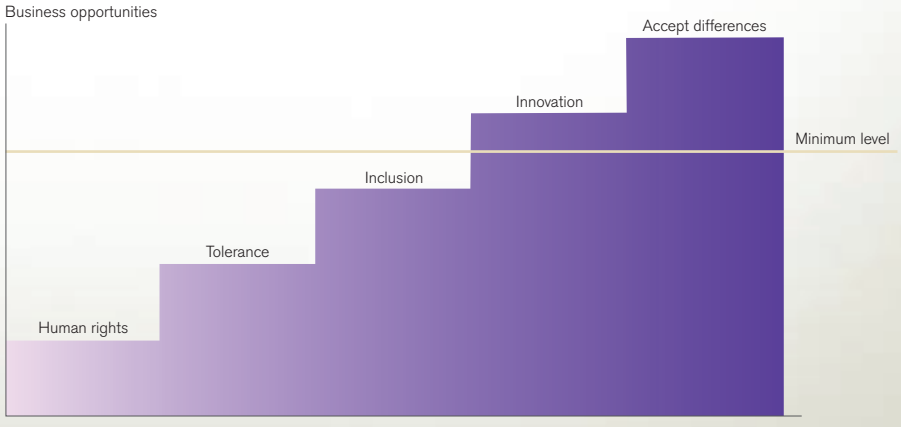
The number of workplace injuries resulting in at least one sick day calculated per 200,000 hours worked (approximately 100 people per year) has fallen during the period 2005 to 2008 from 2.3 to 0.9 by the end of 2008. Further measures are planned to reduce this figure to 0.75 by the end of 2009, which is the new goal that Volvo Cars is striving towards.

Accidents



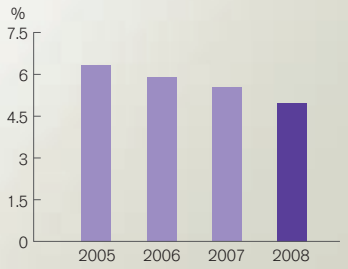
The proportion of accidents resulting in at least one sick day per 100 employees per year.

Diversity ladder



From human rights to innovation. The diversity ladder shows that a targeted approach to diversity generates increased business opportunities and an innovative organisation.

Sickness absenteeism



Total sickness absenteeism during 2008 was 5 percent, compared with Volvo Cars in Sweden as a whole, which dropped to the historically low level of 4.3 percent.

NETWORK TO SUPPORT PROFITABILITY

The Business Women Advisory Board (BWAB) is Volvo Cars' network for women with a focus on activities of significance for the company's profitability. The BWAB network was started in 1991 by a group of women in key positions at Volvo, in response to the fact that there was a growing market of female customers who were not being reached by Volvo Cars and it's core values.

"We know that women are responsible for more than 50 percent of car purchases, and in some markets, an even greater percentage. Women frequently have more and different demands than men and by striving to equip our cars with matching product attributes, Volvo is able to reach a broader customer base," says Lena Ekelund, Board member of BWAB and Strategic Project Manager at Volvo Cars Sweden.

BWAB currently has about 600 members and is open to women employed at Volvo Cars. The goal is to contribute to Volvo Cars becoming an even more attractive employer for women and ensuring that skills are utilized to develop product offers and business. In addition, Volvo, through a strong customer focus on women, should be the obvious first choice for a car purchase for women worldwide. The network conducts operations by inspiring, spreading knowledge and research results and influencing through dialogue on various levels. Dialogues are held with the company's management team, unit managers and project managers, both individually and in workshops where business questions and gender-related business areas are discussed. The network also has a strong focus on career planning and continually increasing the already strong recruitment base among women at the company. A mentor programme and breakfast seminars with external and internal speakers are other examples of the network's core activities.

Recruitment

"Competency maintenance and career planning are central issues for increasing the share of women in leading positions, something we have worked on in a workshop with senior management. One assignment we received was to map out the recruitment base for female managers together with HR, and we determined that the actual recruitment base is strong. Generally, however, women only seek out managerial positions when they know that they fulfill all of the requirements in the profile. From the company's perspective, it is about awareness and making women visible during recruiting," says Lena Ekelund.

A mentor programme within the network was started in 2006, as a result of employees' needs and cooperation with management. Interest is very strong and today some 50 employees have received active help to find mentors through the programme. Mentees have expanded their contact networks and gained broader insight into operations through their mentors who, preferably, work in a different area of operation. At the same time, mentors have gained greater awareness that there is a good recruitment base among women.

Goal-oriented work

Volvo Cars had the goal of having an average of 25 percent women in senior positions by the end of 2008. The actual figure was about 18.5 percent.

"The goal has not been reached but there is no reason that Volvo Cars can't reach 25 percent in time. Volvo has many highly competent women with extensive experience and it is important to encourage them to seek senior management positions. We encourage everyone to have a clear and communicated career plan," says Lena Ekelund.

"We look forward to continuing working with a female customer focus and targeting the area of leadership together with company management. Diversity is a clear success factor in Volvo Cars' work culture pyramid and a part of the strength of 'we' that presumes a breadth of competencies and backgrounds," concludes Lena Ekelund.



Lena Ekelund, Strategic Project Manager and Board member of the Business Women Advisory Board (BWAB)

COOPERATION WITH SUPPLIERS

Volvo Cars has a long-term cooperation with suppliers around the globe, who have been instrumental to the company's success. Taken as a whole, some 70 percent of a car's value comes from suppliers. Volvo Cars has approximately 400 suppliers that provide components for cars and about 3,200 that provide the company with other products and services. In order to achieve efficiency and consistency, Volvo Cars' purchases are coordinated with Ford Motor Company. Many of the suppliers become involved as early as during the design phase of new car models, which shortens lead times in development and production. A large number of suppliers are located in close proximity to Volvo Car Corporation plants in order to reduce transport times and stock-keeping.

Human rights and working conditions

It is important to conduct operations in a responsible manner throughout the value chain. Volvo Cars' suppliers are a significant part of the chain in which the company's values shall apply. Approximately 30 percent of components are manufactured in low-cost countries, primarily Eastern Europe, Southeast Asia and China. Respect for human rights and good working conditions are clear requirements for suppliers.

Volvo Cars has, for several years, cooperated with suppliers and encouraged them to exercise a conscientious and responsible leadership. Part of this effort involves continually promoting good working conditions and ethical behaviour within the areas that Volvo Cars can impact. Since 2003, Volvo Cars has had a Code of Conduct with fundamental working requirements that are communicated to suppliers with support and help from trade unions and employee representatives. The Code is based on internationally recognized principles regarding human rights in the workplace, such as the International Labour Organisation's core conventions, and means that the same requirements that apply to Volvo Cars' own production units also apply to all suppliers.

Volvo Cars was one of the first companies to sign the UN's Global Compact. Under no circumstances does Volvo Cars accept bribes or behavior that influences decisions and transactions. This is true regardless of whether or not it is officially acceptable locally. Business shall be conducted responsibly and with a long-term perspective.

Within Ford Motor Company and Volvo Cars, there is an established routine for how employees can report violations of the Code of Conduct, without risk of reprisals.

Follow-up and training

Through Ford Motor Company, Volvo Cars has completed a global training programme regarding fundamental working conditions among suppliers. To date, 1,200 suppliers have received training. The core involves conveying the significance and value of good working conditions and clarifying Volvo Cars' expectations.

Volvo Cars has also implemented third-party reviews of current and potential suppliers based on requirements in the Code of Conduct. Reviews have been conducted in accordance with a plan to establish control over the actual conditions. To date, 476 of the suppliers have completed independent inspections in 17 countries.

The combination of training and third-party inspections has several advantages. Training contributes to increased understanding and stronger long-term relations and results in continuous improvement. Reviews occur randomly according to an evaluation template and are performed through interviews with employees and reviews of documents. Based on the review, an action plan is created that focuses on improvements. The results of the inspections have not shown any occurrence of child labour, forced labour, discrimination or violations of the right to assemble or other serious violations. Action plans highlight certain areas where suppliers should achieve improvements – primarily within health and safety and wage, benefit and working hour provisions. Volvo Cars conducts audits and follow-up to ensure that identified action plans are implemented, something that is in the interest of both the company and the supplier.

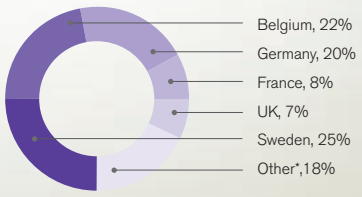
Environmental management at suppliers

Volvo Cars places significant demands on quality, product development, cost efficiency, delivery capacity and environmental care. All suppliers that are connected to production must be environmentally certified in accordance with ISO 14001. In 2008, approximately 85 percent of suppliers had implemented environmental management systems (ISO 14001). For those who have not yet started their certification process, there are limitations when it comes to renewing contracts and future transactions.

Suppliers affected

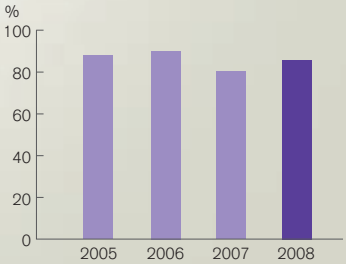
The difficult financial and economic situation during the first half of 2009 is impacting many of the suppliers to the car industry and Volvo Cars. Several are in great need of capital in order to make it through a situation with declining demand. This has impacted suppliers' focus on non-financial areas, which has led Volvo Cars to intensify its work to establish and improve development in such areas as the environment, sustainable development and the ability to perform in-depth inspections and analyses of the sustainability of our supplier base.

Geographic distribution suppliers, 2008



* Poland, 3% – Spain, 3% – Czech Republic, 2% Italy, 2% – Japan, 1% – Other, 7%

Environmental management system suppliers



In 2008, 85 percent of suppliers had introduced environmental management systems in accordance with ISO 14001, compared with 80 percent in 2007.

Profit before tax, MUSD

2008	**–1,465**
2007	–164
2006	–39
2005	377

Revenue, MUSD

2008	**14,679**
2007	17,859
2006	16,105
2005	17,109

Sales figures for past ten years, no. of cars

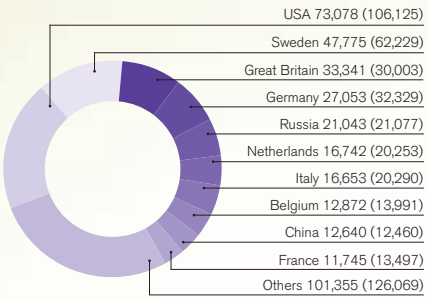
2008	**374,297**
2007	458,323
2006	427,747
2005	443,947
2004	456,224
2003	415,046
2002	406,695*
2001	412,390
2000	409,059
1999	401,509
1998	396,445

* As of 2002, sales are defined as cars delivered to end-customers.

Sales by model total, no. of cars

	2008	2007	%
V50	62,085	62,348	–0.4
V70	59,152	69,097	–14.4
XC90	52,872	79,140	–33.2
S40	48,950	63,062	–22.4
C30	39,966	46,726	–14.5
XC70	32,675	36,279	–9.9
S80	31 114	42,527	–26.8
S60	26,148	41,726	–37.3
C70	14,381	17,418	–17.4
XC60 (new)	6,954	—	n/a
Total	**374,297**	**458,323**	**-18.3**

Ten biggest markets 2008 (2007), no. of cars



The US is Volvo Cars' biggest market. In Sweden Volvo maintains a market share around 20 percent.

Sales are definded as cars delivered to end customers.

Sales per fuel type 2005–2008, no. of cars

	2008	%	2007	%	2006	%	2005	%
Petrol	179,350	48	262,622	57.3	259,997	61	292,864	66
Diesel	169,176	45	184,802	40.3	156,904	36	148,600	33.4
Methane* (Bi-fuel)	8	0	1,217	0.3	3,793	1	2,105	0.5
Bioethanol (Flexifuel)	25,763	7	9,682	2.1	7,053	2	378	0.1
Total	**374,297**	**100**	**458,323**	**100**	**427,747**	**100**	**443,947**	**100**

* The manufacture of Bi-fuel cars ceased in 2007 owing to poor demand, but can since 2008 be adapted through an external supplier in some markets.

Cars production by model and plant 2008, no. of cars

	Gothenburg	Uddevalla	Ghent	Chongqing	Thailand	Malaysia	**Total**
S40	—	—	40,593	5,811	—	108	46,512
S60	—	—	25,436	—	30	24	25,490
S80	29,284	—	—	—	363	162	29,809
V50	—	—	62,154	—	—	36	62,190
V70	56,305	—	—	—	—	—	56,305
XC60	—	—	15,404	—	—	—	15,404
XC70	31 140	—	—	—	—	—	31,140
XC90	48,400	—	—	—	217	144	48,761
C30	—	—	37,838	—	—	—	37,838
C70	—	12,800	—	—	—	—	12,800
Total	**165,129**	**12,800**	**181,425**	**5,811**	**610**	**474**	**366,249**

(Production 2007: 461,108 cars)

Number of employees

	2008	2007	2006	2005	2004
Sweden	16,573[1)]	17,616	18,212	19,844	19,681
Belgium (Ghent)	3,791	4,110	4,537	4,691	5,336
Thailand**	1	256	264	329	356
Malaysia	228	274	374	468	473
Market companies	2139	2,128	2,163	2,007	1,729
Total	**22,732**	**24,384**	**25,550**	**27,339**	**27,575**

* We have production of Volvo cars also in Chongqing (China) and Uddevalla (Sweden) and assembling in Bangkok (Thailand). The very few persons that are employed by Volvo Cars are included in the Market companies numbers.

** The production plant in Thailand was divested in 2008.

1) Sweden

	2008
Torslanda plant	4,178
Gothenburg – Other	8,055
Skövde including Floby	2,593
Olofström	1,747
Total	**16,573**

For additional company facts, refer to the Volvo Cars Pocket Guide 2009.

TRANSPARENCY AND COMPARABILITY

Volvo Cars views the shift towards increased transparency and comparability in the work on sustainable development as a positive trend. Volvo Cars gives its explicit support to several important international initiatives aimed at fostering conditions for increased clarity in the company's sustainability efforts and sustainability reporting. The three initiatives below provide the framework and guidelines needed to conduct appropriate and effective sustainability efforts.

Global Reporting Initiative
Global Reporting Initiative (GRI) is an independent institution that develops global guidelines for sustainability reporting. The guidelines are voluntary and are developed on an ongoing basis in dialogue with stakeholders. Volvo Cars applies and complies with GRI's international standards, which helps ensure transparent and clear accounting based on content that is important to stakeholders.

Volvo Cars conducts its accounting in accordance with GRI's third generation guidelines G3 at the B level, which means that a number of criteria for strategies and profiles are accounted for, along with at least 20 outcome indicators, of which at least one shall come from each of the following areas: economy (EC), environment (EN), labor (LA), human rights (HR), social responsibility (SO) and product responsibility (PR). A GRI index and a full GRI report are available on Volvo Car Corporation's website: www.volvocars.com/sustainability/GRI

Global Compact
The Global Compact also sets requirements for increased transparency. Volvo Cars was one of the first companies to sign the Global Compact, the UN's initiative for companies to promote human rights, good working conditions, taking responsibility for the environment and fighting corruption. Volvo Cars also participates in the Global Compact Nordic Network, an association of Nordic companies that meets regularly to discuss and share experiences within the framework of the Global Compact's ten principles.

ISO 26000
Volvo Cars is participating as a representative of the industrial sector in the effort to develop ISO 26000. The goal is to create standardized guidelines for how companies and organisations should conduct work in the area of social responsibility. The ISO 26000 standard will be published in the year 2010.

GLOBAL COMPACT'S TEN PRINCIPLES

Human rights
Principle 1
Businesses should support and respect the protection of internationally proclaimed human rights within their sphere of influence; and
Principle 2
make sure that they are not complicit in human rights abuses.

Labor standards
Principle 3
Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
Principle 4
the elimination of all forms of forced and compulsory labor;
Principle 5
the effective abolition of child labor; and
Principle 6
the elimination of discrimination in respect of employment and occupation.

Environment
Principle 7
Businesses should support a precautionary approach to environmental challenges;
Principle 8
undertake initiatives to promote greater environmental responsibility; and
Principle 9
encourage the development and diffusion of environmentally friendly technologies.

Anti-corruption
Principle 10
Businesses should work against corruption in all its forms, including extortion and bribery.

SUSTAINABILITY DATA

	2008	2007	2006	Trend	Comment
CREATING VALUE					
Customer satisfaction, rankings					
Percentage of independent surveys in which Volvo Cars were ranked in the top three makes (%)	12	16	21	(–)	A
Employee satisfaction (%)	n/a	80	81		B
Total Sales (retail deliveries)	374,297	458,323	427,747	(–)	C
Revenue – excl special items (million USD)	14,679	17,859	16,105	(–)	D
Profit Before Tax – excl special items (million USD)	–1,465	–164	–39	(–)	
ASSUMING SOCIAL RESPONSIBILITY					
Product responsibility					
Safety test results					
Share of independent tests where Volvo Cars received the highest rank (%)	70	69	72	(+)	E
Occupational Health and Safety					
Health					
Sick leave per hours worked (%)	5	5.5	5.9	(+)	
Occupational injuries					
Number of injuries resulting in at least one day of sick leave per 100 employees per year	0.9	1.5	1.9	(+)	
Diversity and Equal opportunity					
Gender balance					
Share of women in leading positions (%)	18.5	18.0	18.0	(+)	
Gender balance					
Ratio of basic salary of women to men (bluecollar; average for SG2-SG6)	0.974				
Ratio of basic salary of women to men (whitecollar; average for SG4-LL3)	1.027	n/a	n/a		
Diversity					
Share of employees that believe the work group/company is working actively to promote diversity (%)	n/a	65	56		
Employment					
Workforce					
Total workforce	22,732	24,384	25,553	(–)	
Turnover					
Rate of employee turnover	9,2	9,1	n/a	(–)	
Investment and Procurement Practices					
Number of significant suppliers and contractors that have undergone screening on human rights	476	n/a	n/a		
PROMOTING ECOLOGICAL SUSTAINABILITY					
Emissions from product					
Fuel efficiency					
Fleet average CO_2 in EU (g/km)	182	190	193	(+)	F
Harmful emissions					
Share of Volvo cars sold complying with Euro 4 / ULEV standards (%)	98	99	99	(–)	
Alternative fuels					
Number of alternative fuels cars sold	25,771	10,899	10,846	(+)	
Energy use in production					
Total energy consumption in car production					
(TWh)	816,581	916,669	949,850	(+)	
(MWh/car)	1.59	1.42	1.63	(–)	
Emissions from production					
Total carbon dioxide emissions					
(tonnes)	68,367	126,735	136,806	(+)	
(kg/car)	151	311	333	(+)	
NOx emissions					
(tonnes)					
(kg/car)	90	101	120	(+)	
SOx emissions					
(tonnes)					
(kg/car)	<1	1	3.1	(+)	
VOC emissions					
(tonnes)	712	740	883	(+)	
(kg/car)	2.01	1.66	2.11	(–)	
Hazardous waste					
(tonnes)	9,320	11,395	11,841	(+)	
Environmental management					
Share of employees working in facilities with ISO 14001 certification (%)	90	90	90	(=)	
Share of production material suppliers with ISO 14001 certification (%)	85	80	90	(+)	

Full GRI report available at www.volvocars.com/sustainability/GRI.

COMMENTS ON SUSTAINABILITY FACTS

A. Customer satisfaction
Volvo Cars was ranked among the top three car makes in 12 percent of the independent surveys conducted in 2008 (a total of 25 surveys were performed in eight countries). Despite improved product quality and increased customer satisfaction in many markets, the company's position has declined in the rankings reported for the past two years. Although the competition is intense, Volvo Cars' goal is to improve its position significantly. In the future, the company's efforts will focus on further increasing customer satisfaction through such measures as introducing new environmentally adapted car models in 2009 and further intensifying focus on the quality of the products.

B. Employee satisfaction
As part of Volvo Cars' continuous efforts to create a better work environment, an extensive survey is conducted every year among all employees to determine their attitudes concerning such issues as communication, individual development and respect. The results of recent employee surveys have been relatively stable with approximately 80-percent employee satisfaction. Due to the extensive organisational adjustments made by Volvo Cars during the year, the employee survey that should have been performed in 2008 will instead be conducted in 2009.

C. Sales
In 2008, Volvo Cars sold a total of 374,297 cars, down nearly 20 percent from the preceding year. The entire automotive industry, including Volvo Cars, was hit hard by the financial crisis and recession. Sales during the year declined in all markets except the UK and China, where sales increased somewhat. Volvo Cars' most-sold model was the Volvo V50, which accounted for nearly 17 percent of sales with 62,085 cars sold during 2008. With new products such as the DRIVe cars and a turn around in the market, sales levels are expected to be stabilized and grow in the future.

D. Revenue
The year 2008 was a difficult year for car manufacturers as a result of the financial crisis and recession. Volvo Cars' revenue fell to USD 14,679 million, down 18 percent compared with the preceding year. By launching new models and increasing awareness of the Volvo brand, the company's goal is to stabilize and improve its revenue and financial results.

E. Safety
Volvo Cars has a long tradition of focusing on safety and the company's vision is to ensure that not a single person is seriously injured or killed in a Volvo car in 2020. A large number of independent safety tests are performed every year and Volvo Cars' goal is to place among the top in its class in these tests. In 2008, Volvo Cars received the highest possible score in 44, or 70 percent, of the 63 tests conducted, an improvement of 13 percent since 2006.

F. Fuel efficiency
Volvo Cars' environmental work and focus on developing powertrains designed to reduce carbon dioxide emissions are beginning to generate results. The average emissions level for the company's models in EU dropped from 190 to 182 g CO_2/km and will decrease significantly in the coming years through investments in DRIVe and continued development within electric hybrid technology.

HISTORICAL MILESTONES

Assar Gabrielsson and Gustaf Larson decided way back in 1924 to start Volvo. The rest is industrial history.

1927 The first-ever production Volvo, the ÖV4 "Jakob," rolls out the plant doors in Gothenburg on April 14

1929 First-ever profit recorded

1930 Volvo acquires its engine supplier Pentaverken in Skövde

1933 First concept car – Venus Bilo

1935 Volvo is listed on the stock exchange

1936 Gustaf Larson formulates the core value of safety

1942 Volvo acquires Köpings Mekaniska Verkstad, its supplier of gearboxes since 1927

1944 Volvo PV 444 – our first peoples' car

1953 Volvo Duett – our first true wagon

1955 Export to the US begins with the PV 444

1956 Volvo P120 (Amazon) takes the world by surprise

1956 Gunnar Engellau takes over as President after Assar Gabrielsson

1959 Volvo is first in the world to offer three-point seatbelt as standard

1961 The Volvo P1800 sport car sees the light of day

1964 Inauguration of Torslanda plant

1964 One millionth Volvo built

1965 Inauguration of auto plant in Ghent, Belgium

1966 Volvo 144 – "World's safest car"

1967 The first rear-facing child car seat

1969 Volvo acquires Svenska Stålpressning AB in Olofström, which has manufactured chassis parts for Volvo since 1927

1970 Volvo Cars' crash commission is formed to study actual traffic accidents

1971 Pehr G. Gyllenhammar new President and CEO

1971 Volvo 1800 ES – a continually in-demand sports coupe

1972 Volvo acquires Dutch DAF with plant in Born (NedCar)

1972 Volvo's first environmental statement formulated by Pehr G. Gyllenhammar

1974 Kalmar plant inaugurated – "the humane auto plant"

1974 Premier for the Volvo 240

1976 Dutch Volvo 340 introduced

1976 Volvo first in the world with catalytic converters and lambda sond

1978 Volvo Personvagnar AB formed with Håkan Frisinger as head

1982 Volvo 760 becomes a global success

1985 Sports coupe Volvo 480 ES from the Netherlands – the first front-wheel-drive Volvo

1985 Volvo Cars decides to build a new assembly plant in Uddevalla, where the assemblers become whole car assemblers

1990 Luxury models Volvo 960 and Volvo 940

1990 Volvo and Renault enter into alliance with goal of merging

1991 Volvo Cars' most advanced and safest car to date – Volvo 850 – is launched and becomes a global success

1993 Volvo 240 ceases production after 19 years and 2.8 million cars

1993 Divorce instead of merger with Renault

1995 Volvo S40 and V40 – tough newcomers from Volvo Cars' Dutch plant in Born, the result of collaboration with Mitsubishi

1996 Volvo C70 coupe – built at Uddevalla plant together with TWR

1996 Volvo 850 is updated and becomes Volvo S70 and V70

1997 Volvo V70 XC and C70 convertible introduced

1998 Volvo S80 the first model in the new large-car programme with shared technology

1999 Volvo Cars acquired by Ford Motor Company in March

2000 New Volvo V70, XC70 and S60 mid-size model programme with shared technical solutions is immediate success

2001 Volvo Cars' first automobile diesel receives glowing reviews

2002 The Volvo XC90 SUV is unveiled in Detroit and becomes one of the company's biggest sales successes

2002 Volvo S60 R and V70 R – high performance in a family car

2003 Volvo Cars forms the company Pininfarina Sweden AB with Italyska Pininfarina SpA for development and production of Volvo Cars' next convertible at the Uddevalla plant

2003 The new Volvo S40 and V50 launch Volvo Cars' new generation of compact cars

2004 The Köping plant becomes part of a jointly owned company by Germany's Getrag and the US company Dana

2004 Manufacturing of Volvo cars in Born, Netherlands ceases

2004 Volvo Cars' first V-8 engine is launched in the Volvo XC90

2005 The Volvo brand celebrates 90 years

2005 New Volvo C70 with three-part hardtop launched

2006 Second generation Volvo S80 with new preventative technology

2006 New compact two-door Volvo C30 launched

2007 Third generation Volvo V70 and Volvo XC70 launched

2008 Volvo enters a whole new segment with the XC60

2009 Volvo launches seven new fuel efficient DRIVe models

EVENT CALENDAR

Motor Shows
2009
Frankfurt Motor Show
Press days: 15–16 September

Tokyo Motor Show
Press days: 21–22 October

Los Angeles Motor Show
Press days: 2–3 December

2010
Detroit Motor Show
Press days: 11–13 January

Geneva Motor Show
Press days: 2–3 March

New York Motor Show
Press days: 31 March–1 April

Beijing Motor Show
Press days: 20–21 April

• Pressdays are subject to change.



Volvo Ocean Race
http://www.volvooceanrace.org/abouttherace/raceschedule

2009-04-25
Opening Race Village Boston, USA

2009-04-27
Estimated Arrival Boston, USA

2009-05-09
In-Port Race Boston, USA

2009-05-10
Pro-Am Race Boston, USA

2009-05-16
Start Leg 7 to Galway, Ireland Boston, USA

2009-05-21
Opening Race Village Galway, Ireland

2009-05-23
Estimated Arrival Galway, Ireland

2009-05-30
In-Port Race Galway, Ireland

2009-05-31
Pro-Am Race Galway, Ireland

2009-06-06
Start Leg 8 to Gothenburg/Marstrand, Sweden Galway, Ireland

2009-06-08
Opening Race Village Gothenburg/Marstrand, Sweden

2009-06-10
Estimated Arrival Gothenburg/Marstrand, Sweden

2009-06-14
Start Leg 9 to Stockholm Sweden Gothenburg/Marstrand, Sweden

2009-06-14
Opening Race Village Stockholm, Sweden

2009-06-16
Estimated Arrival Stockholm, Sweden

2009-06-21
In-Port Race Stockholm, Sweden

2009-06-22
Pro-Am Race Stockholm, Sweden

2009-06-25
Start Leg 10 to St Petersburg, Russia Stockholm, Sweden

2009-06-25
Opening Race Village St Petersburg, Russia

2009-06-27
Estimated Arrival & Finish St Petersburg, Russia

MANAGEMENT



Stephen Odell
President and Chief Executive Officer



Elisabet Wenzlaff
Senior Vice President,
General Counsel



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Chief Operating Officer



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CONTACT US

This is the eighth report of its kind published by Volvo Car Corporation. Our aim is to cover issues that are important to our stakeholders, and also to us as a company. We welcome feedback on the report and will gladly answer any questions you have regarding Volvo Car Corporation's work with sustainable development.
You can send them to: citizen@volvocars.com or call us at +46 (0)31–59 00 00.

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