

Account of the work of the Remuneration Committee and Scania's nomination procedure in 2004 by Peggy Bruzelius

During 2002 Scania's Board established a Remuneration Committee. One of the purposes of establishing the Committee was to examine and deal with compensation issues at Scania in a more effective way.

The Remuneration Committee consists of three members chosen from the Board. Since the last AGM, the Committee has consisted of Bernd Pischetsrieder, Scania's Chairman of the Board, who has also been Chairman of the Remuneration Committee; Sune Carlsson; and the undersigned, Peggy Bruzelius.

During 2004 the Remuneration Committee held two meetings. After each meeting the Chairman reports to the Board what issues have been discussed in the Committee. The areas that the Committee works with are primarily compensation and human resource issues.

At the urging of the Remuneration Committee, Scania's President and CEO as well as the CFO attended during discussion of certain points at the Committee's meetings. They were naturally not present during discussion of the points that dealt with their own employment conditions.

Issues and items of business that were discussed in the Remuneration Committee during 2004 included:

- Salaries and other compensation for Scania's leading employees and for Scania's President and CEO.
- Age structures and succession planning related to leading employees at Scania and the management recruitment situation in the Group.
- Internal and external training programmes for Scania's leading personnel.

Now a few words about Scania's nomination procedure.

As the AGM decided last year, in 2004, in preparation for this year's AGM Board Chairman Bernd Pischetsrieder and I carried out discussions with representatives of the largest shareholders.

These representatives were
Adine Grate Axén, representing Investor,
Lars Ottebäck, for Ainax,
Ulla Litzén for the Knut and Alice Wallenberg Foundation and
Ramsay Brufer for Alecta.

We held a total of three meetings. At these meetings, the evaluation of the work of the Board was discussed, proposals for new members of the Board were developed and proposals for remuneration to the Board were drafted.