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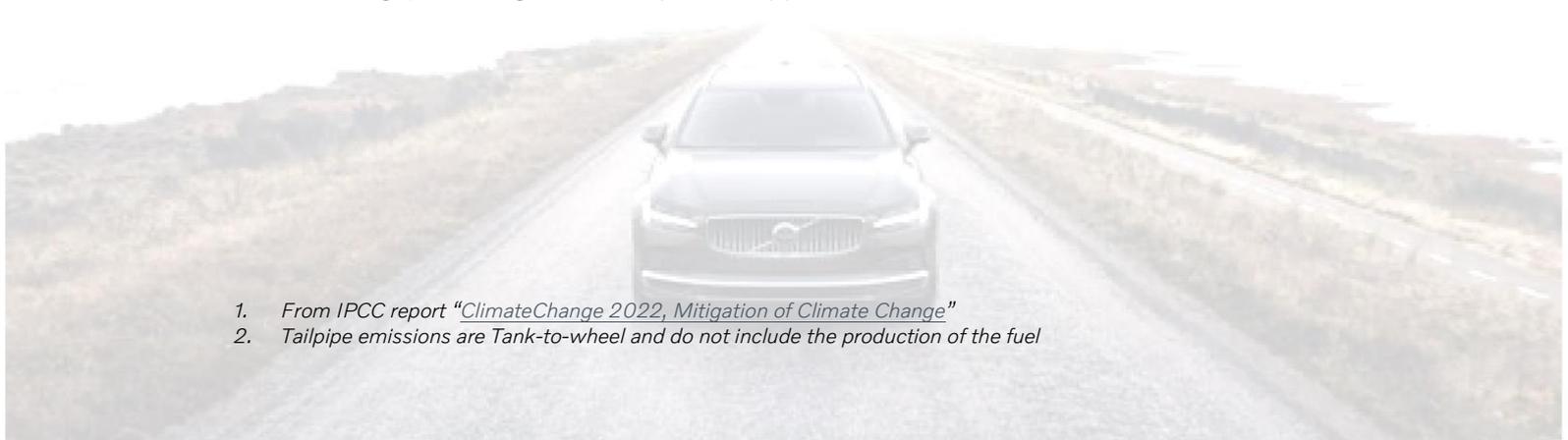
## Volvo Cars Position on Climate Action

### 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.
- Passenger vehicles represent a major source of CO<sub>2</sub>e emissions – about 16% globally<sup>1)</sup> and will continue to be a significant contributor to global warming for the foreseeable future.
- We have a substantial CO<sub>2</sub>e footprint across our entire value chain, including the usage of our cars, the supply chain, the production operations as well as the end-of-life processing.
- The global average temperature needs to be limited to a 1.5°C rise above pre-industrial levels to avoid potentially devastating environmental and social impacts, as highlighted by the UN's Intergovernmental Panel on Climate Change (IPCC).
- Climate change can be mitigated with corporate leadership and advanced technology in a free market, in combination with an ambitious international policy framework.
- Corporations should lead by example for employees, individuals, and the general public to follow. Individual, as well as collective, behavioral change can help mitigate climate change.
- Existing and potential future customers, employees, policymakers, and investors are increasingly demanding low-carbon and sustainable solutions.
- Transitioning to a climate neutral and circular business will give us a competitive advantage, if managed correctly and if opportunities are seized.



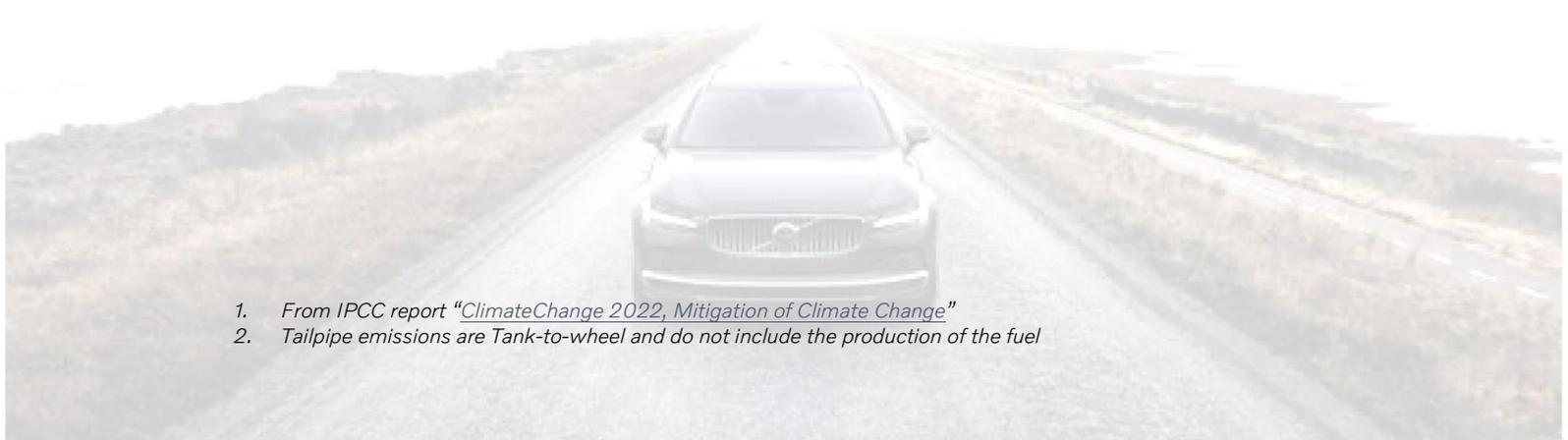
1. From IPCC report "[ClimateChange 2022, Mitigation of Climate Change](#)"  
2. Tailpipe emissions are Tank-to-wheel and do not include the production of the fuel

## Volvo Cars position

- We recognise we are part of the problem of climate change and need to be part of the solution.
- So, we aim to be a climate neutral company 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 plan to be a fully electric premium car company by 2030, with 100% of our global sales being from battery electric vehicles.
- We will aim to reduce the total lifecycle carbon footprint (CO<sub>2</sub>e) per car by 40% between 2018 and 2025. This will require a 50%<sup>2</sup> reduction in tailpipe emissions, and a 25% reduction in both supply chain and operational (including logistics) emissions by 2025.
- We will publicly report and communicate our progress in an open and transparent manner.
- We will validate our ambitions with third parties.
- We will disclose the full lifecycle carbon footprint of every new fully electric model, starting with the XC40 and C40. 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 will ensure that our lobbying efforts are in line with the above ambitions.

## Volvo Cars actions

- A reduction of the CO<sub>2</sub>e 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.
- Calling on other industry sectors to deliver their share and be supportive of each other to achieve the overall goals.
- Stimulate supply of low and zero carbon material through signaling demand.
- Close collaboration with our business partners, including suppliers and retailers.
- To meet our short-term targets by 2025, Volvo Cars will not resort to any offsetting. More information can be found in our externally communicated offsetting position paper.



1. From IPCC report "*ClimateChange 2022, Mitigation of Climate Change*"  
2. Tailpipe emissions are Tank-to-wheel and do not include the production of the fuel