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Volvo Cars position on climate action

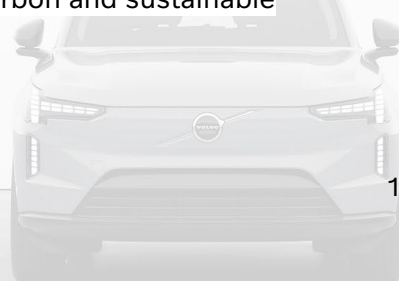
Purpose of this document

The overall intention of Volvo Cars' position papers is to provide clarity to stakeholders in areas of high relevance to the company in light of its ambitions and long-term strategies. This paper addresses the challenges related to climate change, why we make climate action the highest priority in our sustainability strategy and our focus on demonstrating results from concrete short-term actions.

Background and challenge

- The science is clear – we face a climate emergency that if left unchecked will have severe consequences for the environment and society, including the global economy and for mankind.
- Passenger vehicles represent a major source of greenhouse gas emissions – about 16% globally.¹ and will continue to be a significant contributor to global warming for the foreseeable future.
- We have a substantial carbon footprint across our entire value chain, including the usage of our cars, the supply chain, the manufacturing operations as well as the end-of-life processing.
- The global average temperature will surpass the previously set target of 1.5°C temperature rise above pre-industrial levels to avoid potentially devastating environmental and social impacts. This will have severe consequences. The UN's Intergovernmental Panel on Climate Change (IPCC) confirms that it is unequivocal that human influence has warmed the atmosphere, ocean and land. Only the most drastic cuts in carbon emissions from now on would help prevent an environmental disaster.
- To mitigate the impact of climate change there is a strong need of corporate leadership. Although regulators play an important role, corporations must lead by example for employees, individuals, and the general public to follow instead of awaiting the legislation as individual and collective behavioral changes are important. Climate change can further be mitigated by advanced technology in a free market, in combination with an ambitious international policy framework.
- Existing and potential future customers, employees, policymakers, investors and other stakeholders are increasingly demanding low-carbon and sustainable

¹ From IPCC report "[ClimateChange 2022, Mitigation of Climate Change](#)"



solutions. Companies are requested and expected to have a science-based approach in target setting, carbon reporting and climate action.

- Our ambition to reach net zero greenhouse gas emissions and aim towards becoming a circular business by 2040 will give us a competitive advantage, if managed correctly and if opportunities are seized. Volvo Cars believe that it makes business sense to take ambitious climate action.

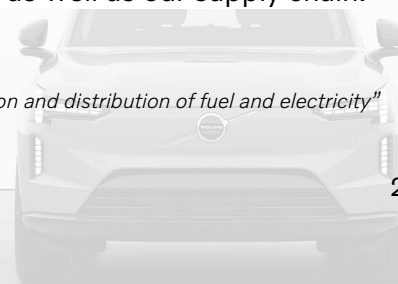
Volvo Cars position

- We aim to reach net zero greenhouse gas emissions across our value chain by 2040, in line with the Paris Agreement to limit global warming below 1.5°C above pre-industrial levels.
- We are aiming for fully-electric vehicle sales to reach 50 per cent by 2025 and to be a fully electric premium car company by 2030. In line with this aim, Volvo Cars signed the Glasgow Declaration on Zero Emission Cars and Vans at the UN climate change conference COP26, and will cease production of all diesel-powered cars in early 2024.
- We aim to reduce the carbon footprint (CO₂) per average vehicle by 40 per cent by 2025 and 75 per cent by 2030 compared to our 2018 baseline.² This is supported by the three pillars of our climate action strategy: transform to pure electrification, minimise emissions from materials, and minimise operational emissions.
- Two of our key targets have been verified by the Science Based Targets initiative, SBTi:
 - Reduce Scope 1 and 2 emissions by 60 per cent by 2030 compared to our 2019 baseline
 - Reduce Scope 3 Use of sold products by 52 per cent per vehicle kilometre by 2030 compared to our 2019 baseline
- We publicly report and communicate our progress in an open and transparent manner.
- We validate our ambitions with third parties when possible.
- We disclose the lifecycle carbon footprint of every new fully electric model. This is in order to better inform consumers as well as to allow us to identify and target carbon intensive areas of the value chain.
- We ensure that our lobbying and advocacy efforts are in line with the above ambitions.

Actions towards reaching our position/ambition

- A reduction of the CO₂ footprint across the whole value chain, including through transitioning to electric vehicles, embracing the circular economy, and a greater usage of renewable energy within our own operations as well as our supply chain.

² Covers all emissions in Volvo Cars GHG protocol except the sub category "Production and distribution of fuel and electricity" within the category "Use of sold products".



- Encouraging other industry sectors to deliver CO₂ reductions and be supportive of each other to achieve the overall goals.
- Stimulate supply of low- and near-zero carbon material through signaling demand through our procurement commitments.
- Close collaboration with our business partners, including suppliers and retailers.
- To meet our short-term ambitions by 2025, Volvo Cars will not resort to offsetting. More information can be found in our position on carbon removal.

