



For Life.

V O L V O

VOLVO CAR GROUP
ANNUAL AND SUSTAINABILITY REPORT 2024

OUR PURPOSE

For Life. To give people freedom to move in a personal, sustainable and safe way.

PERSONAL

Life is precious. So is living. That is why Volvo Cars aims to help people come to life and live life freely. We celebrate individuality and the freedom to be you. We want to make life easier and to help you save time and reduce stress. To enable joy and peace of mind. Volvo Cars comes from Sweden after all, a place that believes quality of life is as important as being alive itself.

SUSTAINABLE

We do not only offer safety features to help protect people in and around our cars. We also aim to be pioneers in protecting people and the planet by working towards achieving net zero greenhouse gas emissions, embracing the circular economy, addressing our biodiversity footprint and improving people's lives.

SAFE

In 1927 one of our founders stated "Cars are driven by people. The guiding principle behind everything we make at Volvo, therefore, is and must remain, safety". This principle made our brand synonymous with safety and is as relevant today as ever before. We will continue to aim to pioneer safe and intelligent technology solutions in mobility and everyday life to help protect what is important to people, their lives and the lives they are living.

VOLVO

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JIM ROWAN, PRESIDENT AND CEO
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Volvo Car Group's formal Annual Report is presented on pages 38–44, 70–121 and 125–132, and has been audited by the Group's auditors. The Sustainability Report can be found integrated in this report on pages 136–217. The auditors have performed a limited assurance engagement of the Sustainability Report.

From the outset, Volvo Cars has been a brand for people who care about the world we live in and the people around us. We have made it our mission to make life easier, better and safer for everyone.

Born in Sweden and now 98 years old, we remain deeply rooted in our Swedish heritage. Through our history, Volvo Cars became synonymous with safety. And where safety once meant inventing the three-point seatbelt and sharing it globally, having helped save a million lives, our scope now also encompasses helping to protect the planet.

We strive to set new standards – whether through customer experience, manufacturing processes, carbon emissions ambitions or our inclusive parental leave policy. The legacy of Swedish design and craft inspires our ambition to create elegant, uncomplicated yet advanced products that address real-world needs. This ambition spans from how a customer buys or leases a car to how the car is designed, how it interacts with pedestrians and others around the car and how it feels to the driver and passengers. With the help of over-the-air updates we make our cars better over time, adding value for the customer.

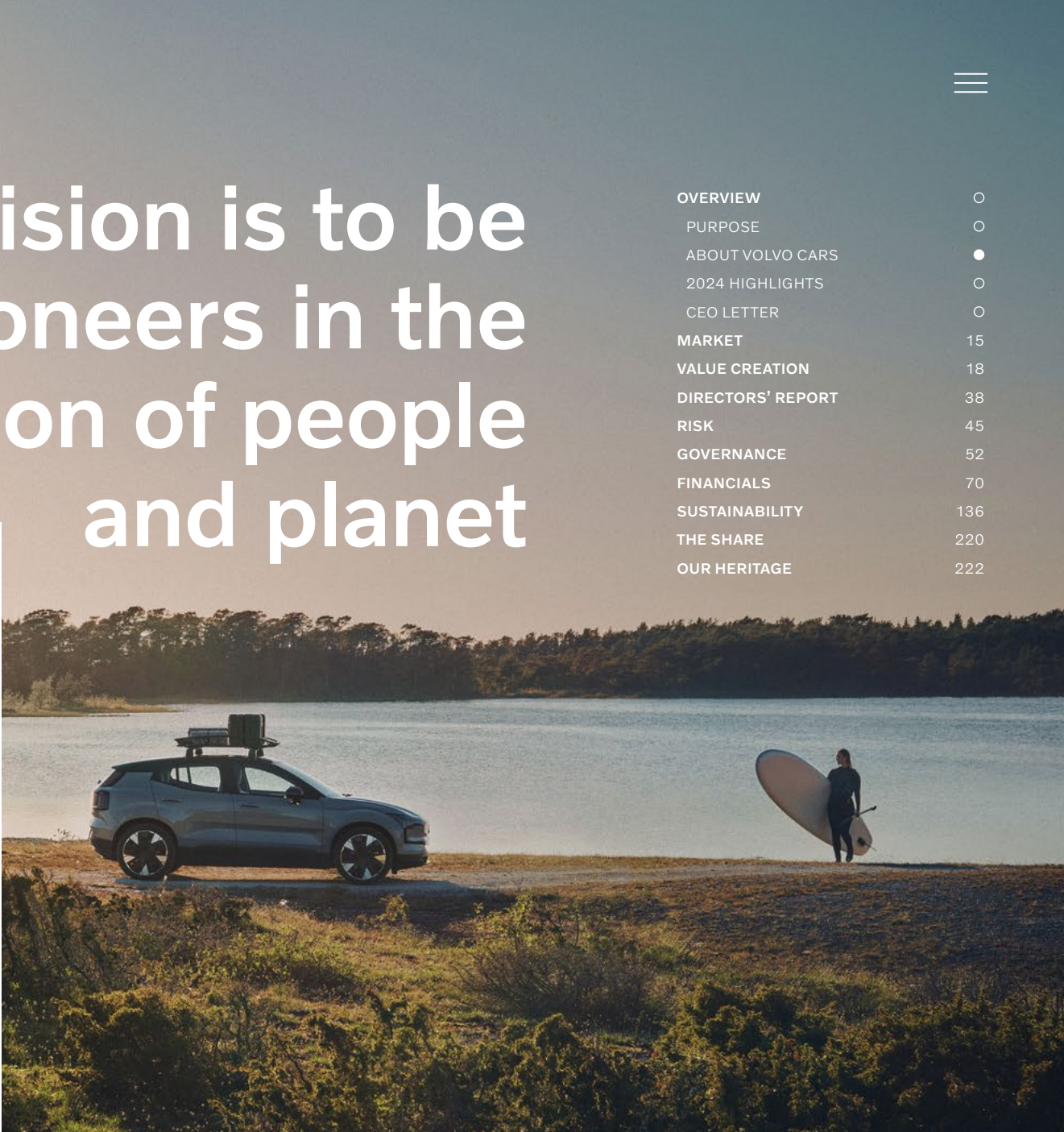
In a couple of years from now, we will celebrate our 100th birthday. But we are not resting on our laurels or basking in past glories. We are looking at the next hundred years. We are putting in the work and laying the foundations for the next century of our existence. Most impor-

tantly, we will prioritise value creation. In order to do so, we are investing in the future, pushing the boundaries and aiming to deliver solid, profitable, growth with the advancement of new technologies that will power and enhance our cars and other products. To compete on value, we will build premium cars with great features and technologies that provide an enhanced customer experience.

We are committed to an electric future and will be ready when our customers are ready to embrace this transition. Until then, we continue to invest in our attractive hybrid models as a bridge to that all electric future, while rolling out a family of new, fully electric models in coming years. With the help of our new Superset tech stack – one set of hardware and software for all our forthcoming fully electric cars – and our next-generation SPA3 architecture building on the legacy of the SPA2, all our engineering efforts for future products will be guided in one direction, leading to more efficient R&D. The Superset tech stack will power fully electric cars in our future lineup, thus ensuring scalability, while increasing efficiency and improving cash generation. This way we can focus our development resources on making our cars better over time.

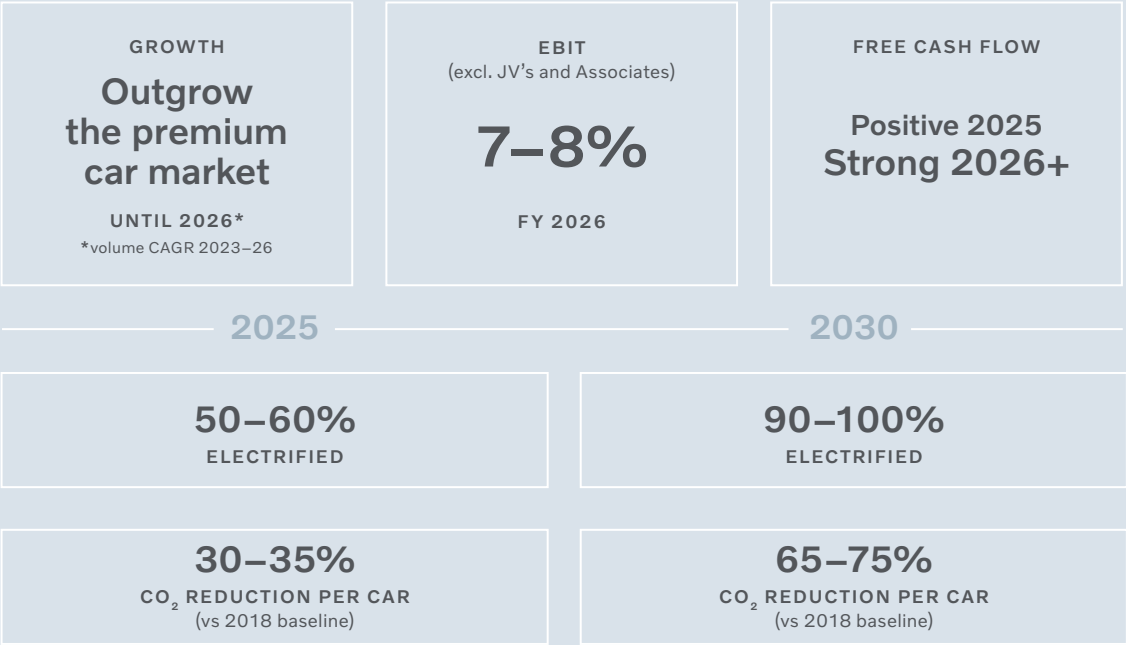
Our vision is to be pioneers in the protection of people and planet

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OUR AMBITIONS



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OUR AMBITIONS

Reflecting the company’s relentless focus on value creation while remaining pragmatic amidst volatile market conditions and intensifying geopolitical headwinds, we have during 2024 adjusted our core business ambitions for the coming years.

- Volvo Cars’ ambition is to outgrow the premium car market from (FY) 2023 to (FY) 2026 on a CAGR basis.

- Volvo Cars aims to achieve a core EBIT margin of 7–8 per cent for the full year in 2026.
- Volvo Cars aims to have a positive free cash flow in 2025, followed by a strong free cash flow from 2026 onwards.
- Volvo Cars aims for 50–60% of its global sales to be electrified by 2025, including both plug-in hybrid and fully electric models.

- By 2030, Volvo Cars expects electrified cars to represent between 90–100 per cent of global sales volumes.
- For 2025, Volvo Cars aims for a 30–35 per cent CO₂ emissions reduction per car versus a 2018 baseline. By 2030, Volvo Cars aims to have reduced CO₂ emissions per car by 65–75 per cent compared to a 2018 baseline.

A resilient global footprint

We started in Sweden almost 100 years ago and have since built a strong footprint across Europe, Asia and the United States. Our cars are sold in more than 100 countries. Our overarching strategy is simple: to build where we sell, and to source where we build. This set-up gives us the flexibility to adapt to market forces, while contributing to our resilience.

READ MORE ABOUT OUR GLOBAL FOOTPRINT ON PAGE 25



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~ 763,400

RETAIL SALES

23%

FULLY ELECTRIC

23%

PLUG IN HYBRID

+ 100

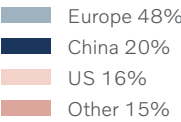
COUNTRIES

~ 2,100

RETAIL LOCATIONS

~ 42,600

EMPLOYEES



SHARE OF RETAIL SALES

A balanced portfolio of fully electric and hybrid cars

Volvo Cars strives for a balanced and pragmatic approach to our business offering and our premium product offering. A balanced portfolio of fully electric and hybrid cars creates the strategic flexibility to leverage our strengths in each and every region.

In the years to come, we will further strengthen our product portfolio with five new fully electric car models. During 2024, we gave a sneak peek of the upcoming ES90, which was premiered in March 2025.

Beyond that, we have announced that the first car to be built on SPA3 fully electric architecture will be the forthcoming EX60 midsize SUV. As the fully electric successor of our current best seller the mid-size SUV XC60, the EX60 is expected to be our next volume driver.

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MODEL LINE UP AS OF MARCH 2025



Current hybrid models



Current fully electric models



EX60

Future models

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Operational highlights

GLOBAL SALES UP 8 PER CENT

Volvo Cars reported global sales of 763.4 thousand cars in 2024, up 8 per cent compared to 2023. The sales increase was primarily driven by the strong performance of our fully electric cars in Europe, while the Chinese market was more challenging. Our sales of electrified models, made up of fully electric and plug-in hybrid models, grew 33 per cent and accounted for 46 per cent of all cars sold during the year. The share of fully electric cars constituted 23 (16) per cent of all cars sold in 2024. The growth has been especially evident in Europe, where we have increased our market share to 3 (2) per cent for 2024.

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VOLVO CARS SUPERSET TECH STACK – OUR NEW, GAME-CHANGING APPROACH TO TECHNOLOGY

Starting with the EX90, our future electric cars will be based on the same fundamental core of systems, modules, software and hardware – the Volvo Cars Superset tech stack. It is a single tech and software base that contains all modules and functionalities that we will use in our future fully electric product line-up. Like a set of building blocks, it can be configured in many different ways. This new approach will define our future by channelling all our engineering efforts into one direction: making cars that continuously improve over time.

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NEW AND IMPROVED – THE BEST-EVER VOLVO XC90

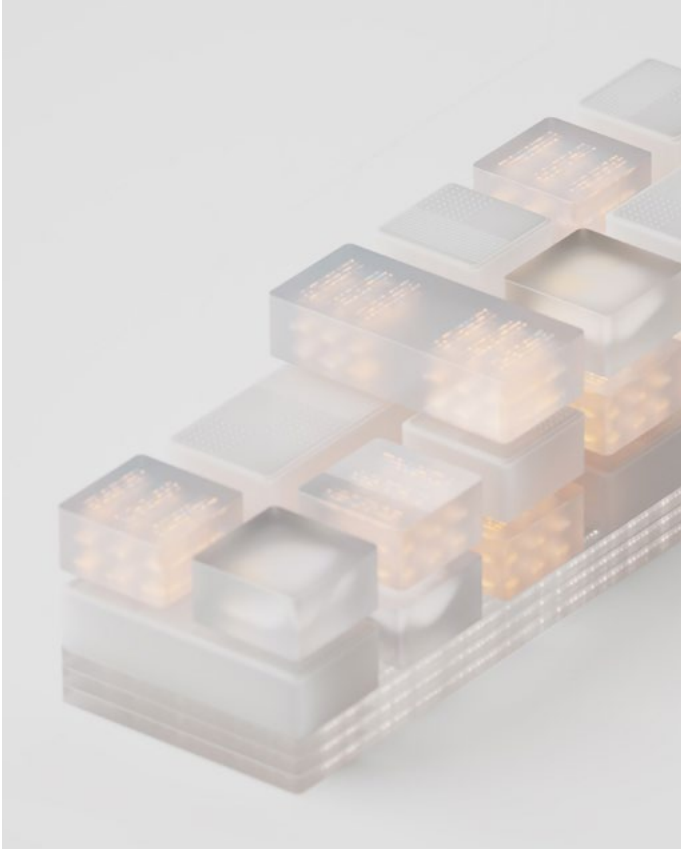
Volvo Cars revealed the new and improved XC90 in September. The XC90 is a Volvo Cars icon, and thanks to a broad suite of technology and design updates inside and out, the award-winning and best-selling flagship hybrid SUV is now better than ever before.

Alongside our new line-up of fully electric cars, the plug-in hybrid XC90 T8 remains a popular choice for our customers and an important car for us in terms of sales and profitability.

Alongside our fully electric models, plug-in hybrids like the XC90 and its siblings play a vital role in Volvo Cars’ global portfolio. They provide a balanced and strategic transition toward full electrification.

By combining fully electric and plug-in hybrid cars, we offer the ideal lineup for today’s evolving market, where the premium electric segment is still maturing. Plug-in hybrids will continue to be essential to our sales and profit growth in the coming years.

READ MORE ABOUT OTHER OPERATIONAL EVENTS DURING THE YEAR ON PAGE 40



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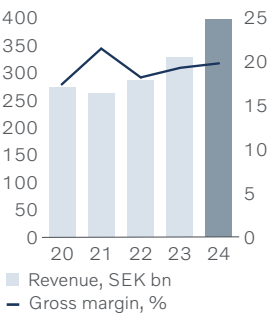
2024 financials in brief

- Retail sales increased by 8 per cent to 763.4 (708.7) thousand cars.
- Revenue amounted to SEK 400.2 (399.3) bn, supported mainly by wholesale volumes and used car sales. The increase was partially offset by mainly deferred revenue related to rental sales and contract manufacturing.
- EBIT excluding share of income in JVs and associates was SEK 27.0 (25.6) bn, mainly driven by lower material cost and efficiencies partially offset by higher depreciation and amortisation as well as sales mix and pricing.
- Operating income (EBIT) was SEK 22.3 (19.9) bn.
- EBIT margin excluding share of income in JVs and associates was 6.8 (6.4) per cent. EBIT margin was 5.6 (5.0) per cent.
- Basic earnings per share was SEK 5.17 (4.38).
- Operating and investing cash flow was SEK 1.1 (–9.0) bn, primarily driven by a focused effort to reduce inventory levels, as well as the sale of a significant number of the owned subscription cars in Sweden, Norway and Netherlands.

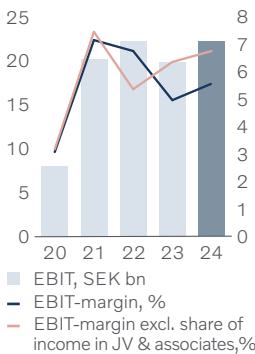
FORWARD LOOKING

- We maintain our 2026 guidance on outgrowing the market from (FY) 2023 to (FY) 2026 on a CAGR basis, deliver a core EBIT margin of 7–8 per cent and generate strong positive free cash flow.
- We anticipate 2025 will be a challenging and transition year on the path to our long-term growth ambitions. We anticipate the market not to grow at the rate of previous years, coupled to high likelihood of increased discounts across the industry. As a result, it will be challenging to reach the volumes and profitability level we achieved in 2024. We also see effects on the profitability from higher amortisations as we continue to ramp-up new cars, such as the EX90 and in 2025 the ES90.
- We continue to increase our focus on cash preservation and anticipate we can deliver a positive free cash flow for the full year (2025), compared to our previous guidance of neutral free cash flow.

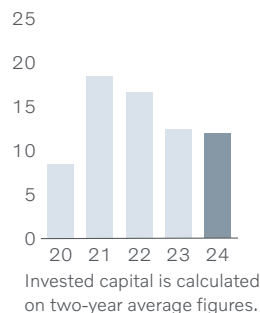
REVENUE AND GROSS MARGIN (SEK BN/%)



EBIT AND EBIT MARGIN (SEK BN/%)



RETURN ON INVESTED CAPITAL, ROIC (%)



Invested capital is calculated on two-year average figures.

KEY FIGURES FINANCIALS (SEK M)

	2024	2023	2022
Retail sales, units	763,389	708,716	615,121
Revenue	400,234	399,343	330,145
Research and development expenses	–16,983	–12,884	–11,514
Operating income (EBIT)	22,318	19,939	22,332
Operating income (EBIT) excl. share of income from JVs & associates	27,040	25,567	17,889
Net income	15,934	14,066	17,003
Basic earnings per share, SEK	5.17	4.38	5.23
EBITDA	45,048	37,388	38,423
Cash flow from operating activities	47,372	42,867	33,658
Cash flow from investing activities	–46,245	–51,842	–39,552
Cash flow from operating and investing activities	1,127	–8,975	–6,059
Net cash	27,115	27,487	38,061
Gross margin, %	19.8	19.4	18.3
EBIT margin, %	5.6	5.0	6.8
EBIT margin excl. share of income from JVs & associates, %	6.8	6.4	5.4
EBITDA margin, %	11.3	9.4	11.6
Return on invested capital, ROIC, %	12.0	12.4	16.7

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Sustainability highlights

- Fully electric car sales increased by 54 per cent to last year, contributing significantly to the 26 per cent reduction of CO₂ emissions per car in 2024, from a 2018 baseline
- Produced our last-ever car with a diesel engine
- Reached 78 per cent climate neutral energy in our own operation
- Continued on our journey to increase the recycled content in our cars, thanks to the introduction of the new EX90, having an estimated recycled content of 15 per cent per average car
- Signed a new agreement with Swedish steel firm SSAB for the supply of high-quality, recycled and near zero-emissions steel starting from 2025
- Volvo Cars Genuine Refurbished Battery replacement offer rolled-out and EX90 Battery passport established
- Reached an injury rate (LTCR) of 0.05 indicating industry-leading workplace safety
- Launched the Volvo For Life Fund and started several initiatives
- 96 supplier audits carried out. 68 of these were conducted on directly contracted suppliers, assessed as high-risk in our annual risk assessment and through alerts from stakeholders as well as our basic due diligence. 28 audits were performed in our battery supply chain. 92 per cent of the corrective measures agreed with directly contracted suppliers from the audits in 2023 have been addressed
- Issued our fourth green bond, expanding our green funding and reaching a share of green debt, according to our Green Financing Framework, of 75.5 per cent



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OUR SUSTAINABILITY MISSION AS A PART OF OUR BLUEPRINT

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THE VOLVO FOR LIFE FUND

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KEY FIGURES SUSTAINABILITY

	2024	2023	2022
<i>Climate Action</i>			
Reduction of CO ₂ emissions per car ¹⁾ , %	26	21	15
Electrified cars retail sales (BEVs and PHEVs), %	46	38	33
<i>Circular Economy</i>			
Recycled and bio-based materials in new models, %	15	17	—
Recirculation rate, %	94	87	—
Additional Circular Business revenue ¹⁾ , SEKm	266	508	413
<i>Responsible Business</i>			
Employee engagement (Score and Benchmark)	76 (+2)	76 (+1)	76 (+1)
Women in Senior Leadership (%)	31.1	30.1	29.6
Injury rate (LTCR) employees	0.05	0.06	0.07

1) Compared to baseline 2018

For further definitions and reporting principles, see Sustainability report, starting on page 136.

Jim Rowan, President and Chief Executive at Volvo Cars, reflects on the year 2024

To come out as a winner, we will lean in. We will take brave decisions and fight battles on many fronts: technology, talent, customer service, value, and quality – to name a few. Our strategy, brand strength, technical capabilities and loyal customer base, coupled to our collective will and courage will help us succeed. Because in times of uncertainty, customers look for brands they can trust.

A solid performance in 2024 paves the way for long-term success, while navigating a turbulent 2025

Dear shareholders and other members of our Volvo Cars community,

In 2024 Volvo Cars delivered another record year in terms of profits and volumes of cars sold, and revenues exceeded SEK 400 billion for the first time in our company's history. In addition, we became one of the few companies that have managed to harness core computing technology and the profound benefits this enables. At our Capital Markets Day in September, we laid out our technology roadmap for the future and set ourselves clear ambitions: we want to outgrow the premium car industry on a CAGR basis from (FY)

2023 to (FY) 2026, to achieve a 7–8 per cent core EBIT margin and generate strong cash flows in 2026. Based on our performance in 2024, I remain confident that we can achieve these ambitions.

However, 2025 will be a very challenging year for the industry as a whole as well as for Volvo Cars. Industry analysts project the premium car industry to slightly decline in 2025. With one eye on our 2026 ambitions, we will navigate what lies ahead in 2025, which will be a year of transition.

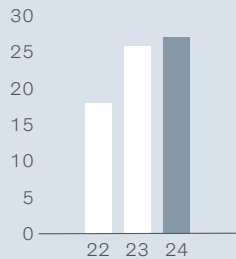
The global car industry is facing several uncertainties: cyclical, structural, transformational and geopolitical. We have navigated this environment better and faster than many of our peers thanks to a strong orderbook, but while we have achieved a lot in 2024, we and the rest of the industry will be severely tested this year. At the same time, we must keep our eyes



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EBIT, SEK BN
(EXCL. JV'S AND ASSOCIATES)



46%

SHARE OF ELECTRIFIED SALES

EX90
START OF PRODUCTION OF OUR FLAGSHIP SUV

firmly on the road ahead and not sacrifice the future on the altar of the present. In other words, we must be prudent, diligent and disciplined during a turbulent 2025, while paving the way for our long-term ambitions.

A year of two halves

2024 was a year of two halves for Volvo Cars. For the first six months, we recorded strong double-digit volume growth, boosted by the rollout of the EX30 which enabled us to enter a new segment. This helped us to record quarterly profits and profitability in Q2. But like the rest of the industry, we experienced a sequentially more challenging second half. Demand slowed down and this had an impact on both our sales pace and underlying profitability.

Nevertheless, we can look back at 2024 with a sense of achievement in several areas. We set a new all-time global sales record for the full year of 763,389 cars sold, which represented an increase of 8 per cent versus 2023. We outgrew the premium car market and increased our market share in many markets, supported by a strong orderbook. For example, 12 markets in Europe recorded all-time high sales volumes. On top of that we increased our fully electric (BEV) sales share to 23 per cent of total sales (versus 16 per cent in 2023) and delivered the highest EV sales share of all legacy premium car manufacturers in 2024. The EX30 was one of the best-selling BEVs in Europe throughout the year. This strong performance enabled us to exceed our CO₂ targets as set by the EU, making us one of the few car makers to do so and giving us a surplus of EU carbon credits in 2025.

We also made progress on our ambition to reach 50 to 60 per cent electrified sales for the full year 2025, reflecting all cars with a plug. Our electrified sales accounted for 46 per cent in 2024 (versus 38 per cent in 2023). Here the performance of the XC60 and XC90 plug-in hybrid variants was a standout. This underscores that our balanced portfolio of BEVs, plug-in hybrids (PHEV) and mild hybrids continues to be an undeniable source of strength in today's marketplace.

Financially, we ended 2024 in a solid place. Profits and profitability came under pressure in the second half of the year, but we performed better than most of our peers in terms of volume growth and demonstrated resilience. Full-year operating profit, excluding joint ventures and associates, was the highest ever at SEK 27.0 billion, compared to SEK 25.6 billion in 2023.

Our cash flow also improved considerably in the latter part of the year and full-year free cash flow ended up positive at SEK 1.1 billion, thanks to diligent and disciplined cash management. All of this points to solid fundamentals of our core operations. As the year progressed it became clear 2025 would present additional challenges, such as an orderbook more in line with pre-pandemic levels, as well as increased geopolitical headwinds and uncertainties. So, we focused on continuing to make our company even more resilient.

We clarified and adjusted our business ambitions for the longer term and made some important structural changes to the way we operate, with focused cost actions, efficient inventory management and benefits from a restructuring of our commercial and manufacturing organisations all contributing to our end-of-year cash position. We also provided strategic clarity around our company structure. We distributed shares in Polestar and divested our 30 per cent shareholding in Lynk & Co. We also took full ownership of our strategically important subsidiary HALEYTEK, as we did with Zenseact in 2022.

A balanced product portfolio

In terms of product, we continued to develop our balanced portfolio of fully electric and hybrid cars, which will be a crucial asset as we head into an uncertain 2025. We started deliveries of the EX90 in the fall of 2024. Based on our award-winning SPA2 architecture, the EX90 is a ground-breaking, software-defined car that clearly sets out our future direction. EX90 production is ramping up in our Charleston plant in the US, and it is now also being built in our Chengdu plant in China.

The EX90 is the first car built on our Superset tech stack: one set of hardware and software for all our forthcoming cars, making them better over time and allowing us to develop new cars in a more efficient and more profitable way. It is one of the few cars with core computing technology inside and it recently helped us win a Software-Defined Vehicle Innovator Award at CES. This transformation will continue with the arrival of the EX60 and our SPA3 architecture in 2026. Compared to SPA2, SPA3 will represent another step change in terms of costs, customer benefits and new technology developments.

Last year, we also launched a new, updated version of our iconic XC90 hybrid SUV, a longstanding stalwart in our portfolio which has sold over 1 million units since we launched it. The XC90 has been given a thorough refresh inside and out, which includes our new user experience with Google services built-in – intuitive, full of great features and widely available. Most importantly, it will continue to improve over time thanks to regular over-the-air updates.

Product investments continue in 2025

Together with the EX90, the XC90 reflects our strategy of investing in a balanced product portfolio of pure BEVs and plug-in hybrid cars. And we will continue these investments in our line-up in 2025, as we plan to bring five new or refreshed models onto the market. During 2025, around 2.5 million customers around the globe will receive our new user experience as an over-the-air update on their Volvo cars built as early as 2020. The next car built on our Superset tech stack, the new and fully electric ES90, was revealed in March 2025.

The ES90 is one of two new cars that we expect to do well in the premium New Energy Vehicle segment in China – the other, a long-range PHEV model, will be revealed later this year and will further expand our market footprint in China. The Chinese market is undergoing several fundamental changes, including the first-time development of a used car market,

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“In 2024 we delivered another record year in terms of profits, revenues and volumes. However, 2025 will be a challenging year for the industry as a whole as well as for Volvo Cars”



strong competition in the BEV mass market and the growth of local car makers.

We will also continue to update and expand our existing line-up this year. Following the refresh of the XC90, we will soon introduce more upgraded versions of some of our existing models. Finally, we have expanded our EX30 line-up with a Cross Country variant and will start producing the EX30 models at our Ghent plant in Belgium in the first half of the year and reach full production in the second half.

Taken together, these cars will strengthen our diversified and balanced product line-up. Particularly in the second half of the year, we expect that these new and refreshed versions of our existing cars will help us mitigate the challenging market conditions in 2025. But perhaps just as important, this will position us to outgrow the premium market from (FY) 2023 to (FY) 2026 on a CAGR basis, in line with our ambitions.

A year of diligence in an uncertain environment

All this demonstrates that we are steering the company diligently and with firm hands in an uncertain environment. Our focused strategy, balanced footprint, increased technological development and diversified line-up will help us weather the storm ahead and pave the way for our long-term future growth. We continue to double down on internal cost actions and efficiency with a heightened focus on protecting cash, and efficiently managing our inventories, while continuing to invest in our future. We are at the peak of our investment cycle now, which will decline from 2026 onwards, unlocking strong, positive free cash flows. While we expect the market to remain weak in 2025, due to the multitude of competitive and geopolitical challenges, we are coming into 2025 following two record years of sales and profits and in a relative position of strength and liquidity. However, competitive pressures have increased considerably and the strong orderbook we developed in the last two years has now returned to pre-pandemic levels. While a smaller order book is good for customers as it results in shorter lead times, this does present us with

a challenge, particularly for the first six months of 2025, which we will navigate.

We maintain our guidance on outgrowing the market from (FY) 2023 to (FY) 2026 on a CAGR basis, delivering a core EBIT margin of 7–8 per cent and generating strong positive free cash flow, but we anticipate that 2025 will be a challenging and transition year on the path to our long-term growth ambitions. We do not anticipate the market to grow at the rate of previous years, coupled to a highly likely increase in discounts across the industry due to increased competition.

As a result, it will be challenging to reach the volumes and profitability level we achieved in 2024. We also see effects on profitability from higher amortisations as we continue to ramp up our new cars, such as the EX90 and in 2025 the ES90. However, we continue to focus on cash preservation and anticipate we can deliver a positive free cash flow for the full year (2025), compared to our previous guidance of neutral free cash flow.

A pivotal moment in time

Naturally, the current turmoil in our industry is not only down to cyclical effects. As said, we are witnessing a fundamental rebalancing of the car industry and we stand on the precipice of profound change. This is the pivotal moment in time where the winners of next-generation mobility are defined. What we do in the next two years will shape us for the next two decades.

To come out as a winner, we will lean in. We will take brave decisions and fight battles on many fronts: technology, talent, customer service, value, and quality – to name a few. Our strategy, brand strength, technical capabilities and loyal customer base, coupled to our collective will and courage will help us succeed. Because in times of uncertainty, customers look for brands they can trust.

The reason our brand has been around for almost a century is because people trust us. They trust us to build some of the safest cars on the road. To take their

concerns around climate change seriously, by embracing electrification and sustainable business. To use technology that makes their lives better, more enjoyable and safer. We stay true to our almost 100-year legacy and are driven by four principles: safety, sustainability, human-centric technology, and Scandinavian design. But safety is our superpower, the foundation on which we build the trust that fuels our existence.

The automotive sector is being challenged in new ways, but we are making progress. With every new BEV model, we are punching above our weight. With the EX90 and the recently launched ES90, we have delivered SPA2 and have harnessed core computing technology and the software-defined car. The countdown to the introduction of SPA3 has already started, with SPA3 rapidly building on the foundations of SPA2.

That means that SPA3, to be introduced 2026, will be a lot more cost-efficient. Coupled with the introduction of mega-casting of car parts, increased battery density and performance, cell-to-body technology that integrates batteries in the car body and our next generation of in-house developed e-motors, we expect SPA3 to deliver a sharp reduction in cost levels. The new EX60, based on SPA3 and arriving in 2026, will thus bring another step change in customer benefits as we enter the hottest EV segment in the market. This will help us drive growth and take market share in the premium market, while increasing our profit margins.

With this strategy in place, we will navigate steadfastly through 2025. We will pave the way to deliver on our long-term business ambitions for 2026 and beyond, while also managing the turbulent times at present, and we will strike the right balance between delivering on our long-term strategic goals and short-term tactical adjustments to get there.

Jim Rowan
President and CEO

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Market

Global automotive market

Sales and market development

The overall global passenger car market has faced several challenges in 2024, with continued economic uncertainty, additional tariffs in place, geopolitical tensions and inflation impacting consumer spending and confidence. Additionally, weaker demand in key regions such as China and Europe, have further strained market conditions. Despite these challenges, the market has seen a slowed but continued shift towards electrification and sustainability as key drivers of consumer choice.

Volvo Cars' full-year retail sales set a new global sales record with 763.4 (708.7) thousand cars sold. Wholesales increased by 7 per cent, and production decreased by 1 per cent to 760.4 (766.7) thousand cars. Volvo Cars outgrew the premium car market and gained market share in many regions while maintaining price discipline, despite softening demand and uncertain economic conditions. Sales of BEVs increased by 54 per cent to 175.2 (113.4) thousand units, and PHEV sales increased by 16 (10) per cent.

Europe

The total European car market increased by 1 per cent and the traditional premium segment stayed in line with last year. The market has been operating in a generally weak economic environment and under ongoing geopolitical tensions, although there are variances between different countries.

China

The total Chinese passenger car market increased by 8 per cent, while the traditional premium segment decreased by 6 per cent. The competition in the Chinese car market continued to be strong, with several domestic brands gaining noticeable market shares, especially in the BEV segment.

US

The total US passenger car market increased by 4 per cent. The traditional premium segment increased by 1 per cent. There has been an increase in incentives as the market is normalising, but overall discounts are still not as high as pre-pandemic levels.

Total industry volume share by propulsion type ^{1) 2)}	Full year 2024	Growth YoY
BEV	16%	23%
PHEV	7%	50%
ICE (incl. mild hybrids)	77%	-2%
Total	100%	3%

Volvo Cars' market share per propulsion type ^{1) 2)}	Full Year 2024	Full Year 2023
BEV	1.46%	1.14%
PHEV	3.80%	4.70%
ICE (incl. mild hybrids)	0.72%	0.75%
Volvo Cars' share of total market	1.04%	0.97%

1) Volvo Cars is and will continue to be positioned in the premium segment of the automotive market. As the market is transforming with electrification and digitalisation the definition of premium is being redefined. To simplify and to avoid the risk of excluding important parts of the market, we will report our market share in relation to the total market.

2) Includes content supplied by S&P Global Mobility Industry Performance, February 2025, capturing more than 85 per cent of total world sales. All rights reserved.

Retail sales (k units)	2024	2023	Δ%
Europe	369.7	294.8	25%
China	156.4	170.1	-8%
US	125.2	128.7	-3%
Other	112.1	115.1	-3%
Retail sales total	763.4	708.7	8%
Electrified cars	352.8	266.0	33%
<i>whereof BEVs</i>	175.2	113.4	54%
Electrified cars share	46%	38%	
<i>whereof BEV share</i>	23%	16%	
Wholesales	782.6	732.3	7%
Production volume	760.4	766.7	-1%



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Five Ds shaping the Volvo Cars world

1 2 3 4 5

DISRUPTION

We operate in an increasingly unpredictable world, where supply chain shocks, raw material fluctuations, and geopolitical tensions continue to reshape our business landscape. Adapting quickly is critical, particularly in securing resilient operations and flexible sourcing strategies.

DE-RISKING

The car industry is entering a phase of strategic decoupling, where geopolitical shifts and regulatory pressures, such as rising tariffs on electric cars and batteries, require a proactive approach. By diversifying supply chains and strengthening partnerships, we can mitigate risks and ensure long-term competitiveness.

DIGITAL AND AI

In many aspects, we have only just started to see the impact of digital and AI. The convergence of computing power, connectivity and data analytics, coupled with AI and machine learning, shapes a challenging yet thrilling technological era. For the car industry it will bring profound changes in both production and customer experience. To us, this is an area in which we continue to invest, test, and deploy at speed and with clear intention, allowing us to reap the benefits such as reduced administrative costs. Super-powerful computers and in-house developed software are now paving way for the next generation of infotainment systems, over-the-air upgrade capabilities, increased active safety performance, energy management and other services.

DECARBONISATION

Climate change, as a part of the triple planetary crisis the world is facing, is shaping society. It drives shifts in attitudes, policies and innovations as individuals, governments and businesses increasingly prioritise sustainability initiatives to tackle the challenges. The global focus on decarbonisation is crucial, and we believe the mobility industry must play its part. That is why we are transitioning to full electrification while also working to reduce the CO₂ footprint of our supply chain. To support this, we are investing in next-generation electrification technology that will underpin our upcoming models, while also maintaining our investments in hybrid cars. By the end of this decade, we aim to have a complete lineup of fully electric cars, enabling us to transition to full electrification as and when each market is ready.

DESIGN

The legacy of Scandinavian design and craft informs our desire to create elegant, uncomplicated solutions to real-world needs. While staying true to our heritage, to navigate the new landscape, we need a fresh approach to design. This encompasses how we design our products and experiences, our cars, the materials we choose, the talent we employ, and the supply chains we establish. This is truly a paradigm shift that impacts the entire value chain. And to survive the shift, speed and nimbleness are of greatest importance.

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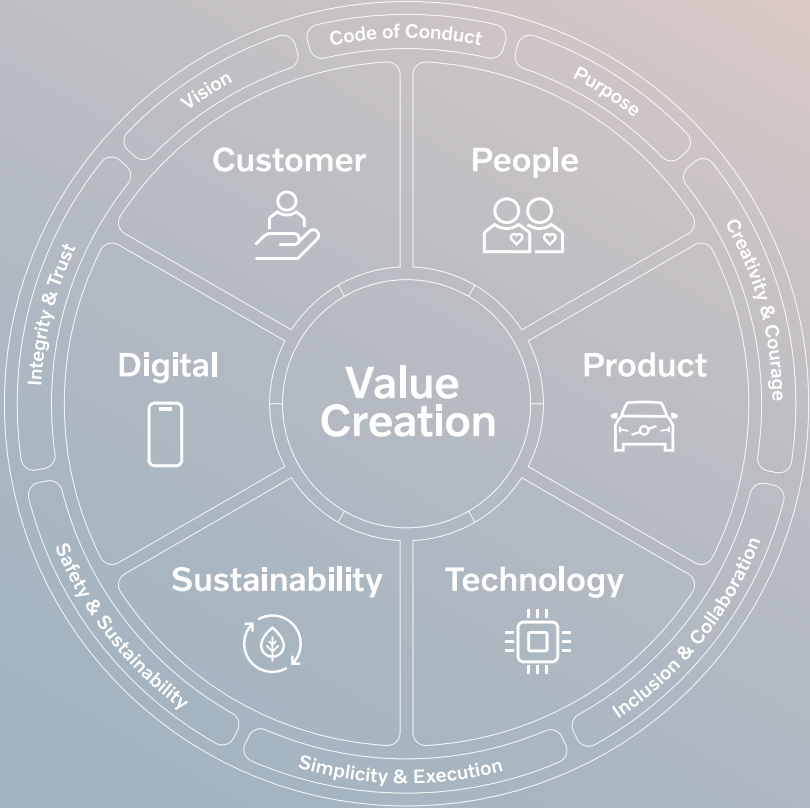
Value creation

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Our Blueprint

Our Blueprint is our strategic roadmap, and it starts with our purpose. For life. To give people freedom to move in a personal, sustainable and safe way. Convinced by our purpose, guided by our values in combination with our behaviour create our culture. Our culture empowers us and together with our Code of Conduct guides the way we do business.

Further, to live by our purpose and progress towards it, our strategic objectives and ambitions set a direction for where we are heading. While these ambitions are important it is equally important how we deliver in this more complex, competitive, and challenging world. At Volvo Cars, we continually work with six missions to help drive our business, and clarify the most critical deliverables in our strategic roadmap to help us remain competitive. Our missions are People, Product, Technology, Sustainability, Digital and Customer. At the centre of Our Blueprint are our strategic ambitions, our key value measures.



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Strategic ambitions

During 2024 Volvo Cars adjusted its business ambitions for the coming years. The updated ambitions reflect our relentless focus on value creation, while remaining pragmatic amidst fluid market conditions.

		2025		2030	
GROWTH Outgrow the premium car market	EBIT (excl. JV's and Associates) 7–8%	FREE CASH FLOW Positive 2025 Strong 2026+	30–35% CO ₂ REDUCTION PER CAR (vs 2018 baseline)	65–75% CO ₂ REDUCTION PER CAR (vs 2018 baseline)	
Volvo Cars' ambition is to outgrow the premium car market from (FY) 2023 until (FY) 2026 on a CAGR basis.			Volvo Cars aims to achieve a core EBIT margin of 7–8 per cent for the full year in 2026.		
			50–60% ELECTRIFIED	90–100% ELECTRIFIED	

Our Missions

In order to reach our strategic ambitions, we stay focused on execution. Our six Missions encompass our key focus areas, with value creation at the heart of everything we do. The missions help us remain competitive by clarifying our strategic objectives for these far reaching areas.



The objectives per mission

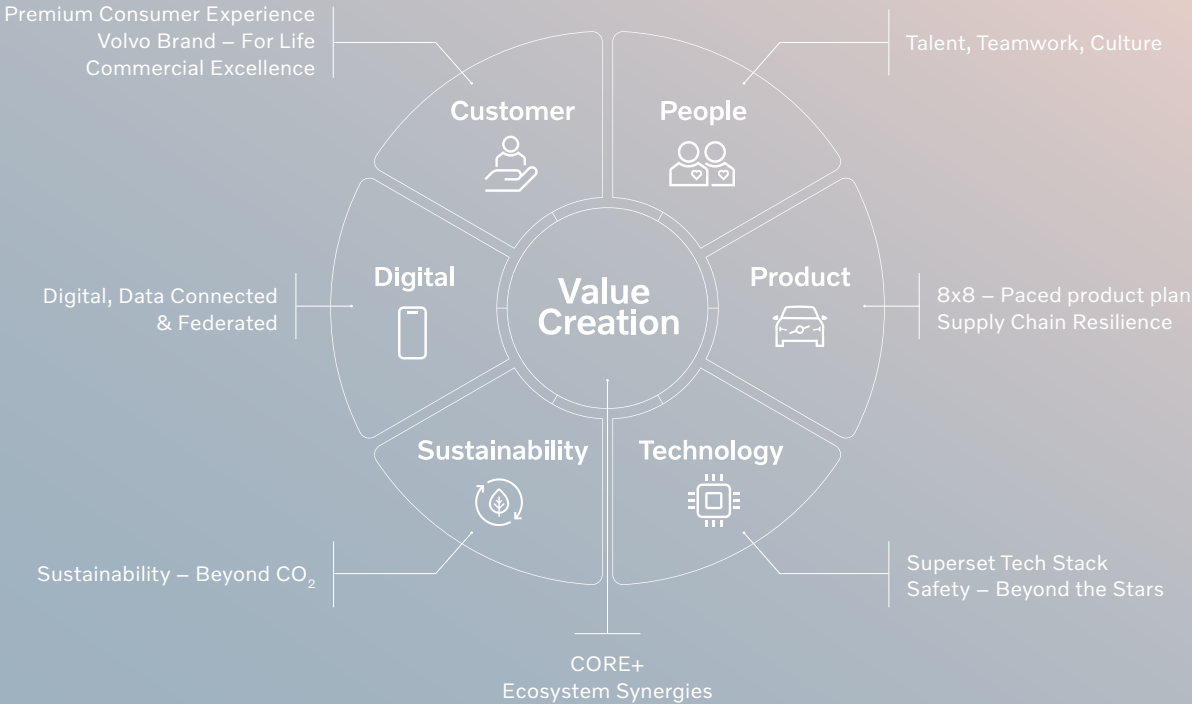
MISSION	PRODUCT	TECHNOLOGY	CUSTOMER	DIGITAL	PEOPLE	SUSTAINABILITY
OBJECTIVES	Strong electrified premium portfolio with both BEV and PHEV options to provide flexibility on the path towards full electrification. Distinct design: Brave. Durable. Poetic. Safe. Industrial backbone with global manufacturing footprint, resilient and competitive supply chains. Additional revenue streams from adjacent business opportunities.	Differentiation through human-centered tech. One modular and scalable Super-set tech stack. Passive and active safety leadership beyond ratings, promoting increased requirements to benefit all. Consumer-centric ADAS technology with safety focus developed In-house, aiming to achieve zero collisions on the way to safe AD.	Omni-channel approach for strengthened consumer relations and improved customer experience. Volvo Brand – A premium promise of safety, Scandinavian design, human centric technology and innovation in tune with societal trends – For life. Commercial excellence together with our retail and financial partners for increased system efficiency.	A federated digital collaboration and governance to secure adoption of one Unified Digital and Data Architecture, facilitating a secure efficient digital landscape and a seamless integration of emerging technologies. Diligently protect Volvo Cars’ customers data, as well as company information and digital assets. Accelerate competitive advantage by leveraging fully connected data and AI insights to meet evolving customer needs.	An accountable leadership to drive our purpose and strategy, providing a clear direction in an inclusive, trusting, and ethical culture. An efficient organisation that enables focus, collaboration, and speed in execution with the right competencies and skills in place that drive a culture of high performance, efficiency and accountability. A great employee experience in a safe and inspiring workplace, resulting in engaged and high performing people.	Deliver on our industry-leading climate ambitions to reduce the carbon emissions per car by 65–75 per cent by 2030 and reach net zero greenhouse gas emissions by 2040. Circular business that creates value and builds resilience through resource efficiency across the value chain. Biodiversity embedded in steering. A roadmap of actions to avoid and reduce our negative footprint as well as restoration activities. Protect and improve people’s lives in our value chain and wider society through responsible business conduct.

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Our Imperatives

While Our Missions focus on the long term strategic landscape, to further narrow down what really matters the most, we have identified 12 strategic imperatives that clarify our most critical deliverables and targets in our strategic landscape.

These imperatives are immediate focus areas and are closely connected to how we ultimately can execute on our missions as well as create value. Value creation remains at the centre of what we strive to do.



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We will create value for our shareholders,
customers and employees

During the last couple of years, we have been investing in the future, pushing the boundaries and delivering solid growth. Reflecting our relentless focus on value creation while remaining pragmatic amidst fluid market conditions, we have adjusted our business ambitions for the coming years. Our aim is to outgrow the premium car market from (FY) 2023 to (FY) 2026 on a CAGR basis. However, this journey will not be linear. Given the accelerating challenges in the market, our focus is on safeguarding value over volume and ensuring a long-lasting impact.

Value creation will be underpinned by our product offering of premium fully electric cars and our continued investment in our hybrid models. These products will contain state-of-the-

Achieving all of this relies on great people and a great culture. Companies are differentiated by people, which holds true for Volvo Cars. Technologies, services, and ideas are developed by people. They are provided by the people within our company, and we need to create value for and with our employees. Volvo Cars is just as much about cars as it is culture. We believe in making an impact and having the courage to challenge how things are and have always been done, because only through new ways of seeing and new ways of doing can we truly make things better.



V O L V O

OUR IMPERATIVES

> CORE+

CORE+ is Volvo Cars' cost optimisation and resource efficiency initiative. In parallel to the investments in present and future offerings over the last couple of years we have taken multiple steps to improve our cost competitiveness. This is not a one-off programme, but an ongoing exercise and a core part of how we operate as a company.

FOCUS, RE-USE AND SCALABILITY
One of the significant improvements we expect on fixed costs will come from R&D, and the expansion of our Superset tech stack and the upcoming SPA3 platform. Together they will allow for focus, re-use and scalability, improving the development cost for upcoming products. We also expect reductions in variable costs due to the implementation of our new cell-to-body technology, our third-generation in-house e-motors and mega casting. All in all, we estimate that we will be able to sell premium cars with better performance, while increasing our EV gross margins.

PEAK OF INVESTMENT CURVE
We are now at the peak of our planned investment curve, which we expect will come down from 2026 and onwards. We will harvest from our investments in new technologies, scalable SPA3 architecture and one software stack. We aim to reduce R&D spend as we go into a period of more gradual and continuous development of an existing architecture. Together, these actions will take down investment levels and be an important lever for increased cash generation.



OUR IMPERATIVES

> Ecosystem synergies

Increasingly complex industries with rapid technological development, geopolitical uncertainty and increased trade barriers are the inescapable business realities of today. To navigate this landscape, we carefully select the right partners with whom we co-create with, develop new ideas, share risks, find synergies, improve competitiveness, optimise resources, and unlock greater efficiencies. We build on Volvo Cars' strong foundation and form partnerships that are mutually beneficial, with revenue streams and cost savings achieved through synergies and potential new business opportunities. The partnerships, among other things, also add value to the current product portfolio and the possibility of an accelerated market entry. Any partnerships are based on a mutual benefit principle and collaboration is done at arm's length and adhere to Corporate Law and Stock Market regulations.

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Product Mission

We provide customers with outstanding products that are designed around people and their needs, offering both BEV and hybrid options on the path to full electrification.

Our belief in electrification remains solid. However, as a global company, the differences in market adaptation mean that our transition to electrification will progress at different paces in different regions around the globe. And in order to meet local demands we need a pragmatic approach to our business and product offering. Our Product Mission is focused on delivering a balanced portfolio of premium fully electric and hybrid cars, creating the strategic flexibility to leverage our strengths in each and every region.

A solid foundation

Looking at the premium car market, BEVs are expected to continue to be the growth driver. Our portfolio, with five fully electric cars on the road already, and another five in active development, makes a solid foundation to benefit from the strong expected premium BEV market growth. At the same time, we will have a strong, balanced line-up of upgraded premium plug-in hybrids and mild-hybrids for markets that are not yet ready to go full electric. Both BEVs and hybrids will continue to be characterised by our take on human-centric technology, safety, sustainability, and Scandinavian design.

Forming strategic partnerships

When it comes to sourcing, we are building on the strong foundation of our existing footprint, continually improving our end-to-end value chain and finding opportunities with our flexible make or buy strategy. We are proud of our global footprint and unique in-house capabilities, but we also know that collaborators win in periods of great technological advancement. Forming strategic partnerships with selected suppliers



is a vital part of our strategy and we are carefully selecting the right partners to co-create with, to develop new ideas, to share risks, find synergies, improve competitiveness, and unlock greater efficiencies.

Continuously exploring new business opportunities

Although the car is our key product, we continuously explore new business opportunities and strive to add revenue streams from adjacent areas. The newly established business unit Energy Solutions is a good example of this approach, which focuses on work towards holistic and seamless EV use, to help the transition to a future of more sustainable energy ecosystems.

OUR IMPERATIVES

>

8x8 – paced product plan

When our five existing BEV models are being accompanied by the additional five now being developed, we will have completed our core electric portfolio and will move to an eight by eight cycle, meaning eight core products that will stay on the market for eight years. By doing so, we will focus on continuous improvement over variant complexity. We may do additional explorations, but this acts as the core, ensuring our full product line-up is well positioned to meet customer needs and market demand in the future, while using our investments efficiently.

By extending the life cycle of the car through over the air updates, we see that we can keep cars on the road longer than the industry standard. For us, this is an important compatibility differentiator and a way to support our and our customers' residual values.

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OUR IMPERATIVES

> Supply chain resilience

In an increasingly complex world, achieving our ambitions is not just about exceptional cars but also about a world-class, resilient supply chain. Our ambition is to satisfy our customers' demand while ensuring competitive, resilient and sustainable execution.

A BALANCED GLOBAL FOOTPRINT
Our footprint across Europe, Asia, and the United States is strong. In Sweden we have our global headquarters, our primary engineering hub and design centre, tech hubs as well as our Torslanda plant, component production and our own e-motor production. Having these resources in one country benefits technology development, enables cross-functional collaboration and aids speed, quality, and innovation. Also in Europe, we are building our new fully electric car plant in Slovakia and we already have our software development tech hub in Kraków, Poland, and our manufacturing plant in Ghent, Belgium – which strengthens our capacity to produce products for Europe in Europe.

In Asia, particularly China, we have local capabilities, including design, engineering, and production. Already today, the majority of the cars we sell in China are produced in China.

The US is one of the largest car markets in the world. Our US car production plant in South Carolina, where we are currently producing our new fully-electric EX90, allows us to serve this important market and export into other markets.

CAPTURE OPPORTUNITIES AND REDUCE RISK
Having manufacturing capabilities in three continents enables us to optimise our global production across our various sites, while reducing operational risks from macro-economic and geopolitical developments.



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Technology Mission

We discover, develop and deploy technology that delivers exceptional solutions for people and the planet.

The automotive industry is undergoing a technological revolution, with electric vehicles, connectivity, and software changing the scene. Our Technology Mission is about harnessing our innovation power – with the purpose of giving the best customer experience, prolonging the life cycle of our cars, and setting a new standard for passive and active safety.

We do what we do best

Our approach to technology is deliberate and purposeful: we create technology that is key to us, and we couple in-house development with strategic partnerships with global tech leaders. We approach vertical integration with the mindset that we do what we do best, and we enable others to do what they do best.

The idea is to always do what is best for our customers and as we know our customers better than anyone else, certain things we can do better than anyone else. For example, we know the vehicle dynamics and ride performance our customers want and take full ownership of those areas. That means controlling our e-motors in detail and developing them purely in-house.

Further, we develop both our passive and active safety technologies in-house. With our extensive experience and expertise, coupled with our industry-leading safety centre, we are able to better understand safety requirements and gather the necessary data. This enables us to continuously enhance and innovate our safety measures.

For other areas, we work together with global tech leaders. We are very proud of our partnerships with technology leaders like Google, Qualcomm, Luminar and NVIDIA. Together we



explore the possibilities with new technologies, such as AI, machine learning, advanced driver assistance systems (ADAS) and autonomous driving (AD).

Technology developed around people

We develop our technologies around people – for example through embracing the fact that we are all human beings, and we can be tired or distracted at times. We apply technologies where it matters the most – improving both safety and other capabilities, in short development loops, benefiting customers today and tomorrow.

OUR IMPERATIVES

> Superset tech stack

Starting with the EX90, all our new electric cars will be based on the Volvo Cars Superset tech stack, a scalable core of systems, modules, software, and hardware – affecting all aspects of the car: vehicle architecture, electric and electronic systems, individual software and AI applications, as well as mechanical components.

Like a set of building blocks, it can be configured in many different ways. Each new car will be a selection, or a subset, of building blocks from the Superset tech stack, and we will continuously improve and grow the tech stack. This approach makes sure that our cars truly get better with time, as all our engineering work will focus on improving and enhancing the one tech stack. It also enables us to move at the speed of technology, to create one premium and uniform experience for all our customers across all our cars and to be efficient. This is a recipe to combine the necessary discipline of mass production of the world's most complex consumer product, with the desire to create a supremely powerful platform for innovation.

CLOSED-LOOP DEVELOPMENT

The Superset tech stack approach, which enables us to deliver our brand in many different product flavours, is emblematic of our overarching idea of how to make cars. We will be able to do closed-loop development based on data, connectivity, software and core computing. This shift to core computing is at least as significant as the move to electrification. It will impact everything connected to the cars' electrical system, offering limitless potential benefits.

OUR NEXT-GENERATION SPA3 PLATFORM

As a leader in next-generation mobility, we are developing a new electric architecture, called SPA3, which will be underpinned by the Volvo Cars Superset tech stack. Our first car to be built on SPA3 will be the forthcoming all-electric EX60 midsize SUV.

SPA3 builds on many of the building blocks of SPA2 and introduces several key upgrades. The most important change is that the SPA3 architecture has been built to be far more scalable than its predecessor. This means that, we can continuously develop and build cars of all sizes – larger than the EX90 and smaller than the EX30 – using the same technology base.

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OUR IMPERATIVES

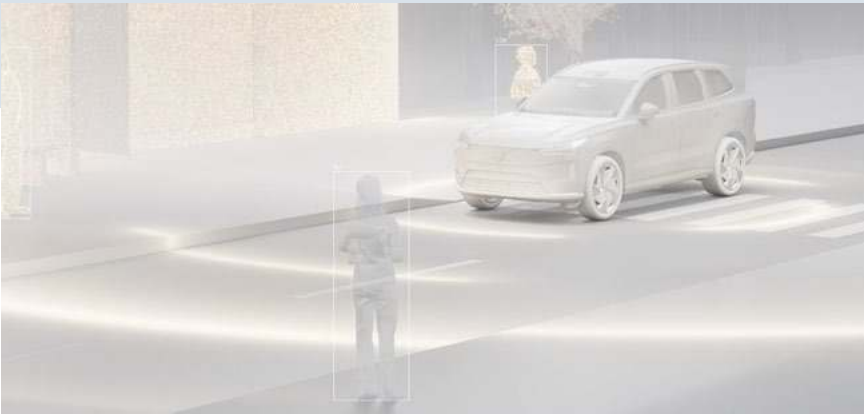
> Safety – beyond the stars

Safety is part of our DNA. For Volvo Cars, it is about helping to protect people in and around our cars. Since the 1970s, we have been collecting and analysing data from over 50,000 real-world traffic accidents, involving over 80,000 people in Volvo cars. Of course, with adequate safeguards for data privacy. Because data safety is also safety. By analysing the data and applying the insights to our safety development, we have been able to improve safety in every generation of Volvo cars.

VOLVO CARS SAFETY STANDARD
Based on our knowledge from real-world accidents, we have set our very own safety standard. We call it the Volvo Cars safety standard. We test and validate our cars in a wider spectrum of crash test scenarios, aiming above and beyond ratings and standardised testing. For example, we perform the frontal crash test against a full-width barrier at 30% higher impact energy than what is required in standardised testing. We also pioneered the introduction of more types of crashes into our own tests, for instance, run-off-road, roll-over, large animal crashes and multiple collisions. We have also introduced some of the world's first crash test dummies to represent people of different genders and body shapes.

A VISION OF ZERO COLLISIONS
Building on our expertise in helping to protect people, we are now accelerating towards our vision of zero collisions. To support this, we are investing in technologies such as advanced driver assistance systems (ADAS) and autonomous driving (AD) based on sensing technology and active safety technology. These technologies leverage deep learning technology based on decades of real-life experience, continually refining and adding new functions to protect people both inside and outside of the car.

And due to the new Volvo Superset tech stack, we will be able to build our high level of safety even more efficiently into a wider range of cars. It is all about adopting technologies with maximum efficiency in helping to protect people, while being optimised for their everyday use of the car.



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Customer Mission

We inspire a deep and lasting affection for Volvo Cars by delivering a premium omni-channel customer experience with unwavering commitment and best-in-class efficiency.

Our brand is strong, growing, and has the potential to rise even further. It is strongly connected to our purpose; For Life. To give people the freedom to move in a personal, sustainable and safe way. This purpose serves as our compass, differentiating us, defining who we are and guiding us into the future.

In today’s competitive market, we know that consumers have multiple choices on how and where to spend their money. Increasingly, they prefer relations with brands that share their core values – not only buying products from us, but also buying into who we are and what we stand for. Our ambition is to drive continuous improvements of quality of life for consumers and their families. Here our expanded and elevated offer structure plays an important role as it enables opportunities that will help us to further grow together with the customers.

A seamless and hassle-free omni-channel consumer experience

Of vital importance is the entire customer experience, including both the offer itself and how we engage and interact with our customers. Together with our retailers, we aim to provide a seamless, hassle-free, omni-channel customer experience in a personalised way that’s fuelled by our investments in consumer data and digital capabilities. This is complemented by a high level of service and unity in every touchpoint that customers have with the brand.

Volvo Cars enjoys the long-standing support of retail locations serving our customers in approximately 2,100 sales



OUR IMPERATIVES

>

Volvo brand
– For Life

Leveraging our brand strength is essential and critical for us to differentiate ourselves, stay relevant to our customers, and to further grow our business. We aim to broaden the Volvo Cars’ fan base with deeper emotional connections while engaging with customers throughout their customer journey. For life, for lives and for living.

Combined with our product offering with core computing and safety technology we can drive continuous improvements in quality of life for consumers and their families.

BEYOND THE CAR

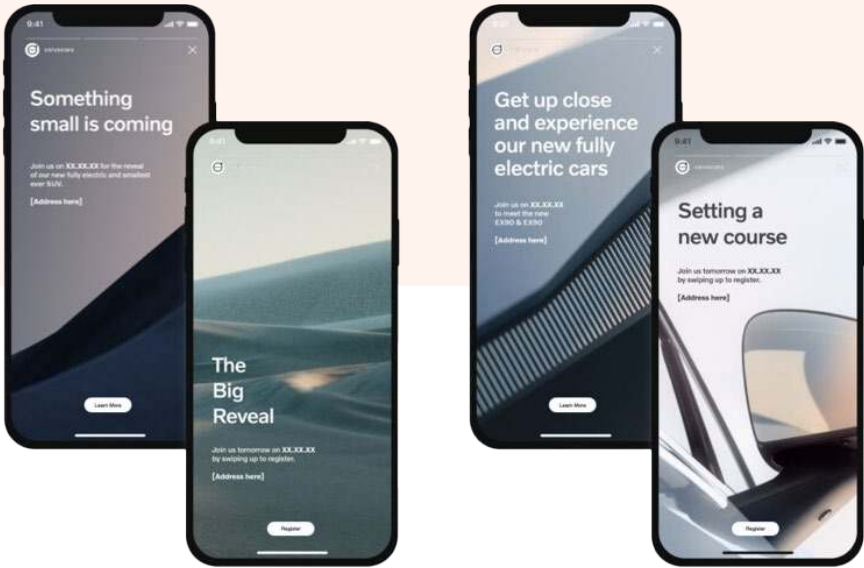
Our offer beyond the car is an important part of our For Life ecosystem. By this, we can create value to our customer beyond the car itself, such as lower cost of ownership, hassle-free experiences, and also ensuring that customers can connect easier with us throughout their journey so that we can give them what they need, when they need it. For us, it means stronger connections with customers, a better service and new revenue streams.

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OUR IMPERATIVES

> Commercial excellence

To achieve our ambition of outgrowing the premium car market from (FY) 2023 to (FY) 2026 on a CAGR basis, we will continuously develop and finetune our commercial excellence. By leveraging our global retail network, while making it more efficient, we aim to deliver on the promises of a true premium automotive car brand. This journey is an evolution, not a revolution. Volvo Cars seeks to facilitate a true omni-channel and premium customer experience and successfully launch new cars while constantly optimising the consumer offer of lifecycle cars.



OUR IMPERATIVES

> Premium customer experience

Volvo Cars aims to deliver customer value through innovative marketing, seamless sales processes, and premium service, with the aim that every interaction exceeds expectations and fosters lasting relationships. The transition of our UK market to a direct-to-consumer one was a highly valuable project for us. We aim to harmonise the learnings across our markets, but rather than converting complete markets, we will work on digitising our business. Thereby, Volvo Cars is taking a more pragmatic approach in collaboration with our strong retailer network and partner ecosystem that we have built. We understand the importance of maintaining an omni-channel presence and the value of consumer data. We also recognise our retail partners' ability to adapt to the flexibility that consumers demand. Our

goal is to meet our customers wherever they are, creating a seamless omni-channel experience that encompasses digital platforms, our retailers, and our studios. Volvocars.com serves as the foundation for this model, with our retail network playing a crucial role by being fully engaged and optimised. This model enables a data-driven customer relationship and getting closer to our customer at all stages of their journey with Volvo Cars. Leveraging on our competencies in data analytics, customer insights and experience, complying with data protection, allows for more efficient marketing and customer service. In this way, we can create a seamless omni-channel consumer experience while building emotional connections with our customers.

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Digital Mission

We leverage digitalisation, data and AI to accelerate innovation and efficiency, underpinned by a secure and scalable digital landscape.

Our multifaceted growth ambitions, increasing sales, expanding production, and cultivating a premium customer experience ecosystem, emphasise the need of a robust IT landscape. To enable continuous improvement in both our business and technological landscape, our Digital Mission guides our next steps in our digital architecture and data framework – thus ensuring scalable solutions for the future.

One unified digital architecture and data framework

Data and digital architectures play a crucial role in our ambition to disrupt the automotive industry and drive innovation. All our strategic initiatives require data to enhance our products, services, customer experience and operational efficiency. Similarly, the architecture needs to support the new emerging business capabilities, both in terms of the user facing services as well as the digital backbone. By leveraging high quality data insights and a modern architecture, we can optimise our processes, boost efficiency, deliver exceptional customer experiences and focus on delivering on our strategy. Further, this may also lead to reduced administrative and overhead costs.

To achieve this, we are implementing a unified digital architecture and data framework, facilitating the seamless integration of emerging technologies such as companywide AI. Our strategic and systematic approach enhances data-driven decision making throughout the organisation evolving at an accelerated pace.

We are mindful of the responsibility that comes with handling large quantities of data and are committed to respecting privacy and protecting the personal data we hold.



Strengthening collaboration, increasing speed, adaptability and flexibility

As we continue to grow and expand, we simultaneously adapt the underlying digital capabilities. The intricate web of interconnected systems demands a strategic approach. We assess each business capability, evaluating whether to build in-house or buy existing solutions based on uniqueness and standardisation opportunities. In some areas, adopting standardised solutions can offer efficiency and speed, while in others building custom solutions allows us full control and the ability to meet unique requirements. By strengthening collaboration and governance, reducing dependencies, decoupling systems, and moving away from legacy platforms, our aim is to achieve greater speed, adaptability and flexibility.

OUR IMPERATIVES



Digital, data, connected and federated

Our ambition is to speed up decision-making and execution by using data and automation. We will do this with digital tools and platforms that are easy to deploy, connect, and scale across different business functions. To achieve this, we are strengthening our cross-functional digital governance, as well as sharpening our digital and data ambition and targets. Our assignment is knowing where to invest and what to phase out in our technology stack - business effectiveness in balance with cost and quality.

To scale across our company, we will collaborate with our subject matter experts in the company which have empowered roles and responsibilities to drive our common digital agenda. We will also collaborate closely with strategic suppliers for best practices and innovation power.

Collaboration will be the key to success, and it enhances our competitive edge.

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Sustainability Mission

We aim to reach net zero greenhouse gas emissions and contribute to a nature positive future, embrace the circular economy and improve people’s lives.

We aim to be pioneers in protecting people and the planet by working towards net zero greenhouse gas emissions and a nature positive future, embracing the circular economy and conducting responsible business. Our Sustainability Mission guides the actions that help to address global sustainability challenges and supports our profitable growth.

Climate Action

Our ambition to reach net zero greenhouse gas emissions by 2040 is consistent with the 1.5°C pathway and the goals of the Paris Agreement. We are taking action to reduce greenhouse gas emissions across our value chain, to meet our near-term climate ambitions to reduce the CO₂ emissions per car by 30–35 per cent by 2025 and 65–75 per cent by 2030 compared to 2018.

To reach the overall strategic ambitions on CO₂ reduction, we aim to reduce tailpipe emissions per car by 50 per cent by 2025 and 85–100 per cent by 2030 compared to a 2018 baseline by further expanding our fully electric line-up. Furthermore, we intend to introduce low and near-zero emission materials and increase the use of recycled content in key materials, such as steel, aluminium, batteries and polymers. By doing so, we aim to reduce CO₂ emissions from materials per car by 25 per cent by 2025 and 30 per cent by 2030 compared to 2018.

Our operational emissions, including production and distribution of our cars are, in relation to materials and tailpipe emissions, relatively small. We intend to reduce these operational emissions by 25 per cent per car by 2025 and 30 per cent by 2030 compared to 2018 by, for example, securing climate neutral energy in our own operations and switching to low-carbon fuels in our logistics.

Circular economy

We aim towards becoming a circular business by 2040 and contributing to a nature positive future. By reducing primary material

use, reducing freshwater use and improving overall efficiency, we aim to significantly reduce our environmental impact. Continuing work to increase the share of recycled content in our cars, rationalising our material pallet and focusing on durability remain a priority. By working to eliminate waste and pollution, we focus on reducing the impact of producing our vehicles in our operations and across the value chain. To avoid and reduce our impact on biodiversity from products and operations we have assessed our footprint and committed to a long-term ambition.

Our ambition is to increase circular revenue and support the decoupling of revenue and primary resource use. Expanding the scope of circular business to encompass more streams contributes to establishing circular value networks.

Responsible business

We aim to protect and improve people’s lives in our value chain and wider society. This means to live our values and support a culture of responsible business behaviour, at both a corporate and individual level, throughout our value chain. We support international standards and conventions, as well as the United Nations Sustainable Development Goals.

Further, we aim to source responsibly by tracing raw materials of concern to their origins and performing due diligence on our suppliers. We conduct risk-based human rights due-diligence processes to trace, identify, assess and address human rights risks. In collaboration with our stakeholders, we pursue positive change and sustainable investment. The Volvo For Life Fund will continue collaborating on social and environmental initiatives that empower people, protect our planet and ensure access to education when natural disasters strike.

Our company’s success is deeply rooted in our people. Prioritising our employees social, mental and physical wellbeing is vital to achieving our strategic objectives.





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OUR IMPERATIVES

> Sustainability – beyond CO₂

To remain sustainability pioneers, we will accelerate our strategic focus on responsible business, circular business and climate action. Sustainability can become a strong competitive advantage, helping us to realise our brand promise through more sustainable products.

Execution of our sustainability agenda is dependent on better integration in decisions and actions linked to products, operations and business. We are therefore putting a strong focus on integrating our sustainability ambitions into the daily operations and decision making of our company. Starting with CO₂ and recycled content, we are aligning our steering model on sustainability to our existing steering model on cost, to allow for well-informed and cost efficient sustainability decisions throughout the organisation.

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People Mission

We focus on our people to develop and enable them to live our values, leading to a positive impact on our business, customers, partners and wider society.

We have a strong, values-driven and ethical culture at Volvo Cars. In these challenging times, we know it is our culture that will take us the extra mile and our people who make the difference.

We remain ambitious: Our innovations, such as the three-point safety belt, have helped to save a million lives, and we are working on a million more. We aim to be pioneers in the protection of people and planet. Because that is what pioneers do: We set our sights to the seemingly unattainable and run towards it.

With that, we are confidently relying on the collective competence, drive and can-do attitude of our people, who time and again have proven that we can reach tough targets.

An accountable leadership

Leaders role model the behaviours we want to bring to life throughout our organisation. They guide in a sometimes uncertain and complex environment. Leaders who are comfortable with managing ambiguity create a safe space for teams and individuals to deliver and exceed on expectations. Performance and accountability start with leaders providing clarity in direction, daring to challenge, providing feedback and make sure commitments are followed through.



An efficient organisation

Individual and team-based efforts are supported by organisational structures that enable focus, collaboration, and speed in execution. As work evolves so must the systems needed to perform in this challenging environment. We aim to ensure our organisational structures, processes, policies and tools enable work and develop people, teams and the company as a whole. Applying a data informed and systematic approach helps us drive efficient and high performing organisations.

A great employee experience

Having a global, diverse workforce, with people who are willing to grow and develop their skills to bring out their best is central to our company’s success. By offering a safe, inspiring, and inclusive working environment, we unlock individual potential and raise the level of our collective performance.

In order to perform sustainably over time, you also need to nurture other aspects of life. We continuously invest not only in the health and safety but also in the wellbeing of our employees. The Family Bond by Volvo Cars, all-gender inclusive paid parental leave, and other initiatives are designed to encourage our employees to have a balance in life.



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OUR IMPERATIVES

> Talent, team and culture

Leaders are key to enabling a high performing organisation reflecting collaboration, efficiency, health and diversity. To further strengthen our leadership, we integrate leadership development and strategy execution, secure succession planning for key positions through consistent ways of working and establish structures that enable leadership team development at scale. On the top levels of the company business acumen and holistic business understanding becomes vital. As does cross functional behaviours, putting “Best for Volvo Cars” first. Our aim is to support our leaders with the right training, tools, coaching and mandates to perform at their best, thus inspiring others, executing our strategic agenda and taking Volvo Cars into the next century.



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Our values combined with our behaviours create our culture

Values

SAFETY & SUSTAINABILITY

We protect what’s important to you and the generations to come.

INCLUSION & COLLABORATION

We are strongest as a team. We value differences and all aspects of diversity to innovate and create the best solutions.

CREATIVITY & COURAGE

We explore and navigate the unknown by taking calculated risks. We bring our ideas to life and stand by our beliefs.

SIMPLICITY & EXECUTION

Based on a deep knowledge of people’s needs and our ability to learn fast, we make life less complicated for our people, customers, and partners.

INTEGRITY & TRUST

We are human-centric and embrace honesty, transparency, respect, empowerment and authenticity. We take pride in our responsibilities and do not cut corners.

Culture

We are **curious, collaborative, and courageous** working together on common goals. Through our **words and deeds**, we make the difference and bring positive change. We are **pioneers** in the protection of people and planet.

Core competencies

BUILDS TRUST

Gaining the confidence and trust of others through honesty, integrity, and authenticity.

COLLABORATES

Building partnerships and working collaboratively with others to meet shared objectives.

DRIVES RESULTS

Consistently achieving results, even under tough circumstances.

SELF-DEVELOPMENT

Actively seeking new ways to grow and be challenged using both formal and informal development channels.

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Code of conduct

We are a brand for people who care about other people and the world around us. By working towards net zero, embracing circular economy and conducting business responsibly, we reduce our impact on the environment, contribute to a fairer and more equal society as well as support our profitable growth. Our commitment to responsible, ethical and sustainable business is embedded in the way we act – as an employer; as an employee; as a member of the wider community. This is our way of doing business and base of our Code of Conduct.



WE...
CARE ABOUT PEOPLE

The Volvo brand has been carefully built for almost 100 years and is closely associated with a focus on people, sustainability and safety. We take pride in our role within society and we are committed to respecting and promoting human rights, including children's rights.

CARE ABOUT OUR BUSINESS PARTNERS

We are curious, collaborative and courageous, aiming to build long-term relationships with our business partners, creating bonds founded on trust and a Speak Up culture. When selecting business partners, we do so fairly and objectively with integrity and trust at the core of everything that we do.

ENCOURAGE A CULTURE OF OPENNESS WHERE PEOPLE
CAN RAISE THEIR GENUINE CONCERNS

We encourage people to express their views and opinions, ask questions and to point out unacceptable behaviour and actions – without fear of retaliation. By doing so, we foster our Speak Up culture.

CARE ABOUT SOCIETY AND THE ENVIRONMENT

We contribute to global and national efforts that create a better and more prosperous society – being pioneers in the protection of people and planet. We believe that we need to lead the transformation of the automotive industry to address climate change, in addition to proactively complying with all relevant regulatory requirements to which our products and services need to conform.

TAKE PRECAUTIONS AND FOLLOW OUR
CORPORATE POLICIES

As a matter of ethical practice, we apply "precautionary principles". This means that special precautions must always be taken whenever there is reason to believe that a potential action may negatively impact a person's health or safety, the society or the environment.

DEVELOP LEADERS THAT ENSURES OUR CODE
OF CONDUCT COME ALIVE

By embracing and demonstrating our leadership competencies, our leaders act in-line with our values and as role models for our culture. Thereby creating the foundation for our Code of Conduct to be part of everything that we do.

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Our corporate portfolio

As a global company with manufacturing facilities in Europe, China and the US, we engage in collaborative ventures and investments that contribute to achieving our strategic ambitions. We invest in companies and partnerships that enable us to deliver upon our strategic ambitions, improve our overall competitiveness and gain speed. The standalone setup of these companies creates focus and allows for an accelerated technology development and value creation that could be monetised also outside the Volvo Car Group.

COLLABORATION WITH THE WIDER GEELY ECOSYSTEM

As an independent Swedish business listed on the Stockholm Stock Exchange, we conform to the Swedish Corporate Governance Code and are subject to Swedish legislation. While we have autonomy as a standalone legal entity in the Geely ecosystem, we collaborate where we have strategic synergies. The collaboration is therefore based on a mutual benefit principle and is done at arm's length.

In order to meet the demands of our rapidly changing industry, we collaborate with other companies in the Geely ecosystem, in research and development, procurement, manufacturing and aftermarket sales and services. Intercompany synergies ensure optimal use of our resources and allow us to focus our investments in key development areas. While sharing vehicle architecture reduces development costs, the models built on shared platforms are designed and built to the standards our customers expect and conform with our requirements for quality, sustainability and responsible business.

Our collaborations with Geely Group companies follow the OECD's Transfer Pricing Guidelines. All intercompany collaboration is managed by our Related Party Directive and subject to external audits and legislation, including IAS 24 Related Party Disclosures, Nasdaq OMX, the Swedish Company Act Internal and Swedish tax and accounting regulations.



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NON-CONSOLIDATED PORTFOLIO COMPANIES

In November, Volvo Cars announced the planned divestment of its 30% shareholding in Lynk & Co Automotive Technology Co., Ltd to Zeekr (a company within the Geely sphere). The Extraordinary General Meeting on 6 February 2025 resolved to approve the Equity Transfer Agreement with Zeekr and the transaction was closed on 14 February. Volvo Cars will continue to focus on operational collaborations with Lynk & Co in selected markets where there is a strategic benefit for both companies.

The Polestar brand was founded as a racing brand in 1996 and was acquired by Volvo Cars in 2015. It was established as a stand-alone pure play, premium electric performance automotive brand in 2017. During 2024, Volvo Cars completed the distribution of 62.7 per cent of its shareholding in Polestar Automotive Holding UK PLC to its shareholders. At the end of the year, Volvo Cars' remaining share amounted to 18 per cent. In 2024, Polestar delivered approximately 45 thousand cars globally, a decrease of 15 per cent compared to 2023.

**OWNERSHIP: 18%
CO-OWNER: PSD INVESTMENT LTD,
GEELY SWEDEN AUTOMOTIVE
INVESTMENT B.V AND OTHER
FINANCIAL INVESTORS
INCLUDED IN EBIT***

* Included in share of income from joint ventures and associates

FULLY CONSOLIDATED PORTFOLIO COMPANIES

HaleyTek is a company developing Android-based infotainment software platforms. HaleyTek is developing the system used in Volvo and Polestar cars, integrating Google Automotive Services, OEM specific UX and vehicle applications, independent of vehicle architecture variations. In August 2024, Volvo Cars took full ownership of Haleytek as a strategic step to further strengthen our technological capability in software development for current cars and take ownership over technologies crucial to the company's future products.

**OWNERSHIP:
100% FULLY CONSOLIDATED**

In October 2024, Volvo Cars initiated a process to take full ownership of NOVO Energy, following a breach of the joint venture agreement where Northvolt AB had not fulfilled its financing obligations. Volvo Cars is evaluating any potential impact these developments may have for NOVO Energy Group and is investigating future scenarios to protect the investment. Any battery production at NOVO Energy is dependent on third party or other partner involvement.

On 25 January 2025, Volvo Cars and Northvolt AB signed a share purchase agreement relating to Northvolt's shares in NOVO Energy AB, leading to Volvo Cars taking full ownership of NOVO Energy AB, subject to approval by relevant authorities.

**OWNERSHIP: 50%
FULLY CONSOLIDATED WITH MINORITY
INTEREST
CO-OWNER: NORTHVOLT**

Zenseact is a software company focused on developing world-leading AD and ADAS software stack. The software stack includes perception, sensor fusion and vehicle control software utilising multiple sensors for object detection and positioning. Volvo Cars will continue launching Zenseact's ADAS software solutions and later also AD solutions, including upgrades, in various models of the next generation Volvo, for example the Volvo EX90.

**OWNERSHIP:
100% FULLY CONSOLIDATED**



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Board of Directors’ Report

The Volvo Car Group

Volvo Car AB (publ.) together with its wholly-owned subsidiary Volvo Car Corporation and its subsidiaries are jointly referred to as “Volvo Car Group” or “Volvo Cars”.

Volvo Car AB (publ.), registration number 556810-8988, with its registered office in Gothenburg, Sweden, is a publicly listed company on the Nasdaq Stockholm Stock Exchange traded under the ticker VOLCAR. The largest owner, holding 78.65 per cent of shares and capital, is Geely Sweden Holdings AB, owned by Shanghai Geely Zhaoyuan International Investment Co., Ltd., registered in Shanghai, China, and ultimately owned by Zhejiang Geely Holding Group Ltd., registered in Hangzhou, China. Volvo Car AB (publ.) holds shares in its subsidiary Volvo Car Corporation and provides the Group with certain financing solutions. Volvo Car AB (publ.), indirectly through Volvo Car Corporation and its subsidiaries, operates

in the automotive industry with business relating to design, development, manufacturing, marketing and sale of cars and thereto related services.

Volvo Cars sales development

The overall global passenger car market has faced several challenges in 2024, with continued economic uncertainty, additional tariffs in place, geopolitical tensions and inflation impacting consumer spending and confidence. Additionally, weaker demand in key regions such as China and Europe, have further strained market conditions. Despite these challenges, the market has seen a slowed but continued shift towards electrification and sustainability as key drivers of consumer choice.

Volvo Cars’ full-year retail sales set a new global sales record with 763.4 (708.7) thousand cars sold. Wholesales increased by 7 per

cent and production decreased by 1 per cent to 760.4 (766.7) thousand cars. Volvo Cars outgrew the premium car market and gained market share in many regions while maintaining price discipline, despite softening demand and uncertain economic conditions. Sales of BEVs increased by 54 per cent to 175.2 (113.4) thousand units, and PHEV sales increased by 16 (10) per cent.

Retail sales (k units)	2024	2023	Change %
Europe	369.7	294.8	25
China	156.4	170.1	–8
US	125.2	128.7	–3
Other	112.1	115.1	–3
Retail sales total	763.4	708.7	8
Electrified cars	352.8	266.0	33
<i>whereof BEVs</i>	<i>175.2</i>	<i>113.4</i>	<i>54</i>
Electrified cars share	46%	38%	
<i>whereof BEV share</i>	<i>23%</i>	<i>16%</i>	
Wholesales	782.6	732.3	7
Production volume	760.4	766.7	–1

Retail sales by model (k units)	2024	2023
BEV		
EX30	98.1	0.6
EX40	53.4	75.7
EC40	20.4	37.1
EX90	1.8	—
EM90	1.5	—
Non-BEV		
XC60	230.9	228.6
XC40	120.5	125.0
XC90	108.6	107.5
S60	44.0	40.2
S90	40.2	49.3
V60	34.1	30.4
V90	9.9	14.2
Total	763.4	708.7

Key ratios, MSEK	2024	2023	2022	2021	2020
Retail sales, units ¹⁾	763,389	708,716	615,121	698,693	661,713
Revenue	400,234	399,343	330,145	282,045	262,833
Research and development expenses	–16,983	–12,884	–11,514	–12,714	–11,362
Operating income, EBIT ²⁾	22,318	19,939	22,332	20,275	8,036
EBIT excl. share of income from JVs and associates ²⁾	27,040	25,567	17,889	21,226	8,388
Net income	15,934	14,066	17,003	14,177	7,308
Basic earnings per share, SEK	5.17	4.38	5.23	4.72	2.19
EBITDA ²⁾	45,048	37,386	38,423	35,280	22,578
Cash flow from operating activities	47,372	42,867	33,599	29,852	34,890
Cash flow from investing activities	–46,245	–51,842	–39,658	–34,737	–21,608
Net cash ²⁾	27,115	27,487	38,061	44,846	35,241
Gross margin, % ²⁾	19.8	19.4	18.3	21.6	17.5
EBIT margin, % ²⁾	5.6	5.0	6.8	7.2	3.1
EBIT margin % excl. share of income from JVs and associates ²⁾	6.8	6.4	5.4	7.5	3.2
EBITDA margin, % ²⁾	11.3	9.4	11.6	12.5	8.6
Equity ratio, %	36.6	36.6	35.4	33.4	26.8
Return on invested capital, ROIC, % ²⁾	12.0	12.4	16.7	18.6	7.9

1) Non-financial operating metric.
2) Non-IFRS measure (alternative performance measure), see Alternative performance measures on page 122.

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Top 10 retail sales by market (k units)	2024	2023
China	156.4	170.1
US	125.2	128.7
UK	66.4	50.1
Germany	62.0	45.5
Sweden	46.2	41.0
Netherlands	30.7	16.3
Belgium	25.2	23.9
Italy	22.1	19.2
France	19.4	15.3
Spain	18.0	14.7

Events during the reporting period

Green Financing in 2024

In January, Volvo Cars increased an existing bilateral credit facility agreement entered into in late 2023, with the purpose to finance investments that meet the eligibility criteria set out in the Green Financing Framework. The credit facility amounts to EUR 420 m after the increase and is undrawn as per end of the year.

In April, Volvo Cars issued a EUR 500 m green bond. A EUR 600 m bond, issued in 2019, matured during the year.

In September, an eight-year credit facility amounting to CNY 3,090 m was entered into and per end of the year the amount drawn is CNY 130 m. This facility meets the eligibility criteria set out in the Green Financing Framework.

In December, Revolving Credit Facilities of EUR 1,500 m with a five-year tenor and EUR 500 m with a three-year tenor were signed. Both facilities are sustainability-linked with a margin adjustment connected to the reduction of certain carbon emission and water consumption KPIs and have two one-year extension options. The new facilities have refinanced the Revolving Credit Facility of EUR 1,300 m with original maturity in 2026.

Volvo EX30 voted Premium Car 2024 at the Trophées de L’Argus

In January, the new Volvo EX30 was named Premium Car of the Year at the L’Argus Trophies ceremony, held on 23 January 2024 at the Folies Gruss in Paris.

Collaboration to establish a mobility innovation centre in Torslanda

In February, Volvo Cars announced it will be part of the upcoming Mobility Innovation Destination Torslanda, which is a tailored test bed of automotive development in Gothenburg, Sweden. This initiative continues Volvo Cars’ electrification journey and advancement of our next generation of premium electric cars and is a recommitment to our hometown of nearly one hundred years.

Volvo Cars streamlined model names to aid customer transparency

In February it was announced that the fully electric XC40 Recharge and C40 Recharge models were renamed to EX40 and EC40 respectively, to seamlessly fit in with the other fully electric Volvo car models: the EX30, EX90 and EM90. The XC40 name remains for internal combustion-powered variants of the model.

Volvo Cars’ industry-first connected safety technology

In February, Volvo Cars introduced a pioneering connected safety feature where, for the first time, cars can alert drivers of accidents ahead directly using real-time data from a traffic management centre. It will be available in compatible Volvo cars in Europe, starting from Denmark.

Volvo Cars partnered with Breathe for next generation fast charging

In March, Volvo Cars, through the Volvo Cars Tech Fund, partnered up with Breathe Battery Technologies (Breathe), becoming the first car company to get access to the latest version of its patented, algorithm-enabled charging software. The new technology will be implemented in our new generation fully electric cars, where it is expected to reduce the time it takes to charge a fully electric Volvo car from 10 to 80 per cent charging state by as much as 30 per cent, while maintaining the same energy density and range.

Volvo EX30 named 2024 World Urban Car

In March, the fully electric Volvo EX30 was awarded the title of 2024 World Urban Car at the New York International Auto Show. The model was also named as one of the top three cars in the world out of a list of 38 nominees.

Volvo Cars uses biogas to achieve its first climate-neutral plant in China

In April, it was announced that Volvo Cars’ Taizhou manufacturing plant switched to biogas, making it our first plant in China to achieve climate-neutral status. The plant’s switch from natural gas will result in a reduction of more than 7,000 tonnes of CO₂ per year.

The Volvo For Life Fund launched

In April, Volvo Cars launched a new philanthropic fund with the ambition to positively impact a million lives over time through support initiatives in the communities in which we operate. The Volvo For Life Fund will focus initially on social and environmental initiatives that centre around empowering people, restoring and preserving our planet, and providing protection when natural disasters strike. By working together with global and local partners, and channeling the engagement of communities and our employees, the Volvo For Life Fund continues our heritage of care and safety. For information on initiatives launched during 2024, see page 210.

Volvo EX30 received the prestigious Red Dot ‘Best of the Best’ Design Award

In April, the EX30, which was revealed in the summer of 2023, was awarded the prestigious Red Dot award: Best of the Best Product Design 2024 and has during the year already won several major awards.

Volvo Cars announced strategic leadership change

In May, in line with the Volvo Cars’ ongoing succession planning and organisation design, the following leaders joined the company’s Executive Management Team (EMT) to report directly to the CEO, Jim Rowan: Erik Severinson (Chief Product & Strategy Officer), Anders Bell (Chief Engineering & Technology Officer) and Francesca Gamboni (Chief Supply Chain Officer).

Distribution of shares in Polestar

In May, Volvo Car AB (publ) completed the distribution of 62.7 per cent of its shareholding in Polestar Automotive Holding UK PLC to Volvo Cars’ shareholders. After the distribution, the remaining shareholding in Polestar is 18.0 per cent. The distribution of Polestar shares was made through a 2:1 share split, a reduction of the share capital through redemption of shares, and an increase of the share capital through a bonus issue without issuance of new shares.

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Start of production of the fully electric EX90 SUV

During June, the production of the EX90 started at the Volvo Cars factory outside of Charleston, South Carolina, with the first customer deliveries during the autumn. The EX90 not only expands the Volvo Cars portfolio of fully electric cars, but also represents a paradigm shift for the company, being the first Volvo car powered by core computing technology enabling a new era of safety for our cars.

Volvo Cars took full ownership of HaleyTek

In August, Volvo Cars took full ownership of HaleyTek, a Gothenburg-based developer for Android-powered infotainment systems. Prior to the transaction, Volvo Cars ownership in HaleyTek was 60%. The remaining 40% was held by the global mobility technology company ECARX. The acquisition of the remaining stake in HaleyTek was a strategic step for Volvo Cars to further strengthen its technological capability in software development for current cars and take ownership over technologies crucial to the company's future products.

Acquisition of treasury shares in Volvo Car AB (publ.)

During August, Volvo Cars repurchased a total of 6,500,000 own shares of class B as part of the repurchase programme resolved by the Board of Directors in accordance with the authorisation granted by the Annual General Meeting 2024. During the fourth quarter 2024, a total of 1,479,806 shares were distributed to participants in the share matching programme 2022. As per 31 December 2024, Volvo Cars held 5,020,194 own shares. The repurchase programme was implemented to secure future delivery of shares to participants in Volvo Cars' Performance Share Plans and Employee Share Matching Plans adopted by the Annual General Meeting in 2022, 2023 and 2024.

Extended partnership with The Ocean Race

In August, Volvo Cars and The Ocean Race announced an extension of their partnership, including a joint mission on ocean health. Volvo Cars has been a partner to The Ocean Race for more than 25 years.

Successful launch of new Volvo XC90

In September, Volvo Cars launched the new and improved Volvo XC90, with improvement in technology and design updates inside and out. Together with Volvo Cars' fully electric models, plug-in hybrid cars like the XC90 and its siblings it makes up an exciting and balanced global product portfolio for Volvo Cars, providing a strong bridge to a fully electrified future.

Volvo Cars expanded collaboration with NVIDIA

In September, Volvo Cars announced that the collaboration with NVIDIA will be expanded. The Volvo EX90 is the first truly software-defined Volvo car, built on a centralised core compute architecture, made possible in collaboration with NVIDIA. This setup enhances everything from AI-based safety features to the customer experience, all while paving the way for safe autonomous driving.

All future fully electric Volvo cars will originate from one single technology stack

On Volvo Cars' Capital Markets Day, held in September in Gothenburg, Sweden, Volvo Cars revealed its new, game-changing approach to technology. Starting with the EX90, Volvo Cars' all future fully electric cars will be based on the same fundamental core of systems, modules, software and hardware, called the Volvo Cars Superset tech stack. It's a single tech and software base that contains all modules and functionalities that Volvo Cars will use in the future product line-up. Volvo Cars is also developing a new electric technology base, called SPA3 (Scalable Product Architecture), which will be underpinned by the Volvo Cars Superset tech stack. The first car to be built on SPA3 will be the forthcoming all-electric EX60 midsize SUV.

Volvo Cars adjusts key ambitions – remains committed to fully electric future

On Volvo Cars' Capital Markets Day, Volvo Cars also announced adjustments to its ambitions regarding electrification, CO₂, growth and EBIT. The long-term aim to become a fully electric car company remains, as well as the ambition to reach net zero greenhouse gas emissions by 2040. However, due to changing market conditions and customer demands, Volvo Cars has adjusted its ambitions. For more detailed information see page 5.

Volvo Cars adjusts leadership

In October it was announced that structural changes would be made in the Commercial area of the business, which were effective from 1 November. Those changes are designed to increase simplicity, speed and collaboration and reduce complexity by flattening our structure in the Commercial part of the business. This included Björn Annwall, Chief Commercial Officer & Deputy CEO, stepping out of his role and taking on new opportunities outside of Volvo Cars.

Volvo Cars initiated process to take full ownership of NOVO Energy AB

In October, Volvo Car Corporation notified its counterpart in the joint venture NOVO Energy AB, Northvolt AB, that Volvo Cars executed its redemption right to acquire Northvolt's 50% shareholding in NOVO Energy AB. The action followed a breach of the parties' shareholders' agreement where Northvolt AB has not fulfilled its financing obligations. NOVO is the joint venture for the establishment of a new battery manufacturing plant in Gothenburg.

Volvo Cars to sell 30 per cent stake in Lynk & Co to Zeekr

In November, Volvo Cars announced the planned divestment of its 30% shareholding in Lynk & Co Automotive Technology Co., Ltd to Zeekr. The close of the transaction was subject to the approval by the Extraordinary General Meeting of Volvo Cars' shareholders to be held on 6 February 2025, as well as other regulatory approvals.

Volvo EX30 SUV scores five-star rating in latest Euro NCAP safety tests

In November it was announced that the fully electric EX30 had scored a maximum five-star rating in the latest round of Euro NCAP safety testing.

Changes in Board of Directors and the Executive Management Team

Changes to the Board of Directors

- Winfried Vahland left the board in January 2024.

Changes to the Executive Management Team

- In February, Maria Hemberg left her role as General Counsel & Chief Legal Office, and was succeeded by Helen Hu. Maria Hemberg thereafter transitioned into a senior advisory capacity.
- In May, it was announced that Javier Varela, Chief Operating Officer and Deputy CEO, decided to pursue a new opportunity outside of Volvo Cars.
- In November, Björn Annwall left Volvo Cars and his role as Chief Commercial Officer and Deputy CEO, to take on new opportunities outside of Volvo Cars.

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Research and development

With five fully electric cars (EVs) already on the market and another five models in development, full electrification remains a key pillar of Volvo Cars’ product strategy. Its long-term aim remains to become a fully electric car company, and it also aims to reach net zero greenhouse gas emissions by 2040.

While Volvo Cars aims to retain its position as an industry leader in electrification, it has announced on an adjustment of its electrification ambitions due to changing market conditions and customer demands.

By 2025, it expects the percentage of electrified products to come in between 50 and 60 per cent. Going forward, Volvo Cars aims for 90 to 100 per cent of its global sales volume by 2030 to consist of electrified cars, meaning a mix of both fully electric and plug-in hybrid models. In the coming years, Volvo Cars expects to upgrade the plug-in hybrid range for markets that are not yet ready to go fully electric.

As an example, in September, Volvo Cars launched a new, updated version of the XC90 hybrid SUV. XC90 has been given a thorough refresh inside and out, which includes our new user experience with Google services built-in. The car will continue to improve over time thanks to regular over-the-air updates.

In terms of fully electric products, the deliveries of the EX90 started in September, with production ramping up in the Charleston plant in the US. The EX90 is the first car built on our Superset tech stack: one set of hardware and software for all our forthcoming cars,

making them better over time and allowing Volvo Cars to develop new cars in a more efficient and more profitable way. Starting with the EX90, Volvo Cars' all future fully electric cars will be based on the same fundamental core of systems, modules, software and hardware, called the Volvo Cars Superset tech stack. It is a single tech and software base that contains all modules and functionalities that Volvo Cars will use in the future product line-up.

Volvo Cars has during the year continued the development of a new electric technology base, called SPA3 (Scalable Product Architecture), which will be underpinned by the Volvo Cars Superset tech stack. The first car to be built on SPA3 will be the forthcoming all-electric EX60 midsize SUV.

Environment

Volvo Cars has a longstanding commitment to being a responsible company with a clear focus on sustainable development. Volvo Car Group's Sustainability Report has been prepared to meet the statutory requirements in accordance with the Swedish Annual Accounts Act, chapter 6, section 11. The scope and content of the Sustainability Report is defined on page 139 in this report.

Employees

In 2024, Volvo Car Group employed 42.6 (43.4) thousand full-time employees (FTEs) and 3.4 (3.8) thousand agency personnel. These decreases are mainly due to the costefficiency initiatives started during the first half of 2023.

Proposed distribution of non-restricted equity

The parent company

The following funds are at the disposal of the Annual General Meeting (AGM):

Share premium reserve	SEK	31,653,517,859
Retained earnings brought forward	SEK	–1,222,022,981
Net income for the year	SEK	6,451,866,455

At the disposal of the AGM	SEK	36,883,361,333
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The Board proposes the following allocation of funds:

Carried forward	SEK	36,883,361,333
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Significant events after the reporting period

On 25 January 2025, a share purchase agreement was signed between Volvo Car Corporation and Northvolt AB with respect to Northvolt AB’s shares in NOVO Energy AB. Completion of the transaction is dependant on approval from Swedish and US government authorities as part of Nortvolt AB's Chapter 11 process. Approval and transaction completion is expected during the second quarter 2025.

On 14 February 2025, the divestment of Volvo Cars 30 per cent shareholding in the joint venture Lynk & Co Automotive Technology Co., Ltd to Zhejiang Zeekr Intelligent Technology Co., Ltd (“Zeekr”) was completed.

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The Nomination Committee’s proposal for election of members to the Board of Directors of Volvo Car AB (publ.)

The Nomination Committee of Volvo Car AB (publ.) has decided to submit the following proposals for resolution at the Annual General Meeting of shareholders on 3 April 2025:

Re-election as members of the Board of Directors: Eric Li (Li Shufu), Daniel Li (Li Donghui), Lone Fønss Schrøder, Jonas Samuelson, Diarmuid O’Connell, Lila Tretikov, Jim Rowan, Anna Mossberg and Ruby Lu. Eric Li (Li Shufu) to be re-elected as Chairperson of the Board of Directors and Lone Fønss Schrøder as Vice Chairperson.

Remuneration guidelines to senior executives

The following principal guidelines for remuneration to senior executives were adopted at the Annual General Meeting held on 3 April 2023. These guidelines shall be applicable to remuneration to the Executive Management Team, including the CEO, (“EMT”) of Volvo Car AB (“Volvo Cars”). The guidelines implies that the People Committee, instead of Board of Directors in its entirety, is responsible for certain resolutions pursuant to these guidelines.

Types of remuneration

The total remuneration package for the EMT may consist of the following components; fixed cash remuneration, variable cash remuneration, pension benefits and other benefits. The components of remuneration shall be in accordance with market practice. Additionally, the General Meeting may – irrespective of these guidelines – resolve on, among other things, sharerelated or share price-related remuneration. Please refer to Share-based or share price-related incentive programmes below.

Variable cash remuneration

The satisfaction of criteria for awarding short-term variable cash remuneration shall be measured over a period of one year, whereas the satisfaction of criteria for awarding long-term variable cash remuneration shall be measured over a period of three years.

For the CEO, the short-term variable cash remuneration may amount to not more than 200 per cent of the annual fixed cash salary on 31 December at the end of each performance year, and the long-term variable cash remuneration may amount to not more than 150 per cent of the annual fixed cash salary the year the programme was implemented. For the other EMT members, the short-term vari-

able cash remuneration may vary but amount to not more than 140 per cent of the annual fixed cash salary on 31 December at the end of each performance year, and the long-term variable cash remuneration may vary but amount to not more than 120 per cent of the annual fixed cash salary the year the programme was implemented. For information on the criteria for awarding short- and long-term variable cash remuneration, please refer to below section Criteria for awarding variable cash remuneration.

Extraordinary arrangements

Further variable cash remuneration may also be paid out in extraordinary circumstances, provided that such arrangement is of a one-time nature and is agreed on an individual basis for management recruitment or retention purposes or as compensation for extraordinary efforts beyond the individual's ordinary assignment. Such remuneration shall be in line with market practice and may for example include a one-time cash payment, retention bonus or severance payment in case of a change of control, or similar. The remuneration may amount to not more than the fixed annual cash salary for one year and shall not be paid more than once a year per individual. Resolutions on such compensation shall be made by the People Committee based on a proposal from the CEO if an EMT member (other than the CEO) is concerned and by the People Committee and the Chairperson if it relates to the CEO.

Share-based or share price-related incentive programmes

The Board of Directors may, irrespective of these guidelines, propose the general meetings to resolve on long-term share-based or share price-related incentive programmes. During the previous annual general meetings held from 2022 and onwards, the Board of Directors proposed, and the annual general meetings approved long-term share-based incentive programmes comprising, amongst others, the EMT. The Board of Directors intends to propose forthcoming annual general meetings to approve similar incentive programmes. No new long-term variable cash programmes will therefore be offered to the EMT as long as there is a long-term share-based program in place.¹⁾

Pension benefits

For the CEO, pension benefits shall be a defined contribution scheme and the pension premiums may amount to no more than 50 per cent of the annual fixed cash salary. Variable cash remuneration shall not qualify for pension benefits.

For other EMT members, pension benefits shall be a defined contribution scheme and the pension premiums may amount to no more than 30 per cent of the annual fixed cash salary. Some current EMT members have a defined benefit pension as part of a pre-existing agreement. To the extent that variable cash remuneration qualifies for pension benefits under the applicable collective bargaining agreement, the pension benefits shall be deducted from the cash payment and paid as pension.

Other benefits

Other benefits may include, for example, medical insurance, annual health check-up and company cars. Such benefits may amount to no more than 20 per cent of the annual fixed cash salary.

For employments governed by rules other than Swedish, pension benefits and other benefits may be duly adjusted for compliance with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these guidelines.

EMT members who are expatriates (i.e., are sent on an international assignment and are not on a local employment contract) may receive additional remuneration and other benefits determined in line with Volvo Car Group’s International Assignment Instruction which may include (but are not limited to) relocation cost, cost of living allowance, housing, schooling, home travel allowance and tax assistance. Such benefits may amount to no more than 160 per cent of the annual fixed cash salary.

Termination of employment

Upon termination of an employment, the notice period may not exceed twelve (12) months. Fixed cash salary during the notice period and severance pay may together not exceed an amount corresponding to the individual’s fixed cash salary for two (2) years, subject to applicable law.

When termination is made by the EMT member, the notice period may not exceed twelve (12) months, without any right to severance pay.

Additionally, remuneration may be paid for non-compete undertakings. Such remuneration shall compensate for loss of income and shall only be paid in so far as the previously employed executive is

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1) At the annual general meetings held following adoption of these remuneration guidelines, similar long-term share based incentive programmes have been proposed and approved by the general meetings.



not entitled to severance pay. The remuneration may amount to not more than 60 per cent of the monthly base salary at the time of termination of employment and be paid during the time the non-compete undertaking applies, however not for more than twelve (12) months following the termination of employment.

Criteria for awarding variable cash remuneration

The variable cash remuneration shall be linked to predetermined and measurable criteria which can be financial or non-financial. They may also be individualised, quantitative or qualitative objectives. The criteria shall be designed so as to contribute to the Group's business strategy and long-term interests, including its sustainability, by for example being clearly linked to the business strategy or promote the executive's long-term development.

The variable short-term cash remuneration shall be linked to Volvo Car Group's earnings before interest and taxes (EBIT), sales and mission execution activities.

Variable long-term cash remuneration, which is not approved by a general meeting, if any, shall be linked to the satisfaction of certain performance conditions related to operating margin and revenue growth measured over the term of the programme.

To which extent the criteria for awarding variable cash remuneration have been satisfied shall be evaluated when the measurement period has ended. The People Committee is responsible for the evaluation. For financial objectives, the evaluation shall be based on the latest financial information made public by the company.

The Board of Directors shall have the possibility, in accordance with applicable law or contractual provisions, to in whole or in part reclaim variable remuneration paid on incorrect grounds (claw-back).

Salary and employment conditions for employees

In the preparation of the Board of Directors' proposal for these remuneration guidelines, salary and employment conditions for employees of the company have been taken into account by including information on the employees' total income, the components of the remuneration and increase and growth rate over time, in the People Committee's and the Board of Directors' basis of decision when evaluating whether the guidelines and the limitations set out herein are reasonable.

Share ownership guidelines for members of the EMT

Since the Board of Directors believes that long-term share ownership is an important way to create alignment between the EMT members and Volvo Cars' shareholders, it has implemented the following policy of share ownership for members of the EMT. The Board of Directors expects the CEO and other members of the EMT to accumulate personal holdings in shares with a market value corresponding to the value of 100 per cent of the EMT member's annual fixed cash salary. It is expected that the personal holding of shares be established within five years from the listing of the Company and, for new hires, within five years from commencement of employment with the Group as CEO or other member of the EMT. The CEO and the other members of the EMT are expected to achieve share ownership by retaining shares allotted (net after taxes payable) under future incentive programmes. Further, upon reaching the recommended share ownership level, it is expected that the CEO and the other members of the EMT maintain shares of such value for the duration of their appointment as CEO or the other member of the EMT.

Remuneration guidelines governance

The Board of Directors has established the People Committee, whose tasks include preparing the Board of Directors' decision to propose guidelines for EMT remuneration. The Board of Directors shall prepare a proposal for new guidelines at least every fourth year and submit it to the general meeting. The guidelines shall be in force until new guidelines are adopted by the general meeting.

The People Committee shall also monitor and evaluate variable pay programmes, the application of the guidelines for executive remuneration as well as the current remuneration structures and compensation levels in the company.

The members of the People Committee are independent of the company and its executive management. Neither the CEO nor any other EMT member participate in the Board of Directors' processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters.

Deviation from the guidelines

The Board of Directors may temporarily resolve to deviate from the guidelines, in whole or in part, if in a specific case there is special cause for the deviation and a deviation is necessary to serve Volvo Car Group's long-term interests, including its sustainability, or to ensure the Group's financial viability.

The People Committee's tasks shall include preparation of any resolutions to deviate from the guidelines.

The Board of Directors' proposal to guidelines for executive remuneration 2025

The Board of Directors of Volvo Car AB ("Volvo Cars") proposes that the 2025 annual general meeting resolve on the following guidelines for remuneration to the Executive Management Team (including the CEO and any deputy CEO) ("EMT"). The guidelines replace the guidelines adopted by the annual general meeting 2023. In relation to the current guidelines, the proposal includes changes (other than editorial changes) in the form of added clarifications to the share ownership guidelines for members of the EMT and amended principles to determine the performance criteria for awarding variable remuneration.

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Enterprise Risk Management

Risk is an integral element of business and is characterised by both threats and opportunities. The ability to manage risks may lead to opportunities and value creation while avoiding damages and losses. Volvo Cars risk management process aims to support the business in identifying, managing and monitoring critical risks which may impact our ability to achieve financial targets and strategic objectives. Identifying and adjusting course of action when threats evolve is important in our management of risks.

The Enterprise Risk Management (ERM) is integrated in the business with an objective to improve decision making, proactively protect the fulfilment of strategies and plans and protect our assets.

Volvo Cars is committed to foster a systematic risk management approach driven by organisational culture, core competences and leadership behaviours, integrated in our daily operation, and based on best practice way of working.

Management summary

The Top Risks for 2024 reflect the strategies of the company – Out-grow the premium car market, Electrification and Sustainability, as well as our extensive collaborations with strategic partners and affiliates across the total supply chain. The headwinds from 2019 to 2022 have been normalised as the combined cause of events with major supply chain and logistic disturbances, COVID-19 aftermath and semiconductor shortages have been resolved. However, the geopolitical tensions, technological decoupling and deglobalisation continue to drive risk landscape. Swiftly identifying and adjusting when threats materialise, are key strengths in our resilience capabilities.

In 2024, the car industry was facing significant challenges due to economic slowdowns in key markets like China, Europe, and the US, which are affecting consumer spending. Increased tariffs and trade barriers are complicating supply chains. Heavy investments in new

technologies are yielding slower returns, leading to profit warnings from major European car makers. While there is strong EV growth in China, the Europe and the US markets are experiencing moderate demand with challenges in pricing and infrastructure.

In light of this, Volvo Cars has during 2024 adjusted the electrification ambitions. We need a balanced and pragmatic approach to our business offering and our product offering. A balanced portfolio of fully electric and hybrid cars, that creates the strategic flexibility to leverage our strengths in each and every region. The company is focusing on cash preservation to support future investments and continuously adapting to market changes to maintain profitability and growth.

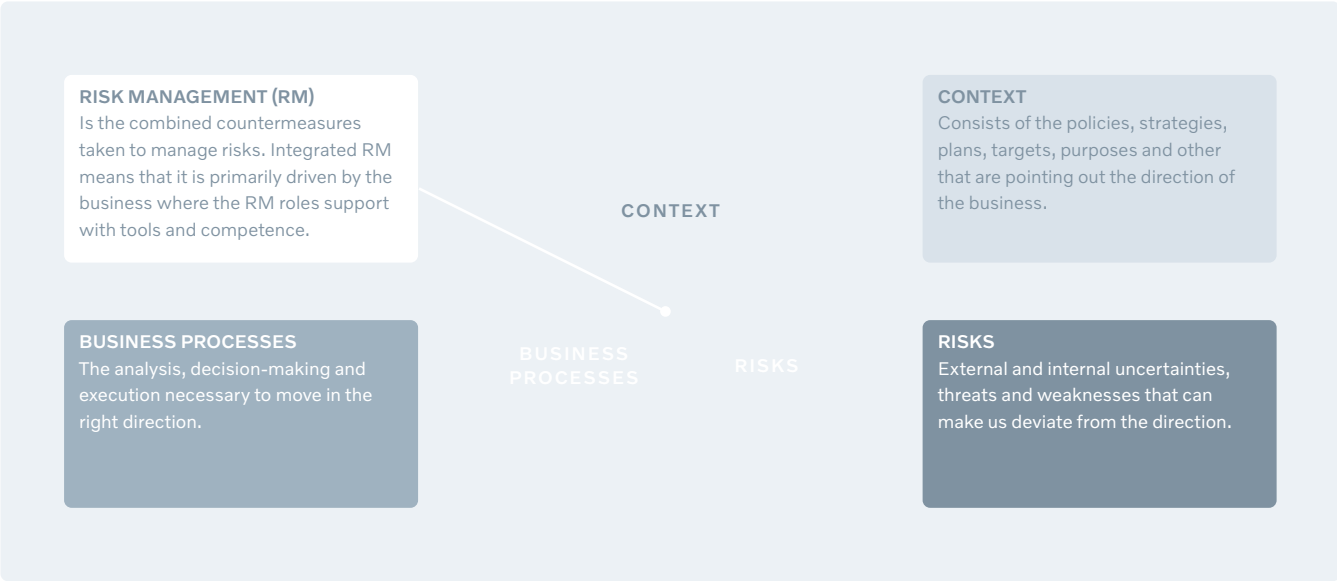
The ERM function in Volvo Cars started a transformation journey in 2020 focusing on cultural changes, governance and efficient processes to meet stakeholder expectations for a listed company. By the end of 2024 we have taken a major step towards a modern and integrated Risk Management, a journey that will continue during 2025 and onwards. The main theme for Risk Management function is continuous improvement and cross functional collaboration. The ERM also supports effective Business Continuity Management and transparency towards our external stakeholders.

Governance

The ultimate responsibility for ensuring risks (including climate and nature related risks and opportunities) of Volvo Cars are sufficiently managed lies with the Board of Directors. However, certain related tasks are delegated to the Audit Committee. Ensuring an appropriate level of risk management on the operational level is the responsibility of the Chief Executive Officer and the Executive Management Team, where the Head of Enterprise Risk Management reports through the CFO.

The formal ERM reporting, of top risks, towards the Executive Management Team and Board of Directors occurs twice a year. Input is gathered quarterly throughout the organisation via the local risk managers, resulting in a comprehensive overview of risks within the organisation. For all identified risks, risk owners are appointed, and the risk owner will ensure management of risks in alignment with our Risk Management principles.

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Prior to the reporting is done to the Executive Management Team and Board of Directors, a prework is done by an ERM Core team. The ERM Core team consists of senior managers to ensure risks are reviewed, discussed and prioritised with a cross-functional perspective and evaluated based on relevance for Volvo Cars. Additionally, the Internal Audit function serves as 3rd line of defense by providing an objective review of the effectiveness of Risk Management in the Group.

Volvo Cars works with the three lines of defence model to manage risks effectively. During the year, the Governance, Risk and Compliance (GRC) organisation has continued to develop a harmonised taxonomy alongside the continuing of implementing a cross-functional GRC system across the company, with the purpose to enhance our ability to monitor, manage and mitigate risks effectively.

For sustainability risks the recommendations of the Task Force on Climate-related Financial Disclosures (TCDF) are followed.

Risk culture

Our culture is directly related to our purpose: For life. To give people the freedom to move in a personal, sustainable and safe way.

Volvo Cars’ risk management builds on a shared culture outlined in Our Blueprint that ensures all employees understand and manage the risks inherent in their daily work. We will reinforce this with risk maturity e-learning to boost the understanding and implementation of our risk management principles stated in risk management procedure, directive and guidelines.

Volvo Cars Risk Management aims for a holistic approach to managing risk, starting with governance and taxonomy that facilitate collaboration and transparent decision making, connecting to the strategy and risks and opportunities embedded in that strategy.

We explore and navigate the unknown by taking calculated risks. The opportunities pursued to fulfil our corporate objectives need to balance the risks.

Risk management principles

The risk management function at Volvo Cars strives to be dynamic, iterative, and responsive to changes. Dynamic risk management means that we consider that the risk landscape changes rapidly, evolves, and interacts with other risks constantly. Iterative means that the risk management cycle is constantly active in our business. Our business context is constantly changing, and risk management must be responsive to these changes.

We want risk management to be driven by culture and leadership behaviours, integrated in our daily operation, and based on best practice way of working.

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APPROACH TO RISK	Averse	Minimalist	Cautious	Open	Hungry	Note
STRATEGIC			↔			Medium – High risk appetite because of high opportunities. High management attention.
OPERATIONAL		↔				Wide range due to wide range of risk areas. Each area to do cost benefit analysis and review insurable risks. Strong process control.
FINANCIAL		↔				Wide range connected to relevant business decisions. Strong second line control. Normally includes both downside and upside.
COMPLIANCE & FINANCIAL REPORTING	↔					Zero to Low appetite, strong first and second line control. Company policy sets the principles.

Approach to risk

Risk management at its core is based on what approach we choose to have for risks. At Volvo Cars, the approach is dependent on the category of risk in question.

Quantification of risk

The risk management function is responsible for the development of the risk quantification model. The model makes sure that identified risks are quantified in a uniform way thus being able to threshold the Enterprise risks from Operational risks. Risk quantification involves evaluating and scoring risks using impact and likelihood parameters aligned to ISO 31000. Impact can be assessed from different angles for Volvo Cars as per the figure below. The risk quantification framework includes assessing the impact in six different risk areas. Risks with high likelihood and high impact are given priority and focus by the Executive Management Team (EMT), while those with moderate likelihood and impact are handled within functional areas. The ERM Core team reviews functional reported risks as well as consolidated

risks before presenting them to the EMT and the Board of Directors (BoD).

Risk drivers and accelerators

There are some key, more generic, factors that influence our business and drive risk. Individually, these are not considered risks, but rather drivers or accelerators, which in combination with other factors can simultaneously accelerate the pace at which a risk is evolving or even create completely new risks. These accelerators are also important factors for Volvo Cars strategy work.

As an organisation, we can only control our preparedness to respond to these factors with the right strategies for the future. Intelligence on the trends is gathered and used as a base for decisions on our strategic direction.

Gathering intelligence is a crucial part of mitigating risks driven by these various trends. More information about our industry and market trends can be found on pages 15–17, and our strategic work on pages 18–37.



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QUANTIFICATION OF RISK	Health & Safety	Society	Planet & Environment	Brand & Reputation	Business Continuity	Financial	Note
HIGHER ERM RISKS							EMT focus
MODERATE ERM RISKS							EMT awerness
HIGHER OPERATIONAL RISKS							Functional focus
LOWER TO MODERATE OPERATIONAL RISKS							Management of the risks in the functions

Risks

The risks presented in this section are a summary of prioritised risks for 2024. Each risk is described, and key response actions highlighted. The outlook refers to how the risk is evolving, thus whether the level of risk can be seen as increasing, stable, or decreasing.

The main risk categories are:

Strategic – the risks that might impact reaching strategic objectives

Operational – the risks that might interfere with operations

Compliance – the risks that might impact our compliance with laws and regulations

Financial – the risks that might impact the financial result and/or valuation

STRATEGIC RISKS

Risk	Description	Response	Outlook
→ Challenges with market shift, intense competition and consumer behaviour in electrification transformation	As customers move towards electric vehicles, there is uncertainty on the pace of consumer acceptance, market by market. The move from ICE vehicles to BEV is dependent on factors like range, charging experience and price. In combination with geopolitical developments and impacts from instable macroeconomics there is a risk of adverse effects on our growth plans both with regards to volumes and margins. In addition to this, shifting regional market demands put pressure on us as competition continuously increases.	The launch of fully electric vehicles on new platforms with competitive range as well as face lifts of the existing ICE car line-up are examples of our commitment to our strategy to balance commercial demands. As well as adapting car line-up, supply chain and manufacturing capacity to the regional differences.	Continued uncertainties due to the instability in livelihood circumstances for our customers in combination with increased competition.
→ Compliance with Regulatory Requirements	Ensuring compliance with regulatory requirements is critical to avoid fines, legal actions, and reputational damage. Main risks Volvo Cars face are the rise of complexity, cost and business implications when operating in markets with different regulatory compliance standards, where the operational costs and administrative burden increases while maintaining compliance across all jurisdictions.	As laws and regulations evolve, in different jurisdictions, Volvo Cars must continuously adapt business processes and policies to remain compliant. This requires ongoing monitoring and a proactive approach to regulatory changes, which can be resource intensive. Ensuring that our teams are well-informed and trained on regulatory requirements in all parts of the business is essential to mitigate this risk.	The complexity of the regulatory landscape is increasing.
→ Lack of strategic competencies	The fierce competition for strategic competencies leads to a risk of inability to attract and retain the right talent, posing a risk to our speed of transformation. Volvo Cars compete in a new landscape outside of the traditional automotive sector and are dependent on attracting tomorrow's talent.	To have progressive ambitions and strive to be in the forefront of the automotive transformation with a strong sustainability mindset creates attention and curiosity among key talents. In addition, following actions are in place to improve access to strategic competences; strengthen people plan process, defining clear talent journey, establishment of talent sourcing team, site strategy e.g. developing tech-hubs.	As Volvo Cars compete in a broader arena for key talents the pace of competition for talents is expected to increase.
→ Geopolitical tensions and regionalisation resulting in increased tax/duties/tariffs and export controls	Geopolitical regionalisation introduces risk of increased protectionism as countries and regions impose trade restrictions and trade tax/duties/tariffs/ licensing on technology, which leads to technology decoupling.	With our global presence, we are naturally partly hedging the regional differences between our markets. Our ambition to build where we sell and source where we build is progressing through our established manufacturing footprint and increased local sourcing.	Regionalisation continues and shows no sign to stabilise in the near future.
→ Unable to be on the forefront of sustainable transformation	The global risk of climate change including biodiversity impact generates public expectations on accelerating speed of sustainability transformation. This is a risk if Volvo Cars is not able to proactively adapt business plans and transition its business, including the complex value chain, potentially risking negative brand reputation and loss of sales.	Volvo Cars' sustainability strategy and ambitions are designed to enable a proactive approach by addressing and mitigating effects of climate change with climate action and circular economy as two key areas. Our ambition is to achieve net-zero greenhouse gas emissions by 2040. Our focus is to decrease our CO ₂ footprint in operations, supply chain and tailpipe, with the transformation into electrification as a fundamental driver. Our work to secure access to renewable energy throughout the value chain is continuous. Recycled content strategy is being refined, and new business models are explored. During 2024 we developed a Corporate Biodiversity Footprint Assessment and are working to reduce our impact in our total value chain. For more details on our sustainability strategy and performance, see the Sustainability section in this report.	Policies promoting electrification are shifting consumer preferences for mobility. Increase of energy prices also increases consumer awareness around energy consumption and fossil fuel prices. It also highlights the need to secure fossil free electricity throughout our value chain. There are trends on growing importance and focus on a circular economy and resource consumption, including biodiversity and water impact and both topics part of our sustainability strategy.
→ Disruptive technology creates rapid market changes	The increased pace in technology development, including the shift from hardware to software defined products, drives complexity while it also streamlines operations, reduce costs and secure future flexibility.	Volvo Cars future electric cars will be based on the same fundamental core of systems, modules, software and hardware, called the Volvo Cars Superset tech stack. The Superset tech stack approach, which enables us to deliver one brand in many different product flavours, is emblematic of our overarching idea of how to make cars.	Increasing due to the pace of technology development in the car industry.

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OPERATIONAL RISKS

Risk	Description	Response	Outlook
→ Cyber risk	The importance of cybersecurity is increasing in order to ensure a resilient business. Cybercriminals are well organised and pose a multitude of threats to organisations, for instance ransomware, information theft, fraud and more. Both the cybersecurity industry and regulators are addressing these threats with a mix of regulations, standards, services, and tools to mitigate the threat and impact. Volvo Cars has a global and diverse digital footprint, and cybersecurity is essential in protecting all digital assets and critical business processes.	Volvo Cars Cybersecurity organisation has a global footprint and is equipped to manage cybersecurity risk company wide. A governance model is in place with policies, standards, advisory, security practices implementation and incident services. An overarching Cybersecurity program addresses improvement areas across company functions globally. Reporting is provided regularly to Executive Management and Board of Directors.	The cyber risk is increasing in general and that is affecting Volvo Cars.
→ Business interruption	Volvo Cars may experience disruption to manufacturing, design and research and development capabilities for a variety of reasons, such as climate change, natural disasters, acts of war, epidemics and other external events.	Business interruption is to a certain extent an insurable risk although the impact may go beyond direct financial impact. Our product strategy aims to provide the consumer with options that are less dependent on the status of individual sites.	Due to the Russia-Ukraine war, instability in Middle-East, the geopolitical climate and increased frequency/impact of natural disasters posed by climate change the risk remains high.

COMPLIANCE RISKS

Risk	Description	Response	Outlook
→ Potential human rights violations in our total value chain	Volvo Cars has a global and complex value chain including sourcing from high-risk countries. This means that it is even more important to safeguard fundamental human rights and minimise the risk that human rights violations occur at any instance of our total value chain.	Aligning the corporate agenda in responsible business areas and monitoring the risks. Securing risk based due diligence activities in our value chain and Code of Conduct for business partners to be fulfilled. Upcoming EU Corporate Sustainability Due Diligence legislation will help standardise expectations according to OECD guidelines. A human rights compliance function and program has been established within the Compliance & Ethics Office which guides the work around our most salient human rights issues across our value chain, with improved, risk-based human rights due diligence procedures for potential and actual impacts.	The public's expectations and awareness are increasing. Current and new national and regional legislations are increasing in width and depth and puts more responsibility on global companies' due diligence efforts.

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FINANCIAL RISKS

Risk	Description	Response	Outlook
→ Macroeconomic development	Risk for negative effect on business due to deteriorating macro-economics, unstable geopolitical landscape, regional protection-ism and potential recession with lower purchasing power among consumers. Also, risk that our supply chain will be affected in a potential market decline.	Dependent on how the macro environment develops, Volvo Cars can adjust the timing or reduce the size of investments to protect the cash flow. A close co-operation with our supply chain is also supporting the mitigation of these risks.	Fragmented growth with divergences between US and Europe. Weak growth in China and Germany expected to be supported by further financial easing. Global fight against inflation largely won but persistent inflation in the US could remain sticky in a strong and resilient US economy.

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It is important to note that ERM section of the annual report only focuses on the top risks of the group. In addition, Volvo Cars has extensive risk management ongoing in the company within several areas with daily focus on risks and preventive actions. Below some major risk management areas are referenced, for additional information refer to the specific pages disclosed.

Financial risks

- A major risk area is Financial Risks, which are highly regulated with regard to transparency of reporting. Financial risk management are performed in the following areas where the risk management activities is elaborated:
- Hedge accounting, page 103
 - Currency transactions, page 106
 - Funding and liquidity, page 107
 - Interest rate, page 109
 - Commodity price, page 109
 - Credit, page 110

A sensitivity analysis of selected financial risks and further details can be found in Note 19 – Financial instruments and financial risks and Note 22 – Post employment benefits.

Environmental risks

Global warming puts focus on the interconnectivity between physical environment and our business. Volvo Cars continuously evaluates how climate change transitional risks affect our business and operations as sustainability is integrated in our corporate strategy. Operating in the automotive industry, Volvo Cars acknowledges the global threat of climate change and global warming, particularly focusing on mitigating our own contribution. In WEF’s (World Economic Forum’s) 2024 Global Risk Report, this was highlighted as the most severe long-term risk facing the world. Climate related risks account for the top 3 greatest risks over the next 10 years (extreme weather events, critical change to Earth systems, biodiversity loss and ecosystem collapse). We follow the recommendations of TCFD (Task Force on Climate-related Financial Disclosure) and are assessing the new recommendations of Taskforce on Nature-related Financial Disclosures (TNFD) for future alignment. The double materiality assessment is an integrated part of our risk management process and part of keeping track of the external risk landscape. For scenario analysis of transitional and physical risks, see sustainability

section elaborating on the double materiality assessment methodology, see page 150. For further information on climate specific risks and our stance to fight the accelerating effects of climate change, see sustainability section on page 159.

Responsible business risks

The responsible business section emphasises the company’s commitment to sustainability, ethical practices, and social responsibility. It outlines the various initiatives and strategies implemented to ensure that the company operates in a responsible and sustainable manner. This includes efforts to reduce environmental impact, promote diversity and inclusion, and ensure ethical business practices throughout the supply chain.

In terms of risk management, the integration of ERM with business sustainability is highlighted. This involves the implementation of automated ERM/GRC tools to enhance transparency and improve risk reporting practices.

Compliance & Ethics and responsible business risks are further elaborated in the C&E section on page 58.



Corporate governance

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Corporate Governance Report

Corporate governance within Volvo Car Group

The purpose of Volvo Car Group's corporate governance is to create a strong foundation for active and responsible ownership, a proper distribution of responsibilities between the different company bodies, as well as proper communication with all of the Group's stakeholders with the purpose of driving sustainable growth and good governance.

The corporate governance principles adhered to by Volvo Car Group are based on Swedish law, mainly the Swedish Companies Act (Sw. Aktiebolagslagen (2005:551) and the Swedish Annual Accounts Act (Sw. Årsredovisningslagen (1995:1554)), the Swedish Code of Corporate Governance (the "Code") and Nasdaq Stock-

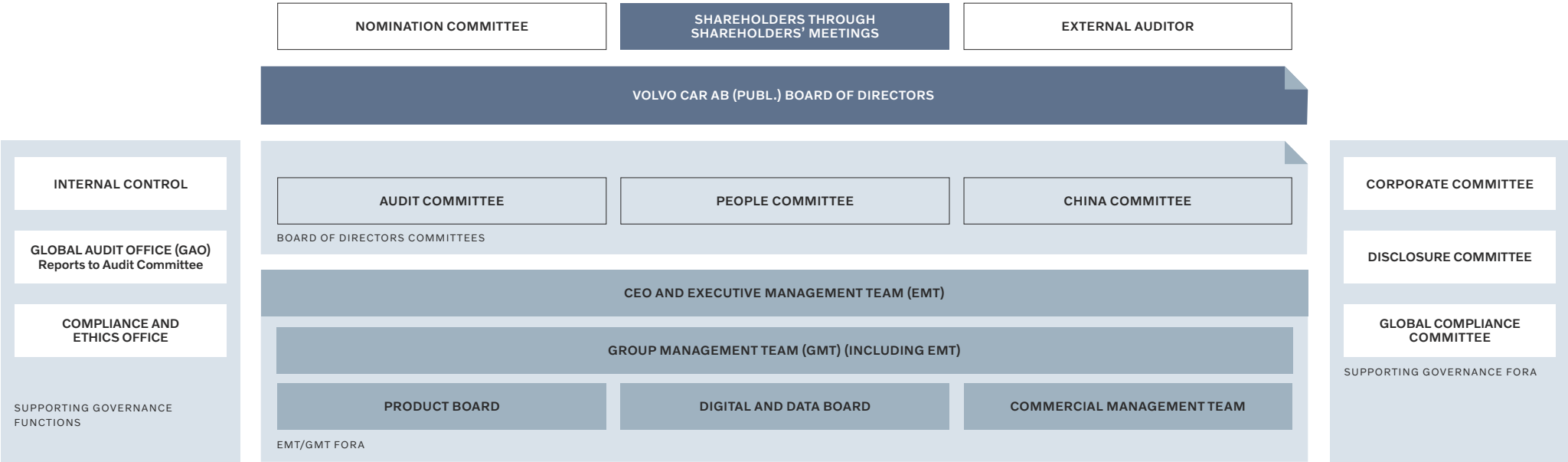
holm's rulebook for issuers as well as other relevant laws and regulations. The Code is based on the "comply or explain" principle, meaning that companies are not obliged to at all times apply every rule in the Code, but are allowed the freedom to choose alternative solutions which are better suited for their particular circumstances, provided they report every deviation, describe the alternative solution and explain the reasons for the deviation.

Volvo Car Group applies the principles of sound corporate governance and responsible business practice, and the Code without any deviations with the following exception. The Code rule 1.3 stipulates that the company chair is to be present at shareholders' meetings. The chairperson of the Board of Volvo Car AB was present at the

annual general meetings held during 2023 and 2024 via video link and addressed the shareholders with his annual speech. Volvo Cars has been informed that the chairperson was unable to attend the annual general meetings in person due unforeseen meeting conflicts.

The Board of Directors of the Company (the "Board") is responsible for Volvo Car Group's organisation and the management of its business worldwide and is obliged to follow directives provided by the General Meetings. The Board may appoint committees with specific areas of responsibility and furthermore authorise such committees to decide on specific matters in accordance with regulations established by the Board.

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The Board has decided to delegate certain tasks related to sustainability reporting to the Audit Committee. The responsibility for sustainability matters in general, including but not limited to the strategic aspects thereof, stays with the Board. As of 20 September 2023, the Board decided to incorporate a new temporary China Committee that will prepare, and review matters on behalf of the Board regarding the strategic direction and development of Volvo Cars’ business in China. In December 2024, the Board decided to continue with the China Committee for one additional year. For 2024, the Board’s committees consisted of the Audit Committee, the People Committee and the China Committee.

The Chairperson of the Board directs the work of the Board and monitors the Board’s fulfilment of its obligations. A Vice Chairperson has been appointed to support the Chairperson as appropriate. The Board has adopted and regularly updates its rules of procedures, which outline the principles on governance of the Board and its committees.

The President of Volvo Car Group, who also serves as the Chief Executive Officer (CEO), is appointed by the Board to manage the Group’s daily operations and lead the Executive Management Team (EMT) under the Board’s supervision. A broader Group Management Team (GMT) has also been established, consisting of EMT and other key roles.

Shareholders and General Meetings

Shareholders exercise their influence at the General Meetings, the Company’s highest decision-making body. The Annual General Meeting is held within six months after the end of the financial year. Decisions made by shareholders’ at the General Meetings include (i) adoption of instructions for the Nomination Committee which nominates members to the Company’s Board of Directors, (ii) determination of the number of Board members, composition of the Board (including the Chairperson of the Board) and remuneration of Board members, based on recommendations by the Nomination Committee, (iii) election of external auditors, (iv) determination of the distribution of dividends, (v) confirmation of income statements and

balance sheets and the disposition of the Company’s profit or loss, (vi) discharge from liability of the Board of Directors and CEO; and (vii) adoption of guidelines for remuneration to the CEO and other members of the EMT. In addition, the shareholders of the Company can resolve on other significant matters at the General Meeting, such as amendments to the Articles of Association.

In addition to the Annual General Meeting, Extraordinary General Meetings can be convened when required.

Notice of the Annual General Meeting, as well as an Extraordinary General Meeting at which the matter of amendment to the Articles of Association is to be addressed, shall be issued not earlier than six weeks and not later than four weeks prior to the General Meeting. Notices of other Extraordinary General Meetings shall be issued not earlier than six weeks and not later than three weeks prior to the Extraordinary General Meeting. Notice of General Meetings shall be published in the Swedish Official Gazette (Sw. Post- och Inrikes Tidningar) and on the Company’s website. Simultaneously, an announcement with information that the notice has been issued shall be published in Dagens Industri.

Right to attend General Meetings

All shareholders who are directly recorded in the Company’s share register maintained by Euroclear Sweden six banking days prior to the General Meeting and who have notified the Company of their intention to participate in the General Meeting no later than the date indicated in the notice of the General Meeting, are entitled to attend the General Meeting and vote for the number of shares they hold.

In addition to notifying the Company, shareholders whose shares are nominee registered through a bank or other nominee must request that their shares are temporarily registered in their own names in the register of shareholders maintained by Euroclear Sweden, in order to be entitled to participate in the General Meeting. Shareholders should inform their nominees well in advance of the record date. Voting registrations made by nominees not later than four banking days prior to the General Meeting will be taken into account.

Shareholders may attend the Company’s General Meetings in person or by proxy and may be accompanied by a maximum of two assistants. It will normally be possible for shareholders to register for the General Meeting in several different ways, as indicated in the notice of the meeting.

Shareholder initiatives

Any shareholder of the Company who wishes to have a matter addressed at a General Meeting must submit a written request to the Board of Directors. The matter will be addressed at a General Meeting if the request has been received by the Company no later than seven weeks prior to the General Meeting, or after such date, if it still is in due time for the matter to be included in the notice of the General Meeting.

Number of shareholders and ownership structure

The total number of shares in Volvo Car AB (publ.) amounts to 2,979,524,179 shares of series B which are listed on the Nasdaq Stockholm Stock Exchange. Volvo Cars largest shareholder is Geely Sweden Holdings AB holding approximately 78.65 per cent of the total number of shares and votes in the Company. The remaining 21.35 per cent of the shares and votes are held by Nordic and international investors and approximately 167,000 other investors. For further information on the ownership structure, please refer to page 220. Volvo Cars held 5,020,194 own shares as per 31 December 2024.

Nomination Committee

Under the Code, a company listed on Nasdaq Stockholm shall have a Nomination Committee, the purpose of which is to make proposals to the General Meeting in respect of the Chairperson of General Meetings, number of Board members, elections of Board members, Chairperson of the Board and auditor, remuneration of each Board member (divided between the Chairperson of the Board and other Board members, and remuneration for committee work), remuneration to the auditor, and to the extent deemed necessary, proposals for amendments to the instruction for the Nomination Committee.

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At the Annual General Meeting held on 17 October 2021, the current instruction for the Nomination Committee was adopted to apply until further notice.

The Nomination Committee prior to the Annual General Meeting 2025 consists of representatives of the three largest shareholders in terms of voting rights, as of 30 August 2024, and as announced on 3 October 2024.

Members of the Nomination Committee are:

- Thomas Johnstone, appointed by Geely Sweden Holdings AB, Chairperson of the Nomination Committee
- Yimin Chen, appointed by Geely Sweden Holdings AB
- Eric Li (Li Shufu), Chairperson of the Board of Volvo Car AB (publ.)
- Anders Oscarsson, appointed by AMF
- Emilie Westholm, appointed by Folksam

The Nomination Committee applies a framework for nomination of members to the Board, which stipulates that the composition of the Board shall be diverse in terms of gender, nationality, professional background and key competences e.g. sustainability, relevant transformation areas and new technology. This is to ensure that the Board has the appropriate balance of expert knowledge, which matches the scale and complexity of Volvo Cars, supports sustainable development and meets the independency requirements of Volvo Cars. Volvo Cars’ aim is to have a balanced composition in terms of gender and it is the ambition that each gender shall have a share of at least some 40 per cent of the Board members elected by the shareholders’ meeting. This ambition was achieved following the Annual General Meeting 2023, after which 40 per cent of the Board members elected by the shareholders were women. Following the Annual General Meeting 2024, 44 per cent of the Board members elected by the shareholders were women, an increase by 4 per cent compared to the previous year. The Unions represented in the Board shall be encouraged to apply the corresponding ambition when appointing their representatives.

Board of Directors

The Board of Directors, which is the highest decision making body after the General Meeting, bears ultimate responsibility for Volvo Car Group’s organisation, management and control of the Company’s

financial conditions. The Board of Directors shall further ensure that the Company applies the Code and complies with applicable laws and regulations, Nasdaq Stockholm’s rulebook for issuers, the listing rules of the Luxembourg Stock Exchange’s Euro MTF market, the Company’s Articles of Association and the rules of procedures for the Board.

Composition

At all times, the Board shall consist of a minimum of three and a maximum of twelve members and in addition thereto the number of employee representatives as required under Swedish law. No member of the EMT other than the CEO shall be a member of the Board. Each new Board member is provided with an introduction pro-

gramme to learn about Volvo Car Group and its regulatory requirements. It is furthermore the Board’s intention, during normal conditions, to visit a Volvo Car Group site other than the headquarters at least once a year.

In accordance with the Code, the rules of procedures for the Board stipulate that the majority of the Board members shall be independent of the Company and the EMT and at least two of these independent members shall also be independent of major shareholders. In order to determine whether a member of the Board is independent in relation to the Company and the EMT, an overall assessment must be made of all circumstances which might give reason to question the independence of the Board member, e.g. the board member’s current or previous employment, other board member-

Name of the Board members	Independent of the company/senior management	Independent of the company's major shareholder	Board meeting attendance	Committee meeting attendance	Remuneration, Board and Committees ¹⁾ , SEK
<i>Members elected by the Shareholders' Meeting</i>					
Eric Li (Li Shufu) (Chairperson of the Board)	N	N	3/17 ⁶⁾	N/A	N/A
Lone Fønss Schrøder (Vice Chairperson of the Board)	Y	N ²⁾	16/17 ⁶⁾	10/10	3,310,000
Jim Rowan	N	Y	17/17	4/4	N/A
Daniel Li (Li Donghui)	Y	N	11/17 ⁶⁾	9/14	N/A
Jonas Samuelson	Y	Y	16/17	5/5	1,385,000
Diarmuid O'Connell	Y	Y	14/17	5/5	1,345,000
Lila Tretikov	Y	Y	17/17	10/10	1,420,000
Anna Mossberg	Y	Y	17/17	N/A	1,200,000
Ruby Lu (Rong Lu)	Y	Y	16/17	4/4	1,420,000
Winfried Vahland ³⁾	Y	N ⁴⁾	0/0	N/A	1,286,000 ⁵⁾

1) Annual average remuneration of the Board and Committees as adopted by the Annual General Meeting in March 2024.
2) Lone Fønss Schrøder is a director in the board of Geely Sweden Holdings AB, the main owner of Volvo Cars.
3) Left the Board on January 12, 2024.
4) During the period when Winfried Vahland was a member of the Board of Volvo Car AB, Winfried Vahland was a member of the supervisory board of Proton Holdings Berhad being a company partly owned by Geely Holding Group and ultimately controlled by Eric Li (Li Shufu) and served as an advisor to Eric Li (Li Shufu) and Geely Holding Group.
5) Annual average remuneration as adopted by the Annual General Meeting in April 2023. SEK 38,756 was paid out during 2024.
6) Eric Li (Li Shufu), Daniel Li (Li Donghui) and Lone Fønss Schrøder was not able to attend one of the board meetings due to conflict of interest.

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ships or other relationships. Furthermore, in order to determine the independence in relation to major shareholders, consideration must be given to the scope of the Board member’s direct or indirect relationship to the Company’s major shareholders. Pursuant to the Code, “major shareholder” means a shareholder who, directly or indirectly, controls 10 per cent or more of the shares or voting rights in the Company. The Nomination Committee’s assessment of the independence of the Board members in relation to the Company, the EMT and major shareholders is presented below. Lone Fønss Schrøder, Daniel Li (Li Donghui), Anna Mossberg, Jonas Samuelson, Lila Tretikov, Diarmuid O’Connell and Ruby Lu (Rong Lu) are deemed independent in relation to the Company and the EMT, and, among these members, Anna Mossberg, Jonas Samuelson, Lila Tretikov, Diarmuid O’Connell and Ruby Lu (Rong Lu) are also deemed independent in relation to major shareholders. The Company thereby satisfies the Code’s independence requirement.

Conflicts of interest

Board members shall inform the Chairperson and/ or the Vice Chairperson immediately if they find themselves in a conflict-of-interest situation. A Board member with a conflict of interest in relation to any matter to be dealt with by the Board may not participate in the discussions (unless there are specific circumstances) or decisions regarding such matter. As an example, Eric Li (Li Shufu), Daniel Li (Li Donghui) and Lone Fønss Schrøder, are not involved in any decision regarding Geely Holding Group entities. In addition, as an additional governance measure in relation to conflicts of interest, all related party transactions are handled by a specific department within the Company, called Collaborations.

Matters for the Board

The Board is responsible for the organisation of Volvo Car Group and the management of its business worldwide. The Board continuously monitors Volvo Car Group’s performance, evaluates Volvo Car Group’s strategic direction and business plan as well as other aspects such as adherence to its Code of Conduct.

Sustainability is a deeply integrated part of Volvo Car Group’s strategy and the Board monitors Volvo Car Group’s efforts which involve Volvo Cars’ actions to reach the ambitions set, including sustainability related risks and opportunities. Further information

regarding Volvo Cars’ governance of sustainability related matters is described in the Sustainability Report on pages 146 to 149.

Certain matters are delegated to the Board’s Committees or the CEO as set out in the rules of procedures for the Board.

To ensure that the Board has good visibility of the Group’s operations, the President and CEO of the Volvo Car Group submits a report on the business, including reporting from the Group’s strategic affiliates, where appropriate, at all Board meetings. The Chief Financial Officer also reports on the financials of Volvo Car Group, including relevant matters relating to treasury, hedging, risk management, insurance etc., as appropriate. In addition, the Board discusses specific strategic topics of relevance and the Board Committees report on their work. At each Board meeting, a number of decision items are also presented for the Board’s consideration and decision in accordance with the Board’s rules of procedure.

The work of the Board follows an annual cycle in order to allow the Board to address matters within the scope of its responsibility on a yearly basis. Matters that come up regularly include product and commercial strategy and business opportunities within new technology and digitalisation as well as sustainability and compliance. In relation to sustainability, Volvo Cars also prepares a Sustainability Report (see pages 136 to 217) in accordance with GRI Standards and the statutory requirements in accordance with the Swedish Annual Accounts Act.

Authorisation for the Board to resolve on new issues of shares

At the Annual General Meeting held on 26 March 2024, the shareholders resolved to authorise the Board to, on one or several occasions, up to the next Annual General Meeting, with or without deviation from the shareholders’ preferential right, resolve on new issues of shares of series B and/or subscription warrants and/or convertible bonds. The total number of shares that may be issued by way of a new share issue, exercise of subscription warrants or conversion of convertible bonds, by virtue of the authorisation shall be within the limits of the articles of association and not exceed ten per cent of the total number of shares in the Company at the time of the Board’s resolution. The authorisation includes a right to resolve on new issues for cash consideration, by contribution in kind or payment by set-off. The issue price shall, in case of deviation from the sharehold-

ers’ preferential right, be determined in accordance with market price. The Board shall be entitled to determine other terms of the issue.

The purpose of the authorisation, and the reason for any deviation from the shareholders’ preferential right, is to increase the financial flexibility of the Company to enable the Company to finance the operations in a fast and efficient way, acquire companies, businesses or parts thereof and/ or to enable a broadening of the ownership of the Company.

Authorisation for the Board to resolve on acquisition of own shares

At the Annual General Meeting held on 26 March 2024, the shareholders resolved to authorise the Board to, resolve on acquisition of own shares of series B on Nasdaq Stockholm to secure Volvo Cars’ obligations to deliver shares to the participants in the Company’s employee share incentive plans; the Performance Share Plans and the Employee Matching Plans adopted by the Annual General Meetings during 2022, 2023 and 2024 (the “PSP” and “ESMP” respectively or jointly the “Plans”). Acquisition of own shares of series B may only be effected on Nasdaq Stockholm. A maximum of 64,555,893 shares of series B in Volvo Cars may be acquired to secure delivery of shares to the participants under the Plans, of which 9,886,909 shares relate to each of PSP 2022 and PSP 2023, respectively, 12,539,648 shares relate to PSP 2024, and 7,832,000 shares relate to each of ESMP 2022 and ESMP 2023, respectively and 16,578,427 shares relate to ESMP 2024. Acquisitions of shares of series B in Volvo Cars on Nasdaq Stockholm may only be made at a price within the price range (spread) on Nasdaq Stockholm applicable from time to time, meaning the spread between the highest purchase price and the lowest selling price prevailing and disseminated by Nasdaq Stockholm from time to time. The authorisation may be utilised on one or several occasions, however, only until the Annual General Meeting 2025.

On 9 August 2024, the Board resolved to repurchase own shares in accordance with the authorisation to secure the future delivery of shares to participants in the PSP and ESMP plans adopted by the Annual General Meeting in 2022 and 2023. Pursuant to the repurchase programme, 6,500,000 shares of series B were repurchased during the period between 12 August and 26 August 2024, for a

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total amount of SEK 189,313,616. All acquisitions were made on Nasdaq Stockholm by Skandinaviska Enskilda Banken AB (publ) on behalf of the Company.

Board meetings

In accordance with the rules of procedures for the Board, the Board is expected to meet six to ten times per year at venues to be agreed by the Board. The Board has held 17 meetings during 2024, of which ten were ordinary and seven extraordinary. The Board meets the external auditor at least once a year without the CEO or any other member of the EMT present. In addition, the Board occasionally holds non-executive meetings. The General Counsel and Chief Legal Officer is the secretary of the Board and also attends Board meetings as does the Chief Financial Officer.

The table on page 55 shows the Board members’ attendance to the Board meetings in addition to their independence according to the requirements of the Code in relation to (i) the Company and (ii) the major shareholder, and the remuneration to the Board members for Board and Committee work.

Evaluation of the work of the Board

The Board, through an external provider, conducts an annual survey of its work performed during the year. The survey covers areas such as the climate at Board meetings, the allocation of time spent on different topics, the work of the Board and its committees, the efficiency of the work of the Board, their prerequisites to perform Board work, Board leadership and relations with the EMT. Based on the result of the survey the Board will be benchmarked against its peers. The Board is also evaluated on performance and composition and possible areas of improvement are identified. Relevant parts of the survey are also used in the Nomination Committee process. In addition to the annual survey, the Vice Chairperson conducts meetings with each individual Board member during the year to discuss the Board work.

Board committees

According to the Swedish Companies Act and the Code, the Board of Directors shall institute an Audit Committee and a Remuneration Committee. The members of the Remuneration Committee are to be independent of the Company and the EMT. A majority of the Audit Committee’s members are to be independent in relation to the Company and its EMT and at least one of the members who is independent in relation to the Company and the EMT is also to be independent in relation to the Company’s major shareholders. At least one member of the Audit Committee must also have accounting or auditing proficiency. The Board has established two permanent committees, the Audit Committee and the People Committee (which fulfils the tasks of the Remuneration Committee pursuant to the Code) and one temporary committee, the China Committee.

The major tasks of these committees are of preparatory and advisory nature, but the Board of Directors may also delegate decision-making powers on specific issues to the committees. The issues considered at committee meetings shall be recorded in minutes of the meetings and continuously reported to the Board. The committees are appointed at the statutory Board meeting following election of Board members. The Board has also determined that issues may be referred to ad hoc committees dealing with specific matters.

Audit Committee

The Board has assigned an Audit Committee to oversee corporate governance, financial reporting, the internal control system for financial reporting, ESG (Environmental, Social and Governance) including sustainability reporting, risk management and compliance with external and internal regulations.

The Audit Committee is responsible for identifying and reporting relevant issues to the Board within the Audit Committee’s areas of responsibility. The Audit Committees tasks are to monitor the integrity of Volvo Car Group’s financial and sustainability reporting system, internal controls, related-party transactions, operation procedure and the enterprise risk management framework, recommend to the Board the appointment, removal and remuneration of the external auditors (subject to approval at the shareholders’ meeting) in

accordance with the Swedish Companies Act, monitor the independence of the external auditors and review the effectiveness of the Internal Audit and Compliance and Ethics Program. The external auditors participate in parts of the Audit Committee meetings. The Audit Committee has during the year met with the external auditors, without management present, to discuss management matters and related topics. The Internal Audit function reports directly to the Audit Committee and the Compliance and Ethics Office has a direct reporting line to the Audit Committee for escalation. The Audit Committee has held ten meetings during 2024, four of which were ordinary and six extraordinary interim meetings. Lone Fønss Schrøder (Chairperson), Daniel Li (Li Donghui) and Lila Tretikov are the current members of the Audit Committee. The Audit Committee complies with the Swedish Companies Act’s and the Code’s requirements for independence as well as accounting and audit competence.

People Committee

The Board has assigned to the People Committee to prepare the remuneration guidelines for the CEO and the EMT members. Furthermore, the committee supports the Chairperson or Vice Chairperson of the Board, as applicable, with the approval of remuneration and benefits of the CEO and is responsible for preparing the remuneration report to be presented at the Annual General Meeting for its approval, and in dialogue with the CEO, assist with or resolve on various other people and remuneration matters in relation to the EMT. The committee is also responsible for approval and monitoring of the global incentive arrangements for the EMT and other key employees and necessary coordination of such incentives and the Volvo bonus to all employees, succession planning for the CEO in dialogue with the Chairperson or the Vice Chairperson of the Board, as applicable, as well as other EMT positions. The committee also approves the EMT members’ engagements outside Volvo Car Group. The People Committee has held five meetings, whereof four ordinary meetings and one extra meeting during 2024. Jonas Samuelson (Chairperson) and Diarmuid O’Connell are the current members of the People Committee. The People Committee complies with the Code’s requirements for independence.

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China Committee

In September, 2023, the Board decided to incorporate a new temporary China Committee which was to be evaluated after one year. In December 2024, the Board decided to prolong the term of the committee with one additional year. The Board has assigned to the China Committee to prepare and review matters on behalf of the Board regarding the strategic direction and development of Volvo Cars’ business in China. The China Committee has held four ordinary meetings during 2024. Jim Rowan (Chairperson), Ruby Lu and Daniel Li (Li Donghui) are the current members of the China Committee.

Governance and compliance functions and forum

In order to ensure a safe and stable governance of its work, the Board has three functions that report directly or indirectly to the Board or its committees: the Global Audit Office, the Compliance and Ethics Office and Internal Control. The Disclosure Committee is a governance compliance forum that also reports to the Board. In addition, the external auditors are working independently from the Board’s functions.

In addition to the above-mentioned governance and compliance functions and forums, the EMT has also established a Corporate Committee consisting of members of the EMT. Information on the purpose of the Corporate Committee is set out under “CEO and Executive Management Team” on page 60 below.

Global Audit Office

Volvo Car Group has an independent Internal Audit department referred to as the Global Audit Office with the assignment to determine whether Volvo Car Group’s governance, internal control and risk management processes, as designed, operated and represented by management, are adequate and effective. The scope of the internal audit is determined by means of a risk assessment process and any additional requirements by the Board. The Audit Committee approves the internal audit plan which includes risks associated with the execution of the corporate strategy, execution of transformation, sustainability, business operations and processes. Audit results and status of implemented corrective measures by management is reported to the Audit Committee and internal audit result of significance will also be reported to the Board. The Head of the Global Audit Office reports to the Audit Committee.

Disclosure Committee

Volvo Car Group has listed shares on Nasdaq Stockholm and listed bonds on Luxembourg Stock Exchange and is therefore required to comply with the relevant disclosure obligations under the Market Abuse Regulation (MAR), as well as under the listing rules of the Luxembourg Stock Exchange’s Euro MTF market and the Nasdaq rulebook for issuers. In order to ensure compliance with the relevant requirements, Volvo Car Group has established a Disclosure Committee and the Board of Directors has adopted a set of procedures for the Disclosure Committee. The Board and the Audit Committee are kept updated on the discussions and decisions of the Disclosure Committee by means of summary reports and access to the minutes kept at the committee meetings. The members of the Disclosure Committee are the General Counsel and Chief Legal Officer (Chairperson), the Chief Financial Officer, the Head of Investor Relations and the Chief Communications & External Affairs Officer. In addition, the Head of Corporate Governance participates in the meetings as secretary and the Head of Corporate Governance Office may participate as deputy secretary. The Head of Accounting and Group Reporting is a required participant in financial result review meetings, and other senior company representatives attend the meetings on an agenda-driven basis. The Disclosure Committee has been established to implement required disclosure controls and procedures, resolve whether or not information is to be categorised as inside information or not and consider whether there is reason to delay disclosure of inside information or whether disclosure as soon as possible is required as well as determine whether the requirements for selective disclosure are fulfilled.

Compliance and Ethics

The EMT has established a Global Compliance Committee that receives status updates on the implementation and continuous improvements of Volvo Car Group’s Compliance and Ethics Program, including updates from relevant parts of the organisation on how adherence to the programme is ensured. The Compliance and Ethics Program covers the risk areas Corruption including Conflict of interest, Data protection, Trade sanctions, Competition law, and Human rights. The committee is provided with regular updates, but detailed reviews and decisions on regular compliance cases reported by Volvo Car Group’s Compliance and Ethics Office are delegated to

the General Counsel and Chief Legal Officer and the Chief People Officer. Furthermore, the Global Compliance Committee reviews compliance-related matters reported by the Internal Audit and Internal Control functions, respectively, when appropriate. The Global Compliance Committee normally meets four times per year. Ad hoc meetings may be called for if and when required. The General Counsel and Chief Legal Officer (Chairperson), the Chief Financial Officer, the Chief People Officer, the Chief Manufacturing & Supply Chain Officer and the Chief Product & Strategy Officer are permanent EMT members of the Global Compliance Committee. In addition, Volvo Car Group’s Chief Compliance & Ethics Officer and Head of Internal Audit participate at the meetings. Other GMT members or senior company representatives attend the meetings when relevant, in particular when a compliance case is reported within their region or area of business. The Compliance and Ethics Office is led by the Chief Compliance & Ethics Officer, who reports to the General Counsel and Chief Legal Officer. The Chief Compliance & Ethics Officer continuously reports on implementation status and effectiveness of the Compliance and Ethics Program, related significant compliance risks and cases, and progress on implementation and corrective action plans to the Global Compliance Committee or, as delegated by the committee, to the General Counsel and Chief Legal Officer and the Chief People Officer. The Chief Compliance & Ethics Officer also has a direct reporting line, and continuously reports, to the Audit Committee and ensures that compliance training is provided to the Board of Directors.

Volvo Car Group’s Code of Conduct reflects Volvo Car Group’s values and culture and how it drives results in an ethical and responsible way by placing the emphasis on Volvo Car Group’s culture, values and commitments in addition to focusing on the requirements set out in Volvo Car Group’s corporate policies. The Compliance and Ethics Office supports the business operations in conducting business in a responsible and ethical manner, by designing, overseeing and monitoring the development, implementation and maintenance of Volvo Car Group’s Compliance and Ethics Programme. The Compliance and Ethics Program consists of ten programme elements designed on the basis of guidelines for “effective compliance programmes” and “adequate procedures”, such as the US Sentencing Guidelines and the UK Bribery Act Guidance (supporting the Foreign Corrupt Practices Act and the UK Bribery Act), as well as guidance

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from European Anti-Trust Offices. In addition to the Compliance & Ethics organisation described above, the programme elements include: tone from the top and culture; risk assessment; a Compliance & Ethics framework (Code of Conduct and corporate policies, directives and guidelines); training, awareness and communication; due care; internal reporting and investigations; enforcing disciplinary actions and incentives; monitoring and audit; programme assessment and continuous improvement. Compliance & Ethics Office provides training regarding the Code of Conduct and the five main compliance and ethics risk areas (Corruption including Conflict of interest, Trade sanctions, Competition law, Data protection, and Human rights), including how to raise concerns using the Tell Us reporting line. More information about the performance of the Compliance and Ethics Program, and the risk areas it covers, is available on pages 204 to 208.

In addition to the areas covered by the Compliance and Ethics Program, there are measures to combat money laundering and terrorist financing.

Internal control

The Board takes the responsibility for ensuring an effective internal control system exists within the Group; this is in line with the requirements of the Swedish Companies Act and Swedish Corporate Governance Code.

Volvo Car Group has an internal control function which supports the Board and the EMT in execution of their internal control responsibilities. The purpose of the internal control function is to support in defining effective and efficient internal controls to adequately ensure compliance with external and internal requirements (policies, directives and guidelines) for financial reporting, sustainability reporting (read along with the Sustainability section, starting p. 136) and other relevant reporting to the board. The Internal Control function reports to the Audit Committee on a periodic basis which includes topics including but not limited to internal control risks, scope, plan and status updates.

Volvo Car Group uses the principles laid out by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework to set its own Internal Control framework which is explained further into; (a) Control Environment, (b) Risk Assessment, (c) Control Activities, (d) Information and Communication and (e) Monitoring.

(a) Control Environment

The foundation of Volvo Car Group's control environment originates from the Volvo Car Group's strategic Blueprint (as further elaborated on pages 18-37) which creates the appropriate culture within the Volvo Car Group and provides a clear tone from the top. Our values which derive from our Code of Conduct, provide the guiding principles to define our corporate policies, directives and guidelines.

The foundation of the internal controls are based upon our policies, directives and guidelines which also define our responsibility and authority structure.

(b) Risk Assessment

Volvo Car Group has a dynamic and iterative risk assessment process to identify and assess risks which affect achievement of our objectives.

Risk assessment start at the enterprise risk level which is managed by the Enterprise Risk Management ("ERM") function and elaborated further in the Risk section of the Annual Report. The assessment of enterprise risk provides inputs for the risk assessments performed for the purpose of assessing the Internal Control environment.

Risk assessment over the Internal Control environment is performed iteratively using different sources, including but not limited to; continuous dialogues with management, assess the impact of enterprise risks on operations, assessment based on the annual group financial statements, assess the implementation of internal requirements (policies and directives defined by different functions), assess any new or updated external requirements, assess impact of any control issues identified and reassessment of our control framework and scope.

(c) Control activities

Control activities are the actions established which help to address risks and implement the internal and external requirements to ensure the achievement of objectives. Control activities help to ensure that potential risks are prevented or detected and corrected. Control activities are defined throughout the organisation to manage risks, and these control activities are being maintained in our internal control frameworks. While the controls are defined in the frameworks which are maintained by Internal Control function, the control own-

ership for each control is spread across the organisation and the framework points at the job role within the organisation who is the control owner for each control. Further, it is analysed iteratively for need to update any controls activities or define controls activities in new areas of risks.

(d) Information and Communication

Information is necessary to enable the personnel to carry out their responsibility to support the achievements of objectives while communication helps to iteratively provide, share and obtain information.

Volvo Car Group's policies, directives and guidelines are updated and communicated on a regular basis by the responsible policy owners and maintained in the central repository. The respective functions in the Volvo Car Group takes the operating responsibility to ensure that these policies, directives and guidelines are included in their daily operations.

Internal Control related information is maintained on various platforms, including the directives, internal SharePoint and GRC (Governance, Risk and Compliance) tool. Further, there are various forms of communication to iteratively provide, share and obtain information around internal controls like; continuous communication channels with key stakeholder, learning and trainings provided, newsletters shared and the internal SharePoint for internal controls.

(e) Monitoring

Regular or specific evaluations are performed to ensure risks are being appropriately addressed by verifying that the organisation is performing the controls as defined in the control frameworks. These evaluations can be in the form of self-assessments in combination with independent reviews performed by Internal Control team. The method used for monitoring of controls is determined based on factors such as the assessed level of risk associated and suitability to the purpose of monitoring. Results from monitoring activities are reported at least once every year to the Audit Committee.

Issue process is defined to ensure any control issues / risks are recorded, analysed, actioned and resolved. These control issues or risks can be noted through multiple sources like monitoring procedures or self-identified risk by operations or risks identified by internal or external auditors.

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External auditors

The Company’s auditors are appointed by the Annual General Meeting. At the Annual General Meeting held on 26 March 2024, Deloitte AB was re-elected until the next Annual General Meeting as the Company’s auditor. Fredrik Jonsson is the auditor in charge.

The external auditors discuss the external audit plan, audit findings and risk management with the Audit Committee. The auditors review one interim report per year and present the results of their work to Audit Committee. The auditors also examine the Corporate Governance Report and provide a limited assurance of the Sustainability Report and the Green Financing Report. The results of their financial year audit and the audit of the Annual Report of the parent company and the consolidated financial statements are presented to the Audit Committee and the Board of Directors at meetings after year end. An opinion regarding the compliance with the guidelines for executive remuneration is made in conjunction with the Annual General Meeting. When Deloitte is asked to provide services other than the external audit, this is done in accordance with general independence rules. Deloitte provides an annual written assurance of its impartiality and independence to the Audit Committee in accordance with the Swedish Companies Act and ISA 260.

CEO and the Executive Management Team

The division of work between the Board and the CEO is set out in the rules of procedures for the Board and follows the Swedish Companies Act. The CEO is responsible for Volvo Car Group’s everyday management and operations and for the preparation of reports and compiling information for the Board meetings and for presenting such material at the Board meetings.

The CEO is further responsible for Volvo Car Group’s financial reporting and consequently must ensure that the Board receives adequate information for the Board to be able to evaluate the Group’s financial condition. The CEO regularly keeps the Board informed of the developments in Volvo Car Group’s operations, the development of sales, Volvo Car Group’s results and financial position, important business events and all other events, circumstances or conditions which can be assumed to be of significance to Volvo Car Group’s shareholders.

The CEO leads the work of the EMT, which is responsible for the overall business development and operations of Volvo Car Group. In addition to the CEO, the EMT consists of the Chief Financial Officer, the General Counsel and Chief Legal Officer, the Chief People Officer, the Chief Communications & External Affairs Officer, the Chief Product & Strategy Officer, the Chief Manufacturing & Supply Chain Officer and the Chief Engineering & Technology Officer. The EMT’s role is to assist the CEO in the operation of Volvo Car Group’s business, set the strategic long-term direction in dialogue with the

Board and take corporate and strategic decisions as delegated by the Board. The strategic direction is summarised in a strategic blueprint with six missions that shall be guiding the Company’s priorities: People Mission, Product Mission, Customer Mission, Technology Mission, Sustainability Mission and Digital Mission.

In order to assist the EMT in carrying out decisions and actions related to certain topics to fulfil the Group’s strategic blueprint as further elaborated on pages 18–37, the CEO has established the Group Management Team (GMT) which in addition to the EMT includes a number of other senior management positions within Volvo Car Group. The GMT shall have shorter term tactical focus and support EMT to drive performance and execution based on direction set by EMT.

The GMT’s work includes two operational fora, the Product Board and the Digital and Data Board, covering cross-functional topics related to the product portfolio and the digital landscape, respectively. In addition, the CEO has established a Commercial Management Team, responsible for driving the commercial strategy and operations. In addition, the EMT has established a Corporate Committee which supports the EMT to review corporate matters and projects and provide guidance, deliver strategic directions and approve decisions within its responsibility. The EMT meets at least on a bi-weekly basis and the whole GMT meets bi-weekly in between the EMT meetings.

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Board of Directors Volvo Car AB (publ.)

Volvo Car AB (publ.) is the parent company of the Volvo Car Group



ERIC LI (LI SHUFU)

CHAIRPERSON AND MEMBER OF THE BOARD

Born 1963.
Chairperson and member of the Board since 2010.

Education and professional experience: Bachelor's Degree in Management Engineering from the Harbin University of Science and Technology, China. Master's Degree in Mechanical Engineering from the Yanshan University, China. Former CEO of Zhejiang Geely Holding Group Co. Ltd.

Principal activities outside of Volvo Car Group and current board assignments and similar: Founder of Zhejiang Geely Holding Group Co. Ltd, Ecarx Holdings Inc and PSD Capital Limited (indirect shareholder in Polestar). Chairman of the Board of Zhejiang Geely Holding Group Co. Ltd, Geely Technology Group Co. Ltd, Geely Talents Development Group Co. Ltd, PSD Capital Limited and PSD Investment Limited, and smart Automobile Co. Ltd. Member of the Board of Geely Group Limited, and Geely Sweden Holdings AB and a number of other companies within his ownership.

Not independent in relation to the company and Executive Management Team nor the company's major shareholders.

Holdings in Volvo Car AB (publ.), own and related parties: 2,343,396,227 B shares.¹⁾



LONE FØNSS SCHRØDER

VICE CHAIRPERSON OF THE BOARD, BOARD MEMBER AND CHAIRPERSON OF THE AUDIT COMMITTEE

Born 1960.
Vice Chairperson of the Board since 2018 and Board member since 2010.

Education and professional experience: Master of Laws, University of Copenhagen, Denmark. Master of Science in Economics and Business Administration, Copenhagen Business School, Denmark. Software Studies, MIT, United States. Management, IMD Business School, Switzerland. Professional experience includes more than two decades at A.P. Møller-Maersk A/S, former President and CEO, Wallenius Lines, former Senior Advisor, Credit Suisse and former CEO, Concordium AG. Previous board memberships and chair positions in several global companies.

Principal activities outside of Volvo Car Group and current board assignments and similar: Board member in Geely Sweden Holdings AB. Board member in Ingka Group (IKEA), including Chairman of Ikano Bank and Audit Committee member. Board member and Audit Committee chair of Aker Group companies – Akastor, Aker Horizons, and Board member and Audit Committee member of Aker Solutions. Member of Global Advisory Board, ServiceNow.

Independent in relation to the Company and Executive Management Team, but not in relation to the Company's major shareholders.

Holdings in Volvo Car AB (publ.), own and related parties: 24,897 B shares.¹⁾



JIM ROWAN

BOARD MEMBER, PRESIDENT AND CEO, CHAIRPERSON OF THE CHINA COMMITTEE

Born 1965.
Member of the board since 2022.

Education and professional experience: Master in Science, an Honorary Doctorate of Science from Northumbria University, an HNC in Engineering and an Honorary Doctorate of Engineering from Glasgow Caledonian University. Previous experience as Chief Executive Officer and Chief Operating Officer of Dyson, Chief Operation Officer of BlackBerry, Executive Vice President, Global Operations of Celestica, Vice President European Operations of Flextronics, Senior advisor at KKR & Co Inc and Board member of Nanofilm Technologies International Ltd and PCH International Inc. Previously member of the board of Polestar Automotive Holding UK PLC, member of the board of Lynk & Co and member of the Industrial Advisory Board of NTV (Singapore).

Principal activities and current Board assignments and similar outside of Volvo Car Group: Member of the shareholders' committee of Henkel AG.

Independent in relation to the company's major shareholders but not in relation to the company and Executive Management Team.

Holdings in Volvo Car AB (publ.), own and related parties: 685,000 B shares.¹⁾

1) The Volvo Cars holdings reported includes holdings by related parties, if applicable.
For information on transactions, please refer to the website of the Swedish Financial Supervisory Authority. PDMR transactions register | Finansinspektionen

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JONAS SAMUELSON

BOARD MEMBER AND CHAIRPERSON OF PEOPLE COMMITTEE

Born 1968.
Board member since 2020.

Education and professional experience: Master of Science in Economics and Business Administration from the School of Business, Economics and Law at the University of Gothenburg, Sweden. Previous experience from finance in various roles at Saab Automobile AB and General Motors Corporation. Former CFO at Munters AB and CFO, COO, CEO Major Appliances EMEA and CEO and board member at AB Electrolux. Former board member in Polygon AB.

Principal activities outside of Volvo Car Group and current board assignments and similar: Chairman of the Board of Axel Johnson International and Rosti Group AB. Board member at Axel Johnson AB and Perrigo Plc.

Independent in relation to the Company and Executive Management Team as well as the Company's major shareholders.

Holdings in Volvo Car AB (publ.), own and related parties: 19,807 B shares.¹⁾



ANNA MOSSBERG

BOARD MEMBER

Born 1972.
Board member since 2022.

Education and professional experience: MBA from Stanford University, USA, MBA from IE University, Spain, Master of Industrial Engineering and Management from Luleå Technical University Sweden. Previous experiences include CEO of Silo AB, Business Area Manager at Google Sweden, Senior Vice President Strategy and Portfolio Management at Deutsche Telekom AG, CEO of Bahnhof AB and Vice President of Telia International Carrier AB. Previous board member and member of the Audit Committee in Schibsted ASA, Orkla ASA and Bygghälsan AB.

Principal activities outside of Volvo Car Group and current board assignments and similar: Board member and member of the Finance and Strategy Committee in Swisscom AG, Board member and Chair of the Audit Committee in Marshall Group AB, Board member and member of the Remuneration and Sustainability Committee and Audit Committee in Swedbank AB, Board member and member of the Nomination and Compensation Committee in Ringier AG.

Independent in relation to the company and Executive Management Team as well as the company's major shareholders.

Holdings in Volvo Car AB (publ.), own and related parties: 2,116 B shares.¹⁾



LILA TRETIKOV

BOARD MEMBER AND MEMBER OF THE AUDIT COMMITTEE

Born 1978.
Board member since 2021.

Education and professional experience: Studies in Computer Science at the University of California Berkeley, United States. Studies at SAAD School of Business, University of Oxford, United Kingdom. Previously Corporate VP and Deputy CTO of Microsoft. Previous experience includes CEO of Engie SA, Terrawatt Initiative and Wikimedia Foundation and several senior positions within SugarCRM Inc., Software General Manager of Evolving Systems Inc., Digital General Manager of Bank of America, founder of GrokDigital, founder and Board member of nam.R S.A.

Principal activities outside of Volvo Car Group and current board assignments and similar: Partner, Head of AI Strategy of NEA. Board member of Xylem Inc., Zendesk and Affinifi. Member of the Advisory Board of Capgemini SE.

Independent in relation to the Company and Executive Management Team as well as the Company's major shareholders.

Holdings in Volvo Car AB (publ.), own and related parties: 1,197 B shares.¹⁾

¹⁾ The Volvo Cars holdings reported includes holdings by related parties, if applicable. For information on transactions, please refer to the website of the Swedish Financial Supervisory Authority. PDMR transactions register | Finansinspektionen

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DANIEL LI (LI DONGHUI)

BOARD MEMBER, MEMBER OF THE AUDIT COMMITTEE AND MEMBER OF THE CHINA COMMITTEE
Born 1970.
Board member since 2012.

Education and professional experience: Bachelor of Philosophy from the Renmin University of China. Master of Management Engineering from the Beijing Institute of Machinery Industry, China. Master of Business Administration from the Kelly School of Business at Indiana University, United States. Previously VP and CFO of Zhejiang Geely Holding Group Co. Ltd. Previous experience from key accounting, financing and corporate management positions, such as CFO and General Manager of several companies, including Guangxi Liugong Machinery Co. Ltd, China Academy of Post and Telecommunication, Cummins Inc., BMW Brilliance Automotive Ltd., ASIMCO Braking System (Guangzhou) Co. Ltd. and ASIMCO Braking System (Zhuhai) Co. Ltd. Previously Board member of Proton Holdings Berhad and independent Board member of China CYTS Tours Holding Co. Ltd.

Principal activities outside of Volvo Car Group and current board assignments and similar: CEO of Zhejiang Geely Holding Group Co. Ltd. Chairman of the Board of Lotus Group International Limited and Lotus Technology Inc. Board member of Saxo Bank A/S, Polestar Automotive Holding UK Plc, Geely Sweden Holdings AB and Geely Automobile Holdings Limited. Independent Board member of YTO International Express and Supply Chain Technology Ltd. Board member of Aston Martin Lagonda Global Holdings and ZEEKR Intelligent Technology Holding Limited.

Independent in relation to the Company and Executive Management Team, but not in relation to the Company's major shareholders.

Holdings in Volvo Car AB (publ.), own and related parties: 0 B shares.¹⁾



DIARMUID O'CONNELL

BOARD MEMBER AND MEMBER OF PEOPLE COMMITTEE
Born 1963.
Board member since 2021.

Education and professional experience: Bachelor of Arts in History and Government from Dartmouth College, United States. Master of Arts in Foreign Policy and Political Economy from the University of Virginia, United States. MBA in Strategy and Finance from Kellogg Graduate School of Management, United States. Previous experience from Accenture Consulting, Real Time Learning Mecann Ericson, Young & Rubicam and the U.S Department of State. Several executive roles at Tesla. Member of the Executive team of Fair Financial Corp. Energy/Mobility Consulting for Antin Infrastructure Partners.

Principal activities and current Board assignments and similar outside of Volvo Car Group: Advisor to Form Energy Carbon America, JetZero and SK On. Chairman of the board of Clarios. Member of the Supervisory Board of Albemarle Corp, Dana Inc. and Mobility House Holding AG.

Independent in relation to the Company and Executive Management Team as well as the Company's major shareholders.

Holdings in Volvo Car AB (publ.), own and related parties: 599 B shares.¹⁾



RUBY LU (RONG LU)

BOARD MEMBER AND MEMBER OF THE CHINA COMMITTEE
Born 1971.
Board member since 2023.

Education and professional experience: M.A. from Johns Hopkins University School of Advanced International Studies (SAIS) and a B.A. with honors from the University of Maryland. Venture capitalist investing in technology start-ups in the US and China. Founder of Atypical Ventures, an early-stage technology investment firm. Co-founder of DCM China, a venture capital firm. Prior to becoming a venture capitalist, Vice President in Goldman Sachs' technology media and telecommunication banking group in the US. Former advisor to and a shareholder in EcarX Holdings, Inc (Nasdaq: ECX), and former member of the Nomination and Corporate Committee and the Compensation Committee of Unilever (NYSE: UL).

Principal activities outside of Volvo Car Group and current board assignments and similar: Founder and managing partner of Atypical Ventures. Independent board member of Unilever (NYSE: UL) and an independent board member of YUM China (NYSE: YUMC) and Uxin Limited (Nasdaq: UXIN). Board member of private companies TrueSight Inc. and Orka Inc.

Independent in relation to the company and Executive Management Team as well as the Company's major shareholders.

Holdings in Volvo Car AB (publ.), own and related parties: 65,000 B shares.¹⁾

¹⁾ The Volvo Cars holdings reported includes holdings by related parties, if applicable. For information on transactions, please refer to the website of the Swedish Financial Supervisory Authority. PDMR transactions register | Finansinspektionen

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Employee representatives



JÖRGEN OLSSON

BOARD MEMBER,
REPRESENTATIVE OF UNIONEN

Born 1968. Board member since 2016.

Education and professional experience:
Upper secondary school education. Chair-
man of Unionen, Volvo Car Group. Previously
employee representative of the Board of
Volvo Bil i Göteborg AB.

**Principal activities outside of Volvo Car
Group and current board assignments and
similar:** —

**Holdings in Volvo Car AB (publ.), own and
related parties:** 580 B shares.¹⁾



ADRIAN AVDULLAHU

BOARD MEMBER,
REPRESENTATIVE OF IF METALL

Born 1978. Board member since 2021.

Education and professional experience:
Upper secondary school education. Leader-
ship training at Bommersvikakademin and
IF Metall Stockholm.

**Principal activities outside of Volvo Car
Group and current board assignments and
similar:** Chairman of IF Metall, Volvo Car
Group. Chairman IF Metall Group Volvo Car
Sweden. Board member IF Metall Central
Organization. Board member IF Metall
Section 36 Gothenburg.

**Holdings in Volvo Car AB (publ.), own and
related parties:** 877 B shares.¹⁾



ZARA BISKE

BOARD MEMBER,
REPRESENTATIVE OF IF METALL

Born 1990. Board member since 2024.

Education and professional experience:
Upper secondary school education.
**Principal activities and current Board
assignments and similar outside of Volvo
Car Group:** Union representative of IF
Metall.

**Holdings in Volvo Car AB (publ.), own and
related parties:** 701 B shares.¹⁾



ANNA MARGITIN

DEPUTY BOARD MEMBER,
REPRESENTATIVE OF AKADEMIKERNA

Born 1969. Deputy Board member since
2016.

Education and professional experience:
Master in Physics and Electrical engineering
from the University of Gothenburg, Sweden.
Executive MBA Business and Law from the
School of Business, Economics and Law at
the University of Gothenburg, Sweden.
Previous experience from several positions
within Volvo Car Group, such as Chief Pro-
gram Engineer, Senior Director Business
Quality, Senior Director Current Model
Quality and Senior Director Customer
Service.

**Principal activities outside of Volvo Car
Group and current board assignments and
similar:** —

**Holdings in Volvo Car AB (publ.), own and
related parties:** 786 B shares.¹⁾



MARIE STENQVIST

DEPUTY BOARD MEMBER,
REPRESENTATIVE IF METALL

Born 1963. Deputy Board Member since
2022.

Education and professional experience:
Upper secondary school education.
**Principal activities outside of Volvo Car
Group and current board assignments
and similar:** Vice chairman of IF Metall,
Gothenburg.

**Holdings in Volvo Car AB (publ.), own and
related parties:** 500 B shares.¹⁾

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1) The Volvo Cars holdings reported includes holdings by
related parties, if applicable. For information on transac-
tions, please refer to the website of the Swedish Financial
Supervisory Authority. PDMR transactions register | Finan-
sinspektionen



Executive Management Team



JIM ROWAN

PRESIDENT AND CEO

Born 1965. Member of EMT since 2022.

Education: Master in Science, an Honorary Doctorate of Science from Northumbria University, an HNC in Engineering and an Honorary Doctorate of Engineering from Glasgow Caledonian University.

Current board assignments and similar: Member of the shareholders’ committee of Henkel AG.

Previous work experience and other information (including previous Board assignments): Previous experience as Chief Executive Officer and Chief Operating Officer of Dyson, Chief Operation Officer of BlackBerry, Executive Vice President, Global Operations of Celestica, Vice President European Operations of Flextronics, Senior advisor at KKR & Co Inc and Board member of Nanofilm Technologies International Ltd and PCH International Inc. Previously member of the board of Polestar Automotive Holding UK PLC, member of the board of Lynk & Co and member of the Industrial Advisory Board of NTV (Singapore).

Holdings in Volvo Car AB (publ.), own and related parties: 685,000 B shares.¹⁾



JOHAN EKDAHL

CHIEF FINANCIAL OFFICER

Born 1975. Member of EMT since 2022.

Education: Masters in Business and Economics from School of Business, Economics and Law, Gothenburg University.

Current board assignments and similar: Board member of Ziklo Bank AB.

Previous work experience and other information (including previous Board assignments): Vice President, Head of Accounting and Group Reporting and various finance roles at Volvo Car Corporation. Previously worked as authorised auditor at EY. Previously board member in Volvo Car Financial Services UK Ltd.

Holdings in Volvo Car AB (publ.), own and related parties: 706 B shares.¹⁾



HELEN HU

GENERAL COUNSEL & CHIEF LEGAL OFFICER

Born 1976. Member of EMT since 2024.

Education: Juris Doctor, cum laude, from University of Minnesota Law school.

Current board assignments and similar: –

Previous work experience and other information (including previous Board assignments): Previous experience within Volvo Cars as Managing Director of Volvo Car Switzerland, Head of Legal and Deputy CEO for Volvo Car Asia Pacific. Prior to that experience at among others General Counsel, Asia at Luxottica Group S.p.A.

Holdings in Volvo Car AB (publ.), own and related parties: 0 B shares.¹⁾

1) The Volvo Cars holdings reported includes holdings by related parties, if applicable.
For information on transactions, please refer to the website of the Swedish Financial Supervisory Authority. PDMR transactions register | Finansinspektionen

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FRANCESCA GAMBONI

CHIEF MANUFACTURING & SUPPLY CHAIN OFFICER

Born 1966. Member of EMT since 2024.

Education: Master of Science in Industrial Technology Engineering.

Previous work experience and other information (including previous Board assignments): Chief Supply Chain Officer at Accell, Senior Vice President Global Supply Chain at Stellantis, Nordic Operations Director at L'Oreal, Vice President at Renault-Nissan. Roles previous to that include time at Alcan (now Rio Tinto), Bosch and Price Waterhouse. Previous member of the supervisory board of Opel, Gefco and Headmind partners.

Current Board assignments and similar: Member of the Board of Polestar Automotive Holding UK LLC.

Holdings in Volvo Car AB (publ.), own and related parties: 10,000 B shares.¹⁾



ERIK SEVERINSON

CHIEF PRODUCT & STRATEGY OFFICER

Born 1979. Member of EMT since 2024.

Education: MSc at University of Gothenburg, School of Business, Economics and Law. Studies at Universität Mannheim and WHU - Otto Beisheim School of Management.

Previous work experience and other information (including previous Board assignments): —

Current Board assignments and similar: Member of Board Novo Energy (R&D and Production), Chairman of Board Teknikföretagen Väst.

Holdings in Volvo Car AB (publ.), own and related parties: 1,792 B shares.¹⁾

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1) The Volvo Cars holdings reported includes holdings by related parties, if applicable.
For information on transactions, please refer to the website of the Swedish Financial Supervisory Authority. PDMR transactions register | Finansinspektionen



HANNA FAGER

CHIEF PEOPLE OFFICER

Born 1975. Member of EMT since 2016.

Education: Bachelor of Science in Human Resource Development, Labour Relations from University West, Sweden. Studies in labour law and EU law at Halmstad University.

Current Board assignments and similar: Vice chairman of Teknik-företagen.

Previous work experience and other information (including previous Board assignments): Several positions within Volvo Car Group, such as SVP Corporate Functions, Senior Director HR Marketing, Sales & Services, VP HR, Centre of Expertise and VP Employee & Benefits.

Holdings in Volvo Car AB (publ.), own and related parties: 43,600 B shares.¹⁾



ANDERS BELL

CHIEF ENGINEERING & TECHNOLOGY OFFICER

Born 1974. Member of EMT since 2024.

Education: Engineering and Product Development at Halmstad University.

Previous work experience and other information (including previous Board assignments): Automotive Engineering at Volvo Cars 1998–2016 and Tesla 2016–2022.

Current Board assignments and similar: Member of Board Volvo Cars Technology Fund AB.

Holdings in Volvo Car AB (publ.), own and related parties: 0 B shares.¹⁾



OLIVIA ROSS-WILSON

CHIEF COMMUNICATION & EXTERNAL AFFAIRS OFFICER

Born 1977. Member of EMT since 2021.

Education: Diploma in Business Management at East Sydney College, Australia.

Previous work experience and other information (including previous Board assignments): Chief Communications Officer, Ingka Group. Global Sustainability Communication Manager at IKEA. Communication Director at Clinton Foundation. PR Manager at Marks & Spencer Group Plc. Account Director at Ketchum Inc.

Current Board assignments and similar: Member of the Executive Board of the British-Swedish Chamber of Commerce and Board member in World of Volvo AB.

Holdings in Volvo Car AB (publ.), own and related parties: 4,050 B shares.¹⁾

1) The Volvo Cars holdings reported includes holdings by related parties, if applicable. For information on transactions, please refer to the website of the Swedish Financial Supervisory Authority. PDMR transactions register | Finansinspektionen

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Group Management Team



XIAOLIN YUAN
PRESIDENT, APAC



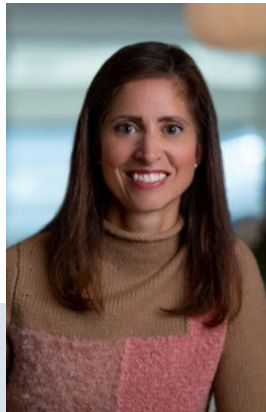
AREK NOWINSKI
PRESIDENT, INTERNATIONAL
MARKETS



MIKE COTTONE
PRESIDENT, US/CANADA



GRETCHEN
SAEGH-FLEMING
HEAD OF GLOBAL CUSTOMER
EXPERIENCE & MARKETING



VANESSA BUTANI
HEAD OF GLOBAL
SUSTAINABILITY



FREDRIK HANSSON
HEAD OF GLOBAL
PERFORMANCE STEERING



ALWIN BAKKENES
HEAD OF SOFTWARE
ENGINEERING



JEREMY OFFER
HEAD OF GLOBAL DESIGN



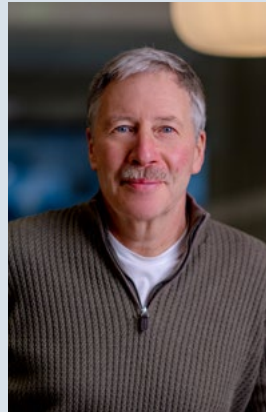
FREDRIK OHLSSON
HEAD OF GLOBAL DIGITAL
CORE



JOHAN TAWS
HEAD OF GLOBAL QUALITY



OSCAR BERTILSSON
OLSBORG
HEAD OF GLOBAL COMMER-
CIAL OPERATIONS



GEERT BRUYNEEL
SENIOR ADVISOR

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FOR MORE INFORMATION ABOUT THE GMT MEMBERS
PLEASE SEE INVESTORS.VOLVOCARS.COM

Auditor’s report on the corporate governance statement

To the general meeting of the shareholders in Volvo Car AB (publ.) corporate identity number 556810-8988

Engagement and responsibility

It is the board of directors who is responsible for the corporate governance statement for the financial year 2024-01-01–2024-12-31 on pages 52–68 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR’s standard RevR 16 The auditor’s examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Opinions

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2–6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Gothenburg, 11 March, 2025
Deloitte AB

Signature on Swedish original
Fredrik Jonsson
Authorized Public Accountant

This is a translation of the Swedish language original. In the event of any differences between this translation and the Swedish language original, the latter shall prevail.

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Consolidated Income Statements

SEKm	Note	2024	2023
Revenue	2	400,234	399,343
Cost of sales	3	-320,821	-321,916
Gross income		79,413	77,427
Research and development expenses	3, 15	-16,983	-12,884
Selling expenses	3	-25,409	-26,056
Administrative expenses	3	-12,038	-12,539
Other operating income and expenses	6	2,057	-381
Share of income in joint ventures and associates	12	-4,722	-5,628
Operating income	4, 5, 7, 8, 9, 10	22,318	19,939
Interest income and similar credits	19	2,190	2,495
Interest expenses and similar charges	19	-1,164	-772
Other financial income and expenses	11	-625	-802
Income before tax		22,719	20,860
Income tax	13	-6,785	-6,794
Net income		15,934	14,066
Net income attributable to			
Owners of the parent company		15,401	13,053
Non-controlling interests		533	1,013
		15,934	14,066
Basic earnings per share (SEK)	14	5.17	4.38
Diluted earnings per share (SEK)	14	5.17	4.38

Income and result

Volvo Cars' revenue amounted to SEK 400.2 (399.3) bn, supported mainly by wholesale volumes, which increased by 7 per cent to 782.6 (732.3) thousand cars. Used car sales as well as parts and accessories also had a positive impact on revenue, as can be seen in Note 2 – Revenue. However, the increase was partially offset by primarily deferred revenue from rental sales, contract manufacturing, sales mix and pricing, as well as foreign exchange rate effects.

Gross income increased to SEK 79.4 (77.4) bn, resulting in a gross margin of 19.8 (19.4) per cent. The increase was primarily driven by lower material cost and other cost efficiencies as well as parts and accessories, and partially offset by mainly sales mix and pricing.

Operating income (EBIT) excluding share of income in JVs and associates, increased to SEK 27.0 (25.6) bn, corresponding to a margin of 6.8 (6.4) per cent. The increase is mainly driven by the effects described in the above paragraph, but was also partially off-set by higher depreciation and amortisation. EBIT amounted to SEK 22.3 (19.9) bn, resulting in an EBIT margin of 5.6 (5.0) per cent, impacted by a one-time non-cash effect from the impairment of the investment in NOVO Energy AB prior to the business combination of SEK -1.7 bn. The exchange rate effects had a positive impact on EBIT of SEK 0.1 bn.

Net financial items decreased to SEK 0.4 (0.9) bn. The effective tax rate decreased to 29.9 (32.6) per cent, mainly due to decreased withholding tax cost and lower non-tax deductible loss related to capital and share of income in JVs and associates. Net income was SEK 15.9 (14.1) bn, representing 4.0 (3.5) per cent of revenue. Basic earnings per share amounted to SEK 5.17 (4.38).

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Research and development spending, SEKm	2024	2023
Research and development spending	-28,308	-26,943
Capitalised development costs	18,724	18,912
Amortisation and depreciation of research and development	-7,399	-4,853
Research and development expenses	-16,983	-12,884

Changes to revenue, SEKbn	Full year
Revenue 2023	399.3
Volume	25.2
Sale of used cars and deferred revenue	-7.2
Sales mix and pricing	-6.3
Sale of licences	-0.2
Foreign exchange rates	-6.1
Contract manufacturing	-8.8
Other	4.3
Revenue 2024	400.2
Change, %	—

Changes to Operating income, SEKbn	Full year
EBIT 2023	19.9
Volume	0.6
Sales mix and pricing	-5.0
Government grants	-0.2
Sale of licences	-0.1
Foreign exchange rates	0.1
Share of income in JVs and associates ¹⁾	2.6
Items affecting comparability – Volvo Cars operations	0.6
Items affecting comparability – JVs & associates	-1.7
Other ²⁾	5.5
EBIT 2024	22.3
Change, %	12

1) Excluding items affecting comparability.

2) Including depreciations and amortisations, parts and accessories, effect from the negative goodwill of NOVO Energy AB, raw material decreases, bonus and other cost efficiencies.

Items affecting comparability, SEKbn	2024	2023
Whereof affecting Volvo Cars operations		
Restructuring costs	—	-0.6
Whereof affecting JV's & associates		
Impairment of JV-shareholding in NOVO Energy AB	-1.7	—
Total	-1.7	-0.6

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Consolidated Comprehensive Income

SEKm	2024	2023
Net income	15,934	14,066
Other comprehensive income		
<i>Items that will not be reclassified subsequently to income statement:</i>		
Remeasurements of provisions for post-employment benefits	-312	-1,815
Tax on items that will not be reclassified to income statement	55	424
<i>Items that have been or may be reclassified subsequently to income statement:</i>		
Translation difference on foreign operations	965	-1,240
Translation difference of hedge instruments of net investments in foreign operations	-316	131
Change in fair value of cash flow hedge related to currency and commodity price risks	-5,383	1,976
Tax on items that have been or may be reclassified to income statement	1,174	-435
Other comprehensive income, net of income tax	-3,817	-959
Total comprehensive income	12,117	13,107
Total comprehensive income attributable to		
Owners of the parent company	11,285	12,343
Non-controlling interests	832	764
	12,117	13,107

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Consolidated Balance Sheets

SEKm	Note	31 Dec 2024	31 Dec 2023
ASSETS			
Non-current assets			
Intangible assets	15	83,781	72,104
Tangible assets	7, 16	107,124	84,113
Investments in joint ventures and associates	12	8,998	14,142
Other long-term securities holdings	19	12,753	12,066
Deferred tax assets	13	10,982	10,135
Other non-current interest-bearing receivables	19	1,440	1,327
Non-current derivative assets	19	283	2,094
Other non-current assets	18	4,262	3,426
Total non-current assets		229,623	199,407
Current assets			
Inventories	17	62,455	57,058
Accounts receivable	4, 18	22,780	19,284
Current tax assets		1,854	997
Current derivative assets	19	485	1,988
Other current assets	18	14,665	19,849
Marketable securities	20	—	9,918
Cash and cash equivalents	20	56,373	47,861
Total current assets		158,612	156,955
TOTAL ASSETS		388,235	356,362

SEKm	Note	31 Dec 2024	31 Dec 2023
EQUITY & LIABILITIES			
Equity			
Equity attributable to owners of the parent company	21	137,461	126,371
Non-controlling interests		4,738	4,114
Total equity		142,199	130,485
Non-current liabilities			
Provisions for post-employment benefits	22	8,111	7,610
Deferred tax liabilities	13	11,080	8,293
Other non-current provisions	23	9,501	7,582
Liabilities to credit institutions	19	3,885	4,562
Non-current bonds	19	18,826	18,087
Non-current contract liabilities to customers	2	10,755	8,148
Other non-current interest-bearing liabilities	7, 19	7,745	4,790
Non-current derivative liabilities	19	1,252	424
Other non-current liabilities	4, 24	5,298	5,385
Total non-current liabilities		76,453	64,881
Current liabilities			
Current provisions	23	11,379	13,117
Liabilities to credit institutions	19	1,059	937
Current bonds	19	5,723	6,660
Current contract liabilities to customers	2	34,997	30,817
Accounts payable	4	56,479	62,304
Current tax liabilities		1,246	1,607
Other current interest-bearing liabilities	7, 19	2,490	1,242
Current derivative liabilities	19	2,890	1,055
Other current liabilities	24	53,320	43,257
Total current liabilities		169,583	160,996
TOTAL EQUITY & LIABILITIES		388,235	356,362

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Consolidated Statement of Changes in Equity

SEKm	Share capital ¹⁾	Share premium	Other contributed capital	Currency translation reserve	Other reserves	Retained earnings	Attributable to owners of the parent	Non-controlling interests	Total
Balance at 1 January 2023	61	31,654	8,452	4,999	428	68,353	113,947	3,331	117,278
Net income	—	—	—	—	—	13,053	13,053	1,013	14,066
Other comprehensive income									
Remeasurements of provisions for post-employment benefits	—	—	—	—	—	–1,815	–1,815	—	–1,815
Translation difference on foreign operations	—	—	—	–1,011	—	—	–1,011	–229	–1,240
Translation difference of hedge instruments of net investments in foreign operations	—	—	—	131	—	—	131	—	131
Change in fair value of cash flow hedge related to currency and commodity price risks	—	—	—	—	2,000	—	2,000	–24	1,976
Tax attributable to items recognised in other comprehensive income	—	—	—	–27	–412	424	–15	4	–11
Other comprehensive income	—	—	—	–907	1,588	–1,391	–710	–249	–959
Total comprehensive income	—	—	—	–907	1,588	11,662	12,343	764	13,107
Transactions with owners									
Transactions with non-controlling interests	—	—	—	—	—	–19	–19	19	—
Change in Group composition	—	—	—	—	—	–9	–9	—	–9
Share-based payments ²⁾	—	—	—	—	—	109	109	—	109
Transactions with owners	—	—	—	—	—	81	81	19	100
Balance at 31 December 2023	61	31,654	8,452	4,092	2,016	80,096	126,371	4,114	130,485

1) Share capital amounted to SEK 60,947,709.
2) For further information, see Note 9 – Share-based remuneration.

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Consolidated Statement of Changes in Equity

SEKm	Share capital ¹⁾	Share premium	Other contributed capital	Currency translation reserve	Other reserves	Retained earnings	Attributable to owners of the parent	Non-controlling interests	Total
Balance at 1 January 2024	61	31,654	8,452	4,092	2,016	80,096	126,371	4,114	130,485
Net income	—	—	—	—	—	15,401	15,401	533	15,934
Other comprehensive income									
Remeasurements of provisions for post-employment benefits	—	—	—	—	—	–312	–312	—	–312
Translation difference on foreign operations	—	—	—	666	—	—	666	299	965
Translation difference of hedge instruments of net investments in foreign operations	—	—	—	–316	—	—	–316	—	–316
Change in fair value of cash flow hedge related to currency and commodity price risks	—	—	—	—	–5,383	—	–5,383	—	–5,383
Tax attributable to items recognised in other comprehensive income	—	—	—	65	1,109	55	1,229	—	1,229
Other comprehensive income	—	—	—	415	–4,274	–257	–4,116	299	–3,817
Total comprehensive income	—	—	—	415	–4,274	15,144	11,285	832	12,117
Transactions with owners									
Capital contribution from non-controlling interest ²⁾	—	—	—	—	—	—	—	3	3
Divestment of non-controlling interest ²⁾	—	—	—	—	—	1	1	–211	–210
Distribution of shares ³⁾	–30	—	—	—	—	–60	–90	—	–90
Bonus issue ³⁾	30	—	—	—	—	–30	—	—	—
Acquisition of treasury shares ⁴⁾	—	—	—	—	—	–190	–190	—	–190
Issue of treasury shares ⁴⁾	—	—	—	—	—	67	67	—	67
Share-based payments ⁴⁾	—	—	—	—	—	17	17	—	17
Transactions with owners	—	—	—	—	—	–195	–195	–208	–403
Balance at 31 December 2024	61	31,654	8,452	4,507	–2,258	95,045	137,461	4,738	142,199

1) Share capital amounted to SEK 60,947,709.
2) For further information, see Note 4 – Related party transactions, Note 21 – Equity and Note 8 – Participation in subsidiaries (Parent company).
3) For further information, see Note 12 – Investments in joint ventures and associates and Note 21 – Equity.
4) For further information, see Note 9 – Share-based remuneration and Note 21 – Equity.

Equity

Total equity increased to SEK 142.2 (130.5) bn, resulting in an equity ratio of 36.6 (36.6) per cent. The change is mainly attributable to a positive net income of SEK 15.9 bn, partially offset by a negative effect on other comprehensive income of SEK –3.8 bn.

The change in other comprehensive income is related to a foreign exchange translation effect, including hedges of net investments in foreign operations of SEK 0.7 bn (net of tax). Remeasurements of provisions for post-employment benefits had a minor effect of SEK –0.2 bn (net of tax). The change in fair value of cash flow hedge reserve related to currency and commodity price risks had a negative effect of SEK –4.3 bn (net of tax). The change in value of cash flow hedges is mainly due to depreciated SEK compared to most of the major currencies and increased prices for raw material.

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Consolidated Statement of Cash Flows

SEKm	Note	2024	2023
OPERATING ACTIVITIES			
Operating income		22,318	19,939
Depreciation and amortisation of non-current assets	15, 16	22,730	17,449
Dividends received from joint ventures and associates		213	88
Interest and similar items received		2,190	2,495
Interest and similar items paid		–1,623	–1,710
Other financial items		–836	178
Income tax paid		–4,448	–4,486
Adjustments for other non-cash items	26	2,754	6,087
		43,298	40,040
<i>Movements in working capital</i>			
Change in inventories		–2,757	–11,341
Change in accounts receivable		–1,386	4,750
Change in accounts payable		–7,539	–2,918
Change in provisions		–1,905	–1,914
Change in contract liabilities to customers		8,709	8,707
Change in other working capital		8,952	5,543
Cash flow from movements in working capital		4,074	2,827
Cash flow from operating activities		47,372	42,867
INVESTING ACTIVITIES			
Investments in shares and participations	12, 27	–1,901	–1,151
Divestment in shares and participations	27	–217	–178
Loans to affiliated companies		–75	–11,990
Investments in intangible assets		–19,774	–20,680
Investments in tangible assets		–25,259	–18,485
Disposal of tangible assets		981	642
Cash flow from investing activities		–46,245	–51,842
Cash flow from operating and investing activities		1,127	–8,975

SEKm	Note	2024	2023
FINANCING ACTIVITIES			
Proceeds from credit institutions		199	3,970
Proceeds from bond issuance	19	5,857	1,500
Acquisition of treasury shares		–190	—
Repayment of bond		–6,936	–2,000
Repayment of liabilities to credit institutions		–862	–673
Repayment of interest-bearing liabilities		–2,053	–1,747
Investments in marketable securities	20	—	–10,792
Matured marketable securities		10,269	4,115
Other ¹⁾		–368	376
Cash flow from financing activities		5,916	–5,251
Cash flow for the year		7,043	–14,226
Cash and cash equivalents at beginning of year			
		47 861	63,743
Exchange difference on cash and cash equivalents		1,469	–1,656
Cash and cash equivalents at end of year	20	56,373	47,861

1) Other is attributable to realised result from financial instruments of SEK –368 (376) m.

Net financial position and liquidity

Total cash and cash equivalents, including marketable securities, amounted to SEK 56.4 (57.8) bn. Net cash was SEK 27.1 (27.5) bn, with the decrease primarily driven by investing activities. Liquidity amounted to SEK 88.5 (75.0) bn, which includes undrawn credit facilities of SEK 32.2 (17.2) bn.

Cash flow from operating activities was positive, amounting to SEK 47.4 (42.9) bn. Working capital amounted to SEK 4.1 (2.8) bn, primarily driven by a focused effort to reduce inventory levels in the fourth quarter, along with cars under repurchase contracts, sales-related accruals, and partially offset by accounts payable.

Cash flow from investing activities amounted to SEK –46.2 (–51.8) bn. Volvo Cars continued to invest in its industrial infrastructure, new technologies, upcoming car models, and the transition to a fully electric car company.

Cash flow from financing activities totaled SEK 5.9 (–5.3) bn, mainly driven by changes in marketable securities.

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Notes to the Consolidated Financial Statements

All amounts are in SEKm unless otherwise stated.
Amounts in brackets refer to the preceding year.

NOTE 1

GENERAL INFORMATION FOR FINANCIAL REPORTING IN VOLVO CAR GROUP

Basis of preparation

The consolidated financial statements of Volvo Car AB (publ.) have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as adopted by the European Union and the Swedish Annual Accounts Act. In addition, RFR 1 Supplementary Rules for Groups has been applied, a standard issued by the Swedish Financial Reporting Board. RFR 1 specifies mandatory additions to the IFRS disclosure requirements in accordance with the Swedish Annual Accounts Act. Group companies apply the same accounting policies, irrespective of national legislation, as defined in Volvo Car Group accounting directives and they have been applied consistently for all periods, unless otherwise stated.

The financial statements are based on cost, apart from certain financial instruments, provisions for pensions and other post-employment benefits which are reported at fair value. Preparation of the financial statements in accordance with IFRS requires the Company’s Executive Management and the Board of Directors to make estimations and judgements that affect the value of the reported assets, liabilities, income and expenses. Estimates and judgements will impact the values of assets and liabilities. The actual outcome (value) may differ from these estimates and judgements and corrections may be necessary to make. Therefore, the estimates and judgements are reviewed on a regular basis.

All accounting policies and critical accounting estimates and judgements considered material to Volvo Car Group are described in conjunction with each note. When a new accounting policy has been implemented or when there has been changes in disclosures this is described as part of the relevant note.

In order to avoid duplication of information, cross-references have been made between different parts of the annual report.

New accounting policies

New accounting policies 2024

IASB has published amendments to standards that were endorsed by EU, effective after 1 January 2024. These additions have not had any material impact on the financial statements.

New accounting policies 2025 and later

IASB has published standards and amendments to standards that were endorsed by EU, effective after 1 January 2025. None of the amendments are expected to have a material effect on the financial statements. The new standard IFRS 18 Presentation and Disclosure in Financial Statements was released in April 2024 and has an effective date 1 January 2027. An impact assessment is currently being performed as to how this new standard will impact the financial statements.

Basis of consolidation

The consolidated accounts include Volvo Car AB (publ.) and its subsidiaries. Subsidiaries are all entities over which Volvo Car Group has control. Volvo Car Group controls an entity when exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

All wholly-owned subsidiaries and certain companies owned to 50 per cent or more, are consolidated, see Note 8 – Participation in subsidiaries (parent company). Subsidiaries are fully consolidated from the date on which control is transferred to Volvo Car Group. They are deconsolidated from the date that control ceases. When a subsidiary is not wholly-owned by Volvo Car Group, the portion of the results and equity attributable to the non-controlling interest are presented separately in the financial statements.

Climate change

Being an automotive industry actor, Volvo Cars acknowledges the global threat of climate change and global warming, together with the importance of our own contribution to prevent global climate

action failure and fulfilment of the Paris Agreement. Volvo Cars continuously evaluates how climate change transitional and physical risks affects our business strategy and operations as sustainability is deeply integrated in our business model. In preparing the consolidated financial statements, the potential impact of climate change has been considered when developing the critical accounting estimates and judgements used by management. The financial impact relating to climate change occurs gradually as Volvo Cars navigates the transition to electrification in line with its strategic ambitions and has not had a material effect on the financial statements as of 31 December 2024.

The table included in this note identifies disclosures where considerations of climate related risks are further described, if applicable.

Foreign currency

The Group’s Consolidated Financial Statements are presented in Swedish Krona (SEK), which is also the Parent Company’s functional currency.

Assets and liabilities denominated in foreign currencies other than the functional currency are translated to the functional currency using the balance sheet closing rate. Exchange rate differences are recognised in the income statement.

Exchange rate differences on operating assets and liabilities are recognised in other operating income and expenses, while exchange rate differences arising on financial assets and liabilities are recognised in financial income and expenses.

When preparing the consolidated financial statements, items in the income statements of foreign subsidiaries are translated to SEK using monthly average exchange rates. Balance sheet items are translated into SEK using exchange rates at year-end (closing rate). Exchange rate differences arising on translation are recognised in other comprehensive income and accumulated in equity. The accumulated translation differences related to subsidiaries, joint ventures or associates are reversed to the income statement as a part of the gain/loss arising from disposal of such a company.

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The main exchange rates applied are presented in the table below:

Country	Currency	Average rate		Close rate	
		2024	2023	2024	2023
China	CNY	1.47	1.50	1.51	1.42
Euro zone	EUR	11.42	11.49	11.45	11.12
United Kingdom	GBP	13.46	13.20	13.82	12.80
United States	USD	10.51	10.63	11.03	10.05
Japan	JPY	0.07	0.08	0.07	0.07

Classification of current and non-current assets and liabilities

An asset is classified as current when it is held primarily for the purpose of trading, is expected to be realised within 12 months after the balance sheet date or consists of cash or cash equivalents, provided it is not subject to any restrictions. All other assets are classified as non-current. A liability is classified as current when it is held primarily for the purpose of trading or is expected to be settled within 12 months after the balance sheet date and Volvo Car Group do not have the right to defer settlement of the liability for at least 12 months after the balance sheet date. All other liabilities are classified as non-current.

When the criteria for being classified as a non-current asset held for sale are fulfilled and the asset or disposal group are of material value, the asset or disposal group and the related liabilities are recognised on a separate line in the balance sheet.

Note	Critical accounting estimates and judgements	Climate considerations
Note 1 – General information for financial reporting in Volvo Car Group		●
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NOTE 2 REVENUE

ACCOUNTING POLICIES

Revenue from the sale of goods and services is valued at transaction price less sales taxes and is recognised when control of the delivered good or service is transferred to the customer. Control passes to the customer generally when they can direct the use of and obtain the benefits from the good or service. This passing of control can happen at a point in time or over a period of time and revenue recognition follows this.

For bundled sales contracts which include both a car and services where the customer can benefit from these independently of each other, the transaction price of the car is reduced by allocating a transaction price to the services based on stand-alone selling prices, or an estimate thereof based on the expected cost plus a margin approach.

Sales contracts may include variable revenue components, such as volume discounts, incentive programmes, and other discounts that are paid out at a later date. When revenue is recognised from these transactions, it is adjusted by the estimated value of the variable components, which is recognised as a contract liability.

For sales contracts where Volvo Car Group has an obligation to transfer goods or services to the customer and has received consideration in advance, or an amount of consideration is due to the customer, a contract liability is recognised. Revenue is then recognised, and the contract liability derecognised when the good or service is transferred to the customer. This applies to sales contracts with residual value guarantees, sales related to extended service business, sales with repurchase commitment, and advance payments from customers. The contract liability is derecognised against cash and cash equivalents when it pays out or settles sales generated obligations such as a discount.

Revenue from sale of goods

Revenue recognition for sale of new and used cars, parts and accessories as well as sale of goods that are part of contract manufacturing arrangements, depends on specific contract terms, but generally is at a point in time around when the customer takes physical possession.

For the sale of cars where a residual value guarantee is issued to an independent financing provider as part of the sales contract, revenue

recognised is reduced by the amount corresponding to the estimated residual value to be paid in the future. This value is recognised as a contract liability.

For the sale of cars where a repurchase commitment (right or obligation to repurchase) is issued to the customer as part of the sales contract, revenue is recognised over the contract period as if it were an operating lease contract due to the customer not obtaining control of the car at the point of sale. The deferred revenue, equal to the transaction price less sales taxes less the repurchase commitment, is recognised as contract liabilities and the repurchase commitment, equal to the repurchase price, as other liabilities. The car is recognised on the balance sheet as a tangible asset under operating lease over the contract period and is depreciated to the estimated residual value. The useful life and residual value of the assets are monitored closely and changed if necessary. For further information regarding operating leases see Note 7 – Leases.

Revenue from sale of services

Volvo Car Group sells services in the form of maintenance contracts, extended warranties, connectivity, and in-car software to customers. Revenue from these services is generally recognised over the contract period on a straight-line basis. When an extended warranty contract is bundled with the sale of a car and the inclusion in the contract is assessed to be common practice in the market, a provision is recognised at the point of sale for the costs. When the inclusion goes beyond common practice in the market, part of the revenue is deferred as a contract liability and recognised over the contract period. The revenue deferred is based on stand-alone selling prices, or if not observable, estimated based on the expected cost plus a margin approach.

Maintenance and extended warranty contracts can in some cases meet the definitions of both a customer contract and an insurance contract. Considering the terms of these contracts, Volvo Car Group applies the policy choice available to account for these as customer contracts and applies the accounting policies described in this note.

Emission credits

Volvo Car Group recognises income from government grants relating to emission credits earned during the period for exceeding the emission targets related to car production in certain markets. A fair value for credits received is calculated when Volvo Car Group determines that an active market for the credit exists and that the Group is likely

to engage in transactions in that credit market. Revenue is recognised or adjusted according to net realisable value principles as the credits are classified as inventories. The earned credits are classified as inventories until they are either sold and transferred to a third-party or consumed in Volvo Car Group's operations. When credits are sold and transferred that either did not have a determinable fair value as of their grant date or were sold at a value that exceeds the fair value on the grant date, this gain is recognised, on a net basis, in revenue when the credits are transferred to the customer and derecognised from inventory. See Note 10 – Government grants and Note 17 – Inventories for more information.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Variable revenue components

An inherent risk regarding different forms of variable revenue components in a sales contract, is the probability of a reversal of revenue in future periods. On initial recognition, variable revenue components are estimated, and revenue is recognised when it is highly probable that a revenue reversal in future periods will not occur. An example of this is when cars are sold to a retailer with volume discounts based on aggregate sales over a 3–12 months period. Revenue from these sales is recognised based on the price specified in the sales contract, adjusted for volume discounts for the wholesale period. Estimates and judgements initially made are updated continuously at each reporting period.

Residual value guarantees

Volvo Car Group is exposed to residual value risk, meaning that there is a potential loss for Volvo Car Group if the future market value of a used car is lower than the guaranteed value of the car according to the sales contract. This potential negative effect is recognised as a contract liability, and the future market value of cars is monitored individually on a continuing basis. An estimate is made based on evaluating, among other things, recent car auction values, future price deterioration due to expected change of market conditions and production planning, vehicle quality data, repair and reconditioning costs and with consideration given to the specific markets demand for internal combustion engines and electric vehicles as customer purchasing decisions are influenced by climate change factors.

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Repurchase commitments

Volvo Car Group is exposed to a potential loss on sales with repurchase commitments if the estimated value of the car guaranteed in the contract is greater than the market value at the time of repurchase. The potential negative effect is recognised as an increased depreciation or an impairment of the car. Estimates of the car value is made on a continuous basis, based on recent car auction values, future price deterioration due to expected change of market conditions and production planning, vehicle quality data and repair and reconditioning costs etc. The value of the car in the balance sheet is adjusted if necessary.

Revenue allocated to geographical regions:	2024	2023
Europe	208,914	184,894
<i>of which Sweden</i> ¹⁾	48,096	47,029
<i>of which Germany</i>	30,795	24,942
<i>of which United Kingdom</i>	30,438	21,661
US	69,496	75,172
China	63,682	73,545
Other markets	58,142	65,732
<i>of which Turkey</i>	8,051	8,334
<i>of which South Korea</i>	7,110	8,336
Total	400,234	399,343

1) Includes the Contract manufacturing sales channel.

Revenue allocated to category:	2024	2023
Sales of new cars	303,880	307,549
Sales of used cars	27,403	18,505
Sales of parts and accessories	38,497	37,170
Revenue from subscription, leasing and rental business	6,709	5,463
Sales of licences and royalties	647	798
Contract manufacturing	13,151	22,357
Emissions credits	994	910
Other revenue	8,953	6,591
Total	400,234	399,343

Timing of revenue recognition	2024	2023
At the point of delivery	388,210	388,970
Over the contract term	12,024	10,373
Total	400,234	399,343

Contract liabilities where revenue is deferred and recognised over time:

	Sales generated obligations	Residual value guarantees	Deferred revenue – extended service business	Deferred revenue – sale with repurchase commitment	Advance payments from customers	Total
Balance at 1 January 2023	17,033	4,098	7,624	1,412	3,071	33,238
Provided for during the year	58,187	2,502	7,368	4,520	103,828	176,405
Utilised during the year	–53,013	–2,565	–5,395	–3,920	–104,859	–169,752
Translation differences	–504	–93	–150	–8	–171	–926
Balance at 31 December 2023	21,703	3,942	9,447	2,004	1,869	38,965
Of which current	21,703	2,255	3,239	1,751	1,869	30,817
Of which non-current	—	1,687	6,208	253	—	8,148

Balance at 1 January 2024	21,703	3,942	9,447	2,004	1,869	38,965
Provided for during the year	67,938	2,891	13,582	6,584	99,339	190,334
Utilised during the year	–67,004	–2,454	–12,557	–5,351	–98,102	–185,468
Translation differences	1,091	277	378	88	87	1,921
Balance at 31 December 2024	23,728	4,656	10,850	3,325	3,193	45,752
Of which current	23,728	1,476	4,475	2,819	2,499	34,997
Of which non-current	—	3,180	6,375	506	694	10,755

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NOTE 3 EXPENSES BY NATURE

	2024	2023
Material cost incl. freight, distribution and warranty	-273,852	-280,287
Personnel ¹⁾	-44,985	-43,809
Amortisation/depreciation	-22,730	-17,449
Other	-33,684	-31,850
Total	-375,251	-373,395

1) The amounts presented as Personnel have been reduced by capitalised salary costs related to product development.

Depreciation and amortisation according to plan by function:	2024	2023
Cost of sales ¹⁾	-11,369	-9,029
Research and development expenses	-8,905	-6,158
Selling expenses	-1,541	-1,377
Administrative expenses	-884	-854
Other income and expense	-31	-31
Total	-22,730	-17,449

1) Impairment losses of SEK -14 (-194) m have been recognised within Cost of sales.

NOTE 4 RELATED PARTY TRANSACTIONS

ACCOUNTING POLICIES

Volvo Car Group has a close collaboration with its related parties. The main part of the transactions relate to sales and purchases of cars, licences of technology, contract manufacturing and purchases of components. Related parties include companies outside the Volvo Car Group, but within the Geely sphere of companies as well as other companies, such as joint ventures and associates. All transactions with related parties are performed at arm's length.

Significant events and agreements with related parties during the reporting period

- On 8 May, Volvo Car AB (publ.) distributed 62.7 per cent of Volvo Cars' shareholding in the associated company Polestar Automotive Holding UK PLC to Volvo Cars' shareholders, and reduced the ownership to 18 per cent. For more information see Note 12 – Investments in joint ventures and associates.
- In August, Volvo Cars acquired the remaining 40 per cent of the shares in HaleyTek AB from ECARX Technology Ltd and HaleyTek is thereafter a wholly-owned subsidiary to Volvo Cars. Purchase consideration amounted to SEK 210 m. For more information see Note 8 - Participation in subsidiaries (Parent company).
- On 14 November, Volvo Cars announced the planned divestment of its 30% shareholding in Lynk & Co Automotive Technology Co., Ltd to Zhejiang Zeekr Intelligent Technology Co., Ltd. The transaction considerations amounts to RMB 5,400 m (approximately SEK 8,000 m).
- In December, Volvo Cars sold a significant number of the owned subscription cars in Sweden to Ziklo Bank AB. The one-time transaction amounted to a revenue of SEK 2,741 m, with limited effect on profit. The transaction is part of the updated commercial strategy.

Significant events and agreements with related parties after the reporting period

- On 14 February 2025, Volvo Cars, through its wholly-owned subsidiary Volvo Car (China) Investment Co., Ltd divested its entire shareholding in Lynk & Co Automotive Technology Co., Ltd to Zhejiang Zeekr Intelligent Technology Co., Ltd, after approval at an Extraordinary General Meeting of Volvo Cars' shareholders on 6 February 2025 as well as other regulatory approvals. Cash consideration, including interest, received at closing amounted to RMB 3,824 m (SEK 5,637 m) with the remainder, including interest, to be received within twelve months after closing date.

Transactions with related parties

Significant transactions with related parties and the nature of these are specified in the below tables and text.

Sales of goods, services and other	2024	2023
Related parties ¹⁾²⁾	17,918	27,253
<i>of which Polestar Automotive Holding UK Group</i>	<i>15,402</i>	<i>24,939</i>
<i>of which Ningbo Fuhong Auto Sales Co., Ltd</i>	<i>1,783</i>	<i>1,467</i>
Joint ventures and associated companies	11,821	2,705
<i>of which Volvo Car Financial Services UK Ltd</i>	<i>7,686</i>	<i>1,337</i>

Purchases of goods, services and other	2024	2023
Related parties ¹⁾²⁾	-54,451	-33,519
<i>of which Zhejiang Geely Automobile Co.,Ltd</i>	<i>-28,497</i>	<i>-3,169</i>
<i>of which Powertrain Engineering Sweden AB</i>	<i>-13,125</i>	<i>-13,517</i>
<i>of which Zhangjiakou Aurobay Powertrain Manufacturing Co., Ltd</i>	<i>-3,933</i>	<i>-7,304</i>
<i>of which Zhejiang Haoqing Automobile Manufacturing Co., Ltd</i>	<i>-1,995</i>	<i>—</i>
<i>of which Geely Changxing Automatic Transmission Co., Ltd</i>	<i>-1,795</i>	<i>-1,420</i>
<i>of which Viridi E-Mobility Technology (Ningbo) Co., Ltd</i>	<i>-1,481</i>	<i>-2,079</i>
<i>of which Ningbo Geely Automobile Research & Development Co., Ltd</i>	<i>-498</i>	<i>-1,667</i>
Joint ventures and associated companies	-2,262	-2,958

	Receivables ³⁾		Payables ³⁾	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
Related parties ¹⁾²⁾	23,077	21,534	12,679	14,941
Joint ventures and associated companies ¹⁾	1,801	2,545	716	627

- 1) Related parties refer to entities that belong to the Geely sphere of companies. Joint ventures and associated companies within the Geely sphere are presented as Related parties. For joint ventures and associated companies see Note 12 – Investments in joint ventures and associates.
- 2) Including contract manufacturing.
- 3) Non-current part of receivables amounts to SEK 13,120 (11,543) m. Non-current part of payables amounts to SEK 1 (4) m.

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The Polestar Automotive Holding UK Group

The revenue from the Polestar Group mainly relate to sales of Polestar cars from the Taizhou plant, technology licences and development of technology as well as revenue related to sales of other services.

Ningbo Fuhong Auto Sales Co., Ltd

The revenue from Ningbo Fuhong Auto Sales Co., Ltd relate to sales of cars.

Volvo Car Financial Services UK Ltd

The revenue from Volvo Car Financial Services UK Ltd is mainly related to sales of cars.

Zhejiang Geely Automobile Co.,Ltd

The purchases from Zhejiang Geely Automobile Co.,Ltd are related to EX30.

Powertrain Engineering Sweden AB (PES)

The purchases from Powertrain Engineering Sweden AB are mainly related to combustion engines and product development.

Zhangjiakou Aurobay Powertrain Manufacturing Co., Ltd

The purchases from Zhangjiakou Aurobay Powertrain Manufacturing Co., Ltd are related to combustion engines.

Zhejiang Haoqing Automobile Manufacturing Co., Ltd

The purchases from Zhejiang Haoqing Automobile Manufacturing Co., Ltd are mainly related to EM90 and EX30.

Geely Changxing Automatic Transmissions Co., Ltd

The purchases from Geely Changxing Automatic Transmission Co., Ltd are mainly related to gearboxes.

Viridi E-Mobility Technology (Ningbo) Co., Ltd

The purchases from Viridi E-Mobility Technology (Ningbo) Co., Ltd are mainly related to batteries.

Ningbo Geely Automobile Research & Development Co., Ltd

The purchases are related to research and development services from Ningbo Geely Automobile Research & Develepment Co., Ltd and has mainly been capitalised as intangible assets.

Geely Sweden Holdings AB

On 26 March 2024, the Annual General Meeting of Volvo Cars resolved, in accordance with the Board of Directors’ proposal, to distribute a portion of Volvo Cars’ shareholding in the associated company Polestar Automotive Holding UK PLC to Volvo Cars’ shareholders. The extraordinary value transfer to Volvo Cars’ shareholders amounted to SEK 9,322 m in total, corresponding to SEK 3.13 per share. Geely Sweden Holdings AB, the largest shareholder with 78.65 per cent of the shares, was entitled to receive a value transfer of SEK 7,332 m. The distribution of Polestar shares is between parties under common control with the same ultimate parent.

Prior to the settlement date, Geely Sweden Holdings AB established a new wholly-owned subsidiary Geely Sweden Automotive Investment B.V. and transferred the entitlement to the distribution of the Polestar shares to the new subsidiary. Hence, Geely Sweden Automotive Investment B.V. instead received the value transfer of SEK 7,332 m from Volvo Car AB (publ.) and shareholding of 23.8 per cent (voting power 19.6 per cent) in Polestar Automotive Holding UK PLC. For further information, see Note 12 – Investment in joint ventures and associates and Note 21 – Equity.

Volvo Car Group does not engage in any transactions with Board members or senior executives except ordinary remunerations for services and the sharebased programme as described in Note 8 – Employees and remuneration and Note 9 – Share-based remuneration.

NOTE 5 AUDIT FEES

	2024	2023
Deloitte		
Audit fees	–64	–57
Audit-related fees	–6	–4
Tax services	–3	–2
Other services	–8	–8
Total	–81	–71

Audit fees involve audit of the Annual Report, interim report and the administration by the Board of Directors and the Managing Directors. The audit also includes advice and assistance as a result of the observations made in connection with the audit.

Audit-related fees refer to other assignments to ensure quality in the financial statements including consultations on reporting requirements and internal control.

Tax services include tax-related advisory.

All other work performed by the auditor is defined as **other services**.

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NOTE 6 OTHER OPERATING INCOME AND EXPENSES

ACCOUNTING POLICIES

Foreign exchange rate gains and losses on operating transactions are presented net in other operating income and expenses. Also presented net are fluctuations in the fair value of derivatives hedging operating transactions where there is ineffectiveness on hedging relationships relating to the operating transaction. Information of the classification of financial instruments, see Note 19 – Financial instruments and Financial risks.

	2024	2023
Other operating income		
Net foreign exchange rate differences	403	—
<i>of which foreign exchange rate gains</i>	2,577	—
<i>of which foreign exchange rate losses</i>	–2,174	—
Sold services	684	804
Government grants	30	307
Other	2,321	1,716
Total	3,438	2,827
	2024	2023
Other operating expenses		
Amortisation and depreciation of intangible and tangible assets	–31	–31
Net foreign exchange rate differences	—	–1,348
<i>of which foreign exchange rate gains</i>	—	483
<i>of which foreign exchange rate losses</i>	—	–1,831
Net change in fair value on financial instruments	–72	–24
Property tax	–155	–147
Other	–1,123	–1,658
Total	–1 381	–3,208

NOTE 7 LEASES

ACCOUNTING POLICIES

Volvo Car Group as a lessee

Volvo Car Group leases primarily real estate assets (such as office buildings and warehouses) and equipment (such as production tooling and IT hardware).

At lease contract commencement date, Volvo Car Group recognises on the balance sheet a right-of-use (RoU) asset and lease liability. RoU assets are measured at cost less accumulated depreciation and impairment and classified as Tangible assets on the balance sheet (see Note 16 – Tangible Assets). Lease liabilities are measured as the present value of future lease payments and amortised using the interest rate implicit in the lease or using Volvo Car Group’s incremental borrowing rate when this cannot be determined. Interest expense on Lease liabilities is presented as interest expense in the income statement.

Volvo Car Group has elected not to separate non-lease components and accounts for the lease and non-lease components as a single lease component.

If a lease contract has a term of 12 months or less, or the underlying asset is of low value, or includes variable lease payments not dependent on an index or rate, no RoU asset or lease liability is recognised. The cost of these leases is recognised as a lease expense on a straight-line basis over the lease term in the functional expense line for which the leased asset is used.

Volvo Car Group as a lessor

Volvo Car Group classifies a lessor contract as either a finance lease or an operating lease. If substantially all the risks and rewards incidental to ownership of the leased asset are transferred to the lessee, it is classified as a finance lease. If substantially all the risks and rewards remain with Volvo Car Group, it is classified as an operating lease.

Operating leases

Volvo Car Group’s operating leases consist primarily of cars under a subscription contract with a customer (Care by Volvo) and cars sold with a repurchase commitment (for example to financial institutions and rental fleet companies). These cars are recognised on the balance sheet at cost less accumulated depreciation and impairment

and classified as Assets under operating lease (see Note 16 – Tangible Assets). For subscription contracts, lease income is recognised as revenue on a straight-line basis over the lease term. For repurchase commitment contracts, deferred revenue is recognised as Contract liabilities to customers (see Note 2 - Revenue) at the time the vehicle is sold (equal to the sales price received from the customer less the agreed repurchase value that Volvo Car Group is contractually obligated to pay in the future) and recognised as revenue on a straight-line basis until repurchase date. In addition to this, a liability is recognised for the agreed repurchase value to be paid at repurchase date (see Note 24 – Other Current and Non-Current Liabilities).

Sale and leaseback transactions

From time to time, Volvo Car Group sells a tangible asset (primarily owned cars and buildings) and immediately reacquires the right to use the asset by entering into a lease with the buyer. The leaseback period can range from three months to three years.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

At lease contract commencement date, Volvo Car Group is required to make judgements as a lessee which affect the measurement of its RoU asset and lease liability.

When determining the lease term, Volvo Car Group considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option in addition to the non-cancellable lease term. These options are added to the lease term if they are reasonably certain. For example, Volvo Car Group would consider it reasonably certain to exercise an extension option if investments have been made to improve the underlying asset or tailor it for our special needs, and/or if the underlying asset is of importance to Volvo Car Group’s operations. The assessment is reviewed if a significant event or change in circumstances occurs that may affect the initial assessment.

Volvo Car Group incremental borrowing rate is the weighted average effective interest rate of all borrowings, and takes into consideration for example credit risk, currency risk, country risk and lease term.

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For sale and leaseback transactions, Volvo Car Group is required to make judgements about whether the transfer of an asset to the buyer qualifies as a sale under IFRS 15 which then determines the accounting treatment for the transaction. Volvo Car Group determines whether a sale exists by making judgements of whether control of the asset passes to the buyer and applies the same accounting principles to this judgement as discussed in Note 2 – Revenue. If the transfer does not qualify as a sale, the transfer proceeds received from the buyer are recognised on the balance sheet, split between Interest-bearing liabilities (equal to the present value of future lease payments, see Note 19 - Financial Instruments and Financial Risks) and Contract liabilities from customers (equal to deferred revenue recognised at the end of the lease period, see Note 2 – Revenue). For some assets, Volvo Car Group makes an estimate of the lease-back period which impacts the value of each component. This estimate is based on historical asset usage patterns.

Volvo Car Group as lessee

Right-of-use asset	Buildings and land	Machinery and equipment	Total
Acquisition cost			
Balance at 1 January 2023	9,981	945	10,926
Additions	3,050	190	3,240
Divested through business combinations	–16	–92	–108
Divestments and disposals	–912	–357	–1,269
Translation differences	–227	–13	–240
Balance at 31 December 2023	11,876	673	12,549
Additions	2,354	2,863	5,217
Acquired through business combinations	8	—	8
Divestments and disposals	–1,321	–173	–1,494
Reclassifications	–2	—	–2
Translation differences	367	40	407
Balance at 31 December 2024	13,282	3,403	16,685

Right-of-use asset	Buildings and land	Machinery and equipment	Total
Accumulated depreciation			
Balance at 1 January 2023	–4,170	–551	–4,721
Depreciation expense	–1,412	–220	–1,632
Divested through business combinations	3	35	38
Divestments and disposals	493	284	777
Translation differences	103	8	111
Balance at 31 December 2023	–4,983	–444	–5,427
Depreciation expense	–1,547	–523	–2,070
Divestments and disposals	1,179	213	1,392
Reclassifications	3	—	3
Translation differences	–105	–9	–114
Balance at 31 December 2024	–5,453	–763	–6,216

Net balance at 31 December 2023	6,983	229	7,122
Net balance at 31 December 2024	7,829	2,640	10,469
Lease liabilities			
	2024	2023	
Non-current lease liabilities	7,523	4,786	
Current lease liabilities	2,279	1,266	

The maturity analysis of lease liabilities is presented as other current and non-current interest-bearing liabilities respectively in Note 19 – Financial instruments and Financial Risks.

Amounts recognised in income statement	2024	2023
Deprecation expenses on right-of-use assets	–2,070	–1,632
Interest expense on lease liabilities	–406	–240
Expense relating to short-term leases	–369	–276
Expense relating to leases of low value assets	–55	–50
Expense relating to variable lease payments not included in the measurement of the lease liability	–133	–93
Income from sub-leasing right-of-use assets	121	185

The total cash outflow for leases amounts to SEK 2,912 (2,106) m. The amount include payments for lease agreements recognised as liabilities, variable payments, short-term payments and payments for leases of low value.

Volvo Car Group as lessor

Operating lease contracts

The table contains a maturity analysis of lease payments and the total of undiscounted lease payments that will be received after the balance sheet date.

Future lease income of operating lease contracts, undiscounted	2024	2023
No later than 1 year	2,577	973
Later than 1 year but no later than 2 years	1,009	362
Later than 2 year but no later than 3 years	173	40
Later than 3 year but no later than 4 years	53	20
Later than 4 year but no later than 5 years	20	18
Later than 5 years	43	57
Total	3,875	1,470

Finance lease contracts

Volvo Car Group no longer has finance leasing arrangements for cars in China after it lost control over Volvo Car Group Financial Leasing (Shanghai) Co., in 2023. The following table presents the amounts included in the income statement in 2023 relating to these leases:

	2024	2023
Finance income on the net investment in finance leases	—	234

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NOTE 8

EMPLOYEES AND REMUNERATION

ACCOUNTING POLICIES

Incentive programmes

Volvo Car Group manages in total four different global incentive programmes, whereof two are short-term and two are long-term.

- Short-term**
- The Short-Term Variable Pay Programme for Senior Leaders (STVP for Senior Leaders)
 - The Volvo Bonus programme

- Long-term**
- The Performance share programme (PSP)
 - The Employee share matching programme (ESMP)

The design and pay-out of all programmes are subject to approval of the Board of Directors. Certain decisions related to the share-based programmes are subject to decision by the Annual General Meeting.

Short-term incentive programmes

For the short-term incentive programmes a liability is recognised if all prerequisites are met and the cost is recognised as an operating expense.

Long-term incentive programmes

For information on share-based programmes, see Note 9 – Share-based remuneration.

Restructuring

Volvo Car Group does from time-to-time engage in restructuring programmes to reduce cost and drive efficiencies. Such programmes may involve a redundancy of employees. When a detailed and formal plan of restructuring has been publicly announced, the amounts of provision are determined based on the total direct expenditure arising from the restructuring when the recognition criteria for provisions are met, see Note 23 – Current and other non-current provisions.

Average number of employees by region ¹⁾	2024	Of whom women,%	2023	Of whom women,%
Sweden	21,640	28	21,677	28
Nordic countries other than Sweden	763	39	726	38
Belgium	5,192	15	5,206	14
Europe other than the Nordic countries and Belgium	1,813	39	1,612	39
North and South America	3,347	38	2,652	37
China	8,726	19	10,426	18
Asia other than China	1,005	20	1,013	24
Other countries	114	37	134	37
Total	42,600	26	43,446	25

	31 Dec 2024	Of whom women,%	31 Dec 2023	Of whom women,%
Number of Board members and senior executives ²⁾	Board members (Chief Executive Officers and senior executives),%		Board members (Chief Executive Officers and senior executives),%	
Parent company	9	44	10	40
Subsidiaries	102 (290)	27 (37)	102 (264)	27 (32)
Total	111 (290)	29 (37)	112 (264)	29 (32)

	2024		2023	
Salaries and other remunerations	Wages and salaries, other remunerations	Social security expenses (of which pension expenses)	Wages and salaries, other remunerations	Social security expenses (of which pension expenses)
Parent company	11	3(—)	12	3(—)
Subsidiaries	28,954	10,779 (5,313)	29,057	10,641 (4,837)
Total	28,965	10,782 (5,313)	29,069	10,644 (4,837)

	2024		2023	
Salaries and other remuneration to the Board ³⁾ , CEO, Executive Management Team (EMT) ⁴⁾ and other employees	Wages and salaries, other remunerations (of which variable salaries)	Social security expenses (of which pension expenses)	Wages and salaries, other remunerations (of which variable salaries)	Social security expenses (of which pension expenses)
Board, Chief Executive Officers and EMT	324 (90)	124 (39)	299 (88)	114 (36)
Other employees	28,641	10,658 (5,274)	28,770	10,530 (4,801)
Total	28,965 (90)	10,782 (5,313)	29,069 (88)	10,644 (4,837)

- 1) The FTE number in 2023 and 2024 reflects temporary layoffs.
- 2) Senior executives are defined as key personnel within the subsidiaries.
- 3) The Board includes all Board members in the subsidiaries within Volvo Car Group.
- 4) The Executive Management Team (EMT) consists of the CEO in Volvo Car AB (publ.) and Volvo Car Corporation and key management personnel other than Board members, in total 8 (7).

Compensation to Board members

The shareholders have elected a Nomination Committee, which on a yearly basis proposes appropriate remuneration principles and remuneration for Volvo Cars Board. The remuneration to the members of the Board is determined at the Annual General Meeting. At the Annual General Meeting 2024 it was decided that Board members elected at the meeting who are employed or otherwise remunerated by Volvo Car Group or the Zhejiang Geely Holding Group shall not be entitled to any remuneration. The other Board members elected at the Annual General Meeting shall receive remuneration containing the following elements: (i) a market based fixed remuneration decided at the Annual General Meeting (ii) a company car in accordance with the Group’s company car policy in force from time to time and (iii) to Board members who are members of any of the Boards’ committees an additional market based fixed remuneration as decided at the Annual General Meeting.

Expensed remuneration to the individual Board members is specified below:

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Board member	2024	2023
	Ordinary compensation, TSEK	Ordinary compensation, TSEK
Eric Li (Li Shufu), Chairperson	—	—
Daniel Li (Li Donghui)	—	—
Lone Fønss Schrøder	3,270	3,140
Winfried Vahland (until January 2024)	39	1,286
Jonas Samuelson	1,371	1,328
Diarmuid O’Connell	1,331	1,286
Lila Tretikov	1,402	1,344
Anna Mossberg	1,189	1,155
Jim Rowan	—	—
Ruby Lu (Rong Lu) (from April 2023)	1,358	860
Thomas Johnstone (until April 2023)	—	342
Total	9,960	10,741

Terms of employment and remuneration to the CEO

The Board has assigned the People Committee (PC) to determine the remuneration guidelines for the CEO, subject to the shareholders’ meetings approval. The chairperson of the Board shall in dialogue with PC decide the remuneration to the CEO in accordance with the remuneration guidelines decided by the shareholders meeting. The CEO is entitled to a remuneration consisting of a fixed annual salary, STVP, PSP and other benefits such as a company car and insurance.

In order to retain critical competences and deliveries within Volvo Car Group, the CEO has an additional variable pay and an annual cash payment (initial three-year incentive agreement). The additional variable pay programme is a three year programme based on fulfillment of the CEO’s yearly individual objectives and can vary from 0 up to maximum SEK 5.5 m depending on fulfillment rate. The annual cash payment of SEK 10.9 m was paid as a sign on bonus in 2022 and has been paid as a retention award in 2023 and 2024.

The CEO is covered by the ITP plan and a supplementary pension plan – Volvo Management Pension (VMP). On average, the contributions for the CEO is 30 per cent of the pensionable salary. Disability benefits follow the ITP and VMP regulations.

The notice period for the CEO is a maximum of 12 months in case of termination by either Volvo Car Group or the CEO. Furthermore, the CEO is, in case of termination by Volvo Car Group, entitled to severance pay based on the fixed salary, during a period of maximum 12 months.

Terms of employment and remuneration to a Deputy CEO

The Board has assigned the People Committee (PC) to determine the remuneration to a Deputy CEO, proposed by the CEO, and in line with the remuneration guidelines approved by the shareholders’ meeting. Volvo Car Group Deputy CEO is entitled to a remuneration consisting of a fixed annual salary, STVP, PSP and other benefits such as a company car and insurance. A Deputy CEO is covered by the ITP plan and a supplementary pension plan – Volvo Management Pension (VMP). On average, the contributions for a Deputy CEO is 29–30 per cent of the pensionable salary. Disability benefits follow the ITP and VMP regulations.

The notice period for a Deputy CEO is a maximum of 12 months in case of termination by either Volvo Car Group or the Deputy CEO. Furthermore, a Deputy CEO is, in case of termination by Volvo Car Group, entitled to severance pay based on the fixed salary, during a period of maximum 12 months.

Remuneration to Executive Management Team

The Board has further assigned the PC to determine the remuneration to the Executive Management Team (EMT), proposed by the CEO, and in line with the remuneration guidelines approved by the shareholders’meeting. Members of EMT are entitled to a remuneration consisting of a fixed annual salary, STVP, PSP and other benefits such as company car and insurance.

Some of the EMT members also have retention awards, paid annually during three years from start of their employment. The annual amount of the retention awards varies between SEK 1 m to SEK 1.7 m.

The notice period for a member of EMT is a maximum of 12 months in case of termination by either Volvo Car Group or the member of EMT. Furthermore the member of EMT is, in case of termination by Volvo Car Group, entitled to severance pay based on the fixed salary, during a period of maximum 12 months.

During 2024 three (—) members of EMT left their positions. Remuneration during the notice period and severance pay amounted to SEK 21 (—) m, excluding social expenses.

Members of EMT are covered by the ITP plan and, where applicable, the VMP. On average, the contributions for members of EMT is 28–30 per cent of the pensionable salary. Disability benefits follow the ITP and VMP regulations.

Volvo Car Group’s outstanding post-employment benefits obligations to former CEOs and EMT amounted to SEK 34 (36) m.

Other long-term benefits

Apart from the compensation accounted for under share-based remuneration disclosed in Note 9 – Share-based remuneration, EMT does not have any other long-term benefits.

Expensed compensation to Executive Management Team (EMT), TSEK	2024					2023				
	Salary ¹⁾	Variable pay ²⁾	Long-term variable pay	Share-based remuneration ³⁾	Social security expenses (of which pension expenses)	Salary ¹⁾	Variable pay ²⁾	Long-term variable pay	Share-based remuneration ³⁾	Social security expenses (of which pension expenses)
Jim Rowan, CEO	16,745	32,987	–128	1,069	24,286 (6,074)	16,166	23,950	517	5,691	21,520 (5,542)
Björn Annwall, former Deputy CEO ⁴⁾	20,632	3,822	–26	63	10,620 (2,220)	7,187	5,684	786	1,266	8,956 (3,066)
Javier Varela, former Deputy CEO ³⁾	3,559	—	–270	–2,574	1,436 (1,262)	9,734	7,714	1,124	1,922	12,372 (4,290)
Other members of EMT	35,176	16,439	–62	1,391	28,948 (10,327)	16,743	10,408	1,280	2,757	18,534 (6,563)
Total	76,112	53,248	–486	–51	65,290 (19,883)	49,830	47,756	3,707	11,636	57,727 (19,461)

1) Includes benefits such as insurance and company car.
2) Includes STVP and also other additional short-term variable pay in accordance with individual agreements.
3) Deputy CEO until 2 May 2024.
4) Deputy CEO until 31 October 2024. Remuneration above also includes remuneration during notice period and severance pay.
5) For information on share-based programmes, see Note 9 – Share-based remuneration.

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Restructuring

As part of a global cost efficiency initiative to reduce cost and drive resource efficiencies, a redundancy programme was announced in Q2 2023. No additional programme has been announced during 2024. The programme impacted 567 white-collar employees in Sweden at a cost of SEK 625 m, of which the main part through voluntary termination packages. In addition, approximately 400 consultants and agency personnel were impacted. The carrying value of the restructuring provision as at 31 December 2024 is SEK 5 (503) m, including social expenses, see Note 23 – Current and other non-current provisions.

Incentive programmes

Short-term incentive programmes

Volvo Bonus

The Volvo Bonus programme includes all Volvo Car Group employees, except those who participates in the STVP for Senior Leaders. The purpose of the Volvo Bonus is to strengthen global alignment among employees around Volvo Car Group’s vision, objectives and strategies and to encourage all employees to achieve and exceed the business plan targets. The qualifier for the Volvo Bonus is that the Volvo Car Group profit target (EBIT), excluding share of income in joint ventures and associates, is reached. In order for the Volvo Bonus to be paid out at all, a minimum acceptable performance regarding EBIT needs to be met. This is called the threshold level and the remaining two levels (target and maximum) increase the bonus paid out in relation to increased performance. The pay-out is capped at 200 per cent of the so-called target bonus. Depending on the employee’s position, the employee is eligible for a certain target level that can be either a fixed amount or a percentage of the employee’s annual base salary 31 December at the end of the performance year. To be eligible for pay-out, the employee must remain within Volvo Car Group on the pay-out date. The remuneration is paid in cash.

STVP for Senior Leaders

The STVP for Senior Leaders is an incentive programme for the CEO, EMT and certain senior executives. The purpose of the STVP for Senior Leaders is to support the corporate strategy and the transformation of Volvo Cars. To reach maximum pay-out a number of performance targets must be reached. Targets include Volvo Car Group profit target (EBIT), excluding share of income in joint ventures and associates, but also other targets related to sales and mission execu-

tion activities. A threshold, target and maximum level is set for each performance indicator. In order for any STVP to be paid out in respect of each performance indicator, the threshold level needs to be met. If the higher target or maximum level is reached, the pay-out related to the relevant performance indicator will increase with linear pay-outs for performance between levels. The amount subject to payment for each level of performance is a percentage of the employee’s annual base salary, with a cap on the maximum amount payable when reaching or exceeding the maximum level of all performance indicators. The pay-out is capped at 200 per cent of the so-called target award. The target award is a percentage of the employee’s gross annual base salary on 31 December at the end of each performance year. To be eligible for pay-out, the employee must remain within Volvo Car Group on the pay-out date. The remuneration is paid in cash.

Liability and cost

The cost for the Volvo Bonus and STVP programmes amounted to SEK 1,946 (2,665) m including social security expenses, of which SEK 41 (54) m was related to EMT.

NOTE 9 SHARE-BASED REMUNERATION

ACCOUNTING POLICIES

Share-based long-term programmes

The fair value of the share-based programmes are based on the share price reduced by dividends connected with the share during the vesting period. Additional social expenses are reported as a liability, revalued at each balance sheet date.

The aim of these share-based programmes is to generate engagement and commitment to the organisation on a long-term basis. The PSP is equity-settled while the ESMP programme contains both equity-settled and cash-settled components. For components of the programmes that are equity-settled, the total compensation expense is based on the fair value at the grant-date together with consideration of any relevant performance conditions and is recognised over the relevant service period, with a corresponding increase in equity. All share-based payment programmes with employees have a service component while one has performance components as well. The amount recognised as an expense is adjusted to consider the total number of awards for which the relevant non-market perfor-

mance conditions and service conditions are expected to be met. The result is that the amount ultimately recognised is based on the actual number of awards that meet the relevant service and non-market performance conditions at the vesting date. For share-based payment transactions with non-vesting conditions, the grant-date fair value is adjusted to reflect these conditions.

For components of the ESMP that are cash-settled, the liability is valued based on the fair value of the liability and is revalued at the end of each reporting period, with any changes in fair value recognised in the income statement for the period.

Share-based incentive programmes

Performance Share Plan (PSP)

At the Annual General Meeting 2022, the shareholders adopted a share-based incentive programme (Performance Share Plan, PSP 2022), with a purpose to create a long-term focus amongst the participants on reaching Volvo Car Group’s long-term ambitions, as well as to facilitate recruitment and retention of employees with key competencies. Since the Board of Directors also believes that long-term share ownership is an important way to create alignment between the EMT and Volvo Car’s shareholders, it has implemented a policy setting out recommendations for certain levels of share ownership for members of the EMT. The PSP offers an opportunity for such members to increase their holdings to achieve the recommended share ownership.

A new share-based incentive programme, PSP 2023, was adopted at the Annual General Meeting 2023 and at the Annual General Meeting 2024 a third share-based incentive programme was adopted, PSP 2024. The structure of these two plans corresponds to the incentive programme approved in 2022.

In all programmes, each PSP participant will at commencement of the programme, free of charge receive a conditional award of Performance Shares (a “PSP Award”). The PSP Award will amount to the number of Performance Shares the value of which corresponds to a percentage of each participants gross annual base salary. The share price used to calculate the PSP Award value was the volume-weighted average price paid for the Volvo Car AB (publ.) class B share during a period of 30 trading days in connection with the commencement of the vesting period.

The number of Performance Shares allocated to the participants after expiration of the three year vesting period may amount to between 0 and 200 per cent of the PSP Award, depending on the satisfaction of four performance conditions;

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PSP 2022 performance conditions

- average operating margin during financial years 2022–2024 (weight 40 per cent)
- average revenue growth during financial years 2022–2024 (weight 40 per cent)
- reduction of CO₂ emissions per car sold (average CO₂ emissions per car sold in 2018 compared to the average CO₂ emissions per car sold in 2024) (weight 10 per cent)
- gender diversity (portion of non-male participants) in the STVP programme as of 31 December 2024 (weight 10 per cent)

PSP 2023 performance conditions

- average operating margin (excl share of income in JV and associates) during financial years 2023–2025 (weight 30 per cent)
- average revenue growth during financial years 2023–2025 (weight 30 per cent)
- reduction of CO₂ emissions per car sold (average CO₂ emissions per car sold in 2018 compared to the average CO₂ emissions per car sold in 2025) (weight 30 per cent)
- gender diversity (portion of non-male participants) in the STVP programme as of 31 December 2025 (weight 10 per cent)

PSP 2024 performance conditions

- average EBIT (excl share of income in JV and associates) during financial years 2024–2026 (weight 40 per cent)
- compound annual growth rate during financial years 2024–2026 (revenue for financial year 2026 is compared to revenue for financial year 2023) (weight 25 per cent)
- percentage of reduction of CO₂ emissions per Volvo car manufactured in 2018 compared to the average CO₂ emissions per car manufactured in 2026 (weight 25 per cent)
- gender diversity (share of females within senior leaders) as of 31 December 2026 (weight 10 per cent)

The performance conditions for all programmes include a minimum level which must be exceeded in order for any Performance Shares to be allocated at all. Should the minimum level be exceeded but the maximum level not reached, a proportionate number of Performance Shares will be allocated.

The PSP 2022 and 2023 programmes shall comprise a maximum of 9,886,909 class B shares in Volvo Car AB (publ.) respectively and the PSP 2024 programme shall comprise a maximum of 12,539,648 class B shares in Volvo Car AB (publ.).

PSP 2024 programme	Total	of which CEO	of which former deputy CEO J.V ¹⁾	of which former deputy CEO B.A ²⁾	of which other members of EMT
Outstanding number of shares at the beginning of the year	—	—	—	—	—
Granted shares during the year	3,409,752	323,022	—	76,358	275,174
Increase due to modification	244,317	26,456	—	6,254	22,534
Forfeited during the year	–53,433	—	—	—	—
Reclassification	—	—	—	–82,612	—
Outstanding number of shares at the end of the year	3,600,636	349,478	—	— ³⁾	297,708

PSP 2023 programme					
Outstanding number of shares at the beginning of the year	2,382,147	250,940	84,762	62,456	144,720
Granted shares during the year	—	—	—	—	—
Increase due to modification	173,174	20,552	—	5,115	18,130
Forfeited during the year	–287,092	—	–84,762	—	—
Reclassification	—	—	—	–67,571	29,189
Outstanding number of shares at the end of the year	2,268,229	271,492	—	— ³⁾	192,039

PSP 2022 programme					
Outstanding number of shares at the beginning of the year	1,209,027	145,958	49,301	30,100	62,369
Granted shares during the year	16,347	—	—	—	—
Increase due to modification	85,817	11,954	—	2,465	6,205
Forfeited during the year	–171,786	—	–49,301	—	—
Reclassification	—	—	—	–32,565	–14,190
Outstanding number of shares at the end of the year	1,139,405	157,912	—	— ³⁾	54,384

- 1) Deputy CEO until 2 May 2024.
2) Deputy CEO until 31 October 2024.
3) The PSP Awards have been prorated accordingly after leaving the position as deputy CEO. For 2022 programme the prorated number of shares are 25,819, for 2023 programme the prorated number of shares are 33,785 and for 2024 the prorated number of shares are 13,730.

PSP 2022 programme vesting level

Performance condition, %	Weight	Minimum level	Maximum level	Performance outcome	Achieved vesting level
Average operating margin during financial years 2022–2024	40	6	7.6	5.8	0
Average revenue growth during financial years 2022–2024	40	10.5	14.5	12.7	111
Reduction of CO ₂ emissions per car sold (average CO ₂ emissions per car sold in 2018 compared to average CO ₂ emissions per car sold in 2024)	10	26	40	24	0
Gender diversity (portion of non-male participants) in the STVP program as of 31 December 2024	10	30	34	31.1	55
Overall achieved vesting level					50

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Allocation of Performance Shares is also conditional upon the participants retaining the employment within the Volvo Car Group over the entire vesting period. For so-called good leavers the number of performance shares allocated will be proportionately reduced for the time served during the vesting period.

The total value of the Performance Shares at the end of the vesting period may not exceed 400 per cent of the PSP Award value and the number of Performance Shares allotted may be reduced accordingly. Should there be a decline in the price of the Volvo Car AB (publ.) class B share such that the number of Performance Shares subject to allocation exceeds the maximum number of Performance Shares, the number of Performance Shares allocated to the participants will be reduced proportionately.

The Board of Directors is entitled to reduce the number of Performance Shares subject to allocation or, wholly or partially, terminate the PSP programmes in advance if significant changes in the Group or in the market occur which, in the opinion of the Board of Directors, would result in a situation where the conditions for allocation of Performance Shares become unreasonable.

The fair value of the Volvo Car AB (publ.) class B share at grant date is calculated as the market value of the share excluding the present value of expected dividend payments for the next three years and amounted to SEK 75.26 for the PSP 2022, SEK 40.43 for the PSP 2023 and SEK 34.06 and SEK 24.56 for the PSP 2024, dependent on the date the Performance Share was granted on.

During the year Volvo Car AB (publ.) modified the PSP 2022, PSP 2023 and PSP 2024 programmes by granting an additional PSP Award to participants to reflect the effects on the share price in connection with the distribution of Volvo Cars' shareholding in Polestar Automotive Holding UK PLC. The fair value of the Volvo Car AB (publ.) class B share at grant date for the modification amounted to SEK 28.42 and is applicable to all programmes. Terms and conditions of vesting are aligned with the existing programmes. The expenses for the additional PSP Award will be taken from the modification date up until the date for vesting in each programme. The total expenses for the additional Awards during 2024 is SEK 2 m, of which SEK 2 m is equity settled and SEK — is cash settled.

Liability and cost

The total cost for the PSP programmes amounted to SEK 1 (60) m of which SEK 4 (48) m is equity-settled. SEK –3 (12) m is cash-settled, of which SEK –1 (8) m is related to social security expenses. The total liability amounted to SEK 16 (19) m.

Employee Share Matching Plan (ESMP)

In 2022, the Annual General Meeting also approved implementation of a share-based incentive programme (Employee Share Matching Plan, ESMP 2022) giving all permanent employees of Volvo Car Group the opportunity to become shareholders in Volvo Car AB (publ.). The purpose of the ESMP is to create engagement, commitment and motivation for the entire permanent workforce of Volvo Car Group, excluding the participants of PSP.

Two additional ESMP programmes have been approved, one at the Annual General Meeting 2023, ESMP 2023 and another one at the Annual General Meeting 2024, ESMP 2024, similar to the one implemented during 2022. To participate in the programmes, the participants must make own investments in class B shares in Volvo Car AB (publ.) (Investment shares), up to an aggregate value for each participant at the time of the investment of no more than SEK 10 000.

For each Investment share, the participants will be entitled to allocation of one Matching Share free of charge after the expiration of the two-year vesting period.

Allocation of Matching Shares is conditional upon the participants retaining the employment within the Volvo Car Group over the entire vesting period and that the participants has retained the Investment shares purchased.

Both ESMP 2022 and 2023 programmes shall comprise a maximum of 7,832,000 class B shares in Volvo Car AB (publ.) respectively. The ESMP 2024 programme shall comprise a maximum of 16,578,427 class B shares in Volvo Car AB (publ.). Should there be a decline in the price of the Volvo Car AB (publ.) class B share such that the number of Matching Shares subject to allocation exceeds the maximum number of Matching Shares, the number of Matching Shares allocated to the participants will be reduced proportionately.

The Board of Directors is entitled to reduce the number of Matching Shares subject to allocation or, wholly or partially, terminate the ESMP programmes in advance if significant changes in the Group or in the market occur which, in the opinion of the Board of Directors, would result in a situation where the conditions for allocation of Matching Shares become unreasonable.

The fair value of the Volvo Car AB (publ.) class B share at grant date is calculated as the market value of the share excluding the present value of expected dividend payments for the next two years. For ESMP 2022 the fair value of the share at grant date amounted to SEK 44.34, SEK 50.71, SEK 49.43 and SEK 44.14 dependent on the date the Matching Share was granted. For ESMP 2023 the fair

value of the share at grant date amounted to SEK 36.96, SEK 42.72, SEK 45.32, SEK 40.14, SEK 32.56 and SEK 33.6 dependent on the date the Matching Share was granted. For ESMP 2024 the fair value of the share at grant date amounted to SEK 35.32, SEK 31.56, SEK 31.41 and SEK 23.73 dependent on the date the Matching Share was granted.

When the employee receives the Matching Shares, it is normally seen as a taxable benefit. Volvo Cars has therefore decided to contribute with an additional cash sum corresponding to a general tax level for each country. The contribution is calculated on a general level and is not individually set.

Since this part of the programme meets the description of a cash-settled share-based payment transaction, a liability will be recorded and remeasured to fair value at the end of each reporting period.

During the year, Volvo Car AB (publ.) granted an additional cash contribution to ESMP 2022 and ESMP 2023 participants to reflect the effects on the share price in connection with the distribution of Volvo Cars' shareholding in Polestar Automotive Holding UK PLC. Payment of the cash contribution is aligned with the vesting of the existing programmes and the cost for the additional cash contribution will be taken from the modification date up until the date for vesting in each programme. The total cost for 2024 for the additional cash contribution is SEK 26 m (all cash settled).

Liability and cost

The total cost for the ESMP programme amounted to SEK 153 (132) m of which SEK 80 (61) m is equity-settled. SEK 73 (71) m is cash-settled, of which SEK 24 (26) m is related to social security expenses. The total liability amounted to SEK 78 (86) m.

	ESMP 2024	ESMP 2023	ESMP 2022
Outstanding number of shares at the beginning of the year	—	1,641,414	2,239,904
Granted shares during the year	1,829,820	—	—
Forfeited during the year	–8,509	–81,944	–134,854
Vested during the year	—	—	–1,479,806
Outstanding number of shares at the end of the year	1,821,311	1,559,470	625,244

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NOTE 10 GOVERNMENT GRANTS

ACCOUNTING POLICIES

Government grants are recognised in the financial statements in accordance with their purpose, either as a reduction of expense or as a reduction of the carrying amount of the asset. Government grants intended to compensate for a specific expense are recognised as a cost reduction in the same period as the expense which the grant is intended to compensate has been recognised. Government grants related to acquiring assets are deducted from the carrying amount of the asset and are recognised in the income statement over the life of a depreciable asset as a reduced depreciation expense. In cases where the received government grant is not intended to compensate for any expenses or the acquisition of assets, the grant is classified by the nature of the income, either as other income or revenue. Government grants for future expenses are recognised as deferred income. For more information relating to the accounting policies for emission credits see Note 2 – Revenue.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

A government grant is recognised when there is reasonable assurance that Volvo Car Group will comply with the conditions attached to the grant and that the grant will be received. Judgement includes assessing if Volvo Car Group is in compliance with the prerequisites in the contract or not and if there is a potential risk of repayment if these prerequisites are breached during the contract period. As of today, Volvo Car Group's assessment is that there are no government grants received where there is a risk of material repayments.

Volvo Car Group receives grants from several parties, mainly from the Swedish, American, Chinese and Belgian Governments as well as from the European Union. In 2024 the government grants received amounted to SEK 167 (395) m and the government grants realised in the income statement amounted to SEK 1,116 (1,267) m. Grants relating to earned emission credits amounted to SEK 994 (910) m. Non-monetary government grants have been received in China, mainly in the form of rent-free office and factory premises, and in the US in the form of reduced lease fees related to office premises and the manufacturing site.

NOTE 11 OTHER FINANCIAL INCOME AND EXPENSES

ACCOUNTING POLICIES

Financing expenses on repurchase obligations are presented as other financial expenses. Foreign exchange rate gains and losses on financial transactions are presented net in other financial income and expenses. Also presented net are fluctuations in the fair value of derivatives hedging financial transactions where hedge accounting is not applied. Information on the classification of financial instruments, see Note 19 – Financial instruments and Financial risks.

Other financial income	2024	2023
Net change in fair value on financial instruments	358	—
Net foreign exchange rate differences	84	—
of which foreign exchange rate gains	2,201	—
of which foreign exchange rate losses	–2,117	—
Other financial income	9	5
	451	5

Other financial expenses	2024	2023
Financing expenses on repurchase obligations	–797	–348
Net foreign exchange rate differences	—	–222
of which foreign exchange rate gains	—	1,014
of which foreign exchange rate losses	—	–1,235
Fees on factoring	–184	–108
Expenses on credit facilities	–69	–66
Net change in fair value on financial instruments	—	–51
Other financial expenses	–26	–12
	–1,076	–807

NOTE 12 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

ACCOUNTING POLICIES

Joint ventures refer to joint arrangements whereby Volvo Car Group together with one or more parties have joint control and rights to the net assets of the arrangements.

Associated companies are companies in which Volvo Car Group has a significant but not controlling influence, which generally is when Volvo Car Group holds between 20 and 50 per cent of the shares, but it also includes investments with less participation if significant influence is proven based on other facts and circumstances.

Investments in joint ventures and associated companies are recognised in accordance with the equity method. When Volvo Car Group's share of losses in an joint venture or associate equals or exceeds its interest in the joint venture or associate, Volvo Cars does not recognise further losses unless it has a legal or constructive obligations in relation to the joint venture or associate.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

A critical judgement in relation to joint ventures is whether joint control exists when Volvo Car Group has a shareholding of greater than 50 per cent but based on other facts and circumstances has joint control over the investee. This could be based on but not limited to the governance structure of the joint venture, and procedures for appointment of key management and dispute resolution. The judgement that is made is whether Volvo Car Group has the power to direct the activities that significantly affect the returns of the joint venture, has a right to variable returns from the joint venture, and the ability to exercise its power over the joint venture to affect the amount of its returns. Even with a greater than 50 per cent ownership in an investee, if Volvo Car Group cannot direct the activities of the joint venture to significantly affect its returns from the joint venture, nor exercise its power over the joint venture. Volvo Car Group recognises Volvo Car Group Financial Leasing (Shanghai) Co., Ltd as a joint venture with a 55 per cent shareholding and voting interest because it has joint decision-making power over the operations.

A critical judgement in relation to associates is whether significant influence exists where Volvo Car Group has voting power of less than 20 per cent but based on other facts and circumstances could

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have significant influence over a company. This could be based on the content of a shareholder agreement, evaluation of the company's financing structure and board of directions composition, or other market-based assumptions and relationship-based facts. Volvo Car Group recognises Polestar Automotive Holding UK PLC as an associate with a 18 per cent shareholding and retains significant influence in the Polestar Group through its remaining shareholding, board representation, operational collaborations and technical reliance.

	2024	2023
Share of income in joint ventures	–1,937	– 206
Share of income in associates	–2,785	–5,422
Total	–4,722	–5,628

Share of income in joint ventures and associates is specified below:	2024	2023
Lynk & Co Automotive Technology Group	–624	–598
Polestar Automotive Holding Group	–2,794	–5,427
Ziklo Bank AB	393	426
Other companies ¹⁾	–1,697	–29
Total	–4,722	–5,628

1) Impairment of shareholding in NOVO Energy AB of SEK –1,702 (—) m.

Investments in joint ventures and associates	31 Dec 2024	31 Dec 2023
At beginning of the year/acquired acquisition value	14,142	15,599
Share of net income	–4,722	–5,628
Investment in NOVO Energy AB	2,136	815
Investment in Volvo Car Group Financial Leasing (Shanghai) Co., Ltd.	802	—
Investment in World of Volvo AB	25	—
Investment in Zenuity AB	6	3
Reversal internal profit elimination	–2,018	–389
Reclassification from subsidiary to joint venture	—	711
Reclassification from joint venture to subsidiary	–908	—
Revaluation of earn-out rights in Polestar Automotive UK PLC	581	2,755
Dividends	–213	–88
Translation difference	–833	364
Total	8,998	14,142

Volvo Car Group's carrying amount on investments in joint ventures and associates:	Corp. ID no.	Country of incorporation	% interest held	31 Dec 2024	31 Dec 2023
<i>Joint ventures</i>					
NOVO Energy AB	559344-2600	Sweden	50	—	774
Volvo Trademark Holding AB	556567-0428	Sweden	50	7	7
Ziklo Bank AB	556069-0967	Sweden	50	3,717	3,526
VH Systems AB	556820-9455	Sweden	50	37	35
Zenuity AB	559073-6871	Sweden	50	—	—
World of Volvo AB	559233-9849	Sweden	50	87	69
VCFS Germany GmbH	HRB 85091	Germany	50	4	4
VCIS Germany GmbH	HRB 86800	Germany	50	9	9
Volvo Car Financial Services UK Ltd	12718441	United Kingdom	50	1,036	795
Volvo Car Group Financial Leasing (Shanghai) Co., Ltd	91310115MA1K49CY8Y	China	55	1,612	726
GV Automobile Technology (Ningbo) Co., Ltd	91330201MA2AGKLQ8E	China	50	40	39
Lynk & Co Automotive Technology Co., Ltd	91330200MA2AF25Y7B	China	30	2,414	2,843
<i>Associated companies</i>					
VCC Försäljnings KB	969712-0153	Sweden	50	1	1
VCC Tjänstebilar KB	969673-1950	Sweden	50	2	3
Volvohandelns PV Försäljnings AB	556430-4748	Sweden	50	17	14
Volvohandelns PV Försäljnings KB	916839-7009	Sweden	50	7	3
Polestar Automotive Holding UK PLC ²⁾	13624182	United Kingdom	18	—	5,286
Trio Bilservice AB	556199-1059	Sweden	33	1	1
Göteborgs Tekniska College AB	556570-6768	Sweden	26	6	6
Leiebilservice AS	879 548 632	Norway	20	1	1
Carrying amount, participation in joint ventures and associates				8,998	14,142

2) The share of voting power is 15 per cent.

The share of voting power corresponds to holdings in per cent as per above. For practical reasons, some of the joint ventures and associates are included in the consolidated financial statements with a certain time lag, normally one month.

Lynk & Co Automotive Technology Co., Ltd

The joint venture company Lynk & Co Automotive Technology Co., Ltd, prior name Lynk & Co Investment Co., Ltd, is an establishment between Volvo Cars (China) Investment Co., Ltd, (30 per cent), Ningbo Geely Automobile Industry Co., Ltd. (50 per cent) and Zhejiang Geely Holding Group Co., Ltd. (20 per cent). The principal activity of the Lynk & Co Automotive Technology Co., Ltd is to engage in the manufacturing and sale of vehicles under the “Lynk & Co” brand, and support after-sale services relating thereto.

Polestar Automotive Holding UK PLC

The associated company Polestar Automotive Holding UK PLC is owned by Volvo Car Group's wholly-owned subsidiary Snita Holding B.V., with 18.0 (48.3) per cent shareholding and 14.9 (49.4) per cent of voting power. Polestar Automotive Holding UK PLC is listed on the Nasdaq Stock Exchange in New York. Other major shareholders are PSD Investment Ltd 39.2 per cent (voting power 49.9 per cent) and Geely Sweden Automotive Investment B.V. 23.8 per cent (voting power 19.6 per cent).

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On 26 March 2024, the Annual General Meeting of Volvo Cars resolved, in accordance with the Board of Directors’ proposal, to distribute a portion of Volvo Cars’ shareholding in Polestar to Volvo Cars’ shareholders.

In preparation for the distribution of the shares, an internal share transfer was made from Snita Holding B.V. to Volvo Cars parent company Volvo Car AB (publ.) at a purchase price equivalent of the fair market value of each share on the Nasdaq Stock Exchange in New York on the transaction date, 8 May 2024.

On 8 May 2024, Volvo Car AB (publ.) completed the distribution of 62.7 per cent of its shareholding in Polestar Automotive Holding UK PLC amounted to SEK 9,332 m to Volvo Cars’ shareholders. The largest shareholder is Geely Sweden Holdings AB with 78.65 per cent of the shares.

The distribution involved a share split (2:1), whereby Volvo Cars’ shareholder received redemption shares which was redeemed as part of the distribution. The distribution of SEK 3.13 per share was made to the holders of the redemption shares on the record date of 8th of May 2024, in total 2,979,524,179 redemption shares. For further information, see Note 21 – Equity.

Prior to the record date for the distribution, Volvo Car AB’s (publ.) parent company, Geely Sweden Holdings AB formed a new wholly-owned subsidiary, Geely Sweden Automotive Investment B.V. and transferred its redemption shares to the new established subsidiary. As a result, Geely Sweden Automotive Investment B.V. became a shareholder of 23.8 per cent in Polestar through the share distribution.

After the distribution, Volvo Car Group’s remaining shareholding in Polestar through the wholly-owned subsidiary Snita Holding B.V. was reduced to 18 per cent.

Until 8 May 2024, recognised losses in Polestar has been accounted for using the equity method with a shareholding of 48.3 per cent and thereafter with 18 per cent. During the year when recognised losses exceeded the carrying amount of Volvo Car Group’s investment in Polestar, no further losses have been recognised.

As of 31 December 2024, our fair value of the Polestar Group, listed on the Nasdaq Stock Exchange in New York (ticker symbol: PSNY), was SEK 4,406 (23,144) m based on the quoted market price.

Ziklo Bank AB

Ziklo Bank AB is a joint venture between Volvo Car Corporation and AB Volverkinvest. In Sweden, Ziklo Bank AB is one of the the leading banks within vechicle financing services. During 2024, Volvofinans Bank AB changed its legal name to Ziklo Bank AB, however Volvofinans still exists as a brand.

Other companies

NOVO Energy AB is a joint venture between Volvo Car Corporation (50 per cent) and Northvolt AB (50 per cent). The purpose of the joint venture is to develop and produce more sustainable batteries to contribute to powering the next generation of pure electric Volvo and Polestar cars.

In July 2023 Novo Energy Group, through one of its wholly-owned subsidiary Novo Production AB aquired the wholly-owned subsidiary Fastighetsbolag Sörred 15:7 AB from Volvo Car Corpora-tion AB. The acquired real estate company, renamed to NOVO Energy PropCo AB, owns the land where upon the future planned battery manufactory plant is under construction in the area of Goth-enburg, Sweden.

On 30 October 2024, Volvo Cars executed its redemption right to acquire Northvolt’s 50 per cent shareholding in NOVO Energy AB.

The NOVO Energy Group was up to 30 October reported in accordance with the equity method and thereafter reclassified to a subsidiary. For further information, see Note 27 – Business combi-nations and divestments.

In January 2023, Volvo Car Corporation and Zhejiang Genius & Guru Investment Co., Ltd signed a joint venture agreement regarding Volvo Car Group Financial Leasing (Shanghai) Co., Ltd. In June 2023, Zhejiang Genius & Guru Investment Co., Ltd subscribed to all the newly issued shares according to the signed subscription agree-ment. As a result the wholly-owned subsidiary, Volvo Car Group Financial Leasing (Shanghai) Co., Ltd was reclassified to a joint venture company between Volvo Car Corporation (55 per cent) and Zhejiang Genius & Guru Investment Co., Ltd (45 per cent) and from 25 June 2023 reported in accordance with the equity method since none of the holding companies has the decision-making power over the operation.

Events after the reporting period

On 14 February, Volvo Cars announced the divestment of its 30 per cent shareholding in Lynk & Co Automotive Technology Co., Ltd to Zhejiang Zeekr Intelligent Technology Co., Ltd., a company within the Geely spheere.

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The following tables present summarised financial information for the Volvo Car Group’s material joint ventures and associates.

	Lynk & Co Automotive Technology Group ¹⁾		Polestar Automotive Holding Group ²⁾		Ziklo Bank AB ³⁾	
Summarised balance sheets	2024	2023	2024	2023	2024	2023
Percentage ownership	30	30	18	48	50	50
Non-current assets	30,686	25,580	24,958	21,692	44,488	40,728
Cash and cash equivalents	8,367	4,200	8,100	7,738	4,064	3,285
Other current assets	45,614	39,494	17,403	16,402	5,525	4,827
Total assets	84,667	69,274	50,461	45,832	54,077	48,840
Equity ⁴⁾	7,881	9,310	–31,489	–8,694	6,683	6,300
Non-current financial liabilities	6,045	4,705	26,237	14,814	42,376	38,131
Non-current liabilities ⁴⁾	4,551	4,647	3,055	4,317	1,174	964
Current financial liabilities	2,745	3,896	28,968	21,419	—	—
Current liabilities	63,445	46,716	23,690	13,976	3,844	3,445
Total equity and liabilities	84,667	69,274	50,461	45,832	54,077	48,840

	Lynk & Co Automotive Technology Group ¹⁾		Polestar Automotive Holding Group ²⁾		Ziklo Bank AB ³⁾	
Summarised income statements	2024	2023	2024	2023	2024	2023
Revenue	62,282	52,941	21,373	25,580	5,745	5,879
Depreciation and amortisation	–5,429	–4,862	–1,188	–1,410	–20	–8
Interest income	315	136	173	292	—	—
Interest expense	–704	–387	–4,150	–2,131	—	—
Profit/loss from continuing operations	–2,339	–1,957	–16,578	–7,714	633	655
Profit (loss) for the year	–2,339	–1,957	–16,578	–7,714	633	655
Other comprehensive income for the year	137	43	–420	–112	—	—
Total comprehensive income for the year	–2,202	–1,914	–16,998	–7,826	633	655
Dividends received from joint ventures and associates during the year	—	—	—	—	201	77

Reconciliation of the summarised financial information presented to the carrying amount of its interest in joint ventures and associates.

Reconciliation of summarised financial information	Lynk & Co Automotive Technology Group ¹⁾		Polestar Automotive Holding Group ²⁾		Ziklo Bank AB ³⁾	
	2024	2023	2024	2023	2024	2023
Net asset of the joint venture and associate	7,881	9,310	–31,489	–8,694	6,683	6,300
Proportion of Volvo Car Group's ownership, %	30	30	18	48	50	50
Goodwill	—	—	—	—	376	376
Adjustments for differences in accounting principles	—	—	455	386	—	—
Adjustments for change in ownership %	—	—	–5,626	—	—	—
Adjustments for unrecognised share of losses	—	—	2,956	—	—	—
Adjustments for common control transaction	54	51	20	20	—	—
Polestar listing	—	—	8,970	8,970	—	—
Revaluation of earn-outs rights	—	—	315	125	—	—
Equity-settled share-based payments	—	—	–92	–78	—	—
Capital injection from investors other than Volvo Car Group	—	—	–764	–764	—	—
Net foreign exchange rate effect	–4	–1	–560	827	—	—
Carrying amount of Volvo Car Group's interest in joint ventures and associates	2,414	2,843	0	5,286	3,717	3,526

- 1) Volvo Car Group's equity share in Lynk & Co Automotive Technology Group is included with a time lag of a month, and a forecast for December.
- 2) Volvo Car Group's equity share in Polestar Automotive Holding Group is included with a time lag of a quarter and a forecast for the last quarter.
- 3) Volvo Car Group's equity share in Ziklo Bank AB is included with a time lag of a quarter.
- 4) Equity and non-current liabilities are adjusted with the portion of untaxed reserves where appropriate.

Significant restrictions

For the Chinese joint venture companies, there are some restrictions on the Volvo Car Group's ability to access cash.

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NOTE 13 TAXES

ACCOUNTING POLICIES

Income taxes

Income taxes include current and deferred taxes as well as withhold-ing tax, mainly on licenses, and are reported in the income statement unless the underlying transaction is recognised directly in equity or other comprehensive income. For those items the related income tax is also reported directly in equity or other comprehensive income. Deferred taxes are recognised on tax loss carry-forwards and differ-ences that arise between the taxable value and carrying value of assets and liabilities, with the exception of goodwill.

In May 2023, the IASB amended IAS 12 in response to the OECD’s Pillar Two rules. The amendment to IAS 12 includes a man-datory temporary exception to not recognise or disclose information about deferred tax assets and liabilities related to the OECD Pillar Two rules which Volvo Car Group has applied. Information regarding the initial assessment of the Group’s exposure to the enacted Swedish Pillar Two legislation is presented in this note.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Deferred tax assets

The recognition of deferred tax assets requires assumptions about the level of future taxable income and the timing of recovery of deferred tax assets. These assumptions take into consideration fore-casted taxable income. The measurement of deferred tax assets is subject to uncertainty and the actual result may diverge from judge-ments due to future changes in business climate, altered tax laws etc. An assessment is made at each closing date of the likelihood that the deferred tax asset will be utilised. If needed the carrying amount of the deferred tax asset will be altered. The judgements that have been made may affect net income both positively and negatively.

Income tax recognised in income statement	2024	2023
Current income tax for the year	-2,799	-4,568
Current income tax for previous years	-317	-206
Deferred taxes	-3,434	-1,494
Pillar Two – minimum tax	-9	—
Withholding taxes ¹⁾	-255	-597
Other taxes	29	71
Total	-6,785	-6,794

1) Withholding tax on i.a. royalty and licence sales, mainly to China.

Reconciliation between current tax rate in Sweden and effective tax rate	2024	2023
Income before tax for the year	22,719	20,860
Tax according to applicable Swedish tax rate, 20.6 (20.6)%	-4,680	-4,297
Operating income/costs, non-taxable	6	-92
Withholding taxes	-255	-597
Other taxes, non tax deductible	20	71
Share of income in joint ventures and associates, tax exempt	-1,127	-869
Capital gains or losses, non tax deductible	-334	-722
Effect of different tax rates	-186	-16
Tax effect on deferred tax due to change of tax rate	—	-14
Non-recognised deferred tax asset on tax losses carry forward	-70	-48
Remeasurements of previously non-recognised deferred tax on tax losses	6	12
Revaluation of previously non-valued losses and other temporary differences	-134	-172
Other	-31	-50
Total	-6,785	-6,794

The corporate statutory income tax rate in Sweden was 20,6 (20,6) per cent. The effective tax rate on profit before taxes was 29,86 (32,57) per cent.

Income tax recognised in other comprehensive income	2024	2023
Deferred tax		
Tax effects on cash flow hedge reserve	-1,109	408
Tax effect of remeasurement of provisions for post-employment benefits	-55	-424
Tax effects on translation difference of hedge instruments of net investments in foreign operations	-65	27
Total	-1,229	11

Specification of deferred tax assets	31 Dec 2024	31 Dec 2023
Goodwill arising from the purchase of the net assets of a business	36	67
Provision for employee benefits	1,042	1,047
Unutilised tax loss carry-forwards	9,256	7,325
Accruals	9,258	7,197
Reserve for unrealised income in inventory	1,730	1,938
Provision for warranty	1,757	1,475
Fair value of financial instruments	743	—
Lease liabilities ¹⁾	2,385	1,461
Other temporary differences ¹⁾	1,517	1,582
Total deferred tax assets	27,724	22,092
Netting of assets/liabilities ¹⁾	-16,742	-11,957
Total deferred tax assets, net	10,982	10,135

Specification of deferred tax liabilities	31 Dec 2024	31 Dec 2023
Fixed assets	20,112	16,573
Untaxed reserves	47	42
Auto lease portfolio	7,125	2,872
Fair value of financial instruments	—	546
Other temporary differences	538	217
Total deferred tax liabilities	27,822	20,250
Netting of assets/liabilities ¹⁾	-16,742	-11,957
Total deferred tax liabilities, net	11,080	8,293

1) Comparative figures have been restated, lease liabilities separate specified.

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Volvo Car Group is subject to the OECDs model rules for Pillar Two and on December 13, 2023, the government of Sweden, where the parent company is incorporated, enacted the Pillar Two income tax legislation effective from 1 January 2024 and applicable from fiscal year 2024.

Based on the legislation, the Group is obliged to pay additional tax on profits in each jurisdiction where the effective tax rate according to the Pillar Two income tax legislation is below the minimum tax rate of 15 per cent.

The Group has identified potential exposure to Pillar Two income taxes on profits earned in a few countries. The estimated exposure is coming from the constituent entities (mainly operating subsidiaries) in these jurisdictions.

However, the estimate is that the new regulations have limited impact on the Group for 2024 and that any tax due to the new regulations will be non-material from a group perspective. For the sake of completeness, it should be noted that many countries, including China, have not yet implemented Pillar Two rules (or a local Qualified Domestic Top Up Tax) within their domestic legislation.

The Group is continuing to assess the impact of the Pillar Two income tax legislation on its future financial performance and is preparing for adherence to local compliance rules as they are implemented.

Changes in deferred tax assets and liabilities during the reporting period	31 Dec 2024	31 Dec 2023
Net book value of deferred taxes at 1 January	1,842	3,758
Deferred tax income/expense recognised through income statement	-3,434	-1,494
Change in deferred taxes recognised directly in other comprehensive income	1,229	-11
Change in deferred taxes due to application of the amendments to IAS 12 Income taxes	—	-19
Exchange rate impact	265	-392
Net book value of deferred taxes at 31 December	-98	1,842

As of 31 December, 2024, the recognised tax loss carry-forwards amounted to SEK 41,780 (35,153) m. The tax value of these tax loss carry-forwards is reported as an asset. Of the total SEK 9,256 (7,325) m recognised deferred tax assets related to tax loss carry-forwards, SEK 6,085 (6,804) m relates to Sweden with indefinite

periods of utilisation. SEK 2,265 (—) m relates to US where tax loss carry-forwards are expected to be utilised before expiration date and SEK 698 (378) m relates to China where tax loss carry-forwards are expected to be utilised before expiration date.

The Group had total unrecognised deferred tax assets of SEK 353 (295) m related to tax losses carry forwards and withholding tax credits, these were not recognised due to the uncertainty of future taxable income. The majority, SEK 342 (280) m is related to Sweden with indefinite periods of utilisation.

The final years in which the recognised loss carry-forwards can be utilised are shown in the following table.

Tax-loss carry-forwards; year of expiration	31 Dec 2024	31 Dec 2023
Due date		
Expiring within one year	—	—
Expiring after one year but within five years	2,791	1,486
Expiring after five years	38,989	33,667
Total	41,780	35,153

NOTE 14 EARNINGS PER SHARE

ACCOUNTING POLICIES

Basic earnings per share is calculated as net income attributable to owners of the parent company divided by the weighted average number of ordinary shares outstanding during the period.

Effects on Earnings per share (EPS) connected with equity-settled employee incentive plans are reflected in the diluted earnings per share calculation when they are dilutive. For the performance share programme this is based on the fulfilment of the performance conditions. For the employee share matching programme dilutive effects are calculated using the treasury stock method.

Basic earnings per share	2024	2023
Net income attributable to owners of the parent company	15,401	13,053
Net income attributable to owners of ordinary shares in the parent company	15,401	13,053
Weighted average number of ordinary shares outstanding, basics ¹⁾²⁾	2,977,042,500	2,979,524,179
Basic earnings per share (SEK)	5.17	4.38

Diluted earnings per share	2024	2023
Net income in basic earnings per share	15,401	13,053
Net income in diluted earnings per share	15,401	13,053
Weighted average number of ordinary shares outstanding, basic ¹⁾²⁾	2,977,042,500	2,979,524,179
Dilutive effect for share-based payment programmes	1,135,042	778,275
Weighted average number of ordinary shares, diluted	2,978,177,542	2,980,302,454
Diluted earnings per share (SEK)	5.17	4.38

- 1) The weighted average number of outstanding shares takes into account the weighted average effect of changes in treasury share during the year.
- 2) Total number of treasury shares held by Volvo Car Group amounts to 5,020,194 (—) shares.

NOTE 15 INTANGIBLE ASSETS

ACCOUNTING POLICIES

The intangible assets held by Volvo Car Group consists primarily of vehicle product development, licenses and patents, trademark, goodwill, dealer network and investments in IT-systems and software. Volvo Car Group applies the cost model for measurement of intangible assets.

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Product development

Volvo Car Group applies a waterfall model with distinct gates that governs all phases of product development projects. Costs related to product development are only recognised as assets when the recognition criteria are met. Normally this correlates with the industrialisation phase of the project when the product is prepared for serial production and the product is launched. Costs prior to the industrialisation phase of the project, the concept phase, are recognised in the income statement as incurred.

Development costs that are contractually shared with other parties are recognised as intangible assets to the extent of the relevant proportion of Volvo Car Group interests. Incurred costs for developed technology not controlled by Volvo Car Group are recognised in the income statement as cost of sales at the time of sale.

Amortisation methods for intangible assets

Intangible assets with finite useful lives are amortised on a straight-line basis over their respective expected useful lives. The amortisation period for contractual rights such as licences does not exceed the contract period. All intangible assets are considered to have a finite useful life, with the exception of goodwill and trademarks. Trademarks are assumed to have indefinite useful lives since Volvo Car Group has the right and the intention to continue to use the trademarks for the foreseeable future, while generating net positive cash flows for Volvo Car Group. An intangible asset with an indefinite useful life is not amortised. The following useful lives are applied to intangible assets with finite useful lives:

Dealer network	30 years
Software	3–8 years
Product development	3–15 years
Patents, licences and similar rights	3–10 years

Amortisation is included in cost of sales, research and development expenses as well as selling or administrative expenses depending on in what way the assets have been used. Amortisation of intangible assets related to vehicle platforms are included in research and development expenses.

	Product development ¹⁾	Software	Assets under construction	Trademark and goodwill ²⁾	Other intangible assets ³⁾	Total
Acquisition cost						
Balance at 1 January 2023	44,815	6,010	27,725	4,330	8,242	91,122
Additions	1,688	58	19,883	—	28	21,657
Divested through business combinations	—	–4	–1	–76	—	–81
Divestments and disposals	–1,478	–41	—	–36	—	–1,555
Reclassifications	6,416	1,979	–10,104	—	1,851	142
Effect of foreign currency exchange rate differences	—	29	–37	—	–113	–121
Balance at 31 December 2023	51,441	8,031	37,466	4,218	10,008	111,164
Additions	6,306	25	14,552	—	47	20,930
Acquired through business combinations	—	—	—	115	—	115
Divestments and disposals	–3,645	–769	–190	–179	–69	–4,852
Reclassifications	28,233	2,244	–30,928	—	124	–327
Effect of foreign currency exchange rate differences	1	–7	46	—	125	165
Balance at 31 December 2024	82,336	9,524	20,946	4,154	10,235	127,195
Accumulated amortisation and impairment						
Balance at 1 January 2023	–25,666	–2,719	—	—	–5,743	–34,128
Amortisation expense	–4,853	–682	—	—	–921	–6,456
Divested through business combinations	—	1	—	—	—	1
Divestments and disposals	1,451	23	—	—	—	1,474
Reclassifications	—	–48	—	—	8	–40
Effect of foreign currency exchange rate differences	—	–34	—	—	123	89
Balance at 31 December 2023	–29,068	–3,459	—	—	–6,533	–39,060
Amortisation expense	–7,399	–959	—	—	–846	–9,204
Divestments and disposals	3,616	429	—	—	64	4,109
Reclassifications	—	—	—	—	853	853
Effect of foreign currency exchange rate differences	—	25	—	—	–137	–112
Balance at 31 December 2024	–32,851	–3,964	—	—	–6,599	–43,414
Net balance at 31 December 2023	22,373	4,572	37,466	4,218	3,475	72,104
Net balance at 31 December 2024	49,485	5,560	20,946	4,154	3,636	83,781

1) Volvo Car Group has capitalised borrowing costs related to product development of SEK 1,120 (1,055) m. A capitalisation rate of 4.6 (3.6) per cent was used to determine the amount of borrowing costs eligible for capitalisation.
2) Of the total Net balance at 31 December 2024, Goodwill amounted to SEK 556 (620) m.
3) Other intangible assets refers to licences, dealer network and patents.

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CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Management regularly reassesses the useful life of all significant assets. When the useful life of an intangible asset is reduced, amortisation is accelerated and increased in future periods to reflect the reduction over time over which the Group will derive benefits from the asset. A shorter estimated useful life is not always an indicator of impairment, as impairment is characterised by a change in the expected cash flows to be derived from the asset. When assessing the useful life, climate-related risks were considered and found to have no material impact.

The carrying amount of intangible assets with finite useful lives are tested if there are indicators of a decline in value with regards to future economic benefits related to the asset. Impairment testing of assets that do not generate largely independent cash flows are done by grouping assets per platform. Intangible assets with indefinite useful life are not allocated to a platform but instead tested at the operating level Volvo Car Group.

In calculating an impairment test certain estimations must be made with regards to future cash flows, required return on investments and other adequate assumptions. The estimated future cash flows are based on assumptions that represent management’s best estimate of the economic conditions that will exist during the asset’s remaining useful life and are based on internal business plans or forecasts. Future cash flows are determined on the basis of long-term planning, which is approved by Management and valid at the date of preparation of the impairment test. The planning is based on expectations regarding future market share, the market growth, the products’ profitability, as well as managements most current assumptions about climate related matters.

Management’s business plan for 2025–2028 is used as a basis for the calculation for the Volvo Car Group cash generating unit. In the model, Volvo Car Group is expected to maintain stable efficiency over time and the estimates for the cash flows following the end of the planning period are based on the same growth rate and cash flow as for the last year in the calculation onwards in perpetuity. The business plan is an integral part of Volvo Car Group’s financial planning process and represents management’s best estimate of the economic conditions that will exist during the asset’s remaining useful life. The business plan process is based on the historic and current financial performance and financial position of the company, i.e.,

assumptions for margin development, fixed cost and new investments are based on current year financials and balanced towards what is containable given the projection of exogenous factors. Exogenous factors as industry and segment volumes, exchange rates, raw material etc. are based on external assessments from analyst companies and banks. A sensitivity test has been performed whether a negative adjustment of one percentage point to the margin or in the discount rate would affect the result of the impairment test. The discount rate before tax was 11.2 (12.4) per cent. In 2024, the discounted cash flows including the sensitivity analysis performed exceeded the carrying amount and no impairment loss was recognised as a result of this test.

NOTE 16 TANGIBLE ASSETS

ACCOUNTING POLICIES

The tangible assets held by Volvo Car Group consist primarily of buildings, land and land improvements, machinery and equipment, right-of-use assets (RoU), and assets under operating leases. The cost method is applied for the measurement of tangible assets.

Buildings, land and land improvements include assets such as office buildings, production facilities, leasehold improvements and structures built to make land ready for use, such as drainage and roadways. Machinery and equipment include production related assets, such as type-bound tooling, robots and assembly lines, as well as office equipment.

Depreciation methods for tangible assets

Tangible assets are depreciated on a straight-line basis over their estimated useful lives. When a component of a tangible asset has a cost that is significant in relation to the total cost of the item and a useful life that differs from the useful life of the other components of the item, the components are depreciated separately.

RoU assets where Volvo Car Group is a lessee are depreciated over the lease contract period.

The following useful lives are applied in Volvo Car Group:

Buildings	15–50 years
Land improvements	15–30 years
Machinery	8–30 years
Equipment	3–20 years
Land	Indefinite

Depreciation is included in cost of sales, research and development expenses as well as selling or administrative expenses depending on how the assets have been used.

For more information on RoU assets and assets under operating leases, see Note 7 – Leases.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Management regularly reassesses the useful life and residual value of all significant assets. When the useful life of a tangible asset is reduced, depreciation is accelerated and increased in future periods to reflect the reduction of time over which the Group will derive economic benefits from the assets. A shorter estimated useful life is not always an indicator of impairment, as impairment is characterised by a change in the expected cash flows to be derived from the asset.

When assessing the useful life, climate-related risks were considered and found to have no material impact. This is because management takes certain mitigation efforts against physical risks, among other things, considering potential impacts of climate change during initial design and construction of tangible assets as well as maintaining insurance in case significant damage or disruption does occur.

The carrying amounts of tangible assets are tested for impairment if there are indicators of a decline in value with regards to future economic benefits related to the asset. For these calculations, certain estimations must be made with regards to future cash flows, required return on investments and other adequate assumptions. The estimated future cash flows are based on assumptions that represent management’s best estimate of the economic conditions that will exist during the asset’s remaining useful life and are based on internal business plans or forecasts. Future cash flows are determined on the basis of long-term planning, valid at the date of preparation of the impairment test and approved by Management. The planning is based on expectations regarding future market share, the market growth, the products’ profitability, as well as managements most current assumptions about climate related matters.

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	Buildings and land ¹⁾²⁾	Machinery and equipment ^{1) 2)}	Construction in progress	Right-of-use assets ³⁾	Assets under operating leases ⁴⁾	Total
Acquisition cost						
Balance at 1 January 2023	27,151	114,590	7,813	10,926	12,374	172,854
Additions	2,617	4,516	9,178	3,240	7,641	27,192
Divested through business combinations	–4	–2	—	–108	—	–114
Divestments and disposals	–398	–7,300	–87	–1,269	–143	–9,197
Reclassifications	1,143	2,449	–3,764	—	–6,570	–6,742
Effect of foreign currency exchange rate differences	–464	–1,421	–385	–240	–120	–2,630
Balance at 31 December 2023	30,045	112,832	12,755	12,549	13,182	181,363
Additions	591	12,578	12,744	5,217	11,358	42,488
Acquired through business combinations	181	77	1,937	8	1,047	3,250
Divestments and disposals	–507	–6,402	–176	–1,494	–305	–8,884
Reclassifications	1,960	6,047	–8,983	–2	–11,139	–12,117
Effect of foreign currency exchange rate differences	1,152	2,349	586	407	173	4,667
Balance at 31 December 2024	33,422	127,481	18,863	16,685	14,316	210,767
Accumulated depreciation and impairment						
Balance at 1 January 2023	–12,357	–77,712	—	–4,721	–812	–95,602
Depreciation expense	–1,093	–7,036	—	–1,632	–1,232	–10,993
Divested through business combinations	1	1	—	38	—	40
Divestments and disposals	131	6,117	—	777	41	7,066
Reclassifications	—	48	—	—	1,171	1,219
Effect of foreign currency exchange rate differences	141	750	—	111	18	1,020
Balance at 31 December 2023	–13,177	–77,832	—	–5,427	–814	–97,250
Depreciation expense	–1,236	–7,648	—	–2,070	–2,572	–13,526
Acquired through business combinations	–1	–2	—	—	–42	–45
Divestments and disposals	373	4,855	—	1,392	109	6,729
Reclassifications	–3	1	—	3	2,221	2,222
Effect of foreign currency exchange rate differences	–408	–1,231	—	–114	–20	–1,773
Balance at 31 December 2024	–14,452	–81,857	—	–6,216	–1,118	–103,643
Net balance at 31 December 2023	16,868	35,000	12,755	7,122	12,368	84,113
Net balance at 31 December 2024	18,970	45,624	18,863	10,469	13,198	107,124

1) Includes impairment losses of SEK –14 (–194) m.
2) Volvo Car Group has no mortgages in Buildings and land or Machinery and equipment. For further information regarding pledged assets, see Note 25 – Contingent liabilities and Pledged assets.
3) For information regarding Right-of-use assets, see Note 7 – Leases.
4) Assets under operating leases mainly relate to vehicles sold with repurchase commitments and contracts under the name Care by Volvo.

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NOTE 17 INVENTORIES

ACCOUNTING POLICIES

Inventories consist of raw material, consumables and supplies, emission credits, semi-manufactured goods, work in progress, finished goods and goods for resale. Assets held under operating lease, with a maturity less or equal to 12 months, are also recognised as inventory. Inventories are measured at the lower of cost and net realisable value. Cost of inventories comprise of all costs of purchase, production charges and other expenditures incurred in bringing the inventories to their present location and condition. The initial value of emission credit inventories is based on the fair value on the date they are earned.

The cost of inventories of similar assets is established using the first-in, first-out method (FIFO). Net realisable value is calculated as the selling price in the ordinary course of business, less estimated costs of completion and selling costs. For groups of similar products, a Group valuation method is applied. Physical stock counts are carried out annually or more often where appropriate in order to verify the records.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Inventories are measured at the lower of cost and their net realisable value. Net realisable value is based on the most reliable evidence of the amount Volvo Car Group expects to realise from vehicles and components on future sales trends or needs, for components, and takes into account items that are wholly or partially obsolete.

A future unexpected decline in market conditions could result in an adjustment in future expected sales, requirements and in estimated selling prices assumptions, which may require an adjustment to the carrying amount of inventories.

	31 Dec 2024	31 Dec 2023
Raw materials and consumables	364	135
Work in progress	13,768	11,598
Current assets held under operating lease	10,964	5,228
Finished goods and goods for resale	35,398	38,977
Emissions credits	1,961	1,120
Total	62,455	57,058
Of which value adjustment reserve:	-1,282	-1,030

The cost of inventories recognised as an expense and included in cost of sales amounted to SEK 303,208 (307,670) m. Current assets held under operating lease refers to sales of vehicles combined with a repurchase commitment with a maturity less or equal to 12 months.

NOTE 18 ACCOUNTS RECEIVABLE AND OTHER CURRENT AND NON-CURRENT ASSETS

ACCOUNTING POLICIES

Accounts receivables are recognised at amortised cost. An allowance for expected credit loss is recognised when the receivable is initially recognised. The recognised allowance for credit losses consists of incurred as well as of expected credit losses. A credit loss has been incurred when there has been an event that has triggered the customers inability to pay. The expected credit loss allowance is based on a multiplier consisting of average historical write-offs and forward-looking macroeconomic data. In these cases, there has not yet been any events incurred showing any inability to pay.

If it has been determined that an accounts receivable is uncollectible, it will be written off and removed. It usually means that collection has been unsuccessful and an entity has no reasonable expectations of recovering the contractual cash flows on the receivable in its entirety or a portion thereof.

	31 Dec 2024	31 Dec 2023
Other non-current assets		
Restricted cash	—	35
Endowment insurance for pensions	363	357
Rental deposition	38	82
Other non-current assets	3,860	2,952
Total	4,262	3,426

	31 Dec 2024	31 Dec 2023
Accounts receivable and other current assets		
Accounts receivable, non-group companies	12,989	12,672
Accounts receivable, related companies	9,791	6,612
VAT receivables	3,837	4,951
Prepaid expenses and accrued income ¹⁾	6,947	9,570
Other financial receivables	—	729
Restricted cash	120	752
Other receivables ^{1) 2)}	3,761	3,847
Total	37,445	39,133

- 1) Whereof prepaid expenses and accrued income from related companies amounted to SEK 1,530 (4,488) m, and other receivables to related companies amounted to SEK 437 (1,436) m.
2) Whereof interest-bearing receivables amounted to SEK 679 (47) m.

Accounts receivable amounted to SEK 22,780 (19,284) m including a credit loss allowance of SEK 133 (126) m of which SEK 37 (31) m is related to allowance for expected credit losses. As of 31 December 2024 the total credit loss allowance amounted to 0.58 (0.65) per cent of total accounts receivable.

The size and geographical spread of the accounts receivable are closely linked to the distribution of Volvo Car Group's sales. The accounts receivable and other current assets do not contain any significant concentration of credit risk to individual customers or markets.

Change in loss allowance for accounts receivable is as follows:	2024	2023
Balance at 1 January	126	128
Additions	20	30
Reversals	-13	-25
Write-offs	-1	-6
Translation difference	1	-1
Balance at 31 December	133	126

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Aging analysis of accounts receivable and accounts receivables from related companies	Not due	1–30 days overdue	30–90 days overdue	>90 days overdue	Total
2024					
Accounts receivable gross	18,950	943	729	2,291	22,913
Loss allowance	–109	—	–5	–19	–133
Accounts receivable net	18,841	943	724	2,272	22,780
2023					
Accounts receivable gross	17,621	708	316	765	19,410
Loss allowance	–92	—	–4	–30	–126
Accounts receivable net	17,529	708	312	735	19,284

NOTE 19 FINANCIAL INSTRUMENTS AND FINANCIAL RISKS

ACCOUNTING POLICIES

Recognition and derecognition

Accounts receivable are recognised in the balance sheet when they are issued by the Group. Accounts payable are recognised in the balance sheet when the invoice is received. Regular-way acquisitions of financial assets are recognised in the balance sheet upon the actual transfer, which occurs on the settlement date. Financial liabilities such as issued bonds and loan liabilities to financial institutions, are recognised in the balance sheet on the settlement date. Other financial assets and liabilities are recognised in the balance sheet when Volvo Car Group becomes involved according to the contractual provisions of the instrument.

Financial assets are initially recognised at fair value plus transaction costs, except for financial assets carried at fair value through profit or loss. In this case transaction costs are expensed in the income statement. Financial liabilities are initially recognised at fair value less transaction costs, except for those financial liabilities carried at fair value through profit or loss. For these liabilities transaction costs are expensed in the income statement.

Volvo Car Group derecognises the financial asset or a portion of a financial asset from the balance sheet upon expiry, when it has been settled or when all significant risks and benefits linked to the asset have been transferred to a third party. In those cases where Volvo Car Group concludes that all significant risks and rewards have not been transferred, the portion of the financial assets corresponding to Volvo Car Groups’ continuous involvement continues to be recognised.

Volvo Car Group derecognises the financial liability or a portion of the financial liability from the balance sheet when the obligation in the contract has been settled, cancelled, or expired.

Classification of financial assets

Volvo Car Group classifies the financial assets depending on how the asset is managed and the characteristics of the assets’ contractual cashflows. The following measurement categories are applied at Volvo Car Group:

- financial assets at amortised cost
- financial assets at fair value through profit or loss

Financial assets carried at amortised cost

The business model for financial assets under this classification whose objective is to hold the financial assets in order to collect contractual cash flows and the contractual cash flows that are solely payment of principal and interest, measured in accordance with effective interest rate method.

Accounts receivables and other financial assets are also categorised as amortised cost and are recognised at the amount expected to be received including allowance for expected credit loss, see Note 18 – Accounts receivable and other current and non-current assets.

Customer invoices may be subject to factoring arrangements with a financial institution. In those cases, the invoices are removed from accounts receivable immediately upon settlement. If the credit risk has not transferred to the financial institution the receivables remain on the balance sheet and are presented as Other non-current and current financial assets.

Financial assets carried at fair value through profit or loss

Volvo Car Group classifies the convertible loan receivable in this category. The convertible loan was initially recognised at fair value. The convertible loan receivable includes a conversion option, which provides the holder with a possibility to convert the loan balance into equity instruments, as shares in the company. This results in subsequent valuation based on prevailing market quotations.

Volvo Car Group includes equity instruments in this category which is comprised of holdings in listed and unlisted equity instruments, unlisted warrants and earn-out rights. Volvo Car Group presents changes in fair value of equity instruments in Share of income in joint ventures and associates and Other financial income and expenses.

Classification of financial liabilities

After initial recognition all financial liabilities are carried at amortised cost under the effective interest rate method, except derivatives that constitute liabilities which are measured at fair value.

Financial liabilities that are designated as hedged items in fair value hedges are remeasured at fair value concerning the hedged risk throughout the hedging relationship period.

Accounts payable under supplier financing programmes

Accounts payable under supplier financing programmes continue to be presented as accounts payable until they are settled with the participating financial institution as they are closely related to operating purchase activities and where the programmes do not lead to any significant change in the nature or function of the liabilities.

Derivatives

Derivatives with positive fair values, representing the accumulated unrealised gains, are recognised as non-current or current derivative assets. Conversely, derivatives with negative fair values, representing the accumulated unrealised losses, are recognised as non-current or current derivative liabilities.

Realised and unrealised gains and losses from fluctuation in fair value of these instruments are recognised as revenue, cost of sales or other financial income and expenses in the income statement, depending on the nature of the underlying contracts. The unrealised gains and losses from fluctuations in the fair value of derivatives designated as hedging instruments are recognised in other comprehensive income and accumulated in other reserves in equity until the underlying transactions occur. The accumulated gain or loss on

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these hedging instruments is then recycled to the income statement and is recognised in operating income.

Hedge accounting

Volvo Car Group applies hedge accounting when derivative instruments and financial liabilities are included in a documented hedge relationship. At the inception of the hedge, Volvo Car Group documents the relationship between hedging instruments and hedged items, as well as its risk management strategy and objective for undertaking hedging transactions.

Cash flow hedge

Cash flow hedging refers to the hedging of highly probable forecasted commercial transactions, such as sales and purchases, in foreign currencies against currency rate risks. Cash flow hedging is also applied for expected future commodity consumption against commodity price risk. To hedge the exposure, the Group uses forward contracts as well as option and swap contracts. Changes in fair value of the cash flow hedging instruments are recognised in other comprehensive income and accumulated in other reserves in equity. These reserves are recycled to the income statement in the same period as when the hedged forecast transaction affects the income statement. The effect from realised cash flow hedges is classified as Revenue and Cost of sales, respectively, depending on the underlying substance of the transaction.

If the identified relationships are no longer deemed effective, the fluctuation in fair value of the hedging instrument from the last period in which the instrument was considered effective is recognised in the income statement and is included in other operating income and expenses. If the hedged transaction is no longer expected to occur, the hedge’s accumulated changes in value are immediately transferred from other reserves in equity through other comprehensive income to the income statement and are included in other operating income and expenses.

Fair value hedge

Volvo Car Group applies fair value hedge accounting, where the designation should eliminate the significant accounting mismatch of a fixed rate liability carried at amortised cost and a related derivative contract, such as an interest rate swap which is recognised at fair value through profit or loss. The carrying value of the hedged item, namely a specified part of a fixed rate issued bond is initially recognised at amortised cost. Subsequent changes related to the hedged risks are reflected in the carrying amount of the liability as a fair value adjustment with the offsetting entry going to the income statement. Changes in fair value adjustments of the hedged item and the hedging instrument are both recognised in the income statement and the accounting mismatch is therefore eliminated. Gains and losses related to the interest rate swaps used in hedging fixed rate debt and the changes in the fair value of the hedged fixed rate debt attributable to interest rate risk is recognised in the income statement within Other financial income and expenses. Hedge ineffectiveness is also reported as Other financial income and expenses.

Net investment hedge

Volvo Car Group designates financial liabilities in the relevant foreign currency against currency exposure arising from investments in the subsidiaries. Volvo Car Group designates debt instruments in EUR and USD as hedging instruments to mitigate the translation exposure on their net investments in these currencies. Net investments in foreign operations consists of the value of Volvo Car Group’s share of the net assets of the foreign subsidiary. The hedge reserve with regards to net investment in foreign operations is recorded in other comprehensive income and accumulated in currency translation reserve in equity in order to meet the translation difference of consolidated foreign subsidiaries. In the event of a divestment, the accumulated hedge effect is transferred from the hedge reserve in equity to the income statement.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Accounting for financial instruments includes performing certain estimates and judgements:

Fair value estimation; Measurement of financial instruments at fair value is based on prevailing market quotations by estimating future cash flows using the relevant forward curve and discounting with the relevant discount curve for the respective derivative and currency. Currency options are measured using the Garman-Kohlhagen model, an adaptation of the Black-Scholes model.

The fair value of a financial asset or liability reflects non-performance risk including the counterparty’s credit risk for an asset and Volvo Car Group’s own credit risk for a liability. Derivatives with positive fair value and interest-bearing securities are adjusted with the default probability derived from the Credit Default Swap curve per counterparty. The same adjustment is made for the derivatives with negative fair value with Volvo Car Group’s own credit risk using the Default Probability of Volvo Car AB (publ.) credit default swaps. The convertible loans are adjusted for default probability, using the difference between current market spreads, derived from comparable or benchmark securities of similar time to maturity and credit risk profile and outstanding loan deal credit spreads.

The equity instruments measured in level 3 of the fair value hierarchy are measured by using the market approach. The equity instruments such as unlisted warrants and earn-out rights measured in level 3 of the fair value hierarchy, are measured by using the Black-Scholes model. When measuring the unlisted warrants and earn-out rights, the most relevant judgement to be made is whether Volvo Car Group will fulfil the vesting criteria and when they would do so, assessing the risk-free interest rate and the volatility of the underlying share price.

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The table below presents financial instruments by category and measurement level.

	Note	Measure- ment level	31 Dec 2024		31 Dec 2023	
			Carrying value	Fair value	Carrying value	Fair value
Financial assets carried at fair value						
Other securities holdings			12,753	12,753	11,943	11,943
<i>of which convertible loan¹⁾</i>		2	11,261	11,261	10,270	10,270
<i>of which equity instruments</i>		3	1,473	1,473	1,507	1,507
<i>of which equity instruments</i>		1	19	19	166	166
Non-current and current derivative assets		2	768	768	4,082	4,082
<i>of which currency derivatives – not designated hedging instruments</i>		2	117	117	411	411
<i>of which currency derivatives – designated hedging instruments</i>		2	214	214	3,557	3,557
<i>of which commodity derivatives – designated hedging instruments</i>		2	229	229	110	110
<i>of which interest rate swap derivatives</i>		2	208	208	4	4
Interest-bearing securities	20	2	—	—	50	50
			13,521	13,521	16,075	16,075
Financial assets carried at amortised cost						
Accounts receivables	18	—	22,780	22,780	19,257	19,257
Other interest-bearing assets, non-current and current ²⁾	18	—	2,167	2,179	2,846	2,926
Time deposits in banks	20	—	16,509	16,526	16,533	16,608
<i>of which marketable securities</i>		—	—	—	9,918	9,973
<i>of which cash and cash equivalents</i>		—	16,509	16,526	6,615	6,635
Cash and cash equivalents	20	—	39,864	39,864	41,197	41,197
			81,320	81,349	79,833	79,988
Financial liabilities carried at fair value						
Non-current and current derivative liabilities		2	4,142	4,142	1,479	1,479
<i>of which currency derivatives – not designated hedging instruments</i>		2	625	625	56	56
<i>of which currency derivatives – designated hedging instruments</i>		2	2,160	2,160	865	865
<i>of which commodity derivatives – designated hedging instruments</i>		2	1,206	1,206	261	261
<i>of which interest rate swap derivatives</i>		2	151	151	297	297
Financial liabilities carried at amortised cost						
Accounts payable		—	56,479	56,479	62,304	62,304
<i>of which accounts payable under supplier financing programmes</i>		—	3,458	3,458	7,466	7,466
<i>of which suppliers received payment from financial institution</i>		—	2,885	—	4,315	—
Non-current and current bonds and liabilities to credit institutions ³⁾		—	29,493	30,242	30,246	30,224
Other interest-bearing liabilities, non-current and current ⁴⁾	24	—	18,217	18,217	8,727	8,727
			104,189	104,938	101,277	101,255

1) The value of the conversion option connected to the convertible loan receivable to the Polestar Group is nil.

2) Includes items presented as Other current assets in the balance sheet, amounted to SEK 727 (1,483) m.

3) The carrying amount of the bonds, includes a fair value adjustment amounting to SEK 235 (–46) m, which relates to fair value hedging.

4) Includes the repurchase value obligation on cars sold with repurchase commitment which are presented as Other non-current and current liabilities in the balance sheet amounted to SEK 17,241 (8,258) m.

Other securities holdings

Investments in equity instruments presented in other securities holdings consist of unlisted and listed holdings. Equity instruments at level 3 include earn-out rights in Polestar Group amounting to SEK — (577) m and unlisted warrants and earn-out rights in the listed company Luminar Technologies Inc (Luminar) amounting to SEK — (42) m in the balance sheet. The total fair value change of all holdings amounted to amounted to SEK –182 (–2,531) m. Fair value changes in the equity instruments at level 3 in the income statement as Share of income in joint ventures and associates amounted to SEK –581 (–2,654) m, reflecting Polestar Group earn-out rights and as Other financial income and expenses amounting to SEK 295 (–217) m, reflecting other equity instruments.

New investments and share issue in the unlisted holdings amounted to SEK 97 (333) m.

Accounts payables under supplier financing programmes

Supplier invoices are in some cases subject to supplier financing programmes where a financial institution agrees to pay the invoices to the participating supplier, granting the supplier early payment. Volvo Car Group settles invoices in the programme to the financial institution based on the agreed-upon payment terms and amounts of the original invoice from the supplier. These invoices are pre-sented as accounts payable until they are settled with the participat-ing financial institution, and the payment cash flows are presented within operating cash flows, as they are closely related to operating purchase activities. All payables included in the programmes, and the payment status for the suppliers from the financial institution, are included in the table for financial instruments by category and measurement level. Payment due dates for Volvo Car Group to the financial institutions for account payables within the programmes were 60–75 (60–75) days after invoice date. Comparable accounts payable outside the programmes had payment due dates of 60–75 (60–75) days after the invoice date.

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The table below presents gains and losses, interest income and expenses that have affected the income statement divided per category of financial instruments.

	Note	2024			2023		
		Gains/ Losses	Interest income	Interest expenses ²⁾	Gains/ Losses	Interest income	Interest expenses ²⁾
Recognised in operating income	6						
Financial instruments carried at fair value – designated hedging instruments							
Currency derivatives and commodity derivatives		–1,631	—	—	–1,259	—	—
Financial instruments carried at amortised cost							
Accounts receivable and accounts payable		810	—	—	–1,521	—	—
Impact on operating income		–821	—	—	–2,780	—	—
Recognised in financial income and expenses	11						
Financial instruments carried at fair value – not designated hedging instruments							
Other securities holdings		297	1,094	—	–154	626	—
Interest-bearing securities		—	1	—	29	14	—
Currency derivatives and interest rate swaps		–1,018	—	–777	806	—	–492
Financial instruments carried at amortised cost							
Cash and cash equivalents and time deposits		1,179	1,439	–1	–714	1,787	–19
Financial assets		489	184	—	53	364	—
Financial liabilities ¹⁾		–1,566	—	–1,360	–293	—	–1,138
Impact on financial income and expenses		–619	2,718	–2,138	–273	2,791	–1,649

1) Including the financial liabilities designated for fair value hedge, amounted to SEK –281 (–241) m.
2) The total interest expenses excludes interest expenses on leasing contracts amounted to SEK –406 (–240) m, interest expenses on pensions amounted to SEK –262 (–251) m and capitalised interest on R&D amounted to SEK 1,120 (1,055) m.

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FINANCIAL RISKS

Volvo Cars operations is exposed to various types of financial risks such as currency risk, refinancing and liquidity risk, interest rate risk, commodity price risk and credit risk.

The treasury function of Volvo Cars is responsible for managing and controlling these financial risks, ensuring that appropriate financing is in place through capital market transactions, loans and committed credit facilities and is responsible for managing Volvo Cars' liquidity.

The management of financial risks is governed by Volvo Car Group's Financial Policy Framework which is approved by the Board of Directors (BoD) and is subject to review every second year or when otherwise required. The policy mandates the minimisation of the effects from fluctuating financial markets on Volvo Cars' financial earnings. Policy compliance is reported to the CFO on a monthly basis. Policy compliance is also a part of the general treasury reporting to the BoD. There is an alert function in place safeguarding mandate limits on a daily basis.

Currency risk management

Currency exposure risk arises as Volvo Cars produces and sells cars in various countries. The currency exposure risk arises from the mix of currencies used when procuring or selling goods and services. Relative changes in currency rates have a direct impact on Volvo Cars' operating income, financial income and expense, balance sheet and cash flow statement. In order to minimise the currency risk, Volvo Cars aims to achieve natural hedging to the greatest possible extent.

The currency risk is related to:

- expected future cash flows from sales and purchases made in foreign currencies (transaction risk)
- changes in value of assets and liabilities denominated in foreign currencies (translation risk)
- net investments in foreign operations (translation risk)

Transaction exposure risk

Volvo Car Group Financial Policy Framework

Volvo Cars' functional currency is Swedish krona. The currency transaction exposure risk arises from cash flows in currencies other than the functional currency. Sales in combination with purchases made in

currencies other than Swedish krona determine the transaction exposure of the Group.

The Volvo Car Group Financial Policy Framework states, regarding currency transaction risk management, that up to 80 per cent of the future expected cash flows in the coming 24 months and up to 60 per cent of the future expected cash flows in the coming 25 to 48 months can be hedged with adequate financial instruments, such as currency options, forward contracts, foreign exchange swaps or combined instruments with maturities matching expected timing of cash flows. Hedging strategies using financial instruments for long-term exposures, over 48 months, require approval by the Board of Directors (BoD). The management of currency risk within the above stipulated intervals is delegated by the BoD to the treasury function via the CFO.

For currency risk management purposes, transaction exposure is expressed in terms of Cash Flow at Risk (CFaR), which is the maximum loss, in one year, at a 95 per cent confidence level. The CFaR is based on the cash flow forecast, currency exchange rates, market volatility and correlation.

The hedging mandates are proposed by the treasury function and approved by the CFO and are expressed as a strategic hedge level of CFaR. The strategy allows for mandates to deviate from a benchmark. The deviation mandate is given as a tactical mandate in terms of timing. The hedging mandates are revised at least quarterly.

Status at year end

The total currency inflow and outflow for Volvo Cars was distributed according to below table:

	Inflow, %		Outflow, %	
	2024	2023	2024	2023
CNY	19	26	43	36
EUR	30	25	34	37
GBP	7	6	2	1
JPY	2	2	2	3
USD	21	21	16	19
Other	21	20	4	4

Forward contracts, currency options and foreign exchange swaps are used to hedge the currency risk in expected future cash flows from sales and purchases made in foreign currencies. Hedging of the currency risk in the Chinese industrial entities can be made onshore in China.

The CFaR at year end for the cash flows over a one year horizon for the Group, excluding hedges, was approximately SEK 5,168 (5,847) m. The table below shows the percentage of the forecasted cash flows that were hedged (expressed both in nominal terms and in CFaR).

	0–12 months		13–24 months		25–48 months	
	2024	2023	2024	2023	2024	2023
Nominal hedge, %	39	35	12	12	2	4
CFaR hedge, %	42	36	28	24	5	9

The table below presents cash flow hedge volumes by maturity for the 10 largest exposure currencies, nominal amounts in local currency¹⁾

Maturity	BRL	CAD	CNH	EUR	GBP	KRW	NOK	PLN	TRY	USD	Total fair value of derivatives ²⁾
Average hedge rate	—	7.75	1.48	11.52	13.17	—	0.99	2.59	—	10.50	
1–12 months	—	–200	3,734	819	–1,614	—	–100	–1,650	—	–1,847	–1,322
13–24 months	—	—	—	252	–460	—	—	–300	—	–1,056	–499
25–36 months	—	—	—	—	—	—	—	—	—	–550	–125

1) The average duration of the portfolio was 10 (13) months.

2) The fair value of the outstanding derivatives for hedging of currency price risk in future commercial cash flows amounted to SEK –1,946 (2,683) m.

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Translation exposure risk

Volvo Car Group Financial Policy Framework

Translation exposure risk at Volvo Cars refers to the conversion of balance sheet items and net investments in foreign operations into the group’s functional currency, the Swedish krona. This risk arises due to fluctuations in exchange rates over time. The recognition of translation effects varies based on the underlying exposure. Translation of operational assets and liabilities, such as accounts receivable, accounts payable, and warranty provisions, impacts other operating income and expenses. Translation of financial assets and liabilities, including cash at bank, deposits, derivatives, and bonds, is reflected in other financial income and expenses. The financial position of assets and liabilities in foreign currencies is monitored and managed daily to mitigate income statement impacts. Translation of net investments in foreign operations can result in positive or negative impacts recognised in equity through other comprehensive income. Part of the translation risk in investments in the Eurozone and Americas is hedged using debt instruments, known as net investment hedges.

Status at year end

By the end of the year, the total translation effect of investments in foreign operations was SEK 965 (–1,240) m, the effects are recognised in equity through other comprehensive income. A ten percent change in the Swedish krona against major currencies would have a net impact on net investments in other comprehensive income of approximately SEK 4,016 (4,638) m.

The table below shows the translation exposure of net investments in foreign operations.

Currency	Investments in foreign operations
CNY	18,064
EUR	10,393
USD	6,808
JPY	877
AUD	706
BRL	521
Other	2,791
Total	40,160

Refinancing and liquidity risk management

Capital Structure

Volvo Cars aims to have an optimal capital structure at all times. The capital structure is continuously analysed, and various options are evaluated. Volvo Cars shall have a strong balance sheet and aims to maintain an equity ratio of about 30 per cent where the definition of the equity ratio is equity in relation to total assets. The equity ratio at end of the year is 36.6 (36.6) per cent, whereof shareholders’ equity amounted to SEK 142,199 (130,485) m.

Volvo Cars aims to achieve an Investment Grade rating over time and the capital structure will be optimised to support this; Volvo Cars current external rating by Moodys is Ba1 and BB+ by Standard & Poor’s.

Refinancing risk management

Volvo Car Group Financial Policy Framework

Refinancing risk is the risk that Volvo Car does not have access to adequate financing on acceptable terms at any given point.

All drawdowns on new loans are evaluated against future liquidity needs and investment plans. Volvo Cars should for the coming 12 months, at any given time, have available committed financing for investments and for repayment of maturing debt. To limit the risk of refinancing, debt maturing over the next 12 months should not exceed 25 per cent of total debt.

Status at year end

By the end of the year, the outstanding debt of bonds and liabilities to credit institutions, excluding lease contracts and transaction costs, in Volvo Cars was SEK 29,347 (30,316) m. During the year bonds and liabilities to credit institutions of SEK 7,797 (2,673) m matured or were amortised. The remaining credit duration of outstanding debt was 2.9 (2.5) years. At year end, debt maturing over the next 12 months amounted to 23 per cent of total debt.

In January, Volvo Cars increased an existing bilateral credit facility agreement entered into in late 2023, with the purpose to finance investments that meet the eligibility criteria set out in the Green Financing Framework. The credit facility amounts to EUR 420 m after the increase and is undrawn as per end of the year.

In April, Volvo Cars issued a EUR 500 m green bond. A EUR 600 m bond, issued in 2019, matured during the year.

In September, an eight-year credit facility amounting to CNY 3,090 m was entered into and per end of the year the amount drawn is CNY 130 m. This facility meets the eligibility criteria set out in the Green Financing Framework.

In December, Revolving Credit Facilities of EUR 1,500 m with a five-year tenor and EUR 500 m with a three-year tenor were signed. Both facilities are sustainability-linked with a margin adjustment connected to the reduction of certain carbon emission and water consumption KPIs and have two one-year extension options. The new facilities have refinanced the Revolving Credit Facility of EUR 1,300 m with original maturity in 2026.

Outstanding debt is presented in the below table.

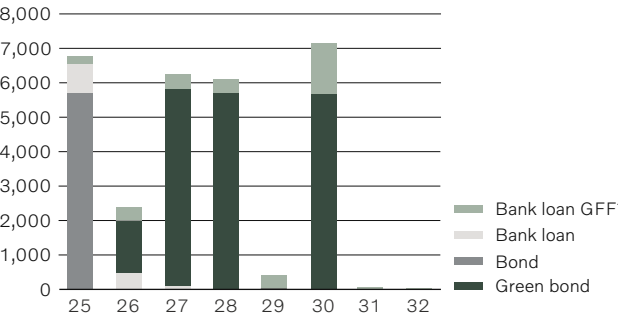
Funding	Currency	Nominal amount in local currency (million)	SEKm
Bank loan	USD	70	773
Bank loan	SEK	596	596
Bank loan GFF ¹⁾	SEK	1,000	1,000
Bank loan GFF ¹⁾	EUR	200	2,289
Bank loan GFF ¹⁾	CNY	130	196
Bond	EUR	500	5,724
Green bond	SEK	1,500	1,500
Green bond	EUR	1,500	17,171
Other	PLN	36	98
Total			29,347

1) Loans agreed to solely finance eligible projects in accordance with the Green Financing Framework.

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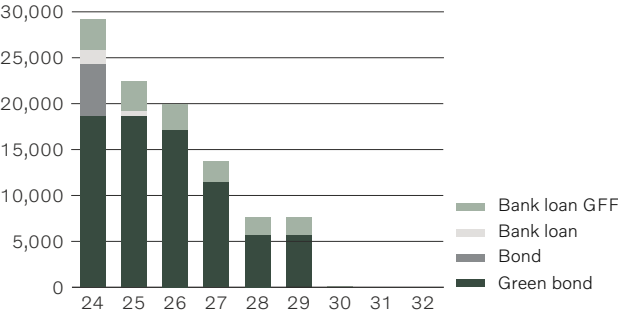
In relation to all external financing, there are information undertakings and covenants in line with the Loan Market Association (LMA) and capital market standards. These are monitored and calculated quarterly to fulfil the terms and conditions stated in the financial agreements. Covenants are based on standard measurements such as EBITDA and Net debt. By the end of the year, there is substantial headroom in the fulfilment of all covenants.

Bonds and liabilities to credit institutions – amortisation schedule



*Loans GFF (Green Financing Framework): Loans agreed to solely finance eligible projects in accordance with the Green Financing Framework.

Outstanding bonds and liabilities to credit institutions (at successive year end)



*Loans GFF (Green Financing Framework): Loans agreed to solely finance eligible projects in accordance with the Green Financing Framework.

The following table presents the maturity structure of Volvo Cars’ financial assets and liabilities. The figures shown are contractual, undiscounted cash flows which Volvo Cars is liable to pay or eligible to receive.

	31 Dec 2024				31 Dec 2023			
	Less than 3 months	3 months to 1 year	1–5 years	Over 5 years	Less than 3 months	3 months to 1 year	1–5 years	Over 5 years
Financial assets								
Other securities holdings ¹⁾	—	—	11,263	—	—	—	10,907	—
Other interest-bearing receivables, non-current ³⁾	—	—	1,312	128	—	—	1,306	21
Derivative assets, non-current	—	—	183	100	—	—	2,094	—
Other non-current assets ³⁾	—	—	2,830	154	—	—	1,981	309
Total financial non-current assets	—	—	15,588	382	—	—	16,288	330
Accounts receivable ²⁾	20,442	2,338	—	—	18,386	898	—	—
Other interest-bearing receivables, current ³⁾	727	—	—	—	1,483	—	—	—
Derivative Assets, Current	222	263	—	—	483	1,505	—	—
Marketable securities	—	—	—	—	278	9,640	—	—
Cash and cash equivalents	56,373	—	—	—	47,861	—	—	—
Other current assets ³⁾	2,617	907	—	—	2,397	1,371	—	—
Total financial current assets	80,381	3,508	—	—	70,888	13,414	—	—
Total financial assets	80,381	3,508	15,588	382	70,888	13,414	16,288	330
Financial liabilities								
Liabilities to credit institutions, non-current	—	—	2,475	1,410	—	—	2,761	1,801
Bonds, non-current	—	—	13,039	5,787	—	—	18,087	—
Other interest-bearing liabilities, non- current ³⁾	—	—	9,416	1,438	—	—	5,154	1,294
Derivative liabilities, non-current	—	—	1,252	—	—	—	424	—
Other non-current liabilities ³⁾	—	—	2,191	—	—	—	3,724	2
Total financial non-current liabilities	—	—	28,373	8,635	—	—	30,150	3,097
Accounts payable	52,811	3,668	—	—	59,908	2,397	—	—
Liabilities to credit institutions, current	89	970	—	—	214	722	—	—
Bonds, current	5,723	—	—	—	—	6,660	—	—
Other interest-bearing liabilities, current ³⁾	9,996	7,067	—	—	3,970	4,337	—	—
Derivative liabilities, current	989	1,901	—	—	518	537	—	—
Other current liabilities ³⁾	2,063	1,904	—	—	2,051	1,229	—	—
Total financial current liabilities	71,671	15,510	—	—	66,661	15,882	—	—
Total financial liabilities	71,671	15,510	28,373	8,635	66,661	15,882	30,150	3,097

1) Maturity structure of the Other securities holdings do not include holdings in listed and unlisted equity instruments, such as holdings in other entities.

2) For aging analysis of accounts receivable see Note 18 – Accounts receivable and other current and non-current assets.

3) The 2023 figures have been adjusted to reflect the Other interest-bearing receivables and liabilities, non-current and current.

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Liquidity risk management

Volvo Car Group Financial Policy Framework

Liquidity risk is the risk that Volvo Cars is unable to meet ongoing financial obligations on time. In order to meet seasonal volatility in cash requirements, Volvo Cars shall always have committed credit facilities or cash and cash equivalents and marketable securities available corresponding to 15 per cent or more of revenue. Future liquidity needs and investment plans are the basis for the risk assessment of liquidity risk management.

Factoring

Volvo Cars customer invoices may be subject to factoring with a financial institution. This enables Volvo Cars to receive payment for its receivable within a few days after invoicing and thus be able to release liquidity at an earlier stage than would otherwise have been the case.

Supplier financing programmes

Volvo Cars participates in supplier financing programmes. The principal purpose of the arrangement is to facilitate efficient payment processing and enable the willing suppliers to receive payments from the financial institutions before the invoice due date. The arrangement does not extend the payment terms for the Group beyond the normal terms agreed with other suppliers that are not participating.

Status at year end

By the end of the year, Volvo Cars cash and cash equivalents, marketable securities and committed credit facilities amounted to SEK 88,549 (75,021) m, approximately 22 (19) per cent of revenue. The liquidity of Volvo Cars is strong considering the maturity profile of the external debt, the balance of cash and cash equivalents, marketable securities and available credit facilities from banks.

Undrawn committed credit facilities	31 Dec 2024	31 Dec 2023
Expiring within one year	4,808	—
Expiring after one year but within five years	22,895	14,461
Expiring after five years	4,473	2,781
Total	32,176	17,242

Interest rate risk management

Changes in interest rates will impact Volvo Cars’ income statement and the value of financial assets and liabilities. The return on cash and cash equivalents and marketable securities, as well as the cost of liabilities to credit institutions and issued bonds are impacted by changes in interest rates. The exposure can be either direct from interest-bearing debt or indirect through leasing or other financing arrangements.

Volvo Car Group Financial Policy Framework

According to the policy, the interest rate risk in Volvo Cars’ net debt position has a benchmark duration of 12 months. The policy allows for a deviation of –9/+12 months from the benchmark. The interest rate mandate is proposed by the treasury function and approved by the CFO. The hedging mandate shall be revised at least quarterly. To manage interest rate risk, Volvo Cars uses interest rate swaps.

Status at year end

By the end of the year, Volvo Cars’ interest-bearing assets consisted of cash at bank, time deposits and interest-bearing securities. The average interest fixing term on these assets was one (one) month. The average interest fixing term on debt was 10 (13) months. At year-end the duration of the net debt position was 8 (10) months. The average cost of borrowing was 4.67 (3.92) per cent.

The table below shows the estimated effect of a parallel shift in interest rate curves up or down by one per cent (100 basis points) on all exposed external debt and interest rate derivatives. The effect relates to market value changes in debt and the effect on the coming year’s interest cashflow.

Interest rate sensitivity, effect on Finance Net	2024	2023
Market rate +1%	–92	–73
Market rate –1%	94	74

The impact from cash and cash equivalents and marketable securities is immaterial as the fixed interest period of the asset portfolio is short as it is dominated by cash at bank.

Benchmark rate reform

The interest rate benchmark reform refers to the transition from the existing, traditional interest rate benchmark – Interbank Offered Rates (IBOR) – to new risk-free benchmarks.

Volvo Cars is currently exposed to external interest rate risk in EUR, SEK, USD and CNY from the EURIBOR, STIBOR, SOFR and LPR benchmarks respectively.

For EUR and SEK there is no expected change (risk of conversion) in the related floating benchmarks in the short to medium term and thus cash flow risk is not affected. The related benchmarks are currently not scheduled for termination and will therefore continue to dictate interest cash flows for floating financial assets, financial liabilities and derivatives in these currencies. Nonetheless, a switch to ESTR (EUR) and SWESTR (SEK) denominated risk-free floating-benchmarks will be a feature of the future financial landscape and may affect financial assets, financial liabilities and derivative instruments. Suitable instruments are already available to cater for these new benchmarks and can be implemented when the need arises. Volvo Cars expects continued 100 per cent effectiveness of related hedges and no net interest impact.

Commodity price risk management

Commodity price risk refers to the potential increase in material costs due to rising commodity prices in global markets. Such fluctuations can affect Volvo Cars’ cash flow and earnings.

Volvo Car Group Financial Policy Framework

Forecasted cash flows for the purchase of commodities for the coming 48 months can be hedged up to 70 per cent with adequate financial instruments. The hedging mandates are proposed by the treasuryfunction and approved by the CFO. Hedging mandates shall be revised at least quarterly.

Status at year end

Raw materials

Volvo Cars manages the risk of changes in raw material prices in forecasted consumption with futures and forwards contracts. During the year, Volvo Cars incurred costs for raw materials of approximately SEK 21,178 (24,355) m. A ten per cent change in the prices of raw materials has an impact on operating income of approximately SEK 2,118 (1,736) m, excluding hedges. Hedging is performed for forecasted consumption of metals.

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Electricity

Volvo Cars manages the changes in prices for electricity by hedging the coming 48 months consumption using forward contracts. The hedging is performed for electricity usage in the European factories and is managed under an advisory contract.

A ten per cent change in the electricity spot price has an impact on the income statement of SEK 28 (41) m.

Credit risk management

Volvo Cars’ credit risk can be divided into financial counterparty credit risk and commercial credit risk. These risks are described in the following sections.

Financial counterparty credit risk
Volvo Car Group Financial Policy Framework

Credit risk on financial transactions is the risk that Volvo Cars will incur losses as a result of non-payment by counterparties related to Volvo Cars’ bank accounts, interest-bearing securities, time deposits or derivative transactions. Investments should meet the requirements of low credit risk, high liquidity and the exposure with any single counterparty is limited. All external counterparties used for investments and derivative transactions shall have a credit rating of minimum A- (S&P or equivalent rating) and ISDA agreements are required for counterparties with which derivative contracts are traded. Limits are established according to counterparty credit rating and limit usage is monitored for the Volvo Cars’ treasury counterparties and deposits are diversified between relationship banks. Subsidiary bank balances are diversified in order to limit credit risk.

The financial counterparty credit risk regarding cash and cash equivalents is reflected in the measurement at amortised cost. The expected credit loss on these balances is considered insignificant as maturities are short and the credit quality of the counterparties is high. Volvo Cars applies the general model for assessing impairment reserve regarding time deposits recognised at amortised cost. The assessment is based on the counterparty’s credit rating, the estimated exposure at default, probability of default and loss given default. The impairment assessment in relation to time deposits is considered immaterial.

Investments in interest-bearing securities are measured at fair value through the income statement and the credit risk is reflected in their fair values. The credit risk of those financial counterparties which are related parties is considered when pricing. The risk Volvo Cars is exposed to in its convertible loan receivable is reflected in its fair value.

Status at year end

By the end of the year, the maximum amount exposed to financial credit risk amounted to SEK 68,402 (72,131) m. This encompasses cash and cash equivalents SEK 56,373 (47,861) m, convertible loan receivable SEK 11,261 (10,270) m, derivative assets SEK 768 (4,082) m and marketable securities SEK — (9,918) m. The maximum amount exposed to credit risk for financial instruments is best represented by their fair values, see table Financial instruments by category and measurement level in this note.

Derivative contracts are subject to master netting agreements (ISDA), no collateral has been received or posted. The table below shows derivatives covered by master netting agreements (ISDA).

Net position for derivative instruments	Gross	Offset in Balance sheet	Net in Balance sheet	Master netting agree- ments	Net position
31 Dec 2024					
Derivative assets	954	—	954	–832	122
Derivative liabilities	4,137	—	4,137	–832	3,305
31 Dec 2023					
Derivative assets	4,096	—	4,096	–1,227	2,868
Derivative liabilities	1,391	—	1,391	–1,227	164

Commercial credit risk

The commercial credit risk arises from accounts receivables. For the risk in customer and dealer financing, the objective is to have a sound and balanced credit portfolio and to engage in credit monitoring by means of detailed procedures which include follow-up and repossession. In cases where the credit risk is considered unsatisfactory, a letter of credit or other instruments are used. The maximum amount exposed to commercial credit risk is the carrying amount of accounts receivables, see table for Financial instruments by category and measurement level in this note. For quantification of credit risk in accounts receivable, see Note 18 – Accounts receivable and other current and non-current assets.

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In the table below the outstanding derivatives within hedge accounting are presented.

31 Dec 2024	Nominal amount	Financial assets	Financial liabilities	Net	Ineffectiveness reflected in income statement	Tax	Hedge reserve after tax	Recycled from other compre- hensive income
Cash flow hedge – with hedge reserve								
Currency risk								
– Foreign exchange swaps and forward contracts	92,268	214	–2,160	–1,946	—	401	–1,545	681
Commodity price risk								
– Raw material forward contracts	15,968	229	–1,094	–865	–81	162	–622	–72
– Electricity forward contracts	462	—	–112	–112	—	23	–89	4
Total		443	–3,366	–2,923	–81	586	–2,256	613
Net investments hedge – with hedge reserve								
Currency risk								
– EUR and USD-denominated debt	9,895	—	–1,409	–1,409	—	290	–1,119	50
Fair value hedge – without hedge reserve								
Interest rate risk								
– Interest rate swap	17,744	265	–31	234	—	—	—	—

31 Dec 2023	Nominal amount	Financial assets	Financial liabilities	Net	Ineffectiveness reflected in income statement	Tax	Hedge reserve after tax	Recycled from other compre- hensive income
Cash flow hedge – with hedge reserve								
Currency risk								
– Foreign exchange swaps and forward contracts	94,160	3,557	–865	2,692	—	–554	2,138	505
Commodity price risk								
– Raw material forward contracts	2,946	64	–185	–121	—	25	–96	86
– Electricity forward contracts	568	46	–76	–30	—	6	–24	–263
Total		3,667	–1,126	2,541	—	–523	2,018	328
Net investments hedge – with hedge reserve								
Currency risk								
– EUR and USD-denominated debt	10,314	—	–1,093	–1,093	—	225	–868	73
Fair value hedge – without hedge reserve								
Interest rate risk								
– Interest rate swap	15,017	65	–114	–49	–3	—	—	—

HEDGE ACCOUNTING

Volvo Car Group generally applies hedge accounting when hedging interest rate risk related to funding activities and when hedging future operational cash flows. Volvo Car Group also applies hedge accounting for hedges of net investments in foreign operations. The hedge strategy is to mitigate the uncertainty in future cash outflow and to reduce income statement volatility.

Effectiveness testing is performed at inception of the hedging relationship and monitored regularly. The test is performed by comparing the critical terms of the hedging instrument and the hedged item to be equal. The critical terms may be foreign currency or commodity nominal amount, cash flows and time of maturity. If critical terms match and the credit risk of the counterparty has not changed significantly, the hedge relationship can be deemed highly effective going forward. For more information see Hedge accounting principles under the section Accounting principals.

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In the table below the fair value hedges by maturity date are presented.

31 Dec 2024	Nominal amount	Fair value, hedged item	Fair value, hedging instrument	Ineffectiveness reflected in income statement	Carrying amount		Variable benchmark
					Derivative assets	Derivative liabilities	
Maturity date							
2025	400	1	–2	–1	—	–2	Euribor 3m
2027	350	–88	88	—	88	—	Euribor 3m
2028	500	–53	48	–5	77	–29	Euribor 3m
2030	300	–94	100	6	100	—	Euribor 3m
Total		–234	234	—	265	–31	

31 Dec 2023	Nominal amount	Fair value, hedged item	Fair value, hedging instrument	Ineffectiveness reflected in income statement	Carrying amount		Variable benchmark
					Derivative assets	Derivative liabilities	
Maturity date							
2024	400	12	–12	—	—	–12	Euribor 3m
2025	400	32	–31	1	4	–35	Euribor 3m
2027	250	–49	52	3	61	–9	Euribor 3m
2028	200	51	–58	–7	—	–58	Euribor 3m
Total		46	–49	–3	65	–114	

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NOTE 20 MARKETABLE SECURITIES AND CASH AND CASH EQUIVALENTS

ACCOUNTING POLICIES

Marketable securities

Marketable securities are highly liquid interest-bearing securities that are considered easily convertible to cash. In Volvo Cars, marketable securities comprise of commercial paper and time deposits with a term of more than three months and less than one year from acquisition date.

Cash and cash equivalents

Cash and cash equivalents comprise of cash at banks and time deposits as well as short-term interest-bearing securities that are considered easily convertible to cash in the form of commercial paper with a maturity of three months from the date of acquisition.

	31 Dec 2024	31 Dec 2023
Marketable securities		
Time deposits in banks	—	9,918
Total	—	9,918
Cash and cash equivalents	31 Dec 2024	31 Dec 2023
Cash at banks	39,802	41,196
Time deposits in banks	16,509	6,615
Commercial paper	—	50
Bank acceptance draft	62	—
Total	56,373	47,861

Cash and cash equivalents includes SEK 3,706 (4,261) m where limitations exist, mainly liquid funds in certain countries where exchange controls or other legal restrictions apply. It is not possible to immediately use the liquid funds in other parts of Volvo Cars, however there is normally no limitation for use in the Group's operation in the respective country.

NOTE 21 EQUITY

ACCOUNTING POLICIES

Share-based payments

Equity-settled share-based payments in connection with employee incentive plans are recognised in equity and settled using treasury shares. See Note 9 – Share-based remuneration.

Group contributions and unconditional shareholders' contributions

Distributed group contributions to the main owner are recorded in equity, along with the tax effect. Group contributions received from the main owner and the tax effect on these contributions are recognised in equity in accordance with the principles for shareholders' contributions.

Unconditional shareholders' contributions received from the main owner are recognised in equity.

The share capital consists of 2,979,524,179 common shares of class B. Each share carries one vote. A common share of class B entitles its holder to dividend as determined by the shareholders meeting. All issued shares are fully paid. At 31 December 2024, Volvo Car Group holds 5,020,194 (—) own class B shares.

In 2024, Volvo Car AB (publ.) distributed 62.7 per cent of Volvo Cars' shareholding in Polestar Automotive Holding UK PLC to Volvo Cars' shareholders by way of a share split (2:1), a reduction of the share capital through redemption of shares, and an increase of the share capital through a bonus issue without issuance of new shares. Due to the ownership structure of Volvo Car Group, the distribution of shares is a common control transaction. Consequently, the distribution has been accounted for at carrying values, including transaction costs recognised directly in equity.

During April 2024, the share split temporarily increased the number of shares and votes by 2,979,524,179, to 5,959,048,358. In May 2024, the 2,979,524,179 new redemption shares of class B were redeemed as part of the automatic share redemption. Thereafter, the total number of shares and votes amounts to 2,979,524,179, which is the same as prior to the distribution. On 8 May 2024, the distribution of the Polestar shares was completed. For further information, see Note 12 – Investments in joint ventures and associates.

Change in number of outstanding shares	31 Dec 2024	31 Dec 2023
Outstanding shares at 1 January	2,979,524,179	2,979,524,179
Share split (2:1)	2,979,524,179	—
Redemption of redemption shares	–2,979,524,179	—
Acquisition of treasury shares	–6,500,000	—
Issue of treasury shares	1,479,806	—
Outstanding shares at 31 December	2,974,503,985	2,979,524,179

The share premium relates to issue in kind attributable to Zhejiang Geely Holding Group Co., Ltd's acquisition in year 2010. Share premium also include capital received (reduced by transaction costs) in excess of par value of issued capital.

Other contributed capital consists of Group contributions from Geely Sweden Holding Group and unconditional shareholders' contribution from Shanghai Geely Zhaoyuan International Investment Co., Ltd.

The currency translation reserve comprises exchange rate differences of hedge instruments of net investments in foreign operations and exchange rate differences resulting from the translation of financial reports of foreign operations that have prepared their financial reports in a currency other than Volvo Car Group's reporting currency. The parent company and Volvo Car Group present their financial reports in SEK.

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Month	Year	Event	Change in number of shares	Total number of shares	Quota value per share, SEK	Change in share capital, SEK	Total share capital, SEK
01	2024	At the beginning of the year	—	2,979,524,179	0.02	—	60,947,709
04	2024	Share split (2:1)	2,979,524,179	5,959,048,358	0.01	—	60,947,709
05	2024	Redemption of redemption shares	–2,979,524,179	2,979,524,179	0.01	–30,473,855	30,473,855
05	2024	Bonus issue	—	2,979,524,179	0.02	30,473,855	60,947,709

The **other reserve** consists of the change in fair value of cash flow hedging instruments in cases where hedge accounting is applied.

Retained earnings comprises net income for the year and preceding years as well as remeasurements of post-employment benefits and equity-settled share-based payments using treasury shares. Treasury shares are purchased own shares intended for Volvo Cars' Performance Share Plans (PSP) and Employee Share Matching Plans (ESMP). The amount presented in Acquisition of treasury shares is based on the market value at acquisition date and includes transaction costs. The amount presented in Issue of treasury shares is based on the fair value at grant date. Further, the amount of SEK 17 (109) m presented in share-based payments includes effects from matching shares in the ESMP programme 2022, corresponding to SEK –67 (—) m. For more information, see Note 9 – Share-based remuneration.

Retained earnings also include the effects of business combinations under common control within the Geely group, transaction with non-controlling interests and dividend to shareholders.

Non-controlling interests mainly refers to the share of equity that belongs to Zhejiang Geely Holding Group Co., Ltd without a controlling influence. Volvo Car Group holds 50 per cent of the equity in Daqing Volvo Car Manufacturing Co., Ltd and Shanghai Volvo Car Research and Development Co., Ltd and has the decision making power over the operations. In the consolidated financial statements, these companies are classified as subsidiaries and fully consolidated with a non-controlling interest of 50 per cent.

In August 2024, Volvo Car Group acquired the remaining 40 per cent shares in HaleyTek AB from ECARX Technology Co., Ltd, resulting in divestment of non-controlling interest of SEK –211 m. For further information, see Note 8 – Participation in subsidiaries (Parent company).

In October 2024, the non-controlling interest increased through a capital contribution to VCLC Services AB of SEK 3 (—) m from Lynk & Co International AB. For further information, see Note 8 – Participation in subsidiaries (Parent company).

At year end 2024, non-controlling interests amounted to SEK 4,738 (4,114) m. Summarised financial information on subsidiaries with non-controlling interest is presented in Note 8 – Participation in subsidiaries (Parent company).

Total equity consists of the equity attributable to the owners of the parent company and non-controlling interests. At year end 2024, the total equity amounted to SEK 142,199 (130,485) m.

NOTE 22 POST-EMPLOYMENT BENEFITS

ACCOUNTING POLICIES

Pension benefits

Volvo Car Group has various schemes for post-employment benefits, mainly relating to pension plans. Other benefits can in some locations include disability, life insurance and health benefits. Pension plans are classified either as defined contribution plans or defined benefit plans. Volvo Car Group has both defined contribution plans and defined benefit plans for qualifying employees in some subsidiaries and the largest plans are in Sweden and Belgium.

Under a defined contribution plan, Volvo Car Group pays fixed contributions into a separate external legal entity and will have no legal obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits. The contributions are recognised as employee benefit expenses in the income statement when earned by the employee. Some defined contribution plans combine the promise to make periodic payments with a promise of a guaranteed minimum return on investments. Such plans are accounted for as defined benefit plans.

A defined benefit plan is a pension plan that defines the amount of post-employment benefits an employee will receive upon retirement, usually dependent on one or more factors such as age, years of service and compensation. For funded defined benefits plans, plan assets have been separated, with the majority invested in pension foundations. The net pension provision or asset recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets.

The calculation of the present value of defined benefit pension obligations is performed according to the Projected Unit Credit method. The calculation is performed by independent actuaries. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds, or when these are not available, government bonds that are denominated in the currency in which the

benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability. The most important actuarial assumptions are stated below.

Actuarial gains and losses arising from changes in actuarial assumptions and adjustments based on experience are charged or credited to other consolidated comprehensive income in the period in which they arise. Past service costs are recognised immediately in the income statement when the settlement occurs.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets.

Termination benefits

Termination benefits are payable when employment is terminated by Volvo Car Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. Volvo Cars recognises termination benefits at the earlier of the following dates: (a) when Volvo Cars can no longer withdraw the offer of those benefits and (b) when the entity recognises costs for a restructuring that involves payment of termination benefits.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The value of defined benefit obligations is determined through actuarial calculations performed by independent actuaries. The calculations are based on different assumptions and estimates, for instance with regards to the discount rate, future salary increases, inflation, mortality rates and demographic conditions. Changes in these assumptions affect the calculated value of the post-employee benefits obligations. The discount rate, which is the most critical assumption, is based on market return on high-quality corporate or government bonds that are denominated in the currency in which the benefits will be paid and with maturities corresponding to the related pension liability. A decrease in the discount rate increases the present value of post-employee benefits obligations while an increase in the discount rate has the opposite effect.

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Description of the substantial pension schemes within Volvo Car Group is presented below.

Sweden

In Sweden, Volvo Car Group has seven defined benefit retirement plans of which four are funded. The largest plan overall is the Swedish ITP 2 plan which is a collectively agreed pension plan for white collar employees. ITP 2 is a final salary-based plan. Volvo Car Group's defined benefit plans are secured in three ways: as a provision in the balance sheet, assets held in separate pension funds or funded through insurance payments. The “funded through insurance payments” plans are defined benefit plans accounted for as defined contribution plans. In Sweden, these plans are secured with the mutual insurance company Alecta.

The portion secured through insurance with Alecta refers to a defined benefit plan that comprises several employers and is reported according to a pronouncement by the Swedish Corporate Reporting Board, UFR 10. For 2024, Volvo Car Group did not have access to the information to report its proportionate share of the plan's obligations, assets under management and cost, that would make it possible to report this plan as a defined benefit plan. Volvo Cars estimates payments of premiums of about SEK 167 m to Alecta in 2025. Volvo Car Group's share of the total saving premiums for ITP2 in Alecta as at 31 December 2024 amounted to 0.41 (0.33) per cent and Volvo Car Group's share of the total number of active policy holders amounted to 1.40 (1.45) per cent.

The collective consolidation level comprises the market value of Alecta's assets as a percentage of the insurance obligations calculated in accordance with Alecta's actuarial methods and assumptions, which do not conform to IAS 19. The collective funding ratio is normally allowed to vary between 125 and 175 per cent. If the consolidation level falls short or exceeds the normal interval one measure may be to increase the contract price for new subscriptions and expanding existing benefits or introduce premium reductions. At year end 2024, the consolidation level amounted to 162 (158) per cent.

In case local legal requirements exist, funded or unfunded plans are credit insured with an external party.

Belgium

In Belgium, Volvo Car Group has three retirement – indemnity plans which are all funded. All three are based on the Collective Labour Agreement applicable to the company. The pension plan for white collar employees and the closed plan for blue collar employees who were in service before 2009 are defined benefit plans. The benefits are based on the final salary and seniority within the company. The pension plan for blue collars who are in service as from 2009 is a cash balance plan. The pension obligations are secured through a

transfer of the required funds to a separate pension fund. The funding of the obligations under these defined benefit and cash balance plans is fully externalised through a number of pension funds and through insurance contracts.

In Belgium, Volvo Car Group also has early retirement arrangements (termination benefits – bridge plans) as well as seniority premiums (other long-term benefits). The early retirement arrangements are unfunded and the seniority premiums are funded.

Financial year ending on	Total	of which Sweden	of which Belgium	Total	of which Sweden	of which Belgium
	31 Dec 2024	31 Dec 2024	31 Dec 2024	31 Dec 2023	31 Dec 2023	31 Dec 2023
Amounts recognised in the statement of financial position						
Defined benefit obligation	26,921	19,865	4,210	25,116	18,220	4,092
Fair value of plan assets	18,810	12,907	3,837	17,506	11,918	3,594
Funded status	8,111	6,958	373	7,610	6,302	498
Net provision (asset) as recorded in the balance sheets						
	8,111	6,958	373	7,610	6,302	498
Principal actuarial assumptions						
<i>Weighted average assumptions to determine benefit obligations</i>						
Discount rate, %	3.67	3.55	3.39	3.57	3.45	3.50
Rate of salary increase, %	3.35	3.40	3.15	3.34	3.40	3.16
Rate of price inflation, %	2.06	2.00	2.00	2.06	2.00	2.00
Rate of pension indexation, %	2.06	2.00	N/A	2.06	2.00	N/A

The actuarial assumptions are the most significant assumptions applied when calculating the value of a defined benefit pension plan. Volvo Car Group determines the discount rate based on AA-rated corporate bonds and mortgage bonds that match the duration of the obligations. If no such corporate bonds and mortgage bonds are available, government bonds are used.

Inflation assumptions are based on a combination of central banks targets, implicit market expectations and long-term analyst forecasts.

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in each territory. Mortality assumptions for Sweden are based on the DUS23 (white collar) mortality study, and the DUS23 (white collar) mortality table is generational. Mortality assumptions in Belgium are not as significant, since there are lump sum payments.

The actuarial assumptions are reviewed annually by Volvo Car Group and modified when deemed appropriate to do so.

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Summary of provision for post-employment benefits

The provision for post-employment benefits have been recognised in the balance sheet as follows:

	31 Dec 2024	31 Dec 2023
Post-employment benefits	8,111	7,610
Other provisions (Note 23)	363	341
Closing balance	8,474	7,951

The tables below show Volvo Car Group's provision for post-employment benefits, the assumptions used to calculate the value of these provisions and the plan assets related to these provisions, as well as the amounts recognised in the income statement. Volvo Car Group's reported pension provision amounts to SEK 8,474 (7,951) m in total, which includes endowment insurances and similar undertakings amounting to SEK 363 (341) m in respect of defined premium pension plans in Sweden.

Financial year ending on	Total	of which Sweden	of which Belgium	Total	of which Sweden	of which Belgium
	31 Dec 2024	31 Dec 2024	31 Dec 2024	31 Dec 2023	31 Dec 2023	31 Dec 2023
Change in defined benefit obligation						
Defined benefit obligation at end of prior year	25,116	18,220	4,092	22,221	15,341	4,049
Service cost	636	438	154	464	260	150
Interest expense	880	621	135	887	598	158
Cash flows	−951	−458	−361	−893	−409	−306
Remeasurements	944	1,044	72	2,437	2,430	39
Effect of changes in foreign exchange rates	296	—	118	—	—	2
Defined benefit obligation at end of year	26,921	19,865	4,210	25,116	18,220	4,092
Change in fair value of plan assets						
Fair value of plan assets at end of prior year	17,506	11,918	3,594	15,338	9,913	3,432
Interest income	630	411	123	648	411	137
Cash flows	−185	—	−109	874	1,000	−46
Remeasurements	598	578	124	643	594	73
Effect of changes in foreign exchange rates	261	—	105	3	—	−2
Fair value of plan assets at end of year	18,810	12,907	3,837	17,506	11,918	3,594
Components of defined pension cost						
Service cost	636	438	154	464	260	150
Net interest cost	250	210	12	239	187	20
Remeasurements of Other long-term benefits	43	—	42	−10	—	−10
Administrative expenses and taxes	36	—	32	28	—	25
Total pension cost for defined benefit plans	965	648	240	721	447	185
Pension cost for defined contribution plans	4,348	3,489	381	4,114	3,277	378
Total pension cost recognised in P&L	5,313	4,137	621	4,835	3,724	563
Remeasurements (recognised in other comprehensive income)	312	466	−96	1,815	1,836	−19
Effect of changes in demographic assumptions	−33	—	—	113	148	—
Effect of changes in financial assumptions	−475	−377	31	2,317	2,024	205
Effect of experience adjustments	1,409	1,421	−2	18	257	−156
Return on plan assets (excluding interest income)	−589	−578	−125	−633	−593	−68
Total defined benefit cost recognised in P&L and OCI	1,277	1,114	144	2,536	2,283	166

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Financial year ending on	Total	of which Sweden	of which Belgium	Total	of which Sweden	of which Belgium
	31 Dec 2024	31 Dec 2024	31 Dec 2024	31 Dec 2023	31 Dec 2023	31 Dec 2023
Net defined benefit provision (asset) reconciliation						
Net defined benefit provision (asset)	7,610	6,302	498	6,883	5,428	617
Defined benefit cost included in the income statement	965	648	240	721	447	185
Total remeasurements included in OCI	312	466	−96	1,815	1,836	−19
Cash flows	−810	−458	−283	−1,805	−1,409	−289
Employer contributions	−290	—	−260	−1,296	−1,000	−255
Employer direct benefit payments	−520	−458	−23	−509	−409	−34
Effect of changes in foreign exchange rates	34	—	14	−4	—	4
Net defined benefit provision (asset) as of end of year	8,111	6,958	373	7,610	6,302	498
Defined benefit obligation by participant status						
Actives	13,834	9,784	3,378	12,249	8,252	3,364
Vested deferreds	6,018	4,500	643	5,645	4,219	573
Retirees	7,069	5,581	189	7,222	5,749	155
Total	26,921	19,865	4,210	25,116	18,220	4,092

Plan assets

Fair value of plan assets	2024	2023	of which with a quoted market price	
			2024	2023
Cash and cash equivalents	469	466	325	375
Equity instruments	1,698	1,474	1,109	952
Debt instruments	8,093	7,412	7,291	6,532
Real estate	828	690	86	82
Investment funds	5,725	5,463	5,565	5,423
Other	1,997	2,001	219	66
Total	18,810	17,506	14,595	13,430

Responsibility for the management of several pension plans rest with Volvo Car Group and therefore pension trusts have been set up in different countries. The assets are held by long-term employee benefit trusts that are legally separated from Volvo Car Group. The assets are available to fund employee benefits only. Sweden, Belgium and United Kingdom have the largest pension trusts. The assets of the pension trusts are managed in accordance with a capital preservation strategy where the risk exposure is adjusted accordingly. The investment strategies are long-term and the distribution of assets ensures that investment portfolios are well diversified. The capital is managed in accordance with the investment policies of each pension trust. Continuous monitoring is performed by the trustees to ensure that capital is allocated and managed according to the investment policies. In Sweden the minimum funding level is decided by PRI Pensionsgaranti.

The actual return on plan assets amounts to SEK 1,228 (1,291) m.

Risks

There are mainly three categories of risks related to defined benefit obligations and pension plans. The first category relates to risks affecting the actual pension payments. Increased longevity and inflation of salary and pensions are the principal risks that may increase the future pension payments and hence, increase the pension obligation. The second category relates to investment return. Pension plan assets are invested in a variety of financial instruments and are exposed to market fluctuations. Poor investment return may reduce the value of investments and render them insufficient to cover future pension payments. The final category relates to the discount rate used for measuring the obligation and the plan assets. The discount rate used for measuring the present value of the obligation may fluctuate which impacts the valuation of the defined benefit obligation. The discount rate also impacts the value of the interest income and expense that is reported in the financial items and the service cost. The risk related to pension obligations, i.e. mortality exposure, discount rate and inflation, are monitored on an ongoing basis.

Sensitivity analysis on defined benefit obligation	Sweden	Belgium
Discount rate +0.5%	−1,874	−153
Discount rate −0.5%	2,063	167
Inflation rate +0.5 %	2,063	106
Inflation rate −0.5%	−1,874	−100

The weighted average duration of the obligation is 20.5 years for Sweden and 7.9 years for Belgium.

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NOTE 23 CURRENT AND OTHER NON–CURRENT PROVISIONS

ACCOUNTING POLICIES

Provisions

Provisions are recognised in the balance sheet when a legal or constructive obligation exists as a result of a past event, it is deemed more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are typically settled within 2–3 years.

Warranties

Warranty provisions include Volvo Car Group’s cost of satisfying the customers with specific contractual warranties, as well as other costs not covered by standard contractual commitments. All warranty provisions are recognised at the sale of the vehicles or spare parts. The initial calculations of the reserves are based on historical warranty statistics considering known quality improvements, costs for remedy of defaults etc. The warranty provision booked at point of sale is adjusted as campaign decisions for specific quality problems are made. On a quarterly basis the provisions are adjusted to reflect latest available data such as actual spend, exchange rates, discount rates etc. The provisions are reduced by virtually certain warranty reimbursements from suppliers. Generally, warranty provisions are settled within 2–4 years, provisions for battery warranties are typically settled within 8 years.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Provisions

The amount recognised as provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date. Provisions are regularly reviewed and adjusted as further information becomes available or circumstances change. If the effect of the time value of money is material, non-current provisions are recognised at present value by discounting the expected future cash flows at a pre-tax rate reflecting current market assessments of the time value of money. The discount rate does not reflect such risks that are taken into consideration in the estimated future cash flow. Revisions of estimated cash flows, both amount and likelihood, are recognised as operating cost.

Changes to present value due to the passage of time and revisions of discount rates to reflect prevailing current market conditions are recognised as a financial cost.

There is always a risk for changing governmental regulations and changes in environmental policies affecting our business as well as accounting estimates and judgements related to climate regulation. Based on our performance to date, current product and volume plans and current knowledge of global emissions regulations, Volvo Car Group does not foresee any significant financial risks or judgemental accounting issues short to mid-term related to not meeting global, regional or national CO₂ emissions regulations.

Warranties

The recognition and measurement of provisions for product warranties is generally connected with estimates. Estimated costs for product warranties are charged to cost of sales when the products are sold. Estimated warranty costs include contractual warranty, warranty campaigns (recalls and buy-backs) and coverage in excess of contractual warranty or campaigns, which is accepted as a matter of policy or normal practice in order to maintain a good business relation with the customer. Warranty provisions are estimated based on historical claims statistics and the warranty period. Quality index improvements based on historical patterns have been reflected in all categories of warranty. Refunds from suppliers that decrease Volvo Car Group’s warranty costs are recognised to the extent these are considered to be virtually certain, based on historical experience. Supplier recovery provisions amount to SEK 2,453 (2,040) m.

	Warranties	Other provisions ¹⁾	Total
Balance at 1 January 2023	11,494	5,955	17,449
Provided for during the year	11,571	10,410	21,981
Utilised during the year	–9,104	–6,687	–15,791
Reversal of unutilised amounts	–2,539	–33	–2,572
Translation differences	–300	–68	–368
Balance at 31 December 2023	11,122	9,577	20,699
Of which current	4,617	8,500	13,117
Of which non-current	6,505	1,077	7,582

	Warranties	Other provisions ¹⁾	Total
Balance at 1 January 2024	11,122	9,577	20,699
Provided for during the year	14,185	12,739	26,924
Utilised during the year	–10,390	–13,740	–24,130
Reversal of unutilised amounts	–3,154	–61	–3,215
Translation differences	452	150	602
Balance at 31 December 2024	12,215	8,665	20,880
Of which current	3,865	7,514	11,379
Of which non-current	8,350	1,151	9,501

1) Other provisions include personnel related provisions of SEK 2,650 (3,068) m.

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NOTE 24 OTHER CURRENT AND NON-CURRENT LIABILITIES

	31 Dec 2024	31 Dec 2023
Other non-current liabilities		
Liabilities related to repurchase commitments	3,107	1,659
Other liabilities	2,191	3,726
Total	5,298	5,385

	31 Dec 2024	31 Dec 2023
Other current liabilities		
Accrued expenses and prepaid income	23,110	21,893
Liabilities related to repurchase commitments	14,134	6,599
Personnel related liabilities	7,154	6,330
VAT liabilities	5,172	5,211
Other liabilities	3,750	3,224
Total	53,320	43,257

NOTE 25 CONTINGENT LIABILITIES AND PLEDGED ASSETS

ACCOUNTING POLICIES

When a possible obligation does not meet the criteria for recognition as a liability it may be disclosed as a contingent liability. These possible obligations derive from past events and their existence will be confirmed only when one or several uncertain future events, which are not entirely within Volvo Car Group’s control, take place or fail to take place. A contingent liability could also exist for a present obligation, due to a past event, where an outflow of resources is less likely (<50 per cent) or when the amount of the obligation cannot be reliably measured.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Legal proceedings

Companies within Volvo Car Group may at times be involved in legal proceedings, such proceedings may cover a range of different matters in various jurisdictions. These include, but are not limited to, commercial disputes such as alleged breach of contract, insufficient supplies of goods or services, product liability, patent infringement or infringement of other intangible rights. The various matters raised are often of a difficult and complex nature and often legally compli-

cated, it is therefore difficult to predict the final outcome of such matters. The companies within Volvo Car Group work closely with legal advisors and other experts in the various matters in each jurisdiction. A provision is made when it is determined that an adverse outcome is more likely than not, and the amount of the loss can be reliably estimated. In instances where these criteria are not met, a contingent liability has been disclosed provided the risk qualifies as such a liability.

Other processes

Volvo Car Group is as well, like other global companies, from time to time involved in processes of varying scope and in various stages with regards to for instance import duties and transfer prices. These processes are evaluated regularly, and provisions are made when it is more likely than not that additional fees must be paid, and the outcome can be reliably estimated. If it is not probable that the additional fees will be paid but the risk is more than remote, such amounts are disclosed as contingent liabilities.

	31 Dec 2024	31 Dec 2023
Contingent liabilities		
Guarantees to insurance company FPG	278	254
Legal claims	19	6
Other claims ¹⁾	231	78
Guarantee commitments	9	6
Other contingent liabilities ²⁾³⁾	3,433	135
Total	3,970	479

- 1) In addition to the contingent liabilities related to other claims there is also tax related contingent asset amounting to SEK 54 (—) m.
- 2) On 19 November 2024, Volvo Cars entered into an operational agreement that includes a purchase option for an entity domiciled in the UK. The purchase option expires on August 31, 2025. Subsequently on 20 November 2024, Volvo Cars entered into a related agreement guaranteeing the outstanding loans of the target entity. The guarantee is contingent upon the lenders electing to transfer these loans to Volvo Cars. The maximum exposure under the financial guarantee is estimated to SEK 3,240 m.
- 3) Apart from the above contingent liabilities, there are other commitments and guarantees that are not recognised since the likelihood of an outflow of resources is very low.

	31 Dec 2024	31 Dec 2023
Pledged assets		
Restricted cash	195	786
Inventory	439	466
Floating charges	72	73
Other pledged assets	486	385
Total	1,192	1,710

NOTE 26 CASH FLOW STATEMENTS

	2024	2023
Adjustments for other non-cash items:		
Capital gains/losses on sale of tangible and intangible assets	1,574	1,267
Share of income in joint ventures and associates	4,722	5,628
Interest effect from the measurement of repurchase obligations	–797	–348
Provision for variable pay	2,163	2,544
Other provisions	–695	1,832
Deferred revenue	–1,779	–666
Reclassification of residual value guarantee	–1,364	–1,700
Inventory impairment	549	238
Elimination of intra-group profit	–186	292
IFRS16 adjustments	–1,450	–2,451
Negative goodwill of NOVO Energy AB	–1,054	—
Other non-cash items	1,071	–549
Total	2,754	6,087

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	Cash flows		Non-cash changes				31 Dec 2023
	1 Jan 2023		Reclassifi- cations	Foreign exchange movement	Fair value changes	Other non-cash changes	
Change in net cash							
Cash and cash equivalents	63,743	−14,226	—	−1,656	—	—	47,861
Marketable securities	3,415	6,677	—	−203	29	—	9,918
Liabilities to credit institutions, non-current	−3,096	−2,664	732	83	—	383	−4,562
Bonds, non-current ¹⁾	−23,246	−1,500	6,751	−106	—	−20	−18,121
Bonds, current ¹⁾	−2,000	2,000	−6,751	88	—	−9	−6,672
Other interest-bearing non-current liabilities	—	—	—	—	—	—	—
Liabilities to credit institutions, current	−755	−627	−732	16	—	1,161	−937
Net cash	38,061	−10,340	—	−1,778	29	1,515	27,487

	1 Jan 2024						31 Dec 2024
Change in net cash							
Cash and cash equivalents	47,861	7,043	—	1,469	—	—	56,373
Marketable securities	9,918	−10,269	—	351	—	—	—
Liabilities to credit institutions, non-current	−4,562	−199	947	−122	—	51	−3,885
Bonds, non-current ¹⁾	−18,121	−5,857	5,618	−246	—	16	−18,590
Bonds, current ¹⁾	−6,672	6,935	−5,618	−367	—	−1	−5,723
Other interest-bearing non-current liabilities	—	—	—	—	—	—	—
Liabilities to credit institutions, current	−937	862	−947	−41	—	3	−1,060
Net cash	27,487	−1,485	—	1,044	—	69	27,115

1) The bonds are presented above at amortised cost. The fair value risk of the EUR-denominated bonds is hedged, and the bonds with fixed interest pay-ments have been swapped into floating interest payments. Consequently, a portion of the bonds is therefore measured at fair value through the income statement, while the the remaining part is measured at amortised cost. On 31 December 2024, the fair value component amounted to SEK 235 (−46) m.

NOTE 27 BUSINESS COMBINATIONS AND DIVESTMENTS

ACCOUNTING POLICIES

Acquisitions

Companies are consolidated as of the date of acquisition when Volvo Car Group obtains control. In a business combination Volvo Car Group measures all acquired identifiable assets and liabilities at fair value. Any surplus amount from the purchase consideration, possible non-controlling interest and fair value of previously held equity inter-ests at the acquisition date compared to Volvo Car Group's share of acquired net assets is recognised as goodwill. Any deficit amount (i.e. negative goodwill) resulting from a bargain purchase, is recog-nised directly as a gain in the income statement.

In step acquisitions, a business combination occurs only on the date control is achieved. Transactions with non-controlling interest are rec-ognised within equity as long as control of the subsidiary is retained. In acquisitions that involve parties under common control Volvo Car Group applies predecessor accounting, meaning that the acquirer consolidates the predecessors respective carrying values for assets and liabilities. These are the carrying values that are related to the acquired entity from the consolidated financial state-ments of the highest entity that has common control, and for which consolidated financial statements are prepared. Any difference between the cost of the combination (i.e. the fair value of the consid-eration paid) and the carrying values for assets and liabilities is rec-ognised directly in equity within retained earnings. All acquisition related transaction costs are expensed.

Divestments

Companies that have been divested are included in the consolidated financial statements up to and including the date of the divestment. In divestments that involve parties under common control, any difference between the cost of the divestment (i.e. the fair value of the consideration received) and the carrying values for assets and liabilities is recognised directly in equity within retained earnings.

Business combinations

NOVO Energy AB

On 30 October 2024, Volvo Car Corporation notified its counterpart in the NOVO Energy AB joint venture, Northvolt AB, that Volvo Cars executed its redemption right to acquire Northvolt's 50 per cent shareholding in NOVO Energy AB. The action followed a breach of the parties' shareholders' agreement where Northvolt AB has not fulfilled its financing obligations. Based on the breach of the share-holders' agreement and by executing its redemption right to obtain Northvolt AB's shares, Volvo Cars has assessed it has gained control of NOVO Energy AB from an accounting perspective. Hence, NOVO Energy Group has been consolidated into the Volvo Car Group from 30 October, 2024. At finalisation of the transaction, Volvo Car Group will have a 100 per cent shareholding in NOVO Energy AB. Apart from the parent company NOVO Energy AB, NOVO Energy Group consists of the wholly-owned subsidiaries NOVO Energy R&D AB and NOVO Energy Production AB with its wholly-owned subsidi-ary NOVO Energy PropCo AB. The business of the NOVO Energy companies are to develop and produce sustainable batteries to support the next generation of fully electric Volvo cars.

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	2024
Purchase price	
Purchase consideration	—
Fair value of investment in joint venture held before the business combination	908
Total cost of the combination	908
Acquired assets and liabilities at fair value	
Tangible assets	2,201
Other non-current assets	3
Accounts receivable	5
Cash and cash equivalents	888
Non-controlling interest	—
Other non-current provisions	–319
Other non-current interest-bearing liabilities	–6
Accounts payable	–229
Other current interest-bearing liabilities	–2
Other current liabilities	–579
Total fair value of net assets acquired	1,962
Negative goodwill	–1,054
Cash effect on business combination	
Purchase consideration	—
Acquired cash and cash equivalents	888
Change in cash and cash equivalents due to acquisitions	888

The previously held equity interest, was revalued to fair value before the business combination. The business combination results in a negative goodwill of SEK 1,054 m since the fair value of the acquired net assets exceeds the total cost of the combination. The Group has recognised the gain in other operating income and expense. Acquisition-related costs for 2024 amounted to SEK 2 m and have been reported as administration costs in the income statement. There were no contingent liabilities assumed or collateral pledged arising from the business combination.

The acquired business has not contributed to any revenue but a net loss of SEK –171 m in the Group during the period 31 October to 31 December, 2024. The total cost of combination and fair values have been determined provisionally, thus, the acquisition analyses may be subject to adjustment during a twelve months period.

Divestment of business

Limited Liability Company Volvo Cars

On 20 June 2024, Volvo Cars wholly-owned subsidiary Volvo Car NSC Holding AB signed a share transfer agreement with an external buyer regarding their 100 per cent shareholdings in LLC Volvo Cars.

LLC Volvo Cars was a national sales company in Russia whose operations were discontinued during 2022, without significant financial effects. Volvo Car Group has consolidated the company until 20 June 2024 when control was ceased.

The disposal consideration received amounted to SEK 0 m and at the time of disposal, cash and cash equivalents over which control was lost amounted to SEK 217 m. The carrying value of assets and liabilities as at the date of the divestment were SEK 221 m. Loss on sale of operation recognised in income statement amounted to SEK –239 m. The total cost of divestment and the carrying values have been adopted in 2024.

Adoption of preliminary divestment analysis

A divestment analysis is preliminary until adopted which must take place within twelve months from the divestment. The preliminary divestment analysis previously recognised for Volvo Car Group Financial Leasing (Shanghai) Co., Ltd was adopted in 2024.

Events after the reporting period

On 25 January 2025, a share purchase agreement was signed between Volvo Car Corporation and Northvolt AB with respect to Northvolt AB’s shares in NOVO Energy AB.

Completion of the transaction is dependant on approval from Swedish and US government authorities as part of Nortvolt AB’s Chapter 11 process. Approval and transaction completion is expected during the second quarter 2025.

NOTE 28 SEGMENT REPORTING

ACCOUNTING POLICIES

Volvo Car Group is considered to have one operating segment.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Critical judgements in the determination of Volvo Car Group having one operating segment relates to the level of integration across the different functions of the Group, the identification of the Chief operating decision-making body and how resources are allocated.

The activities that the automotive business engage in relates to development, design, manufacturing, assembly and sale of vehicles, as well as sale of related parts and accessories from which Volvo Cars derives its revenues. All of the activities of the Group are not managed individually but globally on a highly integrated basis.

Volvo Car Group is managed by the Executive Management Team (EMT) with 8 (7) members, led by the CEO and overseen by the Board of Directors. EMT take all significant operating decisions and members of EMT have the responsibility for implementing the decisions in their respective areas. The operating decision-making is at EMT level as a whole and Volvo Car Group consider the EMT to be the Chief operating decision-making body. All substantial decisions regarding allocation of resources as well as the assessment of performance is based on Volvo Car Group as a whole. Therefore, Volvo Car Group is considered to have only one operating segment.

	Sweden	China	Rest of the world	Total
31 Dec 2024				
Non-current assets ¹⁾	135,885	23,861	44,419	204,165
31 Dec 2023				
Non-current assets ¹⁾	117,873	20,219	35,780	173,872

1) Excluding deferred tax assets and financial instruments.

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Alternative performance measures presented by Volvo Car Group

The alternative performance measures presented and disclosed in this annual report are used internally by management in conjunction with IFRS measures to measure performance and make decisions regarding the future direction of the business. The Group believes that these alternative performance measures, when provided in combination with reported IFRS measures, provide helpful supplementary information for investors. These alternative performance measures are not a substitute for or superior to IFRS measures and should be used in conjunction with reported IFRS measures. Further, these alternative performance measures, as defined by the Group, may not be comparable to other similarly titled measures used by other groups. For general definitions, see page 226.

Volvo Cars has applied the guidelines from ESMA (European Securities and Markets Authority) regarding alternative key figures (APMs, Alternative performance measures). Although these key figures are not defined or specified according to IFRS they provide the valuable supplementary information to investors and the company’s management regarding the company’s performance.

Gross margin

Gross margin is defined as gross income as a percentage of revenue. Gross margin presents the per cent of revenue that Volvo Cars retains after incurring the direct costs associated with producing the goods and services sold.

EBIT

EBIT is defined as net income excluding financial income, financial expenses and Income taxes, that is operating income presented in the income statement. EBIT presents the operating income of Volvo Car Group.

EBIT margin

EBIT margin is defined as EBIT as a percentage of revenue. The EBIT margin presents the profitability of the operation in relation to the recognised revenue earned by Volvo Car Group during the accounting period.

EBIT excl. share of income in JVs & associates

EBIT excl. share of income in JVs & associates is defined as EBIT less the result from share of income in JVs & associates. This presents the profitability of the operation excluding share of income in JVs & associates during the accounting period.

EBIT margin excl. share of income from JVs & associates

EBIT margin excl. share of income in JVs & associates is also presented as a percentage of revenue. The margin presents the profitability of the operation excluding share of income in JVs & associates in relation to the recognised revenue earned by Volvo Car Group during the accounting period.

EBITDA

EBITDA is defined as EBIT excluding depreciation and amortisation of non-current assets. EBITDA presents an overview of the profitability of Volvo Car Group operations.

EBITDA margin

EBITDA margin is EBITDA as a percentage of revenue. The EBITDA margin presents the profitability of the operation in relation to the recognised revenue earned by the Group during the accounting period.

Return on invested capital, ROIC

ROIC is defined as EBIT divided by invested capital. Return on invested capital ratio gives an overview of how efficient Volvo Car Group is at allocating capital to profitable investments. Invested capital is the amount of net assets needed in day to day operations (total assets less receivables on parent company less other long-term securities holding less cash and cash equivalents less marketable securities plus operating cash (average two-year revenue*10%) less total current liabilities less current liabilities to parent company plus total current interest-bearing liabilities (including liabilities to credit institutions, bonds current, other current interest-bearing liabilities) calculated on two-year average figures.

Equity ratio

The equity ratio is defined as total equity divided by total assets in the balance sheet. This measures the Volvo Car Group’s long-term solvency and financial leverage level.

Net cash

Net cash is defined as cash, cash equivalents and marketable securities less liabilities to credit institutions and bonds. Net cash represents Volvo Car Group’s ability to meet its financial obligations.

Liquidity

Liquidity is defined as cash, cash equivalents, undrawn credit facilities and marketable securities.

Items affecting comparability

Transactions that are not related to recurring business operations, but affecting the financial outcome in a material way, and where the probability of reoccurrence over the coming years is limited.

Invested capital

Invested capital is defined as total assets less receivables from parent company, other long-term security holdings, cash and cash equivalents, marketable securities, operating cash, total current liabilities, current liabilities to parent company and total current interest-bearing liabilities. It is calculated using a two-year average.

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RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASURES

	2024	2023
Revenue	400,234	399,343
Cost of sales	−320,821	−321,916
Research and development expenses	−16,983	−12,884
Operating income, EBIT	22,318	19,939
EBIT margin, excl. share of income from JVs & associates	27,040	25,567
Net income	15,934	14,066
EBITDA	45,048	37,388
Gross margin, %	19.8	19.4
EBIT margin, %	5.6	5.0
EBIT margin, excl. share of income from JVs & associates, %	6.8	6.4
EBITDA margin, %	11.3	9.4
Equity ratio, %	36.6	36.6
Net cash	27,115	27,487
Return on invested capital, ROIC %	12.0	12.4

Operating income, EBIT/EBIT margin, %	2024	2023
Operating income, EBIT	22,318	19,939
Revenue	400,234	399,343
EBIT margin, %	5.6	5.0

EBIT and EBIT margin, excl. share of income from JVs & associates, %	2024	2023
Operating income, EBIT	22,318	19,939
Share of income from JVs & associates	−4,722	−5,628
EBIT excl. share of income from JVs & associates	27,040	25,567
Revenue	400,234	399,343
EBIT margin, excl. share of income from JVs & associates, %	6.8	6.4

EBITDA/EBITDA margin, %	2024	2023
Operating income, EBIT	22,318	19,939
Depreciation and amortisation of non-current assets	22,730	17,449
EBITDA	45,048	37,388
Revenue	400,234	399,343
EBITDA margin, %	11.3	9.4

Gross margin, %	2024	2023
Gross income	79,413	77,428
Revenue	400,234	399,343
Gross margin, %	19.8	19.4

Operating cash	2024	2023
Average two-year revenue* 10%	39,979	36,474
Operating cash	39,979	36,474

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Invested capital ¹⁾	2024	2023
Total assets	372,298	343,643
Receivables from parent company	—	—
Other long-term securities holdings	–12,410	–8,210
Cash and cash equivalents	–52,117	–55,802
Marketable securities	–4,959	–6,667
Operating cash	39,979	36,474
Total current liabilities	–165,290	–155,187
Current liabilities to parent company	—	—
Total current interest-bearing liabilities	9,056	6,547
Total invested capital	186,557	160,799

1) Calculated on two-year average figures.

Return on invested capital, ROIC, %	2024	2023
EBIT (last 12 months)	22,318	19,939
Invested capital	186,537	160,799
Return on invested capital, ROIC, %	12.0	12.4

Equity ratio	31 Dec 2024	31 Dec 2023
Total equity	142,199	130,485
Total assets	388,235	356,362
Equity ratio, %	36.6	36.6

Net cash	31 Dec 2024	31 Dec 2023
Cash and cash equivalents	56,373	47,861
Marketable securities	—	9,918
Liabilities to credit institutions, non-current	–3,885	–4,562
Bonds, non-current ²⁾	–18,590	–18,121
Other interest-bearing liabilities	—	—
Liabilities to credit institutions, current	–1,059	–937
Bonds, current ²⁾	–5,724	–6,672
Net cash	27,115	27,487

2) The bonds are presented above at amortised cost. The fair value risk of the EUR-denominated bonds is hedged, and the bonds with fixed interest payments have been swapped into floating interest payments. Consequently, a portion of the bonds is therefore measured at fair value through the income statement, while the remaining part is measured at amortised cost. On 31 December 2024, the fair value component amounted to SEK 235 (–46) m.

Liquidity	31 Dec 2024	31 Dec 2023
Cash and cash equivalents	56,373	47,861
Undrawn credit facilities	32,176	17,242
Marketable securities	—	9,918
Liquidity	88,549	75,021

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Income Statements and Comprehensive Income – Parent Company

	Note	2024	2023
Administrative expenses	4, 5	-41	-30
Operating loss		-41	-30
Income from participation in subsidiaries	3	6,525	3,000
Interest income and similar credits	3	1,587	1,452
Interest expenses and similar charges		-1,011	-825
Other financial income and expenses	6	-25	-21
Income before tax		7,035	3,576
Income tax	7	-583	-95
Net income		6,452	3,481

Other comprehensive income and Net income are consistent since there are no items in other comprehensive income.

Balance Sheets – Parent Company

	Note	31 Dec 2024	31 Dec 2023
ASSETS			
Non-current assets			
Participation in subsidiaries	8	18,103	18,022
Deferred tax assets	7	2,340	2,923
Receivables from Group companies	3	21,758	21,422
Total non-current assets		42,201	42,367
Current assets			
Receivables from Group companies	3	22,780	25,973
Other current assets		93	26
Cash and cash equivalents		1	—
Total current assets		22,874	25,999
TOTAL ASSETS		65,075	68,366

	Note	31 Dec 2024	31 Dec 2023
EQUITY & LIABILITIES			
Equity	9		
Restricted equity			
Share capital		61	61
		61	61
Non-restricted equity			
Share premium reserve		31,654	31,654
Retained earnings		-1,222	4,709
Net income		6,452	3,481
		36,884	39,844
Total equity		36,945	39,905
Non-current liabilities			
Bonds	10	18,590	18,121
Liabilities to credit institutions	10	3,075	3,217
Total non-current liabilities		21,665	21,338
Current liabilities			
Bonds		5,724	6,672
Liabilities to credit institutions	10	208	—
Liabilities to Group companies	3	4	1
Accounts payable		3	3
Accrued expenses and prepaid income		526	447
Total current liabilities		6,465	7,123
TOTAL EQUITY & LIABILITIES		65,075	68,366

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Statement of Changes in Equity

– Parent Company

	Restricted equity	Non-restricted equity			
	Share capital ¹⁾	Share premium reserve	Other contributed capital	Retained earnings	Total
Balance at 1 January 2023	61	31,654	–3,500	8,100	36,315
Net income for the year	—	—	—	3,481	3,481
Transactions with owners					
Share-based payments	—	—	—	109	109
Transactions with owners	—	—	—	109	109
Balance at 31 December 2023	61	31,654	–3,500	11,690	39,905
Net income for the year	—	—	—	6,452	6,452
Transactions with owners					
Distribution of shares	–30	—	—	–9,276	–9,306
Bonus issue	30	—	—	–30	—
Acquisition of treasury shares	—	—	—	–190	–190
Issue of treasury shares	—	—	—	67	67
Share-based payments	—	—	—	17	17
Transactions with owners	—	—	—	–9,412	–9,412
Balance at 31 December 2024	61	31,654	–3,500	8,730	36,945

1) Share capital amounted to SEK 60,947,709 (60,947,709).

Statement of Cash Flows

– Parent Company

	Note	2024	2023
OPERATING ACTIVITIES			
Operating income		–41	–30
Interest received		1,512	1,390
Interest paid		–936	–789
Other adjustments for non-cash items		–89	—
		446	571
Movements in working capital			
Change in current receivables Group companies	3	11,973	1,543
Change in current receivables		–67	1
Change in current liabilities Group companies	3	3	–4,532
Change in liabilities		5	2
Cash flow from movements in working capital		11,914	–2,986
Cash flow from operating activities		12,360	–2,415
FINANCING ACTIVITIES			
Investments in shares and participations		–9,217	—
Dividend received from subsidiary ²⁾	3	4,000	4,500
Cash flow from investing activities		–5,217	4,500
Cash flow from operating and investing activities		7,143	2,085
FINANCING ACTIVITIES			
Proceeds from bond issuance	10	5,835	1,523
Proceeds from credit institutions	10	—	2,285
Repayment of bond	10	–6,933	–2,000
Change in non-current receivables Group companies	3	–5,835	–3,884
Acquisition of treasury shares		–190	—
Other		–19	–9
Cash flow from financing activities		–7,142	–2,085
Cash flow for the year		1	—
Cash and cash equivalents at beginning of year			
		—	—
Cash and cash equivalents at end of year			
		1	—

2) Dividend received by Volvo Car AB (publ.) from its subsidiary Volvo Car Corporation has been reclassified from financing activities to investing activities, including the 2023 comparative.

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Notes to The Parent Company Financial Statements

All amounts are in SEKm unless otherwise stated.
Amounts in brackets refer to the preceding year.

NOTE 1 ACCOUNTING POLICIES

Basis of preparation

The Parent company has prepared its financial statements in accordance with the Swedish Annual Accounts Act (1995:1554) and RFR 2, Accounting for Legal entities. According to RFR 2, the Parent company shall apply all the International Financial Reporting Standards endorsed by the EU as far as this is possible within the framework of the Swedish Annual Accounts Act. Changes in RFR 2 applicable to the fiscal year beginning 1 January 2024, have had no material impact on the financial statements of the Parent company.

All specific accounting policies considered material to Volvo Car Group are described in conjunction with each presented note in the consolidated financial statements. The main deviations between the accounting policies applied by the Volvo Car Group and the Parent company are described below.

Shares and participations in Group companies

Shares and participations in Group companies are recognised at cost in the Parent company's balance sheet and test for impairment is performed annually or whenever there is an indication to do so. Dividends are recognised in the income statement. Profit and loss from all shares and participations are reported within income before tax.

Transaction costs directly attributable to acquisitions of shares and participations in Group companies are accounted for as an increase in the carrying amount.

Group contributions made to subsidiaries are reported as an increase of investments in these subsidiaries. A review is at the same time made to conclude whether or not there is an impairment risk with regards to the same shares of the subsidiaries having received the Group contribution. Tax effect of these Group contributions are recognised in the income statement. Group contributions made to the Parent company are recognised in equity, along with the tax effect. Received Group contributions from subsidiaries are recognised as financial income. Tax effect on received Group

contributions are recognised in the income statement. Received Group contributions from the Parent company are recorded in equity, along with the tax effect.

Made shareholders' contributions are recognised in shares in subsidiaries and as such they are subject to impairment testing.

Financial guarantees

The company applies the exemption according to RFR 2 in the application of IFRS 9, which relates to accounting and valuation of financial guarantee agreements for the benefit of subsidiaries, joint ventures and associated companies. The Parent company reports the financial guarantee agreements as contingent liabilities.

Equity

In accordance with the Swedish Annual Accounts Act, equity is split between restricted and non-restricted equity.

NOTE 2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Preparation of the financial statements in accordance with the Swedish Annual Accounts Act (1995:1554) and RFR 2 requires the Company's Executive management and Board of Directors to make estimates and judgements as well as to make assumptions that affect application of the accounting policies and the reported assets, liabilities, income and expenses. Critical accounting estimates and judgements applied by Volvo Car Group are described in conjunction with applicable note in the consolidated financial statements. None of these critical accounting estimates are applicable to the Parent company. Shares and participations in Group companies recognised at cost in the Parent company are being tested for impairment annually or if an indication of impairment exists.

NOTE 3 RELATED PARTY TRANSACTIONS

During the year, the parent company entered into the following transactions with related parties:

	Sales of goods, services and other		Purchase of goods, services and other	
	2024	2023	2024	2023
Companies within the Volvo Car Group, %	100	100	1	1

	2024	2023
Interest income from subsidiaires	1,583	1,449
Interest income from parent company	3	3

	Receivables		Payables	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
Companies within the Volvo Car Group	44,465	47,325	4	1
whereof short-term	22,780	25,973	4	1
Companies within the Geely Sweden Holdings Group	73	70	—	—
whereof short-term	—	—	—	—

Business transactions between the parent company and related parties all arise in the normal course of business and are conducted on the basis of arm's length principles. Volvo Car AB (publ.) has received group contribution from its subsidiary, Volvo Car Corporation of SEK 2,525 (—) m. Further, Volvo Car AB (publ.) has received dividend of SEK 4,000 (3,000) m from its subsidiary, Volvo Car Corporation.

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Volvo Car AB (publ.) does not engage in any transactions with Board members or senior executives except ordinary remunerations for services. For further information regarding remunerations, see Note 8 – Employees and remuneration and Note 9 – Share-based remuneration, in the consolidated financial statements.

NOTE 4 AUDIT FEES

TSEK	2024	2023
Deloitte		
Audit fees	-158	-147
Audit-related fees	-322	-265
Total	-480	-412

Audit fees involve audit of the Annual Report, financial accounts and the administration by the Board of Directors and the Managing Directors. The audit also includes advice and assistance as a result of the observations made in connection with the audit.

Audit-related fees refer to other assignments to ensure quality in the financial statements including consultations on reporting requirements and internal control.

NOTE 5 REMUNERATION TO THE BOARD OF DIRECTORS

Information on remuneration to Board members by gender is shown in Note 8 – Employees and remuneration and Note 9 – Share-based remuneration, in the consolidated statements.

NOTE 6 OTHER FINANCIAL INCOME AND EXPENSES

	2024	2023
Bond fees	-6	-12
Expenses for credit facilities	-19	-9
Other financial income	1	—
Other financial expenses	-1	—
Total	-25	-21

NOTE 7 TAXES

Income tax recognised in income statement	2024	2023
Deferred taxes	-583	-95
Total	-583	-95
Reconciliation between current tax rate in Sweden and effective tax rate	2024	2023
Income before tax for the year	7,035	3,576
Tax according to applicable Swedish tax rate, 20.6 (20.6)%	-1,449	-737
Received dividends, non-taxable	824	618
Operating income/costs, non-taxable	37	24
Tax effect of deductible costs reported over equity	5	—
Total	-583	-95

The corporate statutory income tax rate in Sweden was 20.6 (20.6) per cent. The effective tax rate on profit before taxes was 8.29 (2.65) per cent. Total deferred tax assets of SEK 2,340 (2,923) m relates to tax loss-carry forward SEK 11,358 (14,189) m, with an indefinite period of utilisation. Deferred tax assets are only accounted for to the extent there are taxable temporary differences or other factors that convincingly indicate there will be sufficient future taxable profit.

NOTE 8 PARTICIPATION IN SUBSIDIARIES

					31 Dec 2024	31 Dec 2023
At beginning of the year/acquired acquisition value					18,022	17,913
Share-based payments					81	109
Total					18,103	18,022
Volvo Car AB's (publ.) investments in subsidiaries:	Corp. ID no.	Registered office	No. of shares	% interest held	Book value 31 Dec 2024	Book value 31 Dec 2023
Volvo Personvagnar AB ⁽¹⁾⁽²⁾	556074-3089	Gothenburg / Sweden	724,889	100	18,103	18,022

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Details of Volvo Car Corporation’s directly owned subsidiaries at the end of the reporting period are presented in the following table.

Legal entity	Corp. ID no.	Registered office	% interest held
Sweden			
Automotive Components Floby AB	556981-8874	Falköping / Sweden	100
CLPE AB	556955-7118	Gothenburg / Sweden	100
Fastighetsbolag Sörred 8:9 AB	559176-3890	Gothenburg / Sweden	100
Fastighetsbolag Sörred 8:11 AB	556994-2351	Gothenburg / Sweden	100
Fastighetsbolag Sörred 8:17 AB	559394-9851	Gothenburg / Sweden	100
HaleyTek AB	559307-9485	Gothenburg / Sweden	100
NOVO Energy AB	559344-2600	Gothenburg / Sweden	50
NVC Energy VII AB	559344-2410	Gothenburg / Sweden	100
PSINV AB	559140-6409	Gothenburg / Sweden	100
VCLC Services AB	559470-7639	Gothenburg / Sweden	70
Volvo Bil i Göteborg AB	556056-6266	Gothenburg / Sweden	100
Volvo Car Australia Holding AB	556152-2680	Gothenburg / Sweden	100
Volvo Car Försäkrings AB	556877-5778	Gothenburg / Sweden	100
Volvo Car Insurance Distribution AB	559140-6417	Gothenburg / Sweden	100
Volvo Car Investment and Borrowing AB	556130-4246	Gothenburg / Sweden	100
Volvo Car Mobility Sweden AB	556575-8298	Stockholm / Sweden	100
Volvo Car NSC Holding AB	556754-8283	Gothenburg / Sweden	100
Volvo Car Real Estate and Assets 1 AB	556205-7298	Gothenburg / Sweden	100
Volvo Car Real Estate and Assets 3 AB	559176-3908	Gothenburg / Sweden	100
Volvo Car Real Estate and Assets 7:24 AB	559064-3457	Gothenburg / Sweden	100
Volvo Car Services 6 AB	559140-6433	Gothenburg / Sweden	100
Volvo Car Services 9 Holding AB	559228-9366	Gothenburg / Sweden	100
Volvo Car Services 14 AB	559470-7647	Gothenburg / Sweden	100
Volvo Car Services 15 AB	559470-7654	Gothenburg / Sweden	100
Volvo Car Services Sweden AB	556601-7843	Gothenburg / Sweden	100
Volvo Car Sverige AB	556034-3484	Gothenburg / Sweden	100
Volvo Car Technology Fund AB	556877-5760	Gothenburg / Sweden	100
Volvo Personvagnar Norden AB	556413-4848	Gothenburg / Sweden	100
Zenseact AB	559228-9358	Gothenburg / Sweden	100
Europe			
Volvo Car Austria GmbH		Austria	100
Volvo Car Czech Republic s.r.o.		Czech Republic	100
Volvo Car Denmark A/S		Denmark	100
Volvo Car Finland Oy Ab		Finland	100
Volvo Car France SAS		France	100
Volvo Car Germany GmbH		Germany	100
Volvo Car Hellas Anonymous ³⁾		Greece	100
Volvo Car Hungary Trading and Service Ltd		Hungary	100
Volvo Car Gallery Ltd		Hungary	100

Legal entity	Registered office	% interest held
Volvo Car Ireland Ltd	Ireland	100
Volvo Car Italia S.p.A.	Italy	100
Volvo Car Nederland B.V.	The Netherlands	100
Volvo Car Nederland Financial Services B.V.	The Netherlands	100
SNEBE Holding B.V.	The Netherlands	100
SNITA Holding B.V.	The Netherlands	100
SWENE Holding B.V.	The Netherlands	100
Volvo Car Norway AS	Norway	100
Volvo Car Poland Sp. z.o.o.	Poland	100
Volvo Car Portugal S.A.	Portugal	100
Volvo Car Espana S.L.	Spain	100
Volvo Car Slovakia s.r.o	Slovakia	100
Volvo Car Switzerland AG	Switzerland	100
Volvo Car UK Ltd	United Kingdom	100
North and South America		
Volvo Car Brasil Importacao e Comercio de Veiculos Ltda	Brazil	100
Volvo Car do Brasil Automoveis Ltda	Brazil	100
Volvo Car Canada Ltd	Canada	100
Volvo Car Mexico S.A. de C.V.	Mexico	100
Volvo Car Financial Services U.S., LLC	USA	100
Volvo Car North America, LLC	USA	100
Africa and Asia		
Volvo Cars (China) Investment Co., Ltd.	China	100
Volvo Cars Technology (Shanghai) Co., Ltd.	China	100
Volvo Auto India Pvt. Ltd	India	100
Volvo Car Japan Ltd	Japan	100
Volvo Car Korea Co., Ltd	Korea	100
Volvo Car Manufacturing Malaysia Sdn Bhd	Malaysia	100
Volvo Car Singapore PTE Ltd	Singapore	100
Volvo Car South Africa Pty Ltd	South Africa	100
Volvo Car Taiwan Ltd	Taiwan	100
Volvo Car Turkey Otomobil Ltd Sirketi	Turkey	100
Volvo Car RDC Middle East FZE	United Arab Emirates	100

1) Referred to as Volvo Car Corporation.
2) Volvo Car Mobility AB, effective as of 19 September 2024, was merged into Volvo Car Corporation.
3) Legal name in full: Volvo Car Hellas Anonymous and Industrial company of car and spare parts imports and trade.

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The share of voting power corresponds to holdings in per cent as seen in the table above. The countries where the subsidiaries are registered are also where their main operations are carried out.

Significant restrictions

For some subsidiaries there are restrictions on the Volvo Car Group's ability to access or use cash from these subsidiaries, for more information on cash that is not available or with other limitations, see Note 20 – Marketable securities and cash and cash equivalents in the consolidated financial statements.

Details of non-wholly-owned subsidiaries that have non-controlling interests

On 25 June 2015, Volvo Car Group, through one of its wholly-owned subsidiaries, Volvo Cars (China) Investment Co., Ltd, acquired an additional 20 per cent in Volvo Cars’ Chinese joint venture companies. In the consolidated financial statements, these joint venture companies are classified as subsidiaries and fully consolidated with a non-controlling interest of 50 per cent since Volvo Car Group has the decision-making power over the operations.

Additionally, Daqing Volvo Car Manufacturing Co., Ltd has acquired 100 per cent of the shares in Volvo Car (Asia Pacific) Investment Holding Co., Ltd which holds 100 per cent of Zhongjia Automobile Manufacturing (Chengdu) Co., Ltd and Shanghai Zhaowo Auto Sales Co., Ltd.

On 1 August 2024, Volvo Car Corporation acquired the remaining 40 per cent of the shares in HaleyTek AB from ECARX Technology Co., Ltd, a related company with the same ultimate shareholder as Volvo Car Group, but outside the Geely sphere of companies. As a consequence, the non-controlling interest ceased.

On 1 October 2024, Lynk & Co International AB, a related party company within the Geely sphere of companies, acquired 30 per cent of the shareholding in the wholly-owned subsidiary VCLC Services AB. VCLC Services AB is still classified as a subsidiary and fully consolidated with a non-controlling interests of 30 per cent since Volvo Car Group has the power of control.

On 30 October 2024, Volvo Cars initiated a process to acquire Northvolt AB's shares in the joint venture company NOVO Energy AB by executing its redemption right. NOVO Energy AB and its wholly-owned subsidiaries are from 30 October 2024 reclassified from joint venture to subsidiaries and fully consolidated, with a non-controlling interest of 50 per cent. For more information, see Note 12 – Investments in joint ventures and associates and Note 27 – Business combinations and divestments, in the consolidated financial statements.

The table below shows details of non-wholly-owned subsidiaries of the Group that have non-controlling interests.

Legal entity:	Registered office	% interest held		Profit allocated to non-controlling interests		Accumulated non-controlling interests	
		31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
Daqing Volvo Car Manufacturing Co., Ltd. ¹⁾	China	50	50	652	1,068	4,696	3,753
Shanghai Volvo Car Research and Development Co., Ltd. ¹⁾	China	50	50	2	3	124	114
HaleyTek AB	Sweden	—	40	–36	–58	—	247
NOVO Energy AB	Sweden	50	—	–85	—	–85	—
VCLC Services AB	Sweden	30	—	—	—	3	—
Total non-controlling interests				533	1,013	4,738	4,114

1) 50 per cent held by Zhejiang Geely Holding Group Co., Ltd, which is the ultimate parent company of the Volvo Car Group.

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NOTE 9 EQUITY

Volvo Car AB (publ.) is listed on the Nasdaq Stockholm Stock Exchange.

On 26 March 2024, the Annual General Meeting resolved, in accordance with the Board of Directors proposal, to distribute a portion of Volvo Cars’ shareholding in Polestar Automotive Holding UK PLC to Volvo Cars’ shareholders by way of a share split (2:1) of the class B shares. A reduction of the share capital through redemption of shares, and an increase of the share capital through a bonus issue without issuance of new shares. The distribution of shares, reflected at fair value at 8 May, reduced the equity by SEK 9,306 m including transaction costs. For further information, see Note 12 – Investments in joint ventures and associates and Note 21 – Equity, in the consolidated financial statements.

Equity-settled share-based payments in connection with employee incentive plans are recognised in equity and settled using treasury shares. For further information, see Note 9 – Share-based remuneration and Note 21– Equity, in the consolidated financial statements.

NOTE 10 FINANCIAL INSTRUMENTS

Bonds

In April 2024, Volvo Cars AB (publ.) repaid a bond loan, issued in April 2019, of EUR 600 m. In May 2024, Volvo Cars AB (publ.) issued a green bond of EUR 500 m.

In February 2023 Volvo Cars issued a bond loan of SEK 1,500 m. The bond issuance was divided into fixed and floating rate tranches of 650 million and 850 million respectively. In February 2023 Volvo Car AB (publ.) repaid a bond loan, issued in February 2019, of SEK 2,000 m.

Liabilities to credit institutions

In December 2024, Revolving Credit Facilities of EUR 1,500 m with a five-year tenor and EUR 500 m with a three-year tenor were signed. Both facilities are sustainability-linked and have two one-year extension options. The new facilities have refinanced the Revolving Credit Facility of EUR 1,300 m with maturity in 2026.

In November 2023, a drawdown of EUR 200 m was made under an existing bilateral credit facility with Nordic Investment Bank, entered into in 2022 and maturing in 2030. In December 2023 a new bilateral 10-year credit facility agreement of EUR 250 m was entered into.

No fair value hedge is applied in Volvo Car AB (publ.).

For more information see Note 19 – Financial risks and financial instruments in the consolidated financial statements.

NOTE 11 CONTINGENT LIABILITIES

Volvo Car AB (publ.) has a parental guarantee for Volvo Car Corporation for the purpose of securing the various obligations and liabilities under facility agreement with EIB. The guarantee is in total of EUR 345 (345) m.

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Proposed distribution of non-restricted equity

The parent company

The following funds are at the disposal of Annual General Meeting (AGM):

Share premium reserve	SEK	31,653,517,859
Retained earnings brought forward	SEK	−1,222,022,981
Net income for the year	SEK	6,451,866,455
At the disposal of the AGM	SEK	36,883,361,333

The Board proposes the following allocation of funds:

Carried forward	SEK	36,883,361,333
------------------------	------------	-----------------------

The Board of Directors and the CEO hereby affirm that the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, IFRS, as adopted by the EU and provide a true and fair view of the Group's financial position and earnings. The Annual Report has been prepared in accordance with generally accepted accounting principles and provides a fair and true view of the parent company's financial position and earnings. The Board of Directors' report for the Group and the Parent Company provides a true and fair overview of the development of the operations, financial position and earnings of the Group and parent company and describes material risks and uncertainty factors facing the parent company and the companies included in the Group.

Gothenburg, 11 March 2025

Eric Li (Li Shufu)

Chairperson of the Board

Jim Rowan

CEO

Lone Fønss Schrøder

Vice Chairperson of the Board

Ruby Lu (Rong Lu)

Board member

Daniel Li (Li Donghui)

Board member

Diarmuid O'Connell

Board member

Jonas Samuelson

Board member

Lila Tretikov

Board member

Anna Mossberg

Board member

Adrian Avdullahu

Employee representative

Jörgen Olsson

Employee representative

Zara Biske

Employee representative

Our audit report was submitted on 11 March 2025

Deloitte AB

Fredrik Jonsson

Authorized Public Accountant

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Auditor's Report

This auditor's report is a translation of the Swedish language original. In the events of any differences between this translation and the Swedish original the latter shall prevail.

To the general meeting of the shareholders of Volvo Car AB (publ) corporate identity number 556810-8988

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Volvo Car AB (publ) for the financial year 2024-01-01–2024-12-31. The annual accounts and consolidated accounts of the company are included on pages 38–44, 70–121, 125–132 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2024 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2024 and their financial performance and cash flow for the year then ended in accordance with IFRS Accounting Standards, as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Accounting for contractual warranties and related campaign decisions

The Company grants product warranties to their end customers, which are contractual warranties covering certain defects in material and workmanship of Volvo Car products sold. Estimated warranty costs include contractual warranty and other costs not covered by standard contractual commitments. All warranty provisions are recognized at the point of time when the sale of the vehicles or spare parts are made, subsequently adjusted for trends in claims data. Further, provision of warranty is adjusted as campaign decisions for specific quality problems are made. The accounting principles for warranty and management's significant judgments applied in relation thereto are further described in Note 23 "Current and Other Non-Current Provisions" to the annual report.

The principal considerations for our determination that provision for contractual warranties and related campaign decisions is a key

audit matter are (i) the significant judgment by management in the estimation of the provision and (ii) high degree of auditor judgement, subjectivity and effort in performing procedures to evaluate management's assumptions related to the nature, frequency and cost of future claims.

Our audit procedures included, but were not limited to:

- Evaluating the process used, and assessing the assumptions applied, in determining the estimated provision for contractual warranty and adjustments for campaign decisions.
- Assessing the reasonableness of the methodology used in determination of provision for contractual warranty and adjustments for campaign decisions, including accounting principles applied.
- Performing substantive analytical procedures on provision for contractual warranty based on relevant data and expected changes.
- On a sample basis, assessing and challenging the reasonableness of management's significant assumptions in relation to release in provisions, expected number of products returned and the valuation of estimated cost for campaign decisions.
- Reading minutes and making inquiries with management to evaluate that decisions on campaigns, which have been taken during the year and up to the signing of the annual report, have been reflected in the correct period.
- In collaboration with our IT-specialists, audited relevant general IT-controls for IT-systems used in the financial reporting of contractual warranty provisions.

Other information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–37, 45–51, 122–124, 136–217, 220–226. The other information comprises also of the remuneration report which we obtained prior to the date of this auditor's report. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

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In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS Accounting Standards as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an

audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibilities for the audit of the annual accounts and consolidated accounts is located at the Swedish Inspectorate of Auditors website: www.revisorsinspektionen.se/revisornsansvar This description forms part of the auditor's report"Report on other legal and regulatory requirements.

Report on other legal and regulatory requirements
Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Volvo Car AB (publ) for the financial year 2024-01-01 - 2024-12-31 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit to be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable

considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibilities for the audit of the management's administration is located at the Swedish Inspectorate of Auditors website: www.revisorsinspektionen.se/rn/showdocument/documents/rev_dok/revisors_ansvar.pdf. This description forms part of the auditor's report.

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The auditor’s examination of the Esef report
Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528) for Volvo Car AB (publ) for the financial year 2024-01-01–2024-12-31.

Our examination and our opinion relate only to the statutory requirements.
In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for opinion
We have performed the examination in accordance with FAR’s recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors’ responsibility section. We are independent of Volvo Car AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.
We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director
The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with the Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor’s responsibility
Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.
RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.
The firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.
The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design audit procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.
The procedures mainly include a validation that the Esef report has been prepared in a valid XHTML format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.
Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report have been marked with iXBRL in accordance with what follows from the Esef regulation.
Deloitte AB, was appointed auditor of Volvo Car AB (publ) by the general meeting of the shareholders on the 2024-03-26 and has been the company’s auditor since 2010-06-22.

Gothenburg March 11, 2025
Deloitte AB

Signature on Swedish original

Fredrik Jonsson
Authorized public accountant

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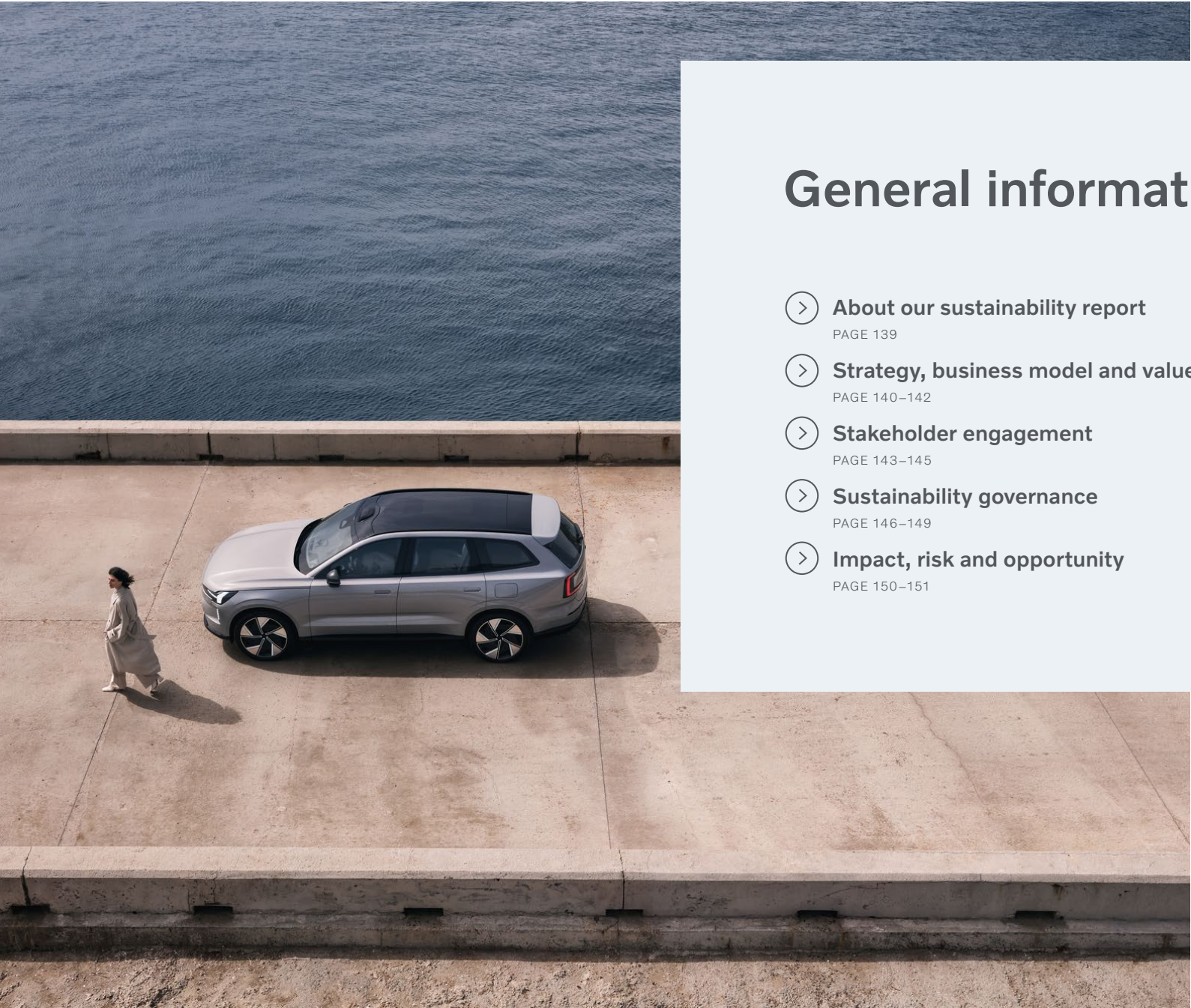
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About our sustainability report

General information and accounting principles

This sustainability statement covers Volvo Cars’ operations and performance for the financial year 2024. Our previous report, covering the financial year 2023, was published in March 2024. The statement provides an overview of our sustainability strategy, governance, risk management and stakeholder engagement. In addition, it gives information on material sustainability matters for our business, as well as monitoring, policies, actions and ambitions for each sustainability matter.

The statement is prepared in accordance with Global Reporting Initiative Standards (2021), and the Swedish Annual Accounts Act 6, chapter 11§. The Corporate Sustainability Reporting Directive, ratified in Swedish law in 2024, and reporting requirements in the European Sustainability Reporting Standards will be implemented in our reporting from 2025.

We use core indicators described in the World Economic Forum white paper and recommendations from the Taskforce on Climate-related Financial Disclosures. We incorporate some recommendations from the Taskforce on Nature-related Financial Disclosures in assessing impacts, risks and dependencies throughout our value chain and we will seek closer alignment in 2025.

Our sustainability statement is found between pages 136 and 217 in this report. For GRI, WEF and TCFD indices and the statutory requirements of the Swedish Annual Accounts Act, see Appendices: Sustainability reference index.

Scope of the report

The report includes Volvo Car AB (publ.) and its subsidiaries. Subsidiaries are all entities over which Volvo Car Group has control. All wholly-owned subsidiaries and certain companies owned to 50 per cent or more, are consolidated and referred to as our operations throughout this report. Data from acquisitions is included from the date of transfer of control and data for divested objects is included to the date of disposal.

Information concerning the management of impacts, risks and opportunities in this report relate to our full value chain. Unless otherwise specified, quantitative disclosures refer solely to Volvo Cars’ operations.

This report is for the period 1 January to 31 December 2024. Disclosures of quantitative performance are based on actual data, where possible. Environmental information for own operation is based on consolidated data from our manufacturing and non-manufacturing operations. Information on manufacturing operations relates to the period 1 January to 30 November. Information on non-manufacturing operations relates to the period 1 January to 30 September. Based on previous years’ performance and external factors, including production volume and weather, estimates are made for the periods up to 31 December. Reporting methodology, critical judgements, estimates and uncertainties can be found within each section of this sustainability statement.



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Strategy, business model and value chain

OUR SUSTAINABILITY STRATEGY

We aim to be pioneers in protecting people and the planet by working towards net zero greenhouse gas emissions, embracing the circular economy and conducting business responsibly. Our actions help address global sustainability challenges and support our profitable growth. Sustainability is central to our business and key to our future success.



CLIMATE ACTION

We aim to reach net zero greenhouse gas emissions by 2040

Our ambition to reach net zero greenhouse gas emissions by 2040 is consistent with the 1.5°C pathway and the goals of the Paris Agreement.

FOCUS AREAS

- Transform to pure electrification
- Minimise emissions from materials
- Minimise operational emissions

2025 AMBITIONS

- To reduce CO₂ emissions by 30–35 per cent per car (from a 2018 baseline):
 - 50–60 per cent electrified car sales (plug-in hybrid and fully electric cars)
 - 50 per cent reduction of tailpipe emissions
 - 25 per cent reduction of emissions from materials
 - 25 per cent reduction of operational emissions

2030 AMBITIONS

- To reduce CO₂ emissions by 65–75 per cent per car (from a 2018 baseline):
 - 90–100 per cent electrified car sales, with a complete line-up of fully electric cars available
 - 85–100 per cent reduction of tailpipe emissions
 - 30 per cent reduction of emissions from materials
 - 30 per cent reduction of operational emissions
- To meet Scope 1, 2, and 3 targets verified by the Science Based Targets initiative (from a 2019 baseline)



CIRCULAR ECONOMY

We aim towards becoming a circular business by 2040

By minimising primary material use, eliminating waste and pollution and growing circular business, we aim to significantly reduce our environmental impact.

FOCUS AREAS

- Minimise primary resource use
- Eliminate waste and pollution
- Grow circular business

2025 AMBITIONS

- 25 per cent recycled content in new car models
- To generate one billion SEK from circular economy initiatives (from a 2018 baseline)

2030 AMBITIONS

- 30 per cent recycled content average across the fleet and 35 per cent for new car models
- >99 per cent waste reused or recycled
- 50 per cent reduction in water withdrawal per manufactured car in own operations (from a 2018 baseline)

LONG-TERM BIODIVERSITY AMBITION

- To be net positive across our value chain and contribute to a nature positive future



RESPONSIBLE BUSINESS

We aim to protect and improve people's lives in our value chain and wider society

We strive to live our values and support a culture of responsible business behaviour, at both a corporate and individual level, throughout our value chain.

FOCUS AREAS

- Ensure employee wellbeing
- Safeguard human rights
- Contribute to a sustainable society

2025 AMBITIONS

- Ensure YoY improvement of share of women in senior leadership
- Injury rate (Lost Time Case Rate) for employees =<0.04
- Ensure YoY increase in the number of sites in value chain being assessed
- 100 per cent of outstanding debt to be within the Green Financing Framework or other sustainability-linked format
- EU Taxonomy alignment 50 per cent of CapEx
- By 2027 – Achieve gender equity pay

2030 AMBITIONS

- Women in senior leadership - share of 34 per cent
- Injury rate (Lost Time Case Rate) for employees =<0.02
- EU Taxonomy alignment 70 per cent of CapEx

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Sustainability integration in corporate strategy

Our sustainability strategy determines the actions and ambitions for our organisation and business partners. Our key sustainability ambitions are reflected in our corporate strategy, as sustainability is one of our six missions.

To remain sustainability pioneers, we need to accelerate our strategy focused on responsible business, circular economy and climate action. Sustainability can become a strong competitive advantage, realising our brand promise through more sustainable products.

Execution of our sustainability agenda is dependent on better integration in decisions and actions linked to products, operations and business. We are therefore putting a strong focus on integrating our sustainability ambitions into the daily operations and decision making of our company. Starting with CO₂ and recycled content, we are aligning our steering model on sustainability to our existing steering model on cost, to allow for well informed and cost efficient sustainability decisions throughout the organisation.

As mobility providers, we acknowledge our responsibility for reducing carbon emissions throughout our value chain and we aim to lead the transition towards electrification.

Due to market conditions and intensified geopolitical headwinds, our electrification strategy was adjusted in 2024. By 2025 and 2030 respec-

tively, we expect electrified cars to represent between 50–60 per cent and 90–100 per cent of our global sales volume. Accordingly, our climate ambition to reduce CO₂ emission per car was adjusted to 30–35 per cent by 2025 and 65–75 per cent by 2030. We remain committed to our long-term ambition of full electrification and our aim to reach net zero greenhouse gas emissions by 2040.

Business model and value chain

Our business includes the design, development, manufacturing, marketing and sales of fully electric, plug-in hybrid and mild hybrid cars. We serve customers in over 100 countries, through regional sales companies and approximately 2,300 retailers. In 2024, we had 763,389 retail sales and a total revenue of approximately SEK 400 billion. More information on our sales development is found on page 39.

Our diverse value chain includes more than 12,000 directly contracted suppliers providing components, materials and services to our manufacturing sites covering three continents. With a workforce of more than 44,000 employees and an extensive network of suppliers and retailers, we recognise the impact our value chain makes and the responsibility we have to lead sustainability initiatives.

Our value chain and the key activities are illustrated on the next page.

Key figures sustainability	2030 ambition	2025 ambition	2024	2023
Climate Action				
Reduction of CO ₂ emissions per car, % ¹⁾	65–75	30–35	26	21
Reduction of tailpipe emissions per car, % ¹⁾	85–100	50	46	39
Reduction of emissions from materials per car, % ¹⁾	30	25	–21	–20
Reduction of operational emissions per car, % ¹⁾	30	25	24	22
Electrified car retail sales (BEVs and PHEVs), %	90–100	50–60	46	38
Energy consumption reduction per manufactured car in own operations, % ¹⁾	40	—	4	14
Climate neutral energy in own operations, %	—	100	78	74
Emission reduction targets verified by the Science Based Targets initiative (SBTi) ²⁾				
Scope 1 and 2, % ²⁾	60	—	74	64
Scope 3 Use of sold products, % per vehicle kilometre ²⁾	52	—	26	22
Circular Economy				
Water withdrawal reduction per manufactured car in own operations, % ¹⁾	50	—	20	25
Estimated impact on biodiversity from Volvo Cars' value chain, species.year	—	—	177	167
Recycled and bio-based materials in the fleet, % ⁴⁾	30	—	10	10
Recycled and bio-based materials in new models, % ⁴⁾	35	25	15	17
Recirculation rate, %	>99	—	94	87
Circular Business revenue, SEKm ^{1), 5)}	—	1,000	266	508
Responsible Business				
Employee engagement (Score and Benchmark) ³⁾	Score +3	Score +2	76 (+2)	76 (+1)
Women in Senior Leadership, %	34	YoY improvement	31.1	30.1
Injury rate (Lost Time Case Rate) ⁶⁾ employees	=<0.02	=<0.04	0.05	0.06
Gender pay gap, %	—	Achieved gender pay equity by 2027	1.5	—
Share of green debt, in accordance with our Green Financing Framework, or sustainability-linked financing as percentage of Outstanding Debt, %	100	100	75.5	52.3

1) Compared to 2018 baseline
2) Compared to 2019 baseline
3) Compared to global benchmark. Data based on recent employee engagement survey in October 2024. Global benchmark is 74.
4) Based on estimates, includes Volvo car models, i.e. excluding Polestar models
5) Additional revenue generated in addition to baseline, through material trading, remanufacturing sales and Volvo on Demand.
6) Injury rate (LTCR) – for definition, see page 126.

OUR PERFORMANCE INDICATORS

Indicators	2024	2023	Reference
Revenue, SEK bn	400.2	399.3	Page 81
Retail sales, k units	763.4	708.7	Page 39
Employees, k headcount	44.4	44.6	Page 188

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Value chain

Key activities



UPSTREAM			OWN OPERATIONS			DOWNSTREAM		
CLIMATE ACTION	CIRCULAR ECONOMY	RESPONSIBLE BUSINESS	CLIMATE ACTION	CIRCULAR ECONOMY	RESPONSIBLE BUSINESS	CLIMATE ACTION	CIRCULAR ECONOMY	RESPONSIBLE BUSINESS
- Scrap-based EAF eheet steel in the EX90 at our Charleston plant 53% climate neutral energy at directly contracted supplier sites - Use of biofuel for all inbound intercontinental container transports - Worked with suppliers to utilise aluminium produced with renewable electricity in components planned to enter production in 2025	- Battery passport for EX90 launched - Direct sourcing of materials & traceability - Started the process of setting upstream value chain biodiversity and water ambitions - Water risk assessment and management for directly contracted suppliers - Biodiversity mitigation focus on steel, aluminium and batteries - Securing high recycled content materials – SSAB Zero - Closed loop for batteries and aluminium	- Enhanced due diligence for copper, leather, natural rubber and rare earth elements - Audit standard expanded and aligned with EU Battery Regulation 68 audits and assessments of direct suppliers 95% of directly-contracted suppliers compliant with SAQ - Updated risk analysis of SHRIs	- Produced our last-ever car with diesel engine - Our Taizhou manufacturing plant switched to biogas, making it our first plant in China to achieve climate-neutral energy status - Installed solar panels at our Chengdu plant - Reached 78% climate neutral energy in our own operation	- Water risk assessment and management for own sites - Updated position papers on Circular Economy and Water - Refined quantification of biodiversity completed - New position papers on Sustainable Materials and Nature and Biodiversity released.	- Year over year improvement of share of women in senior leadership - Increase in our Inclusion Index indicating enhanced inclusion in workplace - Training in code of conduct with special focus on our Speak up culture - Completed ten UN aligned People Policy Assessments in risk countries - Revised global well-being strategy - Proactive safety risk management resulting in lowest ever injury rate (LTCR) - Issued a green bond for the fourth time, expanding our green funding	- Guidelines and best practices shared through our retail sustainability programme - Encouraged retailers to use climate-neutral electricity - Improved thermal efficiency in EX90 and aerodynamic efficiency in EX30 and EX90 - Published EX30 and EX90 carbon footprint reports - Expanded offering from our Energy Solutions business unit	- Remanufactured parts provide lower impact maintenance - Durability, reuse and recyclability of vehicles designed from day 1 - Retailer network reporting waste into new system - Phasing out ICE cars will remove a major part of current downstream biodiversity impacts - Reusing single use packaging for spare parts and logistics - Circular economy strategy for retailers completed - Battery reuse system established - Completed and distributed circular economy training for retailers	- In-depth insights from high-risk markets provides base for enhance due diligence - Updated Retailer standard which now sets out stringer guidelines related to human rights for 2025 - Activities to support local communities and society including Volvo For Life Fund - EX90 driver understanding system with new safety features named by TIME as one of 2024's best inventions

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Stakeholder engagement

Open dialogue helps us canvas opinion and identify material topics that impact economic stability, local communities and environmental issues. A summary of material topics is found on page 150.

Our stakeholders have environmental, social and governance interests in our activities or can be potentially affected by our purpose, products, services and business, including rightsholders from a human rights perspective. Other stakeholders could be users of the sustainability statements who rely on this information for decision-making. Involving stakeholders from different forums allows us to gain insights and discuss and manage issues as they arise.

Stakeholder dialogue occurs through several forums such as meetings, interviews, surveys, conferences, website interaction and through our Tell Us reporting channel. We tailor the forums and frequency of interactions to meet the specific needs of each stakeholder group, ensuring a productive and meaningful exchange.

Assessing stakeholder expectations and pursuing collaborative action helps us achieve our objectives and purpose. We continuously engage with our stakeholders to address and understand their main sustainability matters of interest, taking into consideration their expectations, requirements, and concerns.

Our stakeholder engagement provides us with insight on relevant sustainability matters material for our stakeholders and guide us in developing our sustainability strategy.

List of stakeholders

Academia (universities/schools)

Authority, Politicians, Governments

Communities

Customers

Employees and Union Representatives

Industry Associations

Investors and Banks

Media

NGOs

Retailers

Suppliers



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Voluntary memberships and commitments

Our sustainability work extends beyond our own operations. We participate in voluntary initiatives with other industry leaders to drive systemic change. The table below outlines some of our

voluntary commitments and memberships and how they interact with the sustainability matters included in this report.

Organisation	Topic	Commitment	Description	Sustainability matter
Accelerating to Zero	BEV transition	Rapid acceleration of the transition to zero tailpipe emission cars	A broad coalition of stakeholders committed to enabling the transition to zero-emission mobility. It advocates manufacturing only cars and vans with zero tailpipe emissions by 2040. As members, we aim to facilitate the automotive industry's transition to full electrification.	Climate change
Alliance of CEO Climate Leaders	Advocacy	Membership	A global community of CEOs committed to net-zero emissions by setting science based targets, environmental reporting and decarbonising value chains.	Climate change
Aluminium Forward 2030	Aluminium	Membership	The International Aluminium Institute gathering industry leaders to drive net-zero emissions and other sustainability challenges.	Climate change, Water, Biodiversity, Circular economy, Workers in the value chain
Better Mining	Advocacy	Sponsorship	Drive positive impact by improving the working and living conditions in and around cobalt, copper, tantalum, tin, and tungsten artisanal and small-scale mining (ASM) communities in the Democratic Republic of the Congo and Rwanda.	Workers in the value chain
Drive Sustainability	Sustainability in the automotive supply chain	Membership	Drive Sustainability is a network of companies that works to improve all aspects of social and environmental sustainability within the automotive industry.	Workers in the value chain
Ellen MacArthur Foundation	Circular economy	Membership	The Ellen MacArthur Foundation is a charity committed to creating a circular economy, designed to eliminate waste and pollution, circulate products and materials and regenerate nature.	Pollution, Biodiversity, Circular economy
Responsible Business Alliance	Sustainability in global supply chains	Membership	The Responsible Business Alliance is an industry coalition dedicated to responsible business conduct in global supply chains.	Workers in the value chain
Responsible Mica Initiative	Responsibly sourced mica	Membership	The Responsible Mica Initiative is a coalition for action committed to operating to enabling a responsible and sustainable mica supply chain.	Workers in the value chain
Responsible Minerals Initiative	Responsible mineral sourcing	Membership	The Responsible Minerals Initiative is an organisation dedicated to responsible mineral sourcing in global supply chains.	Workers in the value chain
Responsible Supply Chain Initiative	Sustainability in the automotive supply chain	Membership	Supporting members, suppliers, and stakeholders within the automotive industry and affiliated industries to strive for more responsible supply chains.	Workers in the value chain
ResponsibleSteel	Steel	Membership	A global non-profit organisation aiming to maximising use of sustainable steel. We take an active role in setting sustainability standards.	Climate change, Water, Biodiversity, Circular economy, Workers in the value chain
Science Based Targets initiative	Climate action	Business Ambition for 1.5°C	Provides corporate frameworks for emission reduction targets. We commit to climate targets aligned with limiting global temperature increase to 1.5°C and reaching net-zero emissions by 2050.	Climate change
SteelZero	Steel	100% net zero steel by 2050	The SteelZero Initiative is a global corporate initiative to speed up the transition to a net zero steel industry. We commit to using only net-zero steel by 2050. By 2030, we aim to achieve a 50 per cent rate by procuring: • Material certified by ResponsibleSteel™ , or equivalent body • Steel from companies with medium-term, science based emission targets. • Low Embodied Carbon Steel, with a defined specific emissions intensity which takes into account the proportion of end-of-life scrap	Climate change, Water, Biodiversity, Circular economy, Workers in the value chain
We Mean Business Coalition	Advocacy	Fossil to Clean campaign	Directs business and policy action to halve emissions by 2030 and accelerate transition to a net-zero economy.	Climate change
WEF First Movers Coalition	Aluminium	10% of primary aluminium near-zero emission by 2030	A global coalition leveraging purchasing power behind emerging clean technologies. We have committed that at least ten per cent (by volume) of all our primary aluminium procured annually will be near-zero emissions primary aluminium by 2030 (as per the First Movers Coalition definition). This voluntary commitment is subject to supply and prerequisites approved by Volvo Cars leadership.	Climate change, Water, Biodiversity, Circular economy

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Collaboration and advocacy

We collaborate with like-minded companies, national and local authorities, non-governmental organisations and academic institutions to enable our sustainability journey, as well as help bring positive change in our industry and society as a whole. Our stakeholder engagement and dialogues include:

- Our continuing partnership with the World Economic Forum (WEF) on critical issues concerning mobility and sustainability. This includes engagements by our CEO, Jim Rowan, who attended the WEF Annual Meeting in Davos in January, advocating for faster electrification in the automotive sector.
- Active participation at Climate Week New York to address the global transition to electrification, discuss the policies and infrastructure needed to accelerate change, how to strengthen collaboration across stakeholders, as well as how we can scale climate solutions.
- In September, Jim Rowan signed the call on EU decision-makers to maintain the 100% zero tailpipe emission car target in 2035, together with 50 other CEOs.
- Jim Rowan also signed the WEF’s Alliance of CEO Climate Leaders’ letter, ahead of COP29, with more than 100 other CEOs, calling for increased collaboration between businesses and governments to deliver on the Paris Agreement goals.

With the world’s current triple planetary crisis (climate change, pollution and biodiversity loss), we must take a holistic approach to sustainability and look beyond just CO₂ emissions, addressing biodiversity impacts and working with ocean and coastal health.

- In August, we announced an extension of our partnership with Ocean Race, including a joint mission on ocean health. At the summit in Spain, we announced two new costal health initiatives under the Volvo For Life Fund aiming to preserve biodiversity and support local communities.
- Volvo Cars attended UN’s Biodiversity Conference (COP16) in Colombia to engage on biodiversity. Engaging in biodiversity helps to stimulates corporate action, encourages transparency and catalyse measurement and action in the climate and nature space.



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Sustainability governance

Sustainability is deeply integrated into our governance, in terms of both monitoring performance and reporting. This section covers the integration of sustainability into our governance model.

The Board of Directors

The Corporate Governance Report describes corporate governance within the Volvo Car Group, and how the Board of Directors govern Volvo Cars with the support of committees and supervisory bodies. It includes the composition, roles and responsibilities of the Board of Directors, Executive Management Team (EMT) and Group Management Team (GMT). Our complete Corporate Governance report is found on page 52.

Candidates for the Board of Directors are proposed by the Nomination Committee to be appointed by the General Meeting of Volvo Car AB (publ). The Nomination Committee considers candidates’ sustainability competence as a parameter

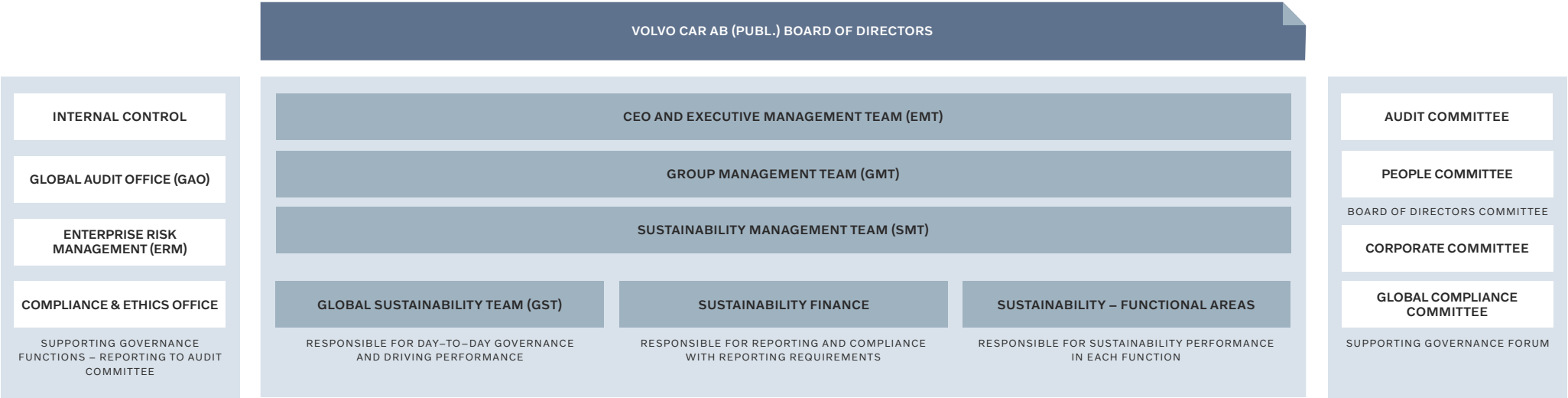
when determining if the proposed Board members meet the diversity and competence requirements applied by Volvo Cars. The current composition of the Board is considered to have an appropriate balance of business expertise and competence in sustainability matters and reporting. In addition, the Board has access to the competencies of the EMT and GMT, including the Head of Global Sustainability.

The Board of Directors oversees sustainability performance as an integral part of the Group’s strategy. Although some sustainability reporting tasks are delegated to the Audit Committee, overall responsibility for sustainability matters in general remains with the Board of Directors.

The Board approves sustainability ambitions within company strategy, based on recommendations from the CEO and management, and monitors efforts to reach them. Sustainability matters and the impact they may have on Volvo Cars are considered by the Board, who monitors how impacts, risks and opportunities are addressed by management.

The Board receives regular reports from management related to sustainability topics and is continuously informed on performance, relevant global sustainability matters and forthcoming sustainability related regulations. Sustainability matters are included in the Board’s strategic and decision-making processes.

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A double materiality assessment providing information on topics of material importance for Volvo Cars and guides our strategy is prepared. The assessment methodology is approved by the Board of Directors. The result and conclusions of the assessment are reviewed by management and reported to the Board. For more information about the double materiality assessment process, see page 50.

Role of the CEO and management

The President and CEO (CEO) is responsible for the execution of sustainability strategy and its integration into business operations and decision-making processes and ensuring that measures are taken to address Volvo Cars' sustainability reporting. The CEO responsibilities include ensuring that the Board receives regular information about the sustainability issues of Volvo Cars and information on how Volvo Cars' strategy is implemented in relation to established sustainability ambitions.

The CEO is supported by EMT and GMT. The EMT and GMT regularly discuss and approve sustainability initiatives and investments, supported by the strategic blueprint and the six missions established by the EMT. The EMT monitors the progress and performance of the sustainability agenda.

The Head of Global Sustainability, member of the GMT, reports out to the GMT on a quarterly basis to ensure cross-functional alignment of sustainability matters within the Group.

The Sustainability Management Team (SMT) ensures the integration and harmonisation of sustainability in Volvo Cars strategic and operational work. SMT consists of sustainability managers from each department and is led by the Head of Global Sustainability.

Organisational responsibilities

Volvo Cars' sustainability work is cross-functional. Each business function is responsible for its own sustainability development and ensuring alignment with corporate strategy.

The Global Sustainability Team (GST) is responsible for day-to-day governance and coordinating strategy and ambitions as well as monitors the progress of corporate sustainability key performance indicators. These are included in the business plan, missions, as well as relevant operational and functional plans.

The Sustainability Finance department coordinates the reporting process and monitors compliance with sustainability reporting regulatory requirements.

Governance support functions

Risk management and internal control processes are an integral part of the sustainability reporting process. The Board of Directors is responsible for ensuring that Volvo Cars maintains appropriate and effective internal control and internal audit functions.

Enterprise Risk Management

Enterprise Risk Management (ERM) is a central coordination department, that aims to improve decision making, proactively protect the fulfilment of strategies and plans and protect assets. The risk management process supports the identification, management and monitoring of critical risks that, amongst other things, may impede our ability to achieve our sustainability ambitions and strategic objectives. The material financial risks identified in our double materiality assessment are included in ERM's scope for risk mitigation. Each department is responsible to minimise financial exposure of each identified sustainability risk, under the ERM's coordination. The ERM reports to the Audit Committee and twice a year to the Board of Directors. For more information on the process, see page 45.

Internal control

The Internal Control department is responsible for creating and maintaining the internal control framework for sustainability reporting. Risks identified in the reporting process are continuously evaluated and internal control activities are implemented to enhance the quality and efficiency of reporting. Risk assessments are based on walk-throughs of the sustainability reporting processes and process maps for the quantitative metrics. The Internal Control department is responsible for training the organisation in internal controls and monitoring the compliance of the internal control framework. The Internal Control department reports to the Audit Committee on a periodic basis.

Internal audit

The Global Audit Office (GAO) independently assesses the adequacy and the effectiveness of governance, internal controls and risk management processes regarding sustainability. It reports to the Audit Committee.

Compliance and ethics

The Compliance & Ethics Office is led by the Chief Compliance & Ethics Officer, who reports to the

General Counsel and Chief Legal Officer. The Chief Compliance & Ethics Officer continuously reports on implementation status and effectiveness of the Compliance and Ethics Programme, significant compliance risks and cases, and progress on implementation and corrective actions plans to the Global Compliance Committee or, as delegated by the committee, to the General Counsel and Chief Legal Officer and the Chief People Officer. The Chief Compliance & Ethics Officer also has a direct reporting line, and continuously reports, to the Audit Committee and ensures that compliance training is provided to the Board of Directors.

Sustainability frameworks

Code of Conduct and Corporate Policies

The Volvo Car Group's Code of Conduct reflects our values, culture and how we drive results in an ethical and responsible manner. The Board of Directors has adopted twelve Corporate Policies, that build on the commitments of our Code of Conduct, which apply to employees within our operation and our value chain. The principles stated in the Corporate Policies are further operationalised and detailed in related Corporate Directives and guidelines.



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We also have a Code of Conduct for Business Partners which is a business partner form of our Code of Conduct and sets standards for business conduct throughout our value chain. It is approved by the EMT and supports the Ten Principles of the United Nations Global Compact and the OECD Guidelines for Multinational Enterprises.

The CEO is accountable for the implementation and enforcement of the Code of Conduct and Corporate Policies and all employees undergo training about these.

Statements and position papers

In Volvo Cars’ Commitment to Sustainability, we set out the direction for how we intend to reach our sustainability ambitions and outline our direct and indirect impact on local communities and the environment. It acknowledges the significance of sustainability improvements to our futures success, our responsibilities and the importance of collaboration with business partners, customers and other key stakeholders.

We issue position papers regarding environmental, social and governance statements, including our Human Rights Statement. The position papers are approved by the Corporate Committee, established by the EMT.

Our Code of Conduct, Corporate Policies, Code of Conduct for Business Partners, Commitment to Sustainability and other position papers are available on our website.

Environmental management system

Our environmental management system is used at all our facilities. Most of our operations and functions, including all our manufacturing sites are ISO 14001 certified and have all necessary environmental permits. The environmental management system assists with meeting legal and other requirements, reaching our environmental ambitions and reducing negative environmental impact.

Integration of sustainability related performance in incentive programmes

Volvo Cars has several incentive programmes, of which some include sustainability related conditions. The share-based incentive programme Performance Share Plan (PSP) and the Short-Term Variable Programme (STVP) both include sustainability related performance indicators as variable conditions. The programmes’ terms and conditions are summarised in the Group’s remuneration report.

Sustainability due diligence

We seek to continually improve our due diligence processes. With the forthcoming EU Corporate Sustainability Due Diligence Directive (CSDDD), we will further improve our processes within both social and environmental due diligence.

We seek compliance with internationally recognised human rights and environmental standards and guidelines. The Board of Directors endorses these ambitions, which are articulated in our Code of Conduct and Code of Conduct for Business Partners, our Commitment to Sustainability and our Human Rights Statement.

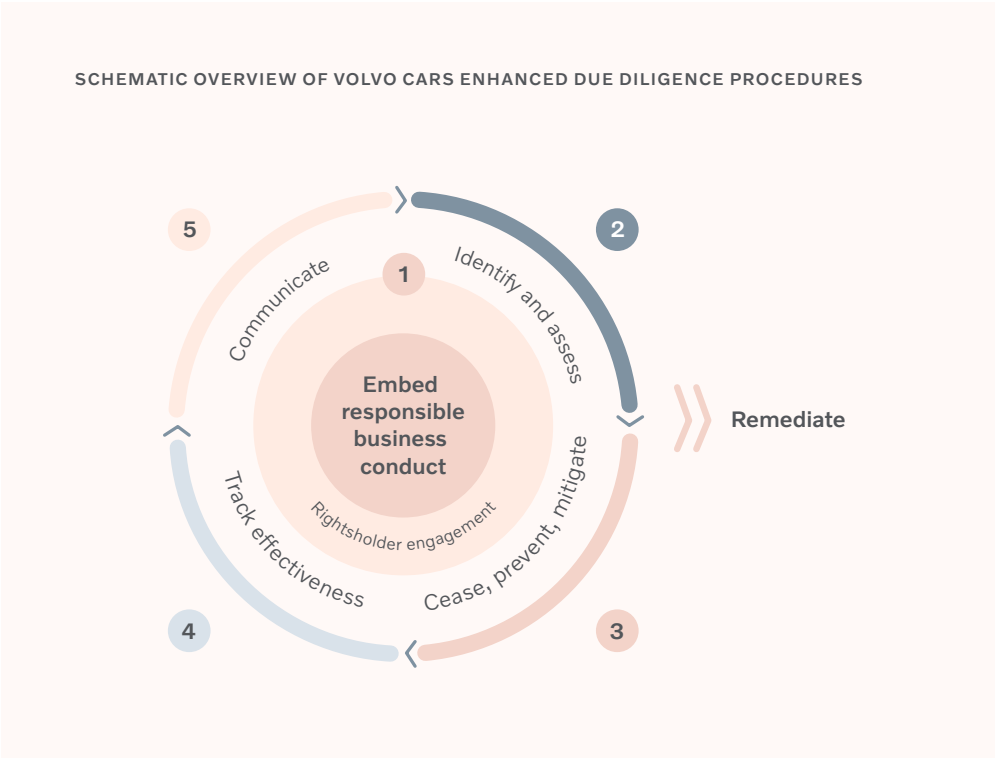
Due diligence process

Our due diligence process is important to gain knowledge and understanding of our impacts, risks and opportunities. It also informs our strategy and the actions we approve.

We support the OECD Due Diligence Guidance for Responsible Business Conduct and aim to follow its recommendations. Our process, based on OECD Due Diligence Guidance, aims to identify, prevent and mitigate actual and potential negative impact on the environment and people within our value chain.

Our due diligence process is divided into the following stages:

- 1. Embedding responsible business conduct into our policies, contracts and management systems.



- 2. Identifying and assessing adverse impact directly linked to our operations, products, services and business relationships, or impact to which we contribute.
- 3. Ceasing, preventing or mitigating potential and existing impact and, where appropriate, providing, or cooperating to provide, remediation.
- 4. Tracking the effectiveness of due diligence processes and measures.
- 5. Communicating how identified potential and actual impacts are addressed.

For more information on our due diligence process and how it is implemented, see pages 186 and 195.

International commitments

Compliance with human rights standards is vital for our value chain and society as a whole. We are founding members of the UN Global Compact and observe its Ten Principles. We include the aims of the following conventions and guidelines into our Code of Conduct, Code of Conduct for Business Partners and Human Rights Statement:

- The International Bill of Human Rights
- The UN Convention on the Rights of the Child
- The eight core conventions of the UN’s International Labour Organization (ILO) – Child Labour (138 and 182), Forced Labour and Compulsory Labour (29 and 105), Equal Remuneration and Discrimination (100 and 111) and Freedom of Association and Collective Bargaining (87 and 98)

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- The UN Guiding Principles on Business and Human Rights
- OECD Guidelines for Multinational Enterprises
- OECD Due Diligence Guidance for Responsible Business Conduct
- OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas

Several conventions and guidelines form the basis of human rights due diligence legislation. These include for instance Modern Slavery Acts in Australia and the UK, the Transparency Act in Norway, Canada’s Bill S-211, the EU’s Taxonomy Minimum Safeguards criteria and the forthcoming EU Corporate Sustainability Due Diligence Directive. We support these developments and recognise the need to expand the remit of legislation. Our UN Global Compact Communication of Progress report is published on the UNGC website.

Salient Human Rights Issues

We take a risk-based approach to addressing Salient Human Rights Issues (SHRIs). Below are the most severe potential SHRIs in our value chain, based on the methodology of international guidelines:

- People’s access to clean, healthy and sustainable environments
- People’s rights to health and safety
- Modern slavery (including forced labour)
- Child labour
- Threat or occurrence of abuse or violence

There are several other potential human rights risks in our value chain, including but not limited to, adverse impact on decent working conditions, discrimination, privacy, and the rights of indigenous and vulnerable people. Our due diligence activities seek to safeguard human rights and continuously identify and prevent potential violations.

Human rights risk assessment of the value chain

In 2023, we conducted a risk assessment based on our salient human rights risks in our global value chain. Using risk indices, due diligence results and consultation with experts and rightsholders, we developed a plan for 2024 that aimed to prevent, mitigate, cease, and remedy potential or actual human rights infringements in our value chain. The human rights risk assessment of our salient human rights issues was repeated in end of 2024 to form our due diligence plan for 2025.

The due diligence plan for 2024 included expanded due diligence in our supply chain, people policy assessments in our operations and human rights due diligence processes for retailers and importers.

We identified people at higher risk in our value chain in 17 countries where we aimed to perform enhanced due diligence activities during 2024. Using external risk indices for our identified salient human rights issues, previous due diligence results, and consultation with experts and rightsholders, combined with our own value chain presence, the human risk assessment has identified people at higher risk in our value chain in the following countries for 2024: China, The Democratic Republic of the Congo, India, Turkey, Mexico, Malaysia, Indonesia, Brazil, Vietnam, Philippines, Colombia, Myanmar, Egypt, Zimbabwe, Sudan, Ukraine, Yemen.



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Impact, risk and opportunity

We aim to accurately evaluate the environmental and social impact of products, services and operations throughout our full value chain. Double materiality assessments allow us to identify impacts, risks and opportunities, to develop sustainability strategies and reduce negative impact.

In 2024, we reviewed our assessments and updated previous results, in accordance with Global Reporting Initiative guidelines. Our double materiality assessment evaluates our impact on people, environments and economies, as well as identifying the financial risks and opportunities related to sustainability matters.

We continuously develop our methodology to ensure accuracy and completeness, as well as its relevance for internal and external stakeholders.

Methodology

Assessment of each topic is based on the severity of the potential impact and the potential financial risk and opportunity, together with the likelihood of the occurrence, creating a grading methodology for determining the materiality of each scenario. Given certain thresholds, the impact, risk or opportunity is evaluated for its materiality.

Impact materiality

We assess the severity and likelihood of impact in each sustainability matter. Severity is defined by the scale, scope and capability to remedy impact. Materiality assessments identify both positive and negative impact.

Financial materiality

We assess our dependencies and scenarios that may result in financial risks and opportunities. These are evaluated for potential financial effect and likelihood, based on predetermined thresholds, in line with the enterprise risk management process. For more information, see page 45.

Time horizon and value chain considerations

Impact and financial materiality are evaluated and assessed based on where in the value chain they occur. The full value chain, covering cradle to grave is considered in the assessment. An illustration of the value chain is found on page 142.

Different assessments for impact and financial materiality scenarios are evaluated over three time periods:

- Short-term – up to one year
- Medium-term – one year up to five years
- Long-term – more than five years

Identifying impact and dependency

Input to identify our impact and dependency, to conduct the double materiality assessment is obtained from sources including external stakeholder dialogue, internal sustainability experts and the day-to-day sustainability activities. The below scenarios and tools have been used to further identify and analyse actual and potential impacts and dependencies across our value chain.

Climate change

We assess our impact of climate change with both the life cycle analysis (LCA) of our products and our own calculated CO₂ emissions across our value chain.

Financial risks and opportunities caused by climate change and energy dependency are based on two scenarios.

Transitional risk scenario analysis uses both 4Degrees = IEA Stated Policies Scenario (STEPS), and <2Degrees = IEA Sustainable Development Scenario for simulation and strategy discussions in the short-term, medium-term and long-term. IPCC reports from 2022 indicate the risk of a near 3-degree rise in average global temperatures by end of century, with the increased risk that the Paris Agreement targets are not met.

Physical risk scenario analysis uses an established system for natural disaster and climate change risk analysis. It includes physical climate risks such as storm surges, flooding, hurricanes, heat stress and earthquakes. IPCC RCP2.6, RCP4.5 and RCP8.5¹⁾ scenarios for the current year, as well as 2030, 2050 and 2100, are used to generate overall and specific risk scores.

Climate change increases the frequency of chronic or acute hazards, such as flooding, storms and heat stress, that may disrupt our operations and threaten the safety of our employees and people in our value chain and local communities.

Pollution

We take a risk-based approach to identify potential emissions at our sites. The International Material Data System (IMDS) is used to identify substances of concern and very high concern in our products and across our supply chain.

1) IPCC RCP 8.5
United Nations IPCC (Intergovernmental Panel on Climate Change), RCP (Representative Concentration Pathways) RCP 8.5 Represent high-emissions scenario also frequently referred to as "business as usual" or "worst case" meaning a continued fossil fuel-based development which likely result in above 4 degrees temperature increase by year 2100. Resulting from a society that does not take climate action efforts to reduce greenhouse gas emissions.

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Biodiversity

We used the ENCORE (Exploring Natural Capital Opportunities, Risks and Exposure) database to conduct a sectoral-level screening of the natural capital assets on which economic activity in our value chain depends.

We conduct three levels of impact assessment. The highest-level, based on guidance from the Science Based Targets Network (SBTN), assesses which economic activities in our value chain cause material impact on nature. The SBTN pressure categories are aligned with IPBES pressures framework and the Materiality Screening Tool (MST) highlights which sectors generate material impacts on nature.

ENCORE's database provides a materiality score (five-level rating from “very low” to “very high”) based on the degree of financial loss and production loss incurred by disruptions to eco-system services in a given subsector derived from natural capital assets (habitats, land use, soil, species, water and atmosphere).

Water

We analyse and assess the sites of own operations and directly contracted suppliers in terms of water stress and water-related risks. Our analysis is based on recommendations and guidelines in the Corporate Guide to Water Management and internal and external risk management tools. We follow the UN Global Compact’s CEO Water Mandate, the World Resources Institute (WRI) Aqueduct Water Risk Atlas 4.0, and the World Wildlife Fund (WWF) Water Risk Filter.

Resource use

We conduct in-house studies based on the Circular Transition Indicators (CTI) in which the resource flow methodology was derived from CIRCULYT-ICS, developed by the Ellen MacArthur Foundation. This provides indicators for tracking resource flows and the use efficiency and productivity. In combination with product due diligence and LCA reports, we assess the impact and dependencies of our resource use.

Workforce

For our own workforce, we conduct regular employee surveys and maintain dialogue with stakeholders. We assess impacts, risks and opportunities related to workers in our operation and across our value chain with due diligence procedures, People Policy assessments and risk workshops.

Outcome

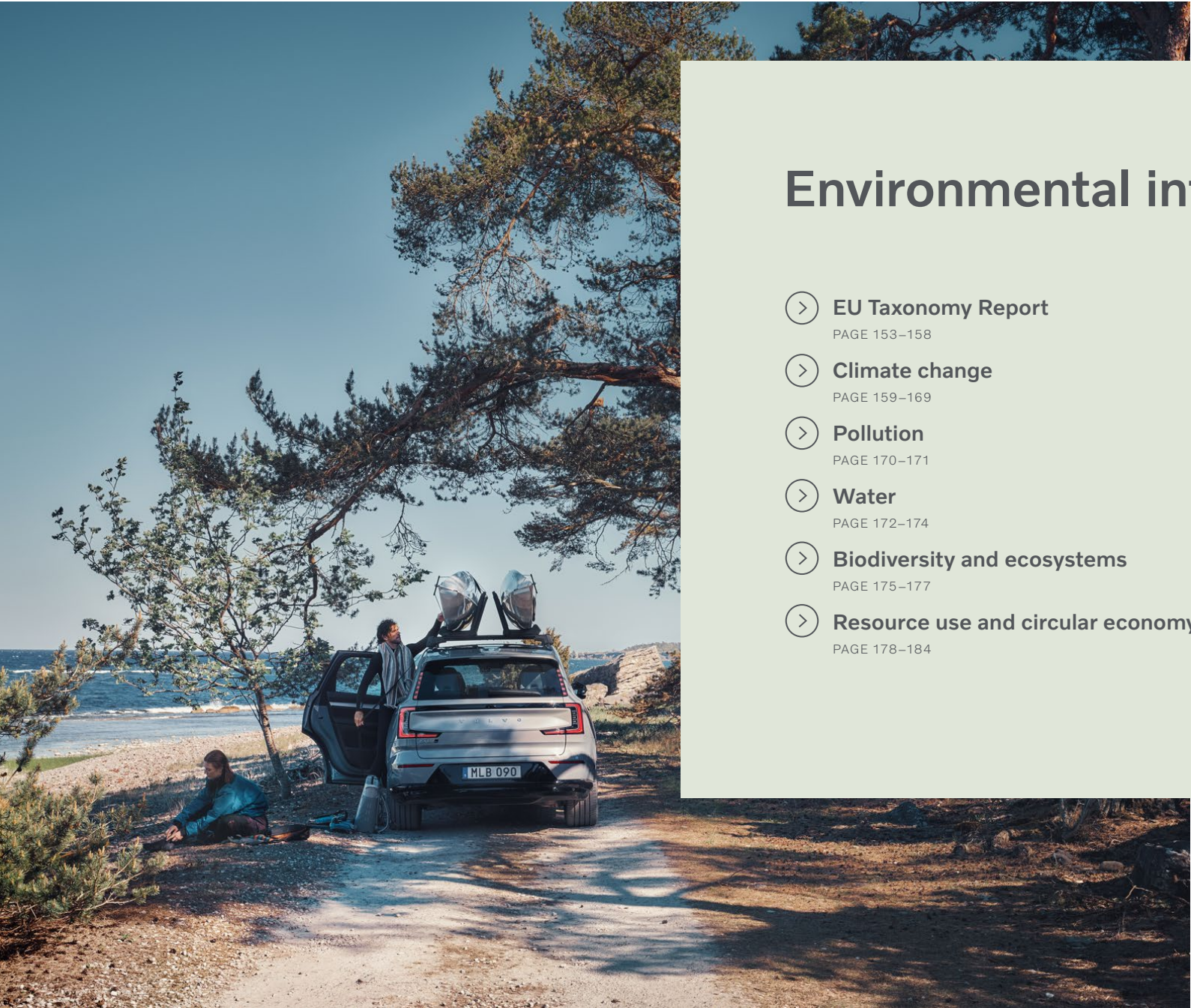
Our list of sustainability matters has been adjusted in accordance with our updated double materiality assessment. The assessment is supported and validated by internal experts, based on the impact and financial materiality criteria. The methodology is approved by the Board of Directors, and the result and conclusions of the assessments are reviewed by management and reported to the Board.

MATERIAL SUSTAINABILITY MATTERS AND IMPACT ALONG THE VALUE CHAIN

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 = UPSTREAM  = OWN OPERATION  = DOWNSTREAM

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EU Taxonomy Report

Introduction

The EU Taxonomy Regulation (hereafter referred to as the Taxonomy) is a classification system of environmentally sustainable activities that support the EU’s climate and energy targets. These are part of the objectives of the EU Green Deal to scale investments in sustainable projects and activities.

In order to comply with the Taxonomy, Volvo Cars must report on our taxonomy-eligible and aligned activities for turnover, capital expenditure (CapEx) and operational expenditure (OpEx). To be aligned with the Taxonomy, we must comply with the technical screening criteria for substantial contribution to one of the environmental objectives and to Do No Significant Harm (DNSH) to the other environmental objectives.

The environmental objectives are:

- Climate Change Mitigation (CCM)
- Climate Change Adaptation (CCA)
- Sustainable Use and Protection of Water and Marine Resources (WTR)
- Transition to a Circular Economy (CE)
- Pollution Prevention and Control (PPC)
- Protection and Restoration of Biodiversity and Ecosystems (BIO)

To be Taxonomy-aligned, Volvo Car Group must also meet the criteria for minimum safeguards, ensuring that certain standards are met, relating to human and labour rights as well as responsible business conduct.

Assessment of Eligibility

Using the definition of economic activities in the Taxonomy, we have identified the following activities as eligible and material to our business operations in 2024:

- Activity CCM 3.3 – Manufacture of low carbon technologies for transport. This relates to our development, manufacturing and sale of Volvo Cars’ branded cars, including the EX30 and EM90 that are contract manufactured by different legal entities within the Zhejiang Geely Holding Group (hereafter referred to as Geely). We do not include our contract manufacturing activities for Polestar, as the car specifications are not controlled by Volvo Cars.
- Activity CCM 3.18 – Manufacture of automotive and mobility components. This relates to new and remanufactured spare parts.
- Activity CE 5.4 – Sale of second-hand goods. This relates to our sale of used cars.

Accounting Policies

Turnover

In calculating the proportion of eligible turnover, we have used Volvo Car Group’s total revenue as a denominator see Note 2 – Revenue on page 81.

We allocate eligible turnover to activities CCM 3.3, including turnover related to the sale and leasing of new cars, CCM 3.18, including turnover related to spare parts, and CE 5.4, including turnover related to used cars. The numerator for turnover is the aligned proportion of each economic activity.

Capital Expenditure (CapEx)

In calculating the proportion of eligible CapEx, we use Volvo Car Group’s additions for tangible assets, including right-of-use assets, see Note 16 – Tangible assets on page 99, and intangible assets, excluding trademark and goodwill, see Note 15 – Intangible assets on page 97, as a denominator.

We allocate eligible CapEx to activities CCM 3.3, CCM 3.18 and CE 5.4. Some common investments are not allocated to eligible activities.

Activities that are deemed taxonomy-aligned use a numerator based on the CapEx plan.

Operational Expenditure (OpEx)

In calculating the proportion of eligible OpEx, which constitutes the denominator, we use Volvo Car Group’s expenses related to research and development, short-term leases, and our property, plant, and equipment, for example maintenance and repair.

We allocate eligible OpEx based on expenses related to activities CCM 3.3, CCM 3.18 and CE 5.4.

Activities that are deemed taxonomy-aligned use a numerator based on the CapEx plan. Taxonomy reporting of OpEx is not comparable with other operating expenses in the income statement.

CapEx Plan

The Taxonomy requires a distinction between CapEx and OpEx for activities that are currently aligned and CapEx and OpEx that intend to expand aligned activities or upgrade activities for future alignment. CapEx plans must seek to convert eligible activities into taxonomy-aligned activities within a period of five years and be approved by management body.

In 2023, we committed to increase our alignment with activity CCM 3.3 within five years. In our assessment, we do not currently fulfil the DNSH criteria for pollution prevention. In addition to our CapEx plan, we developed an operational action plan to address the use of substances of concern (SoC) and substances of very high concern (SVHC) in our products and manufacturing processes. This includes collaborating with suppliers to reduce the use of SoC and SVHC and investigate the availability of suitable, alternative substances or technologies. The CapEx plan outlines how we aim to align current activities and includes investments that support taxonomy-aligned products and manufacturing processes. This is also applied to OpEx associated with these investments. In 2024, taxonomy-aligned CapEx amounted to 23 per cent and OpEx 8 per cent. Projected CapEx and OpEx in the period covered by the CapEx plan is expected to grow in relation to total investments.

Additional Commentary

All turnover, CapEx and OpEx values in other currencies have been converted to SEK. In calculating the key performance indicators, we ensure no double counting of values occurs.

We have not engaged in nuclear or fossil gas-related activities.

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Nuclear and fossil gas related activities		
Row	Nuclear energy related activities	
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No
Row	Fossil gas related activities	
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	No
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No

Assessment of Alignment

We have assessed the alignment of our Volvo Cars' branded cars. The EX30 and EM90 are contract manufactured at Geely's manufacturing facilities and not considered aligned in 2024.

We have also assessed the alignment of spare parts and used car sales.

Substantial contribution Climate change mitigation

Cars with tailpipe emissions of less than 50 grams of CO₂ per kilometre meet the climate-mitigation technical screening criteria for activity CCM 3.3. In 2024, all fully electric and plug-in hybrid cars met these criteria. Our internal combustion engine cars do not meet the substantial contribution criteria.

Only spare parts used for zero-emission cars comply with the technical screening criteria for activity CCM 3.18.

Transition to a circular economy

For Volvo Cars, activity CE 5.4 contributes substantially to the transition to a circular economy through the sale of used cars that have previously been used for its intended purpose and are covered by relevant sales contracts. Used car sales do not require the use of packaging material.

In instances where cars have been repaired, refurbished or remanufactured before resale, we do not currently meet waste management plan requirements.

Do No Significant Harm (DNSH) Climate change mitigation

We do not currently fulfil the DNSH to climate change mitigation criteria for activity CE 5.4.

Climate change adaptation

We continuously assess our compliance with climate change adaptation through our climate risk assessments of our operational sites. Material physical climate risks have been identified and

a robust climate risk and vulnerability assessment has been performed. This includes assessment of adaption solutions for physical climate risk and considered IPCC pathways 4.5 and 8.5, with the time horizons 2030, 2050 and 2100.

For more information on our climate change adaptation activities, see pages 150, 159, 161 and 162.

In our assessment, Volvo Cars fulfil the DNSH to climate change adaptation criteria for activities CCM 3.3, CCM 3.18 and CE 5.4.

Sustainable use and protection of water and marine resources, and protection and restoration of biodiversity and ecosystems

We assess our compliance with the DNSH to water and biodiversity criteria for activity CCM 3.3 with the DNSH criteria for water and biodiversity through gap analyses for permit status, including Environmental Impact Assessments (EIA). EIAs have been conducted at all our European manufacturing sites, as part of manufacturing permit applications. At our manufacturing sites outside the EU, we assess our alignment with European Directive 2011/92/EU requirements and local legislation, as well as key biodiversity area and water risk assessments.

An update of water risk assessments has been made in accordance with legislation and risk-mitigation procedures are, where required, implemented in relation to water quality and water stress.

A nature survey was conducted as part of construction preparations at the manufacturing facility in Košice, Slovakia. This provided suitable measures for minimising biodiversity impact, compensation measures and other activities to improve the status of biodiversity.

A nature survey was also conducted in connection with construction at the battery assembly facility in Torslanda, Sweden. The survey identified protected species at the location and a new habitat was created to provide a long-term solution.

In our assessment, we fulfil the DNSH to water and biodiversity criteria for activity CCM 3.3 but do not fulfil the criteria for activities CCM 3.18 and CE 5.4.

See pages 172 to 174 for more information about water use and pages 175 to 177 about biodiversity impact.

Transition to a circular economy

We assess our compliance with the DNSH to circular economy criteria for activity CCM 3.3 and CCM 3.18 by assessing the potential of implementing techniques that support circular economy. These include the use of recycled content and product design that considers durability, recyclability and reusability. We have set ambitions to increase the use of recycled content.

We also assess if our waste management practices prioritise recycling and the traceability of SoC and SVHC for all products.

Within our SoC and SVHC policy we trace substances using the International Material Data System (IMDS), which is an online platform used within the automotive industry.

In our assessment, we fulfil the DNSH to circular economy criteria for activities CCM 3.3 and CCM 3.18.

For more information on our circular economy activities, see pages 178 to 184.

Pollution prevention and control

We assess our compliance with the DNSH to pollution prevention criteria for activities CCM 3.3 and CCM 3.18, by assessing whether Volvo Cars manufactures, places on the market or uses SoC and SVHC referenced within Appendix C of the Taxonomy. We do not manufacture or place SoC and SVHC in their pure form on the market. However, SoC and SVHC on the EU REACH candidate list are used in our manufacturing processes and as part of several car components.

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The DNSH criteria are considered met if it is assessed and documented by the operators that no other suitable alternative substances or technologies are available on the market, and that they are used under controlled conditions.

Volvo Cars regularly engages with our suppliers on SoC and SVHC. As part of our commitment to Taxonomy-alignment and the CapEx plan, we are undertaking a larger engagement programme with suppliers on the availability of suitable alternative substances or technologies as well as the documentation of the assessment.

For activity CE 5.4, there are also requirements for emission levels and tyre characteristics, where only tyres that correspond to the two highest classes for rolling resistance coefficients and the highest class for external rolling noise available, fulfil the requirements. In 2024, almost all tyres on our used cars comply with the rolling resistance criteria. However, due to limitations in tyres availa-

ble on the market meeting both our safety standards and the highest class for external rolling noise and the highest class for rolling resistance coefficient, where we prioritise the safety characteristics, we are currently not meeting the external rolling noise criteria.

In our assessment, we do not fulfil the DNSH to pollution prevention criteria for activities CCM 3.3, CCM 3.18 and CE 5.4.

Minimum safeguards

Compliance with minimum safeguards requires Volvo Car Group to align with OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

In accordance with the minimum safeguards relating to human rights, we have assessed, to the best of our knowledge using available information, that we are compliant with the minimum safeguards. Our evaluation is:

- We have established adequate human rights due diligence processes, as outlined in the UN Guiding Principles and the OECD Guidelines for Multinational Enterprises.
- We have not been held liable or found to be in breach of labour law or human rights in certain types of court cases on labour law or on human rights.
- We have not declined requests to engage with a National Contact Point (NCP) or other relevant parties and have not been found to contravene the OECD Guidelines by an NCP.
- We have been the subject of allegations from the Business and Human Rights Resource Centre (BHRRRC) and have responded to those allegations¹.

In accordance with the minimum safeguards relating to corruption, taxation, and fair competition, we have assessed that to the best of our

knowledge we are compliant with the minimum safeguards. Our evaluation considered:

- Anti-corruption processes, and any convictions of corruption for senior management (including senior management of subsidiaries).
- Treatment of governance and compliance as important elements of oversight.
- Adequacy of tax risk management strategies and processes (including subsidiaries) and violation of tax laws.
- Promotion of the importance of compliance with all applicable laws and regulations amongst our employees.
- Convictions of violating competition laws for senior management (including senior management of subsidiaries).

1) For more information, see <https://www.business-humanrights.org/en/latest-news/volvo-cars-response/>

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EXTENT OF ELIGIBILITY AND ALIGNMENT

The following is a summary of the proportion of aligned and eligible Turnover, CapEx and OpEx per each environmental objective.

	Proportion turnover/Total turnover	
	Taxonmy-aligned per objective	Taxonomy-eligible per objective
CCM	0%	84%
CCA	0%	0%
WTR	0%	0%
CE	0%	7%
PPC	0%	0%
BIO	0%	0%

	Proportion CapEx/Total CapEx	
	Taxonmy-aligned per objective	Taxonomy-eligible per objective
CCM	23%	95%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

	Proportion OpEx/Total OpEx	
	Taxonmy-aligned per objective	Taxonomy-eligible per objective
CCM	8%	94%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%





Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2024

CapEx																				
Financial year 2024		Year		Substantial Contribution Criteria						DNSH Criteria ("Does Not Significantly Harm")								Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) CapEx, year 2023	Category Enabling Activity	Category Transactional Activity
Economic activities	Code	CapEx	Proportion of CapEx, year 2024	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Bio-diversity	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Bio-diversity	Minimum Safeguards				
		SEKm	%	Y; N; N/EL*	Y; N; N/EL*	Y; N; N/EL*	Y; N; N/EL*	Y; N; N/EL*	Y; N; N/EL*	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T	
A. Taxonomy-eligible activities																				
A.1 Environmentally-sustainable activities (Taxonomy-aligned)																				
Manufacture of low carbon technologies for transport	CCM 3.3	15,109	23%	Y							Y	Y	Y	Y	Y	Y	12%	E		
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		15,109	23%	23%	0%	0%	0%	0%	0%		—	—	—	—	—	—	12%			
Of which Enabling		15,109	23%	23%	0%	0%	0%	0%	0%		Y	Y	Y	Y	Y	Y	12%	E		
Of which Transitional			0%	0%							—	—	—	—	—	—	0%		T	
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
				EL; N/EL**	EL; N/EL**	EL; N/EL**	EL; N/EL**	EL; N/EL**	EL; N/EL**											
Manufacture of low carbon technologies for transport	CCM 3.3	47,737	72%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								82%			
Manufacture of automotive and mobility components	CCM 3.18	256	0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								—			
Sale of second-hand goods	CE 5.4	—	0%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								—			
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		47,994	72%	72%	0%	0%	0%	0%	0%								82%			
A. CapEx of Taxonomy eligible activities (A.1 + A.2)		63,103	95%	95%	0%	0%	0%	0%	0%								95%			
B. Taxonomy-non-eligible activities																				
CapEx of Taxonomy-non-eligible activities		3,562	5%																	
Total		66,665	100%																	

*Y – Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective, N – No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective, N/EL – not eligible, Taxonomy-non-eligible activity for the relevant environmental objective.
**EL – Taxonomy-eligible activity for the relevant objective, N/EL – Taxonomy-non-eligible activity for the relevant objective.

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Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2024

OpEx																							
Financial year 2024		Year		Substantial Contribution Criteria						DNSH Criteria ("Does Not Significantly Harm")										Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) OpEx, year 2023		Category Enabling Activity	Category Transactional Activity
		Code	OpEx	Proportion of OpEx, year 2024	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Bio-diversity	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Bio-diversity	Minimum Safeguards						
Economic activities			SEKm	%	Y; N; N/EL*	Y; N; N/EL*	Y; N; N/EL*	Y; N; N/EL*	Y; N; N/EL*	Y; N; N/EL*	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T			
A. Taxonomy-eligible activities																							
A.1 Environmentally-sustainable activities (Taxonomy-aligned)																							
Manufacture of low carbon technologies for transport	CCM 3.3	743	8%		Y							Y	Y	Y	Y	Y	Y	7%	E				
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		743	8%		8%	0%	0%	0%	0%	0%		—	—	—	—	—	—	7%					
Of which Enabling		743	8%		8%	0%	0%	0%	0%	0%		Y	Y	Y	Y	Y	Y	7%	E				
Of which Transitional		—	0%		0%							—	—	—	—	—	—	0%		T			
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																							
					EL; N/EL**	EL; N/EL**	EL; N/EL**	EL; N/EL**	EL; N/EL**	EL; N/EL**													
Manufacture of low carbon technologies for transport	CCM 3.3	7,882	86%		EL	N/EL	N/EL	N/EL	N/EL	N/EL								81%					
Manufacture of automotive and mobility components	CCM 3.18	4	0%		EL	N/EL	N/EL	N/EL	N/EL	N/EL								—					
Sale of second-hand goods	CE 5.4	8	0%		N/EL	N/EL	N/EL	N/EL	EL	N/EL								—					
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		7,894	86%		86%	0%	0%	0%	0%	0%								81%					
A. OpEx of Taxonomy eligible activities (A.1 + A.2)		8,636	94%		94%	0%	0%	0%	0%	0%								88%					
B. Taxonomy-non-eligible activities																							
OpEx of Taxonomy-non-eligible activities		516	6%																				
Total		9,152	100%																				

*Y – Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective, N – No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective, N/EL – not eligible, Taxonomy-non-eligible activity for the relevant environmental objective.
**EL – Taxonomy-eligible activity for the relevant objective, N/EL – Taxonomy-non-eligible activity for the relevant objective.

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Climate change

As the effects of global warming become ever more apparent, the need for action is increasingly urgent. Road transport is a significant contributor to global warming and will be for the foreseeable future. We recognise the substantial impact across our value chain and are taking action to accelerate sustainable transportation.

Signatories of the Paris Agreement agreed to significantly reduce greenhouse gas emissions to avoid potentially devastating environmental and social consequences. Its objective is to limit the global average temperature rise to 1.5°C above pre-industrial levels. We believe ambitious reduction measures make business sense, so we are taking action to reduce greenhouse gas emissions across our value chain.

Impacts, risks and opportunities

Impacts related to climate change mitigation and energy

In 2024, total CO₂ emissions in our value chain amounted to 41 million tonnes. The impacts from our value chain are divided into three categories, aligned with our climate action strategy – emissions from materials, operational emissions and use-phase emissions. Producing materials for our cars and powering them during their use are the most significant contributors.

Aluminium, steel and vehicle batteries are the primary sources of CO₂ emissions from materials. Operational emissions include, amongst others,

manufacturing, transportation, end-of-life treatment and our retailer network. Material and finished vehicle transportation is the primary cause of emissions in this category. Significant use-phase emissions are caused by cars with internal combustion engines, whereas emissions from fully electric cars depend, to a large degree, on the carbon intensity of the electricity used to charge them.

Although operational emissions account for five per cent of our total carbon footprint, reductions in each impact category are required to align with the 1.5°C pathway. Energy consumption is a major source of emissions in our value chain, especially from producing materials for our cars and powering them during their use. While we can directly limit emissions in our own operations, reductions in other parts of the value chain are achieved in collaboration with others.

Transition, technological and market risks related to climate change mitigation

As part of our climate action strategy, we expect electrified cars to account for 90 to 100 per cent of total sales by 2030. Our electrification pro-

gramme may affect the valuation of assets directly linked to cars powered by internal combustion engines, such as capitalised development expenditures, machinery and equipment. As the industry transitions to electrification, demand for critical materials and subsequent supply limitations may influence raw material prices.

Regulatory risks related to climate change mitigation

We support EU legislative change, such as phasing out the Emissions Trading System free allowances and introducing the Carbon Border Adjustment Mechanism. However, these measures may impact many automotive manufacturers primarily by increasing the cost of steel and aluminium. Decarbonising our operations reduces our exposure, meanwhile the effect in our supply chain may be significantly greater, impacting raw material and component prices.

Transition risks related to energy

The transformation in electricity generation is critical to limiting climate change and an imperative in our industry. While climate neutral energy sources are sought, electrification in the automotive sector

will continue to gather pace. Increased energy demands raise the pressure on power grids, while large-scale infrastructure investment is needed to generate electricity from renewable resources. Underdeveloped energy systems in some markets represent risks, both in terms of climate impact and competitive disadvantages. During the transition, uncertainty may hinder or delay necessary investments.

Risks related to climate change adaptation

We are operating in locations with higher risk of extreme weather events, such as flooding and hurricanes. These events may cause a physical risk to our assets and investments but can also cause operational disruptions and provide a risk to people at, or adjacent to, our site. As a result of climate change, the frequency and magnitude of these weather events may increase and the investment needs, both in the short- and long-term, may increase.

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Our policies

The table below gives an overview of our policies related to climate change, their objectives, and the parts of the value chain they address.

Climate change mitigation

Climate action is the highest priority in our sustainability strategy and our sustainability reporting. Our Position on climate action addresses issues related to climate change mitigation.

Our Position on sustainable materials addresses the sustainability challenges of steel, plastics and other materials used in our cars. We define materials as sustainable if they meet requirements across our three strategic pillars: Climate Action, Circular Economy, and Responsible Business. Sustainable materials should be responsibly sourced, non-hazardous, recyclable and have a lower environmental impact than those from primary sources.

As iron and steel account for approximately 50 per cent of average vehicle weight, reducing the emissions they cause plays a key role in our sustainability work. We seek to increase the recycled content in the steel we use. We believe steel can be sourced with a lower carbon footprint, high content of post-consumer scrap, be recyclable to a high value including preserving the alloying elements, and without any harmful chemicals. To achieve these low carbon solutions, we support the steel industry in their transformation, as demonstrated by membership of ResponsibleSteel and being the first automotive manufacturer to make a SteelZero commitment.

As plastics play an important role in passenger cars, reducing emissions from these materials is also important to our sustainability objectives. We seek recyclable plastics with a lower carbon footprint, high inclusion of post-consumer waste, and without harmful chemicals. A greater percentage of recycled content helps reduce the carbon footprint of plastics. In order to reduce our depend-

ence on fossil resources, such as those found in plastics, we are actively diversifying the feedstock used to produce plastics.

Our Position on chain of custody models describes our view on the use of these models to reach our sustainability ambitions. Today, we accept the use of select chain of custody models, and prefer those that use identity preservation, segregation and mass balance on batch level.

Our Position on carbon removal prioritises real emission reductions over carbon removal. We intend to reach our net-zero ambition by using carbon removal only as a last resort to neutralise unavoidable emissions. Carbon removal or other types of carbon offsetting will not be used to reach our 2025 and 2030 CO₂ reduction ambitions. We do not consider carbon insetting or mass balance as carbon offsetting. However, use of carbon insetting and mass balance must follow requirements outlined in our Position on chain of custody models.

Our Code of Conduct for Business Partners promotes emission reductions for suppliers, sub-suppliers and retailers. In support of our aim to reach net-zero greenhouse gas emissions by 2040, our business partners are expected to perform activities to reduce the greenhouse gas emissions in their own operations as well as their wider value chain, and to increase energy efficiency and use of renewable energy.

Our Sustainability Requirements are part of our terms and conditions for direct materials suppliers. Suppliers are requested to develop company-specific goals for greenhouse gas emissions reduction, including a science-based CO₂ reduction target, and to align with our position papers on sustainability. We are actively working with our suppliers to reduce the carbon footprint of their products, both from a climate perspective and to minimise the risk of additional charges as a result of regulatory changes.

Sustainability factors are considered in strategic planning, decision making and accounting processes. Valuation of assets, provisions and other commitments in our financial reporting are made in accordance with our sustainability strategy.

Our corporate strategy and objectives are stress-tested against physical and transition risks, including changing market conditions, consumer behaviour, policy developments, material costs and availability, energy costs and access to climate-neutral energy.

Energy efficiency

Managing energy efficiency mitigates shortfalls in energy supply, while decreasing overhead and exposure to variable costs. Our operations are regulated by energy efficiency standards and an Energy Directive. These conform to the European Commission's Reference Document on Best Available Techniques for Energy Efficiency, which concerns technical requirements for energy-efficient equipment. The directive includes guidelines and requirements for continuous improvements to energy efficiency.

Our direct materials suppliers are requested to set targets and perform actions towards energy efficiency measures as part of our Sustainability Requirements.

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Policy	Objective	Scope
Code of Conduct for Business Partners	Climate change mitigation	Upstream, downstream
Position on climate action	Climate change mitigation	Own operations, upstream, downstream
Position on sustainable materials	Climate change mitigation	Own operations, upstream
Position on sustainable steel	Climate change mitigation	Own operations, upstream
Position on sustainable plastics	Climate change mitigation	Own operations, upstream
Position on chain of custody models	Climate change mitigation	Own operations, upstream, downstream
Position on carbon removal	Climate change mitigation	Own operations, upstream
Position on Energy Attribute Certificates (EACs) for electricity	Renewable energy deployment	Own operations, upstream, downstream
Sustainability Requirements	Climate change mitigation Energy efficiency Renewable energy deployment	Upstream
Climate neutral management directive	Renewable energy deployment	Own operations
Energy efficiency standard	Energy efficiency	Own operations
Energy directive	Energy efficiency	Own operations

Renewable energy deployment

Securing climate-neutral heating and electricity is critical to achieving our climate action ambitions and mitigating financial risks related to energy supply. Our Climate Neutral Management Directive defines the requirements and guidelines for energy use in our own operations.

Due to differences between renewable energy markets, the procurement of and accounting for climate-neutral and renewable electricity is determined by our Position on Energy Attribute Certificates (EACs) for electricity.

Our direct materials suppliers are requested to set targets and perform actions towards climate neutral energy sources in their own operations and upstream supply chain as part of our Sustainability Requirements.

Climate change adaptation

Climate change related risks are a key determinant when establishing new facilities and business operations. Risk and vulnerability analyses are conducted, as part of our selection procedure for suppliers and locations. Manufacturing facilities are regularly assessed, in consultation with local stakeholders and external bodies, as part of our risk management and underwriting processes.

Our actions

Transform to pure electrification
Electrified car sales

In March 2024, we reached a milestone in our electrification ambition by ceasing production of diesel-powered cars. Our growing electrified fleet, made up of fully electric and plug-in hybrid cars, accounted for 46 per cent of total sales in 2024.

Sales of fully electric cars increased by 54 per cent from 2023 to 2024. The fully electric EX30 was our best-selling fully electric model.

Energy efficiency

Average tailpipe emissions per kilometre decreased from 110 to 96 grams of CO₂ between 2023 and 2024. The average electric energy consumption of our fully electric models fell by eight Wh/km WLTP globally.

The fully electric EX30 and EX90 models, include features that increase energy efficiency. The EX90 has a highly efficient propulsion system and Torque-Vectoring Dual-Clutch that minimises energy loss. Partial climatISATION and an upgraded heat pump improve thermal efficiency.

Aerodynamic improvements have been made to reduce drag in the EX30 and EX90. The EX30 features frameless door mirrors and the EX90 has front-mounted cooling-flow shutters that optimise performance. Both models feature low-drag rims.

Energy solutions

We are focused on building, as well as supporting, integrated electric vehicle ecosystems, with products designed to enhance the user experience and accelerate the transition to sustainable energy systems. Our Volvo Cars app informs customers about the most cost-effective times to charge their vehicles, which can save costs while reducing overall electricity demand during peak hours. This smart charging feature is already available in the EX40 and EC40 in some markets and will be released more widely next year.

We plan to offer bi-directional charging capabilities in all new electric vehicle architectures starting with the EX90, to allow electricity to be transferred from cars to homes or local grids during periods of high demand. Additionally, residential home energy storage systems and bi-directional home chargers are planned to be made available in selected markets in 2025.

Minimise emissions from materials
Steel

In 2024, we sourced scrap-based EAF sheet steel in certain components for production of the EX90. This material has a significantly lower carbon foot-

print than comparable primary sheet steel produced with conventional technologies.

Our plant in Taizhou has together with one of our suppliers carried out a pilot project to produce exterior steel panels for the XC40 with higher shares of recycled content than conventionally used. These cars contain panels with 50 per cent recycled content in combination with a full-finish surface, which is higher than average for this type of application.

We have also extended our collaboration with Swedish steel firm SSAB by signing a new agreement for the supply of near zero-emissions steel used in selected components on our forthcoming,

Electrified car retail sales (k units)	2024	2023	2022
Fully electric cars (BEVs)	175	113	67
Plug-in hybrid electric cars (PHEVs)	178	153	139
Electrified car sales total (BEVs and PHEVs)	353	266	205

Electrified car retail sales (%)			2024	2023	2022
Fully electric cars (BEVs)	Global	% of sales	23	16	11
	EU-27	% of BEV sales	36	72	62
	China	% of BEV sales	3	2	2
	US	% of BEV sales	6	11	15
Plug-in hybrid electric cars (PHEVs)	Global	% of sales	23	22	23
Electrified car sales total (BEVs and PHEVs)	Global	% of sales	46	38	33

Fleet average tailpipe CO ₂ efficiency and electric energy consumption			2024	2023	2022
Tailpipe CO ₂ efficiency	Global	g CO ₂ /km WLTP	96	110	122
	EU-27	g CO ₂ /km WLTP	58	76	80
	China	L/100 km WLTP	6.29	6.49	6.29
	US	miles per gallon EPA	45	50	44
Electric energy consumption BEV	Global	Wh/km WLTP	172	180	200
	EU-27	Wh/km WLTP	172	178	195
	China	Wh/km CLTC	146	141	145
	US	Wh/miles EPA	345	366	390

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fully electric EX60 SUV, starting from 2025. Volvo Cars is the first car maker to sign a supply agreement for recycled, near zero-emissions steel for serial production deliveries.

Aluminium

To address the carbon footprint of primary aluminium, we are working with our suppliers to utilise aluminium produced with renewable electricity in the alumina smelting process, which is typically the most emissions-intensive stage in aluminium production. We request component suppliers to source aluminium from smelters that meet our sustainability-related requirements. To qualify as approved smelters, at least 90 per cent of the electricity used for processing must come from renewable sources. Smelters are required to provide carbon footprint calculations, audited by a third party, and be certified by the Aluminium Stewardship Initiative against their Performance Standard and Chain of Custody Standard. The carbon footprint of the aluminium ingots produced by smelters on our approved list are 50 to 75 per cent lower than the global average.

Carbon footprint reports

In order to provide transparency for our customers, employees, investors and other stakeholders, we publish carbon footprint reports for all globally available new fully electric models. In 2024, we published carbon footprint reports for the EX30 and EX90.

The EX30 has the lowest carbon footprint of any of our fully electric cars to date. CO₂ emissions over a lifetime driving distance of 200,000 kilometres are between 23 and 28 tonnes depending on battery size, when charged with the European electricity mix.

The EX90 study underpins the environmental benefits of battery electric vehicles over their lifetime, compared to those powered by internal combustion engines. The total carbon footprint of the EX90 is approximately 50 per cent lower than the XC90 MHEV and 20 per cent lower than the XC90 PHEV, when charged with the European electricity mix.

Supplier engagement

We aim to reduce the climate impact across our value chain by working with our directly contracted suppliers. An estimated 17 per cent of directly contracted suppliers, who have completed our environmental assessment, used only climate neutral energy in 2023. The total share of climate neutral energy at our directly contracted suppliers increased from 21 to 53 per cent year over year, with 2023 as most recent reporting year.

Minimise operational emissions
Own operations

In 2024, measures were taken to replace fossil fuel consumption with climate neutral energy in our own operations. These included:

- Using biogas for heating at our Taizhou plant to secure a complete climate neutral energy portfolio. The transition from natural gas reduced annual CO₂ emissions by more than 7,000 tonnes.
- Installing solar panels at our Chengdu plant, with an annual capacity of approximately 2.1 GWh.
- Securing 100 per cent climate neutral electricity across our global network of manufacturing facilities.

In 2024, 78 per cent of the energy consumed in our own operations was climate neutral, up from 74 per cent in 2023. Solar panels were installed at multiple sites, and we continue to invest in energy optimisation technology to reduce consumption at our facilities.

The growing risk of energy grid shortages emphasises the importance of energy efficiency efforts in our own operations. To limit the impact of energy price fluctuations, we conduct electricity hedging.

Employee commuting

Increasing numbers of fully electric and plug-in hybrid cars are leased to our employees, driving down tailpipe emissions. Additionally, we also prioritise alternative low-emission commuting options such as cycling and public transit when evaluating potential workplace locations.

Transportation and distribution

We aim to further reduce emissions from logistics by optimising freight routes, using clean fuels and streamlining our supply chains. In 2024, we reduced air freight by 27 per cent, in comparison with the previous year. All inbound intercontinental sea transportation used renewable biofuel, which reduces emissions by 84 per cent per container, compared to conventional bunkering. In 2024, we also expanded our biofuel efforts by contracting one of our outbound carriers to use biofuel in their operations. The fuel has International Sustainability and Carbon Certification and contains no feedstock streams from the palm oil industry.

Retail partners

We are collaborating with our retail partners to reduce emissions. In addition to encouraging climate neutral electricity use at their premises, through an on-site solar array for example, we also support retailers in minimising waste and reducing consumption of energy and water. Trainings, guidelines, and best practices are shared through our global retail sustainability programme.

Business travel

We are building a network of recommended travel companies to help our employees make sustainable choices on business trips. By highlighting emissions in internal applications and booking tools, employees are better equipped to prioritise low-emissions travel. We also seek to reduce travel emissions by replacing flights with rail travel, where possible.

Climate change adaptation

In 2024, we began construction of a new dam gate close to our facility in Olofström, Sweden. The gate, which will be completed in 2025, reduces flood risks by redirecting water away from the site.

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Overview

The table below illustrates actions taken in 2024, as well as measures planned for implementation by 2030, in three strategic areas as well as climate adaptation.

Climate change mitigation and adaptation actions

Strategic pillar	Decarbonisation lever	Scope	Implemented in 2024	Planned by 2030 (non-exhaustive list)
Transform to pure electrification	Energy efficiency	Downstream	- Improved thermal efficiency, reduced energy loss in EX90 - Aerodynamic improvements in the EX30 and EX90	- Improve efficiency of converting battery energy into vehicle motion - Improve energy efficiency of climate systems
	Electrified cars	Upstream Own operations Downstream	- Ceased production of diesel-powered cars - Commenced production of the fully electric EX90	Offer a complete line-up of fully electric cars
	Charging and energy management	Downstream	Smart charging for the EX40 and EC40 in some markets	- Offer smart charging for other fully electric models - Introduce bi-directional charging, with vehicle-to-home to vehicle-to-grid functionalities - Introduce residential energy storage solutions
Minimise emissions from materials	Use of recycled content	Upstream Own operations Upstream	- Scrap-based EAF sheet steel in the EX90 at our Charleston plant - Pilot to produce XC40 exterior steel panels with higher scrap share than conventional for BF-BOF steel - Signed supply agreement with SSAB for near zero-emissions steel in the forthcoming EX60	To be at the forefront of the transition to more sustainable steel in Europe through the collaboration with SSAB
	Low and near-zero emission primary materials	Upstream	Worked with suppliers to utilise aluminium produced with renewable electricity in components planned to enter production in 2025	- Expand use of aluminium produced with renewable energy in the alumina smelting process in production - Use near-zero emission primary steel and aluminium in production cars
	Climate neutral energy	Upstream	53% climate neutral energy at directly contracted supplier sites (who have completed our environmental assessment)	Use renewable electricity in battery production processes
Minimise operational emissions	Energy efficiency	Own operations	- Built pre-treatment facility at our Torslanda plant - Introduced energy reduction programs at non-production sites	Optimise energy use during production
	Increase recyclability and reduce waste	Upstream Own operations Downstream	- Launched closed-loop automotive steel collaboration with suppliers in APAC region - Internal reuse of items such as construction material, engineering test equipment and manufacturing objects	Expand the scope of reuse across the organisation and our different locations
	Electrification and fuel switch	Upstream Own operations Downstream	- Introduced biogas heating at our Taizhou plant, making it our first climate neutral plant in China - Biofuel in inbound and outbound intercontinental sea transport	Expand use of biofuels in our logistics operations
	Climate neutral energy	Own operations Downstream	- Installed solar panels at our Chengdu plant - Encouraged retailers to use climate-neutral electricity	- Install second batch of solar panels at our Chengdu plant - Increase locally sourced energy supplies - Expand Power Purchase Agreements for climate neutral energy

Area	Type of adaptation	Scope	Implemented in 2024
Climate change adaptation	Engineering solutions	Own operations	Began construction of a dam gate in Olofström

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Our ambitions

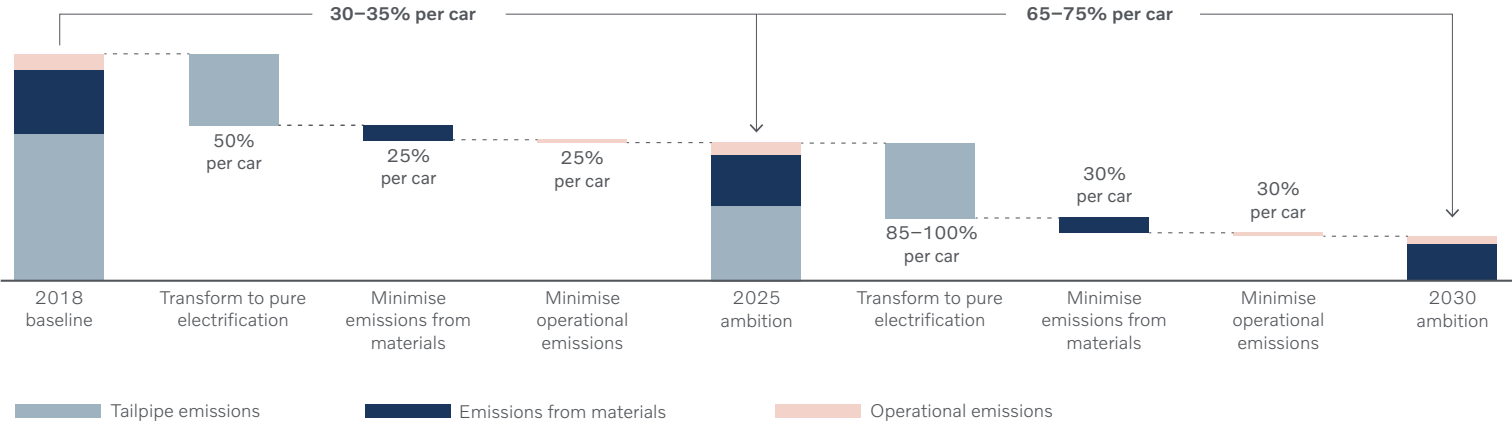
Emission reductions

We aim to reach net zero greenhouse gas emissions throughout our value chain by 2040.

Our strategy is supported by three key drivers: Transform to pure electrification, Minimise emissions from materials and Minimise operational emissions.

Emissions in the downstream value chain are our largest source of greenhouse gas emissions. Our most impactful action is to transition from producing internal combustion engine to battery electric cars. We aim to cut tailpipe emissions by 50 per cent per car by 2025, and between 85 and 100 per cent by 2030, in comparison with our 2018 baseline. In addition, the Science Based Targets initiative (SBTi) has verified our target to reduce driving emissions (emissions in the category Use of sold products) per vehicle kilometre by 52 per cent between 2019 and 2030.

CO₂ REDUCTION AMBITIONS – TONNES CO₂ PER CAR



GHG EMISSION REDUCTION AMBITIONS

Strategic pillar	Ambition	Type	GHG emission scope coverage (share of baseline)			External assurance	Unit	Base year	Base year (t CO ₂)	Reduction ambition			Progress		
			Scope 1	Scope 2	Scope 3					2040	2030	2025	2024	2023	2022
Reach net zero greenhouse gas emissions	Reduce CO ₂ emissions across the value chain	Absolute	100%	100% Market-based	100%	—	Per cent	2018	42,589,000	90%	—	—	4%	0%	11%
Reduce CO ₂ emissions per manufactured car		Intensity	100%	100% Market-based	86%	—	Per cent	2018	36,724,000	—	65–75%	30–35%	26%	21%	15%
Transform to pure electrification	Reduce tailpipe emissions per manufactured car	Intensity	0%	0%	56%	—	Per cent	2018	23,785,000	—	85–100%	50%	46%	39%	32%
Minimise emissions from materials	Reduce emissions from materials per manufactured car	Intensity	0%	0%	25%	—	Per cent	2018	10,435,000	—	30%	25%	–21%	–20%	–20%
Minimise operational emissions	Reduce operational emissions per manufactured car	Intensity	100%	100% Market-based	6%	—	Per cent	2018	2,504,000	—	30%	25%	24%	22%	5%
Science Based Targets initiative	Reduce absolute Scope 1 and 2 emissions	Absolute	100%	100% Market-based	0%	Validated by SBTi as 1.5°C aligned	Per cent	2019	253,000	—	60%	—	74%	68%	54%
	Reduce Scope 3 emissions from Use of sold products	Intensity	0%	0%	69%	Validated by SBTi but not classified	Per cent per vehicle kilometre	2019	30,694,000	—	52%	—	26%	22%	17%

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We intend for electrified models to account for 50 to 60 per cent of our global sales by 2025, increasing to between 90 and 100 per cent by 2030. This is in line with the pace required for cars and vans to achieve the goals of the Paris Agreement.

We aim to reduce CO₂ emissions from materials and operations by 25 per cent per car by 2025 and by 30 per cent by 2030, from a 2018 baseline.

Combined, we aim to reduce CO₂ per car by 30 to 35 per cent by 2025 and 65 to 75 per cent by 2030, in comparison with our 2018 baseline. This ambition covers all our emissions except for the well-to-tank emissions from Use of sold products.

We have both absolute and intensity based ambitions for climate action. Our Scope 1 and 2 SBTi target as well as our ambition to reach net zero greenhouse gas emissions are absolute based. Our 2025 and 2030 corporate ambitions for tailpipe, materials, operational and our Scope 3 SBTi target are intensity based.

Our 2025 and 2030 emission reduction ambitions are gross ambitions, meaning that we will not use carbon removal to achieve these. In reaching our 2040 net-zero ambition, we intend to use carbon removal to neutralise residual emissions that are impossible to eliminate for technical, market or legal reasons.

Progress in 2024
Reach net zero greenhouse gas emissions

In 2024, total greenhouse gas emissions decreased by four per cent, compared to our 2018 baseline.

GHG intensity per revenue (t CO ₂ /SEKm)	2024	2023	2022
Total GHG emissions (location-based) per revenue	103	107	115
Total GHG emissions (market-based) per revenue	102	107	115

Reduce CO₂ emissions per car

CO₂ emissions decreased by 26 per cent per car in 2024, in comparison with our 2018 baseline. Our progress is mainly driven by reductions in tailpipe emissions (through electrification) and operational emissions, at 46 and 24 per cent respectively compared to the 2018 baseline, while emissions from materials remain above the 2018 baseline.

We aim to reduce the emissions from materials by introducing low-emission aluminium and reducing the carbon footprint of our battery cells and modules in collaboration with our suppliers. We expect these efforts to yield results in 2025, as improved components enter production. However, these actions will not reduce emissions from materials all the way to our ambition of 25 per cent reduction compared to our 2018 baseline, as the actions do not counterbalance the increase in emissions coming mainly from the batteries in our fully electric models.

The Science Based Targets initiative

Our Scope 1 and 2 SBTi target for 2030 was achieved already in 2023, and the status was maintained in 2024. Scope 1 and 2 CO₂ emissions were 74 per cent below our 2019 baseline in 2024, compared to the target level of below 60 per cent by 2030.

Scope 3 emissions from Use of sold products were reduced by 26 per cent per vehicle kilometre, compared with our 2019 baseline. The SBTi target is a 52 per cent emissions reduction by 2030.



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Gross Scopes 1, 2, 3 and Total GHG emissions

Total greenhouse gas emissions amounted to 41 million tonnes of CO₂ in 2024, compared with 43 million tonnes in 2023. This is mainly driven by reduced emissions from Use of sold products, due to a higher share of fully electric cars in 2024. Scope 1 and 2 emissions decreased year over year due to a increased share of climate neutral energy in our own operations. Emissions from franchises decreased 15 per cent year over year, mainly driven by a higher share of renewable electricity consumption. 99.8 per cent of total emissions are in Scope 3, and 0.2 per cent in Scope 1 and 2.

GREENHOUSE GAS INVENTORY (TONNES CO ₂)	Base year ¹⁾				
	2024	2023	2022	2019	2018
Scope 1 GHG emissions					
Gross Scope 1 GHG emissions	59,000	73,000	74,000	110,000	111,000
Scope 1 GHG emissions from regulated emission trading schemes, %	23%	20%	19%	—	—
Scope 2 GHG emissions					
Gross location-based Scope 2 GHG emissions	167,000	195,000	229,000	262,000	252,000
Gross market-based Scope 2 GHG emissions	6,000	9,000	42,000	143,000	131,000
Significant Scope 3 GHG emissions					
Total gross indirect (Scope 3) GHG emissions	40,827,000	42,595,000	37,824,000	44,278,000	42,347,000
Purchased goods and services	14,363,000	14,304,000	12,113,000	11,327,000	10,435,000
Upstream transportation and distribution	1,129,000	1,101,000	1,177,000	920,000	947,000
Waste generated in operations	5,000	16,000	7,000	8,000	9,000
Business travel	61,000	62,000	33,000	75,000	100,000
Employee commuting	46,000	47,000	47,000	70,000	70,000
Upstream leased assets	—	—	—	14,000	—
Downstream transportation	—	—	—	—	—
Use of sold products	24,390,000	26,135,000	23,541,000	30,694,000	29,650,000
End-of-life treatment of sold products	444,000	472,000	402,000	419,000	385,000
Downstream leased assets	4,000	4,000	4,000	4,000	4,000
Franchises	385,000	454,000	500,000	747,000	747,000
Total GHG emissions					
Total GHG emissions (location-based)	41,053,000	42,863,000	38,127,000	44,650,000	42,710,000
Total GHG emissions (market-based)	40,892,000	42,677,000	37,940,000	44,531,000	42,589,000

1) 2018 is the base year for all corporate targets, 2019 is the base year for SBTi.

DISAGGREGATION OF USE OF SOLD PRODUCTS (TONNES CO ₂)	Base year				
	2024	2023	2022	2019	2018
Use of sold products	24,390,000	26,135,000	23,541,000	30,694,000	29,650,000
Production and distribution of fuel and electricity (well-to-tank)	9,860,000	9,323,000	7,702,000	6,349,000	5,865,000
Combustion of fuel (tank-to-wheel or tailpipe emissions)	14,530,000	16,812,000	15,839,000	24,345,000	23,785,000

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Climate-related ambitions

Climate-related ambitions act as important drivers that guide our greenhouse gas emissions ambi- tions. We aim to use only climate-neutral energy in our own operations in 2025 and further reduce the average energy consumption per manufactured car.

Progress in 2024

In 2024, 78 per cent of the energy consumed in our own operations was climate neutral, an increase of four percentage points compared to 2023. The energy consumption per car in our own operations increased by 0.2 MWh year over year, a four per cent reduction from our 2018 baseline. As we prepare our factories to ramp up the pro- duction of electric cars, new equipment needs to be installed. This leads to a temporary increase in energy consumption per car. Therefore, the reduc- tion from the 2018 baseline is less this year com- pared to previous years.

Energy consumption and mix

The total energy consumption in own operations decreased by 78,000 MWh between 2023 and 2024, mainly due to lower production volumes in our factories. The share of renewable energy increased from 60 to 64 per cent, while the share of non-renewable energy decreased from 40 to 36 per cent year over year.

All our manufacturing facilities consume only renewable electricity.

CLIMATE-RELATED AMBITIONS

Strategic pillar	Ambition	Type	Unit	Base year	Base year value	Ambition		Progress		
						2030	2025	2024	2023	2022
Transform to pure electrification	Electrified car sales (BEVs and PHEVs)	Intensity	Per cent	—	—	90–100%	50–60%	46%	38%	33%
Minimise operational emissions	Climate neutral energy in own operations ¹⁾	Absolute	Per cent	—	—	—	100%	78%	74%	69%
	Energy consumption reduction per manufactured car in own operations	Intensity	Per cent	2018	—	40%	—	4%	14%	9%
	Energy consumption per manufactured car in own operations	—	MWh	2018	2.0	1.2	—	1.9	1.7	1.8

1) We define a plant or facility as having climate neutral energy (Scope 1 and 2) if the electricity, heating, cooling, and compressed air it consumes causes no net increase in emissions of greenhouse gases.

Energy consumption and mix in own operations (MWh)	2024	2023	2022
Fuel consumption from coal and coal products	—	—	—
Fuel consumption from crude oil and petroleum products	12,000	11,000	13,000
Fuel consumption from natural gas	259,000	326,000	330,000
Fuel consumption from other fossil sources	—	—	—
Consumption of purchased or acquired electricity, heat, steam and cooling from fossil sources	187,000	202,000	232,000
Total fossil energy consumption	458,000	539,000	575,000
Share of fossil sources in total energy consumption	36%	40%	45%
Consumption from nuclear sources	—	—	8,000
Share of nuclear sources in total energy consumption	0%	0%	1%
Total non-renewable energy consumption (fossil and nuclear)	458,000	539,000	583,000
Fuel consumption from renewable sources ¹⁾	77,000	67,000	58,000
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources	744,000	751,000	642,000
Consumption of self-generated non-fuel renewable energy	2,000	2,000	1,000
Total renewable energy consumption	823,000	820,000	701,000
Share of renewable sources in total energy consumption	64%	60%	55%
Total energy consumption	1,281,000	1,359,000	1,284,000

Energy production (MWh)	2024	2023	2022
Non-renewable energy production	—	—	—
Renewable energy production	3,000	2,000	2,000

Energy intensity per revenue (MWh/SEKm)	2024	2023	2022
Total energy consumption from activities in high climate impact sectors per revenue	3.2	3.4	3.9

1) Including biomass, industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.

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Capabilities for climate action

Integrating CO₂ into product development and sourcing

To help us reach our climate ambitions, we need enhanced visibility of CO₂ data across the complete product development cycle from concept phase to end-of-life. By integrating emissions data into our cost performance steering model, we assess sustainability and economic factors in our product development and sourcing processes. CO₂ emission targets are set on future car programs and cascaded down to individual components early in the design process. Evaluating the impact on emissions and recycled content of each component, coupled with systematic data collection, helps us achieve our reduction targets.

Internal carbon pricing

In 2021, we assigned an internal carbon price to further accelerate our carbon footprint reduction. Based on the projected cost of direct air carbon capture and storage, we set a cost of SEK 1,000 per tonne of CO₂. Internal carbon pricing is applied to all aspects of our operations, with a primary focus on product-related decisions. The price can be a shadow or implicit price, and applied to fixed, variable and material costs.

Methodology, assumptions and emission factors

Greenhouse gas inventory

Emissions consolidation approach

We follow the Greenhouse Gas Protocol Corporate and Corporate Value Chain Accounting and Reporting Standards in consolidating emissions and apply the financial control approach to setting organisational boundaries.

Scope 1 and 2 greenhouse gas emissions

These include emissions from facilities and vehicles that we own or lease. Emissions are calculated using actual activity data such as energy use, purchased energy, and fuel consumption. These are multiplied by emission factors from the UK Department for Environment, Food and Rural Affairs (DEFRA), the International Energy Agency (IEA) or suppliers. Historical or normalised average data is used in place of missing information, where required. Operating leases are included in Scope 1 and 2 emission data, following the consolidation approach and principles for financial reporting.

Scope 3 greenhouse gas emissions

Purchased goods and services emission factors from Sphera, a lifecycle emissions database, are applied to average material composition data. Calculating emissions from non-vehicle related categories takes a spend-based approach, with emission factors from the Canadian Environmentally Extended Input-Output lifecycle assessment model. Non-vehicle related emissions comprise approximately two per cent of the emissions in this category.

Transportation and distribution emissions are calculated with activity data from inbound materials, outbound finished vehicles, and parts supply logistics. Emission factors are derived from the Network for Transport Measures or supplier-specific factors for biofuels. Biofuels for inbound and outbound sea transportation are purchased from ocean carriers and accounted for via a book and claim approach.

Waste generated in operations is calculated according to volume, waste type and treatment method. Emission factors from Sphera are used for the following processing categories: incineration with energy recovery, incineration without energy recovery, recycling and landfill. Transporta-

tion to waste treatment facilities is calculated with an assumed distance of 1,500 kilometres.

Business travel emissions from air travel are calculated from actual flight distances with emission factors from the Network for Transport Measures, including a radiative forcing factor. Emissions from other forms of business travel are calculated using a spend-based approach and market-specific emission factors from publicly available sources.

Employee commuting emissions are based on a Swedish simulation study of 27,000 employees, conducted in 2022, according to mode of transport.

Use of sold products vehicle emissions are estimated over a lifetime driving distance of 200,000 kilometres. Data from the Worldwide Harmonized Light Vehicle Test Procedure (WLTP) is used for vehicles sold in EU countries and the UK. Models that are not WLTP certified are matched with the closest certified model, using a rule-based, automated method.

Emissions from the production and distribution of electricity used for vehicle charging are calculated with the IEAs global electricity emission factor for 2018. Emissions from the production and distribution of fuel used in internal combustion engines is calculated with emission factors for diesel and petrol. These upstream emissions are considered well-to-tank.

End-of-life treatment of sold products apply emission factors from the carbon footprint report of the C40 Recharge. Material composition is calculated using the average material composition per propulsion type and the global manufactured Volvo Cars vehicles.

Downstream leased assets are calculated from 2021 electricity and fuel use data from our warehouses serviced by our third-party logistics suppliers with emission factors from databases including the Network for Transport Measures, US Environmental Protection Agency and Ecoinvent.

Franchises include the emissions from our global retailer network. Activity data from 86 per cent of our retailers is collected in our Facility Environmental Sustainability Tool and extrapolated to the rest of the network. Annual emissions data from retailers is published one year after the relevant reporting period.

Climate action KPIs

Reduce CO₂ emissions per car and the SBTi target Scope 3 Use of sold products are calculated using the annual produced volumes of Volvo Cars branded cars.

Energy consumption reduction per car in own operations is calculated using cars manufactured by Volvo Cars. Manufactured cars includes manufacturing of other brands, and excludes Volvo Car models manufactured by third party. When manufacturing plants have been added or removed, the baseline number (2018) have been adjusted accordingly.

Energy consumption and mix

Due to the lack of grid and residual mix disaggregation, all grid-sourced electricity has been categorised as produced from fossil sources unless accounted for by EACs.

Revenue intensity metrics

Energy intensity per revenue is calculated from total energy consumption, divided by total revenue, as reported in the consolidated income statement. The Volvo Car Group is classified as operating in high climate impact sectors, including manufacturing, sale of motor vehicles, sale of spare parts and accessories as well as maintenance and repair of motor vehicles. See Note 2 Revenue in the consolidated statement for information on revenue allocated by category.

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Greenhouse gas emissions intensity per revenue is based on total emissions, divided by total revenue, as reported in the consolidated income statement. See Note 2 Revenue in the consolidated statement for information on revenue allocated by category.

Definitions

CO₂: CO₂, carbon, and carbon dioxide refer to, and are used interchangeably with, CO₂ equivalents (CO₂e), unless otherwise stated.

Tailpipe emissions: Tailpipe emissions include the sub category Combustion of fuel within the Scope 3 category Use of sold products.

Emissions from materials: Emissions from materials include the Scope 3 category Purchased goods and services.

Operational emissions: Operational emissions include all Scope 1, 2, and 3 categories in our greenhouse gas inventory except for the categories Purchased goods and services and Use of sold products.

Climate neutral energy: We define climate neutral energy as electricity, heating, cooling, and compressed air that causes no net increase in emissions of greenhouse gases in Scope 1 or 2.

Baseline: The boundaries of our GHG emission reduction ambitions are consistent with the organisational and operational boundaries established in our greenhouse gas inventory. The base year is deemed representative as the number of produced cars is the main driver of GHG emissions, and the production volume fluctuated less than 10 per cent the three years following the baseline year.



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Pollution

Pollution is defined as the emission of potentially damaging substances into air, water or soil, as a result of human activity. Pollutants may be harmful to health and the environment, result in damage to property or impair and interfere with amenities or other legitimate uses of the environment.

Our long-term ambition is to strive towards eliminating pollution in the value chain.

We recognise that our supply chain is the primary source of impact from our business, followed by use-phase emissions. In comparative terms, the company’s own operations generate the least pollution in our value chain. Our future work will focus on minimising pollution with particular focus to tackle substances of concern in product and process. Higher insight of pollution impact across our value chain will further inform our improvement work and highlight additional areas of focus.

In assessing our impacts, we have also found that initiatives we have put in place to tackle climate, circular and water issues will also be beneficial to reduce our pollution footprint both up- and downstream.

From conclusions derived in our biodiversity assessment we recognise pollution, especially that of terrestrial acidification in supply chain and use phase as well as terrestrial ecotoxicity in our supply chain to be of major importance. For more information, see page 175.

Pollution of air, water and soil

Impacts, risks and opportunities

The majority of emissions into air, water and soil occur in our supply chain, primarily due to the extraction of raw materials and component manufacturing. Significant pollution is also caused in the use phase, from exhaust, tyres and brakes. Manufacturing facilities and cars may contribute to noise pollution.

Non-greenhouse gas pollutants, such as non-methane volatile organic compounds (NMVOC), are emitted mainly in our production processes.

Our policies

In our own operations, we adhere to local legislations and are guided by global policies to identify, avoid and mitigate pollution related risks as well as to ensure proper corrective action if a pollution incident were to occur. Our policies also aim to ensure the safe handling of chemical products, that we minimise their use, and use less hazardous products. All of our manufacturing facilities have local environmental permits.

We periodically review the efficiency of our policies through internal auditing.

Our Code of Conduct for Business Partners promotes environmental impact reductions throughout the value chain. This policy includes, but is not limited to, air quality control, and emissions management

Our actions

We aim to continuously reduce our pollution footprint through a focus on improved data collection, product development and procurement processes. This will contribute to our Biodiversity ambition to make a net positive impact throughout our value chain and contribute towards a nature positive future.

An example of our work relates to our paint shops. Automotive paint shops are regulated, as they emit non-methane volatile organic compounds. In our plant in Chengdu, we have taken proactive steps to minimise NMVOC by introducing low-NMVOC content paints, upgrading the paint shop by converting the wet spray booth to a dry spray booth as well as improving the NMVOC treatment.

Our directly contracted suppliers shall be aware of their impact and work proactively to avoid and reduce their pollution to air, water and soil. As we gather more information about pollution in our supply chain, we will update our requirements. The sustainability assessment questionnaires, which our suppliers are required to complete, are used to assess their sustainability performance. For more information, see page 198.

All large construction projects should fulfil Leadership in Energy and Environmental Design (LEED) level Gold. Over the years we have certified several buildings including our plant in Charleston. In 2024 we certified our first Climatic Wind tunnel according to the latest LEED version 4. Currently we have several projects globally undergoing LEED certification, such as our new plant in Košice, as well as several industrial and office buildings globally.

By using LEED we are working to reduce pollution in construction processes by identifying risks and implementing mitigation measures.

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Substances of Concern and Substances of Very High Concern

Impacts, risks and opportunities

Our products contain, and our production processes make use of, Substances of Concern (SoC) and Substances of Very High Concern (SVHC). A risk-based approach is taken to mitigate their impact in production and end-of-life treatment.

Our policies

For over thirty years, we have sought to minimise SoC and SVHC in our products and developed the Restricted Substance Management Standard to regulate their use. We are co-founders of the Global Automotive Declarable Substance List that promotes harmonisation and transparency in substance management throughout our industry.

We use chemical management systems to track their use, from product development and manufacturing processes to the products. We have also established procedures for SoC and SVHC handling and risk management.

By researching and monitoring alternate solutions, we aim to minimise the use of SoC and SVHC. Our policies are reviewed and continuously updated to ensure SoC and SVHC are only used if no suitable alternatives are available.

Volvo Cars uses proprietary Restricted Substance Management Standard (RSMS) as a requirement towards our suppliers. Updated policies and plans to reduce SoC and SVHC are regularly communicated throughout our supply chain. This standard also requires suppliers to report, which enables the tracking and assessment of all components supplied to us.

Our Code of Conduct for Business Partners promotes the safe management of chemicals used in operations and products throughout the value chain.

Our actions

Volvo Cars regularly engages with our suppliers on SoC and SVHC, relating to pollution prevention and further reducing the use of SoC and SVHC in future products and production processes, as per the EU Taxonomy Regulation, as well as upcoming PFAS requirements worldwide.



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Water

Responsible water management is fundamental due to our dependency on water for the safety of both people and the planet. Water risk is a major and growing challenge that affects global value chains, business, social resilience and sustainable development.

We recognise water stewardship as a collective responsibility that must ensure equitable access for all users in shared water basins and base our stewardship on reducing water withdrawal and consumption, improving water use efficiency and water quality.

Impacts, risks and opportunities

Based on double materiality assessment we have concluded that our impact and dependency primarily concern freshwater. As water is a vital resource throughout our value chain, we identify risks of negative environmental and financial impact.

Reduction and efficiency of use

The majority of freshwater consumption occurs in our supply chain, followed by downstream value chain. Volvo Cars’ own operations account for approximately one per cent of total value chain consumption. Primary materials consume significantly more water than recycled materials due to the resource intensive activities involved in mining and other forms of extraction. For example, the water consumption of recycled aluminium is 80 per cent less. The greatest risks occur due to

water withdrawal in areas experiencing water stress or high-volume withdrawal from a limited area.

In addition to our own operations, water is critical to our direct and indirect suppliers, with mineral extraction, smelting and component manufacturing especially dependent. Our risk assessments indicate that 34 per cent of our directly contracted suppliers operate in areas of high or extremely high water stress. Supply shortages in these areas could cause severe disruption to their activities and our production schedules.

Water quality

Volvo Cars’ pollution impact on water is found mainly within the upstream value chain through the discharge of polluted water. This impact can occur during processes such as extraction of raw materials, and the pollution can be related to both quality and temperature of water.

Our policies

Water is a material topic and an integral part of our sustainable development strategy under the Circular Economy pillar. In addition, it is also addressed in our Code of Conduct for Business Partners and

the company’s position paper on water management. We seek to reduce water consumption and withdrawal, pursue efficiency initiatives and maintain water quality throughout our value chain.

Reduction and efficiency

Reducing water withdrawal and consumption is one of the policies we are implementing to limit environmental impact throughout our value chain. We have ambitions, roadmaps and guidelines for our own operations on how to measure, report and reduce water withdrawal. We are committed to improving efficiency and resource management and take action in areas experiencing water stress. We aim to reduce withdrawal of freshwater by implementing reuse and recycling initiatives, where appropriate.

We set water consumption management expectations in our Code of Conduct for Business Partners as a means of raising efficiency. This enables us to manage financial risks associated with potential water shortages and their effect on production. As steel production is a major cause of water consumption in our supply chain, our position paper on sustainable steel outlines the company’s long-term strategy to reduce its impact on local communities and water sources.

Water quality

Our Code of Conduct for Business Partners also communicates our expectations on business partners to reduce the environmental impact on water quality. Our position paper on water management outlines our aims to acquire more knowledge and place specific attention on pollution to water in our value chain.

Policy	Scope
Code of Conduct for Business Partners	Upstream and downstream
Position on water management	Own operations, upstream and downstream
Position on sustainable steel	Own operations, upstream and downstream
Water Management Directive	Own operations

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Our actions

Pursuing effective actions requires expanding the assessment of water use throughout our value chain. In 2024, we received a B rating from the CDP after completing their voluntary water reporting for the third time. We are also part of the ResponsibleSteel initiative, which offers a global standard and certification programme for more sustainable steel production, with specific requirements for water stewardship.

Reduction and efficiency of use

We have mapped all the locations of our own sites in relation to water stressed areas. According to our analysis using WRI Aqueduct around 30 per cent are located in areas of high or extremely high water stress. A roadmap of planned actions to achieve our 2030 water reduction ambition has been created to ensure the reduction of freshwater withdrawal and the efficient use of water, including in water-stressed areas. The planned activities include improved leakage control, recirculation systems and investment in equipment. Continuous water efficiency improvements have been carried out at our plants globally, e.g. using recycled wastewater to replace tap water as process water in cooling tower systems. For example, our Chengdu facility, in China, carried out a project to collect and utilise stormwater. In 2023, a new pre-treatment and wastewater treatment plant was installed at our Torslanda facility in Sweden. We monitor water consumption and withdrawal patterns at all sites and achieve our ambitions through three main action categories: reduce, reuse and recycle. In line with global guidelines, we will continue to update water management requirements for our suppliers.

In order to gain better knowledge of our indirect impact on water we mapped a selection of our directly-contracted suppliers in water-stressed areas during the year. We also requested these suppliers to participate in a survey on water. The results will enable us to better understand the challenges our suppliers face and how they are working with water management today. The data received will be used to ensure that requirements are set and to establish action plans that improve water management.

An insights study was conducted amongst retailers in seven markets globally for more in-depth knowledge about water use during mid-2024. The findings are being used to guide specific ambitions and priorities within this field for rollout in 2025. Additionally, we continuously support their improvement efforts by providing guidance on water management initiatives, including rainwater harvesting, filtration, recycling, and water-saving equipment. We also promote efficient water management amongst our employees, stakeholders and customers through internal and external communication.

Water quality

Through our Sustainability Requirements, we require our suppliers to measure and monitor the quantity and quality of the water they discharge. Additionally, we continue to investigate water management practices in our supply chain to better understand the impact on water quality from discharge occurring at supplier sites.

Our ambitions

Reduction and efficiency of use

We are committed to enhancing the efficiency of water use in our own operations. For this purpose, for several years, we had an internal ambition to reduce our per-car withdrawal of water within our manufacturing operations towards 2025. In 2023, we increased the scope of our ambition and set a new corporate level ambition to decrease freshwater withdrawal in our own operations by 50 per cent between 2018 and 2030. As a part of reaching this ambition we are striving to increase the amount of internal reusing and recycling of water and, where appropriate, use non-potable water as an alternative source.

Through a survey performed during 2024, where a selection of our directly contracted suppliers was invited, we requested information on water withdrawal, consumption and discharge. Within the next two years, we aim to expand the reporting process and set additional requirements. Our ambitions to increase the recycled content in our products effectively reduce the need of water withdrawal in the value chains of these materials. For more information, see page 184.

For our retail network we have the ambition that our business partners should reduce water withdrawal and increase water reuse and recycling. Recommendations for this are available within our Retail Sustainability framework. In order to set specific ambitions and priorities, we carried out a retailer study at retailers across a variety of markets for more in-depth knowledge about the status, opportunities, and challenges on water management and circularity in 2024.

Progress in 2024

The water withdrawn per manufactured car in our own operations increased by 0.2 m³ over the year. This is due to production in factories where optimal water consumption hasn’t been reached in combination with a lower total production volume.

Water quality

In order to mitigate the water quality impact that occurs within our upstream value chain, we are actively exploring the establishment of target setting requirements. We also have ongoing research into supply-chain water pollution. By understanding the sources and effects of water pollution in our supply chain, we aim to implement effective measures that will not only enhance water quality but also contribute to the overall sustainability of our operations.

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Water, m³	2024	2023	2022
Total water withdrawn ¹⁾	2,024,000	2,250,000	2,073,000
Total water withdrawn per manufactured car ²⁾ , m³/car	3.0	2.8	2.9
Total water discharge ³⁾	1,162,000	1,370,000	1,356,000
Total water consumption	862,000	880,000	717,000
Water withdrawal reduction per car in own operations ^{2,4)} , %	20	25	22
Water consumption per revenue, m³/SEKm	2.2	2.2	2.2
Water consumption and withdrawal in water-stressed areas ^{5,6)} , own operations			
Megaliters of water withdrawn in areas with high or extremely high baseline water stress	687	489	523
Share of water withdrawn in areas with high or extremely high baseline water stress, %	34	23	26
Megaliters of water consumed in areas with high or extremely high baseline water stress	225	117	137
Share of water consumed in areas with high or extremely high baseline water stress, %	26	13	19

1) Mainly from third party.
2) Manufactured cars includes manufacturing of other brands, and excludes Volvo car models manufactured by third party.
3) Excluding sites where legal permits do not require the measurement of water discharge.
4) Baseline 2018–3.8 m³/car
5) According to WRI Aqueduct water risk atlas tool.
6) The increase in water consumption and withdrawal in water-stressed areas is due to a methodological update, where new data has led to the inclusion of another facility within WRI’s water-stressed areas.

Definitions and methodology

Baseline water stress: The World Resources Institute’s Aqueduct “Baseline Water Stress” measures the ratio of total surface and groundwater withdrawals to available renewable water. This indicator is based on model outputs from PCR-GLOBWB 2 to compute average monthly values, for the period 1960–2014, then to produce regression values for the year 2014 (baseline). Note that, although this indicator is called “water stress,” it does not explicitly take into account environmental flow requirements, water quality, or access to water.

Water consumption: We determine overall consumption by calculating the difference between total water withdrawn and total discharged.

Water data: Our data is collected from invoices and/or meters, or estimated, if actual activity data is not available. We combine the data with risk assessment results to analyse consumption trends in areas of high or extremely high water stress.



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Biodiversity and ecosystems

A high variety of genes, species and ecosystems is vital to maintaining healthy nature. Human societies benefit directly and indirectly from nature including the use of natural resources and from ecosystem services such as clean air and water. At Volvo Cars, we recognise that biodiversity and healthy ecosystems are crucial not only for the environment but also for our business sustainability.

Rapid population growth, rising consumption of resources and widespread land-use change exert significant pressure on ecosystems that lead to decreases in biodiversity. Global action is now required to halt and reverse biodiversity loss and put nature on a path to recovery for the benefit of people and planet as stated in the mission of the Kunming-Montreal Global Biodiversity Framework.

Impacts, risks and opportunities

Materiality analysis and impact assessment of our own operations acknowledge the environmental and financial impact of biodiversity loss. However, the vast majority of impact on biodiversity and ecosystems occurs in our downstream and upstream value chain.

Water as a natural resource and ecosystem service plays a critical role in our own operations and our supply chain, where shortages may lead to disruption and price impacts. Although we have not yet fully defined the financial risks of loss of biodiversity and ecosystem services, we recognise the complexity of its consequences and are committed to further identifying and evaluating environmental and economic risks and opportunities.

Direct impact drivers of biodiversity loss

Approximately 60 per cent of our impact on biodiversity occurs in the use phase, primarily due to the production and consumption of fuel but also due to the need for service items such as oils, fluids, spare parts, and water used for washing. 37 per cent occurs in the supply chain and 3 per cent in our own operations. We estimate that the impact of water use on terrestrial and aquatic systems is most significant in our supply chain, followed by the use phase and own operations. Calculations made with 2021 data indicate that mining by-products account for approximately 75 per cent of total resource use.

Impacts on the state of species and the extent and conditions of ecosystems

Negative impact on species diversity and population occurs throughout our value chain. In 2023, we assessed our operational sites in relation to key biodiversity areas (KBA). The results indicate that 676 hectares of land we own or lease are in or adjacent to key biodiversity areas. This represents 25 per cent of the total area our own operations occupy.

Impacts and dependencies on ecosystem services

We assess environmental impact in tandem with our dependency on the natural resources that could affect the company financially. Our studies evaluate the water dependence of car manufacturing and building projects, as well as the impact of our water use on species and ecosystems.

We also evaluate dependence on natural assets in our value chain. The results show that in our own operations, our activities of manufacturing cars and developing new sites are potentially a source of dependencies on nature, particularly on water, habitat, species and atmosphere. In our upstream value chain, water is the most frequent associated with dependencies followed by habitats, atmosphere and species, for example, in the mining and manufacturing of metals, manufacturing of plastics, the production of rubber products, pulp paper and paperboard.

Our policies

We recognise the effect that cars have on biodiversity and aim to reduce the use phase impact of our products through electrification, and work to mitigate impacts from resources used in production in our supply chain.

Our position papers clarify our policies on sustainable material use, responsible sourcing and circular business. They outline our strategies to replace primary resources use with secondary resources. The position paper on nature and biodiversity describes our approach to reduce our impact on biodiversity loss through actions on climate change, pollution, land and water use change.

Policy	Scope
Position on nature and biodiversity	Own operations, upstream and downstream
Position on sustainable steel	Own operations, upstream and downstream
Position on sustainable plastics	Own operations, upstream and downstream
Position on sustainable materials	Own operations, upstream and downstream
Position on circular economy	Own operations, upstream and downstream

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Our actions

Our life cycle impact assessments use the ReC-
iPe2016 methodology to quantify biodiversity
impact of products and activities in ‘species.year’
units. These studies compile inventory analyses of
materials, water and energy consumption and
translate resource extraction and emissions into
impact scores on mainly climate change, pollution,
water and land use for products and activities.

Conducting corporate biodiversity footprint
assessments has allowed us to better identify,
quantify and prioritize action to mitigate impact
throughout our value chain. Following the LEAP
(Locate, Evaluate, Assess and Prepare) approach,
we conduct assessments of key biodiversity areas
at our facilities, and water risk assessments at
both our facilities and those of our directly-
contracted suppliers.

Five of our production sites are in or adjacent to
key biodiversity areas (KBA) as well as 29
non-manufacturing facilities located in Europe,
Asia Pacific regions and Americas. By evaluating
action with measurable targets, we are developing
a biodiversity strategy that is integrated with our
climate and circular business initiatives and ambi-
tions. We follow the mitigation hierarchy starting
with avoiding and reducing our impacts, followed
by regenerating and restoring.

Although the effect on biodiversity from our
own operations is relatively small, in comparison
with those in our upstream and downstream value
chain, it is imperative to reduce negative impact in
areas over which we have direct control. We are
developing on-site biodiversity action plans, as
well as for protection and restoration activities at
operational sites.

Our work to develop strategies and adopt meas-
ures which reduce the negative impact on biodiver-
sity has provided valuable knowledge that can be
shared with partners and other stakeholders in our
value chain. We encourage dialogue with neigh-
boring property owners and local communities to can-

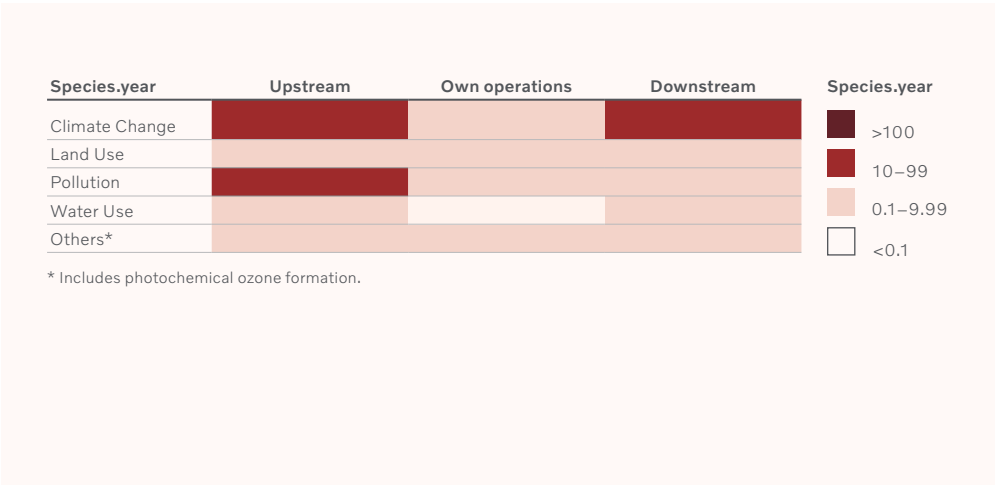
vas opinion and stimulate collaborative action. At our
Torslanda site in Sweden, this has led to Handslaget
initiative with stakeholders in the Gothenburg region
focusing on collaborative efforts for improving biodi-
versity and ecosystem services as well as sharing
knowledge. In addition, to enhance transparency, we
completed our first CDP voluntary forest reporting
and received a C rating.

We engage with our suppliers to gain an
improved understanding of their impact and plans
on biodiversity and water management in order to
prepare for future actions and requirements. We
have started to map locations of our suppliers to
better understand the risks in relation to key bio-
diversity areas. We have also updated our Sustaina-
bility requirement for directly contracted suppliers.
Our suppliers should work and report according to
Taskforce on Nature-Related Financial Disclosures
(TNFD), adopting the integrated assessment
approach LEAP. Additionally, our suppliers should
engage and contribute to conservation and restora-
tion activities.

We seek to reduce impact on biodiversity and
ecosystems in our downstream value chain by, for
example raising awareness and recommending pos-
itive biodiversity and water related actions amongst
our retailers.

In 2024, we invested in biodiversity and nature
restoration projects to improve coastal health in
India, China and Sweden, as part of the Volvo For
Life Fund. In this collaboration with non-govern-
ment organisations, we will also focus efforts on
how to maximise the impact of restoration invest-
ments and improve the methodology of measuring
and evaluating biodiversity outcomes. For more
details about the Volvo For Life Fund, see page 210.

We acknowledge the importance of collaborating
with others to contribute to the transformation of
our own industry and beyond. During 2024 we con-
tributed our knowledge to work and documents on
nature and biodiversity, including the Nature Posi-
tive: Role of Automotive Sector report by the World
Economic Forum.



Biodiversity – Land use and ecological sensitivity	2024	2023	2022
Sites in or adjacent to KBA ^{1,2)} , location of adjacent sites	34	30	21
Hectares in or adjacent to KBA ^{1,2)}	977	676	497
Share of hectares in or adjacent to KBA ^{1,2)} , %	34	25	18
Estimated impact on biodiversity from Volvo Cars' value chain, species.year	177	167	145

1) For leased buildings, the total leased floor area are used to represent the land use.
2) The increase in impact is due to a methodological change where we have expanded our scope and included construction on land that we own that is not yet in operation, specifically for the year 2024 with no change made in historical figures.

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Our ambitions

We have a long-term ambition to strive to be net positive across our value chain and to contribute to a nature positive future. This guides our strategic approach and the development of actions to mitigate impacts in our value chain and engage in restoration activities. When developing our long-term ambition for biodiversity, we undertook scenario analyses to understand the effect of potential future production and plans on biodiversity and to develop strategies and plans that balance economic stability with impact mitigation measures, aligned with the vision of the Kunming-Montreal Global Biodiversity Framework. Our work on biodiversity is closely linked with other environmental topics, for which we have clear ambitions such as climate action, water management and the circular economy.

We are developing fact-based ambitions that are specific, measurable, achievable, relevant and timebound (SMART). We are applying a ‘pressure-state-response’ approach to ambition setting. Meaning that ambitions are set, based on the state of nature, the pressures exerted on nature, as well as responding actions that we will take to alleviate the relevant pressures. These targets will cover key impacts identified in our life cycle analyses including pollution, water and land use.

Definitions

Key Biodiversity Areas (KBAs): Are sites that contribute significantly to the global persistence of biodiversity. The KBAs are documented in the World Database of Key Biodiversity Areas (WDKBA) and data is withdrawn via the Integrated Biodiversity Assessment Tool (IBAT).

Nature Positive: is an approach aimed at halting and reversing nature loss. It focuses on restoring biodiversity, improving ecosystems, and ensuring that we have more nature on earth year 2030 than we had during 2020.

Species year: Is a metric used to measure the impact on biodiversity from activities over time. It is derived from the LCA ReCiPe method and consolidates a number of specific measures into one coherent metric. The estimated biodiversity impact indicates relative pressures on biodiversity through the value chain but is not an exact measure of species loss.

The Kunming-Montreal Global Biodiversity Framework aims to halt and reverse biodiversity loss by 2030, setting ambitious goals and targets to achieve a world living in harmony with nature by 2050.



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Resource use and circular economy

The transition to a circular economy is a vital factor in addressing the climate and biodiversity crises, and align with the UN Sustainable Development Goals. As an automotive manufacturer and supplier of mobility solutions, we aim to be industry innovators in the development of more sustainable products and services.

By optimising resource efficiency with continuous improvements, we seek to facilitate the transition to a circular business. We aim to apply circular principles to our existing cars and operations, as well as future products and processes, in order to develop a comprehensive system that conserves resources and retains value. Ultimately, we aim to establish networks to maximise value generation throughout our value chain.

Impacts, risks and opportunities

The double materiality assessment indicates that our operations have a material, financial and environmental impact in our own operations as well as in our value chain pertaining to resource use and the development of a circular economy.

Resource inflows and resource use

As a car manufacturer our inflow and use of resources generates impacts, risks and opportunities. While the majority of environmental impact occurs in our supply chain and is therefore indirect, we recognise our responsibility to encourage sustainable practices.

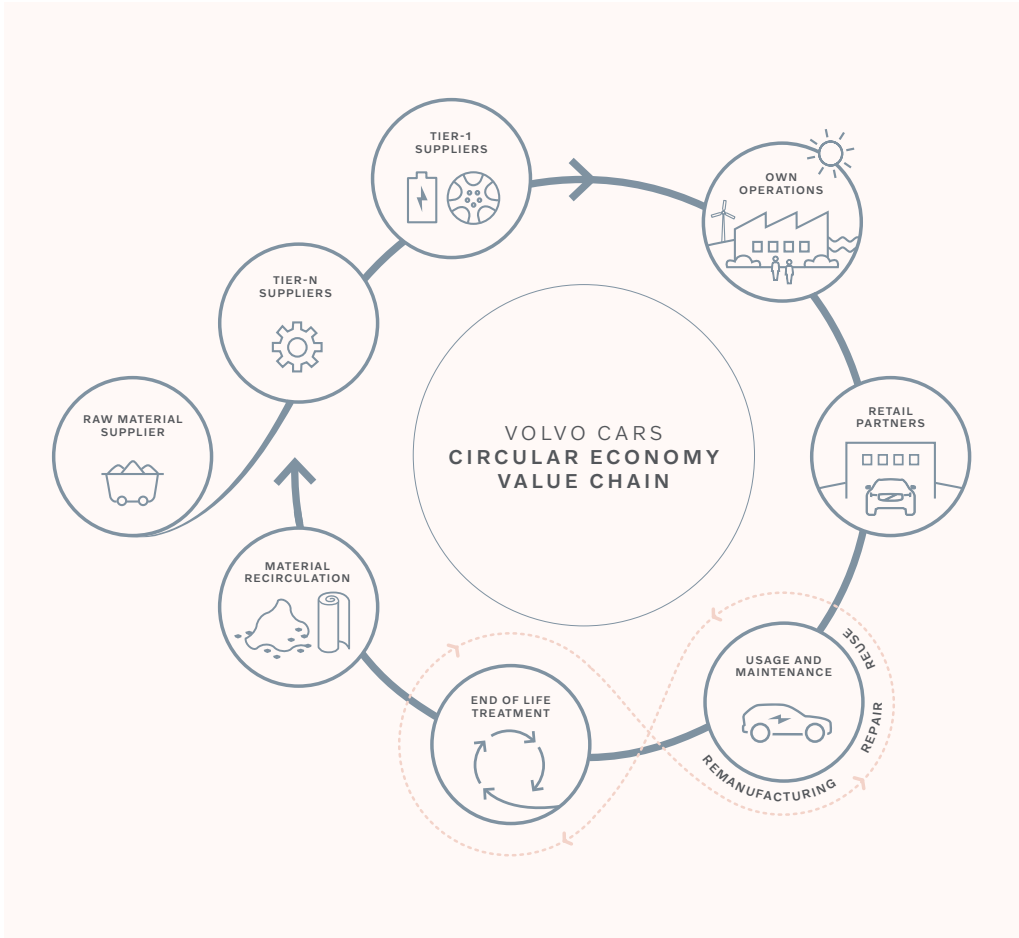
Financially, our dependence on primary resource inflows and the demand for recycled materials may pose risks such as cost impacts and supply chain disruptions. However, applying circular principles can also create financial opportunities, such as recirculating materials and components, which can enhance our financial performance and provide competitive advantages. Balancing these aspects contributes to achieving our financial and environmental goals.

We acknowledge that product design and volume-driven growth have a significant effect on resource use.

Resource outflows and waste

Waste from raw material extraction and processing, manufacturing, packaging and end-of-life treatment causes environment impact throughout our value chain.

Applying circular design principles and increasing potential for recirculation is vital to both meet legal requirements and facilitate reuse and recycling in end-of-life treatment. Failing to comply with the regulations could have negative financial impact on our business and have a negative reputational impact.



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Resource flows

Resource inflows and resource use

Our life cycle analysis highlights that our upstream value chain, or resource inflow, accounts for a significant portion of our environmental and nature impact. The majority of our primary resource consumption includes materials essential for manufacturing cars, spare parts and packaging.

Significant environmental and societal impacts occur upstream, before materials are handled in our own operations. The extraction and refinement of raw materials, as well as production activities at our suppliers, demand considerable energy and water resources. Supply chain processes also generate emissions that contribute to our overall environmental impact.

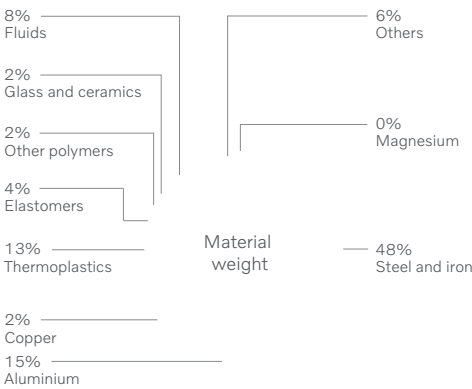
About 75 per cent of our cars weight consists of steel, iron, aluminium and thermoplastics. Additionally, our products rely on components that contain other finite resources such as: lithium, cobalt, nickel, manganese and rare earth elements. While the absolute amount of content of scarce materials in our cars is low, these materials may cause significant impact to communities and the

environment. For more information about our work on responsible sourcing see page 195.

Packaging plays a crucial role in our operations, as it is used for transporting materials, components, and equipment. Due to the magnitude of our operations, packaging represents a significant resource inflow. Wherever viable, we use returnable packaging, which has a lifespan of several years. We also aim to use packaging solutions that minimise material consumption. In total, our returnable packaging pool adds up to a total weight of 62,487 tonnes which is naturally used over several years. Additionally, the amount of standard expendable packaging and spare part packaging used during 2024 was 35,752 tonnes.

Expanding our network of manufacturing facilities increases our direct environmental impact, even though this may lead to long-term benefits. As an example, the construction of our new factory in Košice, Slovakia, which requires significant resource use in the construction phase.

MATERIAL BREAKDOWN PER AVERAGE CAR¹⁾ (WEIGHT)



1) Based on weighted average of material and sales volumes for 2024

Resource outflows and waste

Volvo Cars main resource outflow consists of cars that we manufacture and put on the market, spare parts, packaging materials used for spare parts, and production waste. To promote circularity, we continue to focus on increasing our resource efficiency

by delivering more value through utility to our consumers and society while reducing the weight of primary materials used. During 2024 our average car weight was lower than previous years due to the increased sales of lighter cars. This lower average weight leads to our overall material outflow being lower compared to last year.

We seek to facilitate reuse, recycling and repair, extend the life cycle of our cars and minimise the amount of waste sent to landfill sites. Design and engineering are crucial to achieving our ambition as we consider the entire life cycle of our products - from material origin to end-of-life. Our aftersales organisation aims to keep components in circulation by remanufacturing or retaining the value of the materials for as long as possible. We want our products to be repaired, reused and repurposed as many times as possible, after which the valuable materials they contain will be recycled through high quality recycling processes.

At the design stage, we set requirements in terms of durability, repairability and potential for extending the life cycle. In product development, we have the ambition to use recycled content over primary materials and value longevity.

Material breakdown per vehicle model ¹⁾ , kg	Plug in hybrid						BEV					Total material in fleet ¹⁾ 2024, kilo tonnes	Total material in fleet ¹⁾ 2023, kilo tonnes
	XC40	XC60	S60	S90L	XC90	XC60	XC90	EX30	EC40	EX40	EX90		
Steel and iron	977	986	913	927	1,117	1,065	1,172	795	851	860	998	738	757
Aluminium	235	292	254	278	317	335	348	270	383	385	633	226	237
Copper	33	32	32	37	34	60	59	51	69	69	100	34	36
Magnesium	1	10	7	7	10	10	9	3	3	3	11	5	5
Thermoplastics	219	236	210	229	272	261	288	197	236	234	329	180	186
Elastomers	73	77	57	69	93	87	102	62	69	70	80	58	60
Other polymers	71	85	85	92	81	88	89	79	80	78	98	62	64
Glass and ceramics	48	54	51	54	62	58	64	34	55	49	69	39	41
Fluids	72	85	75	77	85	88	90	21	21	21	40	52	53
Others	36	42	35	42	37	110	105	230	266	266	386	77	82
Total	1,763	1,899	1,719	1,813	2,108	2,162	2,326	1,743	2,033	2,035	2,744	1,470	1,521

1) Numbers might not add up due to rounding.

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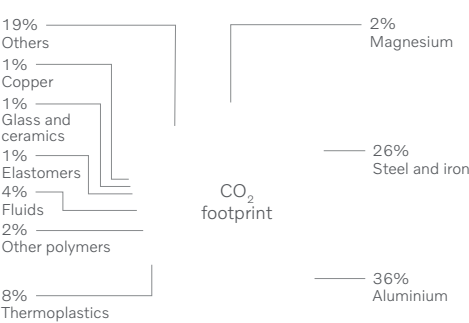
Material value retention in cars, %	2024	2023	2022
Recycled and bio-based materials	10	10	10
Recycled plastics and bio-based materials	6	4	4
Recycled steel	15	15	15
Recycled aluminium	13	10	10

Component value retention ¹⁾ , tonnes	2024	2023	2022
Aluminium saved due to remanufacturing	96	145	155
Copper saved due to remanufacturing	4	5	7
Steel saved due to remanufacturing	170	265	284
Total material saved due to remanufacturing, weight of parts	360	553	509
CO ₂ saved from reuse of aluminium, steel and copper	2,947	4,508	4,857
Parts and components being recycled	1,256	1,907	1,055

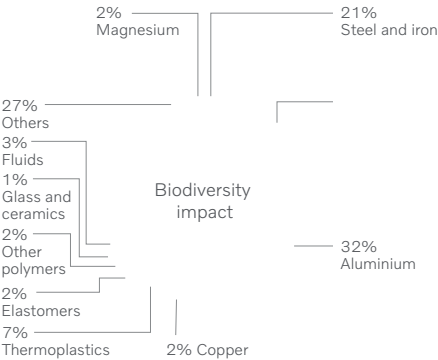
Component value retention ¹⁾	2024	2023	2022
Number of remanufactured parts	22,227	29,615	33,133
Number of batteries collected for repair, reuse, repurpose and recycle ²⁾	9,643	14,448	—
whereof number of batteries collected for recycling	7,588	8,968	—

- 1) Remanufacturing numbers are decreasing due to the increase in complex electronic components which require more time to remanufacture.
- 2) Battery number refers to complete high voltage battery pack (one per car).

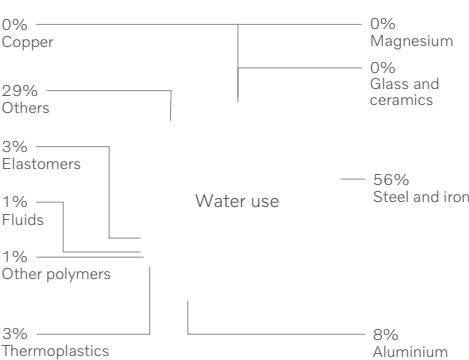
UPSTREAM MATERIAL BREAKDOWN
PER AVERAGE CAR¹⁾, CO₂



BIODIVERSITY IMPACT OF MATERIALS
PER AVERAGE CAR^{1,2)}, SPECIES.YEAR



WATER CONSUMPTION OF MATERIALS
PER AVERAGE CAR¹⁾, m³



Our policies

Our circular economy policies guide how we address material impacts, risks and opportunities related to our resource flows and usage, covering the entire value chain. These policies provide clear guidance to both external and internal stakeholders on our ambitions and long-term strategies for implementing sustainable circular practices and maximising resource efficiency.

We aim to apply the following circularity policies and principles throughout our value chain:

1. Minimise primary resource use by avoiding primary material and freshwater use leading to increased overall efficiency.
2. Eliminate waste and pollution by preventing it, redirecting outputs to high-value circular loops.
3. Grow our circular business by generating more circular revenue to support the decoupling of revenue and primary resource use.

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1) Based on emission factors per material type, weighted average of materials and sales volumes for 2024. Numbers might not add up to 100 per cent due to rounding.

2) The underlying data for ecotoxicity impact in biodiversity calculations has been improved and updated compared to the previous study.

3) Primary energy demand from renewable and non renewable resources.

Resource inflow and resource use policies

A substantial part of Volvo Cars' sustainability impact occurs in our upstream supply chain. Our cars contain many materials that are mined, farmed or processed and manufactured into components, before being transported to our production facilities. We evaluate the environmental and social impact of material use throughout our value chain. By substituting primary materials, reducing material consumption and improving resource efficiency, we aim to significantly reduce our environmental impact.

Our policies on the circular economy, responsible sourcing, and sustainable materials focus on the use of renewable and sustainable resources as a way of achieving our sustainability and circularity ambitions.

Resource outflows and waste policy

Our resource outflow is closely linked to material inflows, utilisation, and waste generated in car production.

Our resource management directive offers guidance for the efficient use of waste resources in our own operations. In promoting efficient waste management our directive assigns responsibility to specific parts of the organisation for reuse, recycling and elevating materials in the waste hierarchy.

Circular business policy

Becoming a circular business means reevaluating every aspect of our operations, from design and manufacturing to life cycle management and end-of-life treatment. Rethinking these aspects will allow us to minimise waste, maximise resource efficiency, and mitigate our impact on the environment, thereby decoupling our growth as a company from environmental impact. We believe that this transition is not only advantageous for the environment but also strengthens our bottom-line profitability.

Policies	Scope
Position on circular economy	Own operations, upstream and downstream
Position on sustainable materials	Own operations, upstream and downstream
Position on sustainable steel	Own operations, upstream and downstream
Position on sustainable plastics	Own operations, upstream and downstream
Resource (waste) Management Directive	Own operations

Our actions

Our aim is to reduce our environmental impact by applying circular economy principles, decoupling our economic growth from primary resource use and its corresponding impact. This is currently being achieved by reducing our use of primary resources, optimising the weight of our cars, and reducing overall resource use. Additionally, we strive to use low-impact materials and recirculate components and parts. Particular focus is given to material selection and the recirculation of materials from our processes and throughout the car's life cycle.

Shaping a circular future

Collaboration across our value chain is essential to effectively address environmental pressures. By working together with our suppliers, partners, and customers, we can implement innovative solutions that reduce our environmental footprint and drive sustainability. In 2024, our efforts focused on establishing an approach to enhance resource efficiency through the optimized use of materials, energy, and other resources throughout the life cycle.

Creating a circular business involves decoupling company growth from primary material use and environmental impact. We are developing a method to calculate this decoupling by measuring the productivity of primary materials through the



ratio of revenue generated to the amount of primary materials used. Achieving this decoupling will require changes in the products and services we offer, as well as how we generate revenue throughout the entire life cycle. Our goal is to increase the share of revenue generated from circular activities, thereby generating more value with less resource input.

To promote decoupling we are actively working on the increased use of recycled content in our cars. Furthermore, we want to increase the amount of revenue generated through circular ini-

atives. To further our decoupling efforts, we will focus on the following:

- Continually increase the use of recycled materials
- Increase the revenue generated from circular initiatives
- Identify and scale lower resource-intensive revenue throughout the car's life cycle
- Evaluate alternative resource flows for end-of-life vehicles

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To achieve our circular economy objective of optimising primary resource use, the Volvo Cars Exchange System collects, remanufactures, and replaces parts at our partners' workshops globally. Whenever possible, the components we collect are reused or recycled. Remanufacturing components reduces raw material consumption by 85 per cent and energy consumption by up to 80 per cent compared to producing new components.

We also remanufacture or reuse electronic and mechanical components, as part of our service operations. Recovering these high-value components, including batteries, in routine servicing or from damaged cars is an important part of maintaining a high component value retention from our products and securing valuable sources of spare parts.

We aim to introduce remanufacturing and reuse to more business segments and expand our business decoupling.

Sustainable materials

Iron and steel account for the largest percentage of material content in our cars. To mitigate the environmental impact made by use of these materials, we signed a new agreement with Swedish steel firm SSAB for the supply of high quality, recycled steel starting from 2025. SSAB's recycled steel offers significant environmental benefits over traditional primary steel, as it reduces the need for additional mining and the consumption of iron ore and coal.

We are also part of The First Movers Coalition participating in initiatives like Aluminium Procurement and Aluminium Forward 2030, which advocate for sustainable production. At our Torslanda facility, we have installed a mega casting foundry that improves both efficiency and material utilisation in the manufacturing of car body parts.

In May 2024, Volvo Cars Tech Fund completed an investment in Swedish textile recycling business Syre Impact AB. Their mission is to decarbonise the textile industry through textile-to-textile recycling at hyperscale. In collaboration with Syre we aim to introduce fully recycled polyester into our automotive components and products, and recycle end-of-life and production waste polyester.

Retaining value in high-voltage batteries

As part of our circular strategy we are currently expanding our network of battery centres in Asia and South America. Our regional battery centres are there to maximise battery utilisation supporting the global capability for repairing, refurbishing, and remanufacturing batteries.

The purpose of our battery centres is to ensure that repairable high voltage (HV) batteries from cars that needed a battery exchange are recovered and brought back into a circular flow. Inside battery centres, batteries get refurbished and returned into our cars as replacement components. This increases value retention, lowers our environmental impact and offers long-term benefits to the customers. Maintaining battery health

and extending its lifecycle are key components in a transition towards selling 90 to 100 per cent electrified cars by 2030.

Remote monitoring allows us to keep our customers informed and helps them maximise the lifespan of their car batteries. HV batteries that are no longer repairable or suitable for other applications, enter a recycling process. Volvo Cars provides collection service of End-of-life High-Voltage Batteries through our battery disposal website.

We have recently secured battery recycling in Europe from companies that meet our sustainability standards. The result provides us with the opportunity to close the loop on battery recycling in Europe, in addition to similar agreements in China while ensuring the retention of material value from the batteries.

Electronic components

On average, our cars contain seven kilos of electronic components. We welcome the ELV directive that will set standards for the recovery of electronics from end-of-life vehicles in EU member states. We aim to combine vital electronic systems, which reduces the number of components, cabling and housings. For example, the core computer in the recently launched EX90 reduces the number of buttons and switch packs by centralising many functions.

Dismantling study

In 2024 a cross functional team of design, sustainability, and engineering conducted a dismantling study of the fully-electric EX90. This approach evaluates the reuse and recycling potential of components and materials as a means to improve circularity in our forthcoming models. We also participate in international research projects, such as RACE, the Recycling of Automotive Plastic in a Circular Economy. Through internal and external collaboration, we seek to facilitate the optimal use of resources in the design phase and meet the demands of new EU regulations.

Waste reduction

We are expanding our use of open and closed-loop recycling, improving waste management systems, reducing packaging and improving material sorting. In 2023, we introduced a closed-loop recycling system for aluminium scrap at our facilities in Taizhou and Chengdu, China. In 2024, we have extended the closed loop recycling to include the majority of steel scrap at our Taizhou and Daqing facilities. These measures, along with similar processes at our Swedish facilities, support retaining the value of production waste.

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Car utilisation	2024	2023	2022
Average number of kilometres driven per car – owned/leased cars ¹⁾	17,403	16,614	18,145
Average number of kilometres driven per car – Volvo on demand cars	24,888	24,852	25,110
Average number of passengers per car and kilometre – owned/leased cars ²⁾	1.82	1.82	1.84

1) Calculated from odometer values collected from approx. 2,5 million cars.
2) Calculated on a subset of Volvo Cars cars, a fleet of cars mainly driven by Volvo Cars employees in Sweden which is not fully representative for all Volvo Cars cars.



In 2024, we improved reuse procedures for construction materials as well for other types of products and assets at our Swedish sites, as part of overall improvement goals for waste minimisation and value retention.

We have also significantly reduced the amount of hazardous waste at our Torslanda paint shop by focusing on improving the degreasing process. These improvements have resulted in a reduction of hazardous waste, lower water consumption, decreased maintenance time, and less chemical use.

Volvo Cars’ operations generated 208,196 tonnes of waste in 2024. Our largest waste stream was metals, of which all is recycled. We are currently evaluating recycling methods that avoid downgrading materials and optimise the quality and the financial value of waste material that is not recycled in an open- or closed loop.

In 2024, 85 per cent of the directly-contracted suppliers who completed our environmental assessment have set waste reduction targets.

Packaging

In 2023, we began reusing what was intended as single-use packaging from our suppliers. Instead of being recycled, it is reused in the distribution of spare parts. Wooden pallets and cardboard containers arriving at our Torslanda facility are sorted and quality checked before being shipped to our Central Distribution Centre. This repurposing of packaging reuses 1,802 tonnes of wood and cardboard, reducing emissions, costs and consumption of primary resources.

Waste ¹⁾ , tonnes	2024	2023	2022
Total waste generated, excluding reuse	208,196	487,426	272,440
whereof metal	134,515	211,539	190,101
Hazardous waste diverted from disposal			
due to recycling	5,767	6,408	4,869
Non-hazardous waste diverted from disposal			
due to recycling	183,404	405,213	248,602
Hazardous waste directed to disposal	6,079	6,735	5,955
by incineration with energy recovery	2,965	2,935	2,334
by incineration without energy recovery	1,599	2,508	1,716
by landfilling	1,515	1,292	1,905
Non-hazardous waste directed to disposal	12,946	69,071	13,013
by incineration with energy recovery	10,993	10,816	10,557
by incineration without energy recovery	632	433	743
by landfilling	1,321	57,822	1,714
Non recycled waste	19,025	75,806	18,968
Non recycled waste, %	9	16	7
Total waste per manufactured car ²⁾ , kg/car	309	611	386
Recirculation rate, including reuse, byproducts and recycling, %	94	87	—
Closed-loop returns of aluminium ³⁾ , %	95	86	72
Supply chain⁴⁾			
Directly contracted suppliers’ sites with a waste reduction target	1,049	1,327	1,151
Directly contracted suppliers’ sites with a waste reduction target, %	85	81	79

- 1) In 2023, we observed an increase in total waste. This rise is attributed to a significant increase in non-production related waste, largely due to excavation activities undertaken at several manufacturing sites.
- 2) Manufactured cars includes manufacturing of other brands, and excludes Volvo car models manufactured by third party.
- 3) All aluminium sheet scrap is recycled with retained material value, 95 per cent in closed loops.
- 4) The number presented is based on directly-contracted supplier manufacturing sites who have completed our environmental assessment.

The response rate for this assessment was 77 per cent during 2024.

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Battery passports

The battery passport initiative at Volvo Cars is a comprehensive effort to enhance transparency and sustainability in the battery supply chain. It creates a digital record of a battery’s history, including changes in its state of health, component replacements, and life cycle management. By leveraging this system we can optimise the component and material value retention by monitoring battery health over time. This technology also helps Volvo Cars comply with the EU Battery Regulation. More information on the battery passport is summarised on page 200.

Circular business actions

Transitioning from a traditional linear model to a circular business model requires expanding existing circular activities and adopting new business practices. Our primary objective is to increase the proportion of revenue generated from circular business practices. Currently, the practices included in the 2025 ambition encompass: remanufacturing components, selling high-quality waste material and mobility services. In total we generated SEK 1,651 million in revenue from circular economy initiatives in 2024, an increase of SEK 266 million compared to our 2018 baseline of 1,385 million SEK. We recognise that the revenue generated from circular business has decreased this year compared to 2023. This is due to lower waste generation in our own operations.

Our ambitions

Our 2030 and 2040 circular economy ambitions outline how we measure progress and set milestone targets on route to becoming more circular. We believe it is important to use a range of metrics, as no single measure covers the full scope of the circular economy. We recognise that data qual-

ity and transparency are key to making accurate evaluations that lead to increased circularity throughout our value chain.

Our ambitions for 2025, 2030 and 2040 focus on recycled content, waste and circular business.

Recycled content ambition

By 2025, 25 per cent of the content in new models will be recycled materials and by 2030 we aim to reach 30 per cent recycled content across the entire fleet and 35 per cent in new models. In order to minimise the use of primary materials and increase circularity, we aim to use 25 per cent recycled steel, 40 per cent recycled aluminium and 25 per cent recycled and bio-based plastic in our new models by 2025.

Waste ambition

In the long term, we aim to eliminate waste throughout our value chain. By 2030, we intend to recycle or reuse more than 99 per cent of all waste from our own operations and limit waste sent for incineration or landfill to less than one per cent.

Circular business ambition

In 2025, we aim to generate an additional one billion SEK, in a combination of cost savings and revenues, through adoption and expansion of circular economy initiatives (from a 2018 baseline). This ambition is a key step on our long-term 2040 ambition towards becoming a circular business. This will be achieved by setting a strategy and roadmap to transition our current value chain to a circular one, building circular value networks and collaborating to maximise value retention and resource efficiency.

By continuing to set milestone ambitions and improving data quality and transparency, we aim to make improvements that increase sustainability, profitability and resilience throughout our value chain by applying circular principles. We will pur-

sue innovative solutions, in collaboration with our partners, that can deliver benefits to our customers and reduce our impact on the environment.

Definitions and methodology

Bio-based materials: At Volvo Cars, we use the term bio-based materials instead of renewable materials, as renewable materials have high demands on fast renewal of the biomass.

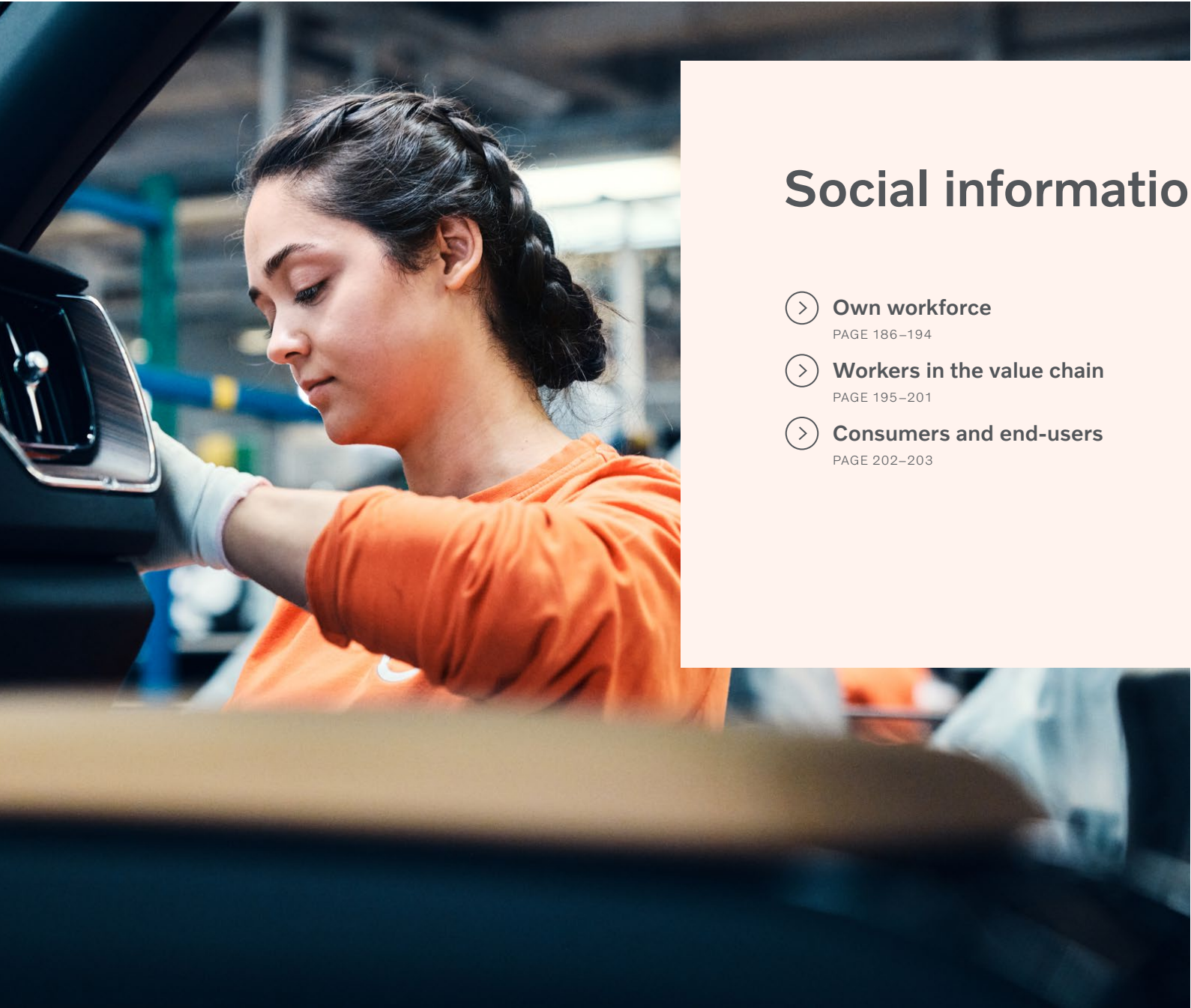
The waste hierarchy: Is a framework for managing waste in an environmentally responsible way. It prioritises actions from most to least favorable: prevention, reuse, recycling, recovery, and disposal.

Recycled content: The methodology to calculate recycled content for steel aluminium and plastic is based on estimation and includes both pre-and post consumer recycled materials in the recycled content calculations.

Material value retention in cars: Calculation is based on estimation for recycled and bio-based materials produced during the period and includes Volvo car models, i.e. excluding Polestar.

Recirculation rate: The KPI of recirculation rate includes reuse, closed and open loops (i.e., reuse, byproducts and recycled waste), included in both the nominator and denominator.

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Own workforce

As an employer of approximately 44,000 people, our operations affect employees, stakeholders and local communities in a variety of ways. We recognise this responsibility and seek to make a positive impact by identifying and mitigating human rights issues and risks in our operation. We conduct regular employee surveys and maintain dialogue with other key stakeholders to ensure our efforts and impacts are continuously aligned with company strategy. A key objective of our People Mission is valuing the vital role employees play in the company’s success.

Impacts, risks and opportunities

Inclusion and belonging

We recognise that diversity sparks creative thinking and innovation. Attracting employees from diverse backgrounds connects us with our global customer base and helps to meet the demands of international markets. Therefore, we aim to recruit a multi-faceted workforce and benefit from their wide-ranging talents and experiences. Historically, the automotive industry has been male dominated, something we strive to change. By fostering inclusive workplaces, employees that have wide-ranging skills want to work here, strengthening our ability to reach the goals we have set.

Learning and development

At Volvo Cars, we are embracing continuous learning to actively support our employee’s personal growth and professional development. To continuously adapt to change and be at ease with ambiguity in the ever-changing environment that we are operating in, learnability and willingness to learn new things is a crucial factor, at work and beyond. Hence, cultivating a growth mindset amongst our employees is key for success.

A key pillar in our people strategy is to ensure we have the right competencies and skills in place

with empowered employees that drive a culture of high performance and efficiency.

Wellbeing and safety

Health and safety are top priorities in all our operations. We are committed to providing safe and sustainable workplaces for everyone we employ. While we take pride in trying to ensure the safest possible working environments, we acknowledge that challenges to physical and mental wellbeing continually arise. In order to mitigate these issues, we identify and address potential hazards as part of our day-to-day operations. To support our teams’ wellbeing, we have created an open-dialogue approach between managers and employees to help manage stress and maintain balance. Working conditions should never pose a threat to personal wellbeing and safety.

While we offer our office employees flexible hours and remote working opportunities, we apply an office-first approach where our employees are expected to work primarily from the office. Remote work can sometimes affect employees’ social and mental well-being, making it challenging to identify signs of isolation. To address this, we strive to proactively support and foster connections amongst employees.

Our Family Bond policy includes paid parental leave and other initiatives designed to encourage our employees to invest time in their families, irrespective of gender.

Health and safety is one of our five identified Salient Human Rights Issues (SHRIs). You can read more about SHRIs on page 149.

Labour rights

Child labour and forced labour

Despite no incidence of child or forced labour being reported or detected in 2024, they remain amongst our identified five most severe SHRIs for the company.

Measures against violence and harassment in the workplace

Harassment and violence are also amongst our identified SHRIs as potential risks exist in any working environment. We define these as conduct that potentially affects performance or creates an intimidating, hostile, uncomfortable or offensive environment, both in the workplace and outside it, as abuse can occur in both face-to-face and online interactions. We recognise it is important to protect employees throughout our organisation from any incidence of work-related abuse.

Social protection

We seek to provide a benefit to all our employees by offering safe and secure working conditions and collectively negotiated insurances for various types of income loss.

Freedom of association, collective bargaining and social dialogue

We preserve employee rights to collective agreements, freedom of association and social dialogue between company management and employee representatives; and also the employee rights to remain unorganised and communicate directly with the employer if they so prefer. As a global employer, we comply with national employment legislation and common practices throughout our organisation. We encourage open dialogue about employment conditions through our international network of work environment committees.

Fair compensation

We conduct regular salary reviews to ensure employees are offered equitable pay rates and opportunities, in line with industry standards. We support fair and justifiable pay differentiation. Salary is always locally anchored and according to local principles therefore salaries may differ between regions and the scope/level of work.

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Our policies

Human rights safeguards

Volvo Cars is committed to compliance with internationally recognised human rights standards and guidelines. We have incorporated safeguarding human rights into our Code of Conduct, Code of Conduct for Business Partners and sustainability strategy, and our work with safeguarding human rights is described in our public Human Rights Statement.

People Policy

We believe all employees have a right to work in safe conditions and are committed to providing sustainable working environments. Our People Policy is based on international human rights standards and defines our commitment to employee rights in the workplace.

Our policy defines the values and expectations we set for human rights, non-discrimination, equal opportunities, child and forced labour, freedom of association, collective bargaining, health, safety, remuneration and working hours. Our principles for employee wellbeing, diversity and inclusion guide our efforts to safeguard vulnerable groups. These are applied regardless of gender, ethnicity, religion, age, disability, sexual orientation, nationality, political opinion, union affiliation and social background, in compliance with all applicable legislation.

The policy covers both our employees and those employed by our direct contractors.

Volvo Cars does not tolerate child or forced labour, including debt bondage, trafficking and other forms of slavery.

We are vigilant in respecting international human rights standards, based on the Universal Declaration of Human Rights, the United Nations Guiding Principles on Business and Human Rights, the fundamental conventions of the International Labour Organization and UN Global Compact's Ten Principles.

Our People Policy is available to all employees and on-site contractors via the company's intranet and also shared in the Code of Conduct training we carry out. All employees are required to confirm they have read and understood it.

Our Board of Directors, with the support of senior management, has overall responsibility for the policy.

Whistleblowing and feedback channels are available to all employees and on-site contractors. All allegations are investigated with appropriate action taken as required.

Proactive safety

Wellbeing and safety is of high priority in all our operations. We strive to ensure there are no work-related injuries or fatalities involving any of our employees or contractors. Starting with our EMT, this approach applies throughout our company and is carried out in cooperation with our employees and their representatives or unions where applicable.

Involving employees in identifying and reporting risks is a key part of our proactive safety strategy and our daily operations. We have a global incident reporting system to make it easy to report and facilitate elimination of potential safety risks and incidents. By working together to identify and remove risks early, we create a safer workplace for everyone.

We work proactively and systematically to improve the work environment through structured methods like work environment committees, safety walks, inspections, and annual assessments. These efforts are guided by our Work Environment Directive and Health & Safety management system.

Our Work Environment Directive includes:

- Overseeing and delegating work environment tasks

- Maintaining work environment governance, with support from local Health & Safety teams in each region
- Overseeing programs for preventive action, in consultation with stakeholders
- Promoting a sustainable work-life balance
- Preventing work-related illness
- Provision of occupational health services
- Taking research and new technologies into consideration for future work environment

Employee dialogue

We encourage open and transparent discussion, in which employees feel comfortable expressing their views without fear of retribution. We have established communication channels to foster a Speak Up culture, see page 205.

Employee surveys

The Executive Management Team oversees two surveys per year that review employee engagement. It is a key metric in our steering model and all leaders take active part in the work following the survey. After analysis of the survey results, action plans are created for each team. Scores from the survey provide guidance for company-wide initiatives and investments.

Our survey achieved an 82 per cent response rate, an increase of seven percentage points from our benchmark of 75 per cent. The benchmark figure refers to a global average result, across companies in all industries. The engagement score is a metric used to gauge employees' engagement. Our engagement score reached 76, exceeding the benchmark of 74 by two points.

Action plans are suggested to managers which aim to improve results. Central analysis is also carried out to guide each part of the organisation in implementing measures with special focus on inclusion in the workplace.

Union relations

As an employer in more than 30 countries, we engage with a wide range of unions. We have a dialogue with European union representatives through European Works Councils. 70 per cent of our employees are covered by collective agreements. In addition, we have union representatives in Volvo Cars' Board of Directors.

Where no collective agreements are in place, we maintain close dialogue with employee representatives on health and safety and other employment topics. Our merit review process includes dialogue with employees in personal meetings. Within our policy on freedom of association, collective bargaining and social dialogue, we safeguard the right to join a trade union, or not, without fear of prejudicial treatment.

Global Framework Agreement on human rights

Our Code of Conduct and People Policy uphold the human rights of those employed by us and our on-site contractors. We also work within the Respect Labour Rights network to remain compliant with amendments to human rights directives and conventions around the world.

Addressing employee concerns

Grievance reporting channel

We encourage all employees to raise concerns and identify potential misconduct via our reporting channels.

Reporting issues related to corruption, fraud, accounting, internal controls, discrimination, harassment, human rights, legal infractions or any activity not compliant with our Code of Conduct is a requirement of our employment contracts. Employees may report concerns to their supervisors, departmental managers, our human resources department or the Compliance & Ethics

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Office. In addition, our Tell Us reporting channel accepts submissions on a secure website or by telephone at any time.

For more information about our Tell Us channel and how we protect whistleblowers, see page 205.

All accusations are assessed, with appropriate action taken where proven substantiated. Investigations are independently conducted and conform to a designated procedure for investigation, documentation and corrective action. After a judgement has been reached, proposed corrective measures are reviewed by our Labour Affairs or Human Resources departments and executed in compliance with employment legislation. Reports and appeals can also be made to our Board of Directors for company level review.

Supervisors and managers, as well as the Human Resources and Labour Affairs departments are the primary reporting channels for discrimination, harassment and bullying concerns, although Tell Us reporting channel can also be used.

In 2024, our Incident Reporting Tool was introduced as the primary channel for reporting security concerns.

The Health & Safety Incident Reporting System is available to all employees via our intranet and mobile phone app. By reviewing and improving our reporting procedures, we seek to minimise risks. Involving employees in actively identifying and reporting risk observations is a key part of our proactive safety strategy and daily operations. In the last ten years, we have successfully identified and eliminated over 600,000 potential risks. 88,500 risk observations were reported in 2024. As a result of this approach, the company's accident rate is at an all-time low.

Own employees (headcount) by employees and non-employees as of 31 December	2024	2023	2022
Total employees	44,413	44,589	46,345
Blue collar	24,574	25,359	27,502
White collar	19,839	19,230	18,843
Non-employees (consultants) ¹⁾	9,665	11,602	11,123
Total own workforce	54,078	56,191	57,468

1) The most common type of non-employee is white collar consultants working within Engineering.

Total FTE by employees and non-employees as of 31 December	2024	2023	2022
Employees	43,096	42,438	44,559
Non-employees (consultants)	2,727	3,547	3,881
Total FTE	45,823	45,985	48,440

Number of employees (headcount) by gender as of 31 December	2024	2023	2022
Women	11,896	11,732	11,346
Men	32,517	32,857	34,999
Total employees	44,413	44,589	46,345

Number of employees (headcount) per country ¹⁾ as of 31 December	2024	2023	2022
Sweden	22,848	22,813	23,335
China	8,601	9,412	11,120
Belgium	6,370	6,615	6,770
Other countries	6,594	5,749	5,120
Total employees	44,413	44,589	46,345

1) Only lists countries where the number of employees constitutes at least 10 per cent of total number of employees, the rest falls within Other countries.

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Number of employees (headcount) by contract type and gender as of 31 December, 2024	Women	Men	Total
Permanent employees	11,081	30,738	41,819
Temporary employees	815	1,779	2,594
Non-guaranteed hours employees	—	—	—
Total employees	11,896	32,517	44,413
Full-time employees	10,504	30,225	40,729
Part-time employees	1,392	2,292	3,684
Total employees	11,896	32,517	44,413

Number of employees (headcount) by contract type and region as of 31 December, 2024	EMEA	APAC	Americas	Total
Permanent employees	29,381	9,177	3,261	41,819
Temporary employees	1,935	570	89	2,594
Non-guaranteed hours employees	—	—	—	—
Total employees	31,316	9,747	3,350	44,413
Full-time employees	27,845	9,569	3,315	40,729
Part-time employees	3,471	178	35	3,684
Total employees	31,316	9,747	3,350	44,413

Employee turnover (absolute number and %)	2024		2023		2022	
	Permanent employees	Total employees	Permanent employees	Total employees	Permanent employees	Total employees
Employee turnover ¹⁾	4,636 (11%)	7,144 (16%)	5,972 (14%)	9,300 (20%)	5,098 (12%)	8,720 (19%)
Gender						
Women	1,248 (11%)	2,020 (17%)	1,113 (10%)	1,852 (16%)	1,040 (10%)	1,753 (16%)
Men	3,388 (11%)	5,124 (16%)	4,859 (15%)	7,448 (22%)	4,058 (12%)	6,967 (20%)
Total	4,636 (11%)	7,144 (16%)	5,972 (14%)	9,300 (20%)	5,098 (12%)	8,720 (19%)
Age group						
<30 years old	1,320 (18%)	3,635 (37%)	2,437 (28%)	5,418 (46%)	2,010 (21%)	5,295 (41%)
30–50 years old	2,195 (9%)	2,365 (10%)	2,544 (11%)	2,849 (12%)	2,271 (10%)	2,558 (11%)
>50 years old	1,121 (11%)	1,144 (11%)	991 (9%)	1,033 (10%)	816 (8%)	867 (9%)
Total	4,636 (11%)	7,144 (16%)	5,972 (14%)	9,300 (20%)	5,098 (12%)	8,720 (19%)
Region						
EMEA	2,602 (9%)	3,872 (12%)	2,476 (9%)	4,379 (14%)	2,304 (8%)	4,191 (13%)
APAC	1,207 (13%)	2,425 (24%)	2,832 (26%)	4,224 (37%)	2,402 (22%)	4,115 (34%)
Americas	827 (25%)	847 (25%)	664 (25%)	697 (26%)	392 (18%)	414 (18%)
Total	4,636 (11%)	7,144 (16%)	5,972 (14%)	9,300 (20%)	5,098 (12%)	8,720 (19%)

1) Number of employees leaving divided by average headcount.

Employee hires (absolute number and %)	2024		2023		2022	
	Permanent employees	Total employees	Permanent employees	Total employees	Permanent employees	Total employees
Internal hires ¹⁾	1,015	—	1,080	—	1,360	—
Total hires	3,854 (100%)	7,200 (100%)	3,587 (100%)	7,350 (100%)	7,072 (100%)	11,635 (100%)
Gender						
Women	1,310 (34%)	2,272 (32%)	1,309 (36%)	2,230 (30%)	1,419 (20%)	2,391 (21%)
Men	2,544 (66%)	4,928 (68%)	2,278 (64%)	5,120 (70%)	5,653 (80%)	9,244 (79%)
Total	3,854 (100%)	7,200 (100%)	3,587 (100%)	7,350 (100%)	7,072 (100%)	11,635 (100%)
Age group						
<30 years old	1,265 (33%)	4,255 (59%)	1,358 (38%)	4,797 (65%)	3,384 (48%)	7,409 (64%)
30–50 years old	2,307 (60%)	2,626 (36%)	2,038 (57%)	2,328 (32%)	3,424 (48%)	3,920 (34%)
>50 years old	282 (7%)	319 (4%)	191 (5%)	225 (3%)	264 (4%)	306 (2%)
Total	3,854 (100%)	7,200 (100%)	3,587 (100%)	7,350 (100%)	7,072 (100%)	11,635 (100%)
Region						
EMEA	1,956 (51%)	3,981 (55%)	1,480 (41%)	3,549 (48%)	2,413 (34%)	5,250 (45%)
APAC	630 (16%)	1,928 (27%)	844 (24%)	2,512 (34%)	3,961 (56%)	5,654 (49%)
Americas	1,268 (33%)	1,291 (18%)	1,263 (35%)	1,289 (18%)	693 (10%)	731 (6%)
Total	3,854 (100%)	7,200 (100%)	3,587 (100%)	7,350 (100%)	7,072 (100%)	11,635 (100%)

1) In 2024, the definition of Employee hires was updated to also include rehires. The numbers for 2022 and 2023 has been updated according to the new definition and may differ compared to what has been reported in the past.

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Our actions

Inclusion and belonging

We are committed to increasing diversity in our workforce and fostering inclusion throughout the company. All employees are encouraged to express themselves in the workplace and freely share ideas. In Pride Month 2024, we made efforts to raise awareness and support the “Free-dom To Be”. We have launched a global e-learning course on gender identity as well as safe travel guidelines for our LGBTQ+ employees along with local actions. We use an inclusion index that meas-

ures attitudes to inclusion and belonging, based on responses in our employee survey.

People Policy Assessment

We annually review our People Policy and assess compliance with the United Nations Guiding Prin-ciples on Business and Human Rights.

We assess both potential and actual human rights impact through desktop assessments, inter-views conducted with key stakeholders followed by on-site verification including rightsholders’ per-spective, assessment of risks, analysis of impacts and creation of action plans, follow-up of created

action plans, and provide remediation in line with our Human Rights Impact assessments.

Following UN guidelines, our People Policy Assessment (PPA) risk workshops train managers to maintain responsible business in markets identi-fied as high-risk, based on desktop analysis and information from NGOs. Training topics include legal requirements, stakeholder consultation, vulnerable groups and risk identification in a local context. Action plans are prepared and the results of preventive measures monitored.

In line with our People Mission, we have per-formed ten PPA risk workshops in 2024, in coun-

tries identified as high-risk. For more information about high-risk countries, see page 149. During 2024, we conducted a full People Policy Assess-ment, this year on our local factory in Malaysia. Human rights training is provided to all office employees, as part of our annual Code of Conduct training.

Learning and development

We are actively working through the lens of our learning mission in order to meet the need of skilled people today and tomorrow. We want to ignite the passion to grow and learn, to bring out

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Women in management (%)	2024	2023	2022
Women in Senior Leadership ¹⁾	31.1	30.1	29.6
Women in leading positions ²⁾	30.9	30.2	29.2
Women in external recruitment and internal promotion for leading positions	33.3	33.0	31.0

Breakdown of employees (headcount) by gender and age group as of 31 December, 2024 (absolute numbers and %)	Board Members ^{3,4)}			Executive Management Team ³⁾			Senior leaders ^{1,3)}			Leaders ^{2,3)}		
	Women	Men	Total	Women	Men	Total	Women	Men	Total	Women	Men	Total
<30	— (—%)	— (—%)	— (—%)	— (—%)	— (—%)	— (—%)	— (—%)	— (—%)	— (—%)	34 (1%)	63 (2%)	97 (3%)
30–50	1 (11%)	— (—%)	1 (11%)	3 (38%)	3 (38%)	6 (75%)	67 (19%)	113 (32%)	180 (51%)	807 (22%)	1,692 (47%)	2,499 (69%)
>50	3 (33%)	5 (56%)	8 (89%)	1 (13%)	1 (13%)	2 (25%)	42 (12%)	128 (37%)	170 (49%)	275 (8%)	743 (21%)	1,018 (28%)
Total share	4 (44%)	5 (56%)	9 (100%)	4 (50%)	4 (50%)	8 (100%)	109 (31%)	241 (69%)	350 (100%)	1,116 (31%)	2,498 (69%)	3,614 (100%)

Breakdown of employees (headcount) by gender and age group as of 31 December, 2024 (absolute numbers and %)	Blue collar employees			White collar employees			Total employees		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
<30	2,002 (8%)	5,809 (24%)	7,811 (32%)	884 (4%)	1,229 (6%)	2,113 (11%)	2,886 (6%)	7,038 (16%)	9,924 (22%)
30–50	2,409 (10%)	9,117 (37%)	11,526 (47%)	4,458 (22%)	8,692 (44%)	13,150 (66%)	6,867 (15%)	17,809 (40%)	24,676 (56%)
>50	940 (4%)	4,297 (17%)	5,237 (21%)	1,203 (6%)	3,373 (17%)	4,576 (23%)	2,143 (5%)	7,670 (17%)	9,813 (22%)
Total share	5,351 (22%)	19,223 (78%)	24,574 (100%)	6,545 (33%)	13,294 (67%)	19,839 (100%)	11,896 (27%)	32,517 (73%)	44,413 (100%)

1) Senior Leadership refers to a population, which in 2024 consists of our 350 most senior leaders.
2) In 2024, Leaders are defined as People Leaders who have direct reports. In 2023 and 2022, the term referred to all our positions above a certain pay grade.
3) In the categories ‘Board Members,’ ‘Executive Management Team,’ ‘Senior Leaders,’ and ‘People Leaders,’ an individual might be counted more than once. This is because each of these populations is considered separately, and thus overlap can occur.
4) Only include Board Members elected by the AGM. In addition, there are three employee representatives supported by two deputies appointed by employee organisations.

the best in ourselves and deliver on our business goals. Our goal is to enable learning through relevant, impactful and adaptive learning experiences, that will allow our people to drive their own development and adapt to a continuous changing environment.

In 2024, Learning and development started to implement My Learning, our new learning module within our talent journey, designed to enhance training, achieve our goals, and support continuous employee development. We focused on upskilling and reskilling programs, particularly for maintenance technicians, mega casting, software development and digital skills.

Throughout the year, our employees worldwide have engaged in career or skills related learning through our various learning platforms. Our performance process, Continuous Dialogue, involves quarterly meetings between employees and managers to discuss performance, progress, development, learning, and wellbeing. We encourage a 360-degree feedback culture, promoting feedback and one-on-one dialogues for all employees, not just linearly between managers and their teams, to foster a high-performing, inclusive environment.

Work-life balance

Preserving the health of our employees requires consideration of their lives outside the workplace. We apply an office-first approach to prioritise in-person collaboration and team dynamics, while also offering flexible schedules and remote working opportunities to maintain a sustainable work-life balance.

Our Family Bond policy offers all employees 24 weeks of parental leave at 80 per cent of their base salary. This applies to all permanent employees, regardless of gender, and covers adoptive, foster and surrogate care, including non-birth parents in same-sex relationships.

Wellbeing and safety

Our People Mission and People Policy seek to improve health and wellbeing throughout our workforce. Our Health & Safety management system maintains standards for all employees and contractors. It is systematically reviewed to share best practices and adapt to new factors, including mega casting, electrification and legislative change.

Health and safety training is given to all employees and supervised contractors, which is customised to their specific roles. All our on-site contractors are required to undergo a safety training programme.

Health & Safety teams are available to support managers and the organisation in all regions. Global process owners within the Health & Safety organisation ensure that there is a strategic way of working in different areas such as machine safety, electrified vehicle safety, chemical safety, ergonomics, incident and accident management, personal protective equipment, and legal compliance.

Occupational health services maintain compliance with local legislation on factors including work-related medical checks and employee advice. The main focus is on proactive health initiatives for our workforce. Statistics from the occupational health services are followed up regularly and used for determining steps forward.

We use our Health & Safety management system to describe the safe way of working for all Health & Safety related topics such as working at heights, occupational medical health checks, risk assessments, work environment inspections, lifting and rigging.

Through the management system routines, safety and wellbeing is monitored and regularly followed up. The follow-up includes management training, risk assessments, sick-leave statistics, delegation of work environment tasks, work environment inspections, organisational work environment targets, etc.

Performance and career development reviews ¹⁾	2024	2023	2022
Employees that participated in regular performance and career development reviews, %	100	100	100
Women, %	100	100	100
Men, %	100	100	100
White collars, %	100	100	100
Blue collars, %	100	100	100

1) Data represents active employees.

Training hours, average number of hours per employee	2024	2023	2022
Training hours, average number of hours per employee	21	27	20
Blue collars ¹⁾	14	28	16
White collars	29	26	25
Training and development, average expenditures per FTE (SEK)	1,581	1,747	1,378

1) In 2024, training hours for blue collar workers decreased by 50 per cent compared to 2023. The decrease reflects lower blue collar turnover, lower attrition, streamlining training and production line modifications.

Work-life balance ^{1,2)}	2024	2023	2022
Employees entitled to take parental leave, %	100	100	100
Women	100	100	100
Men	100	100	100
Entitled employees that took parental leave, absolute numbers	6,113	6,164	5,827
Women	1,925	1,850	1,728
Men	4,188	4,314	4,099

1) In the work-life balance metrics only maternity, paternity and parental leave are included as part of the family bond (not carers' leave). Our family bond policy applies to all active permanent employees who have been employed for one year or more, if parental leave is not covered by social insurance.

2) Parental leave (regardless of duration of absence) is based on twelve months reporting period starting 1 October to 30 September.

Workers covered by an occupational health and safety (OHS) management system (absolute and %)	2024	2023	2022
Employees covered by OHS management system	44,413 (100)	44,589 (100)	46,345 (100)
Non-employees (consultants) covered by OHS management system ¹⁾	9,665 (100)	11,602 (100)	11,123 (100)
Employees covered by OHS management system that has been audited	44,413 (100)	44,589 (100)	46,345 (100)
Non-employees (consultants) covered by OHS management system that has been audited ¹⁾	9,665 (100)	11,602 (100)	11,123 (100)
Employees covered by OHS management system that has been certified by an external party ²⁾	8,601	9,412	11,120
Non-employees (consultants) covered by OHS management system that has been certified by an external party ²⁾	50	38	61

1) All consultants workers not only FTEs.

2) China is covered to 100 per cent, no other regions are certified.

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Proactive risk and incident management

Risk assessments are conducted before changes to the work environment to evaluate the impact on our workforce and to take necessary preventative wellbeing and safety measures.

All workplaces within our manufacturing facilities are risk assessed and updated when changes are made to the process. The assessment is posted at each workstation.

Our global incident reporting system is used to analyse data from reported risks, work environment related incidents, and make risk assessments for organisational and physical changes in day-to-day activities. Using this information, stakeholders can take necessary actions.

Safety alerts are issued throughout the company in response to significant workplace incidents to raise awareness about specific risks and initiate mitigation measures.

Wellbeing and health promotion

Our Health & Safety management programme focuses on enhancing physical, mental, and social wellbeing through proactive improvement initiatives.

In 2024, we introduced a digital system to assess and support mental wellbeing. The system aims to offer support to employees at risk of stress related illness and support for the organisation to identify areas for improvement.

During the year, we also promoted the Health Talk Tool to help managers support employee health and facilitate discussions about work situations and necessary actions needed.

In addition, we launched a “Global Heart Health Awareness Campaign” as part of our wellbeing programme to promote physical wellbeing. As part of this initiative, we offered employees blood pressure measurements along with medical advice and support.

We invite all employees to participate in the Global Wellbeing & Safety Month, which includes lectures and activities that improve physical, mental, and social wellbeing.

As a result of proactive and systematic safety efforts, the company’s injury rate (LTCR) in 2024 was 0.05. This represented one of our lowest results ever since we started measure, ranking us amongst the best in the industry.

Labour rights
Social protection

Our Pension and Insurance Principles state that all employees:

- Should be insured against disability, death in service and business travel
- Have the right to old-age pension benefits that are competitive in the market and country of residence. This includes state and occupational pensions, either defined benefit or defined contribution
- Have market-aligned coverage for loss of income due to sickness
- Must be insured for loss of income due to occupational injury or disability. Depending on country, different solutions are available for these insurances and we aim to apply the best practice in each respective country.

Adherence of Volvo Cars Principles is controlled by semi-annual follow ups with all markets globally. The result of the follow ups is reported to Pension and Insurance fora of Volvo Cars. All employees are entitled to equitable redundancy procedures and payments, subject to local legislation and laws.

Accidents, ill-health and sick leave	2024	2023	2022
Accidents			
Total number of Lost Time Injuries reported – employees	16	21	22
Injury rate (LTCR) ¹⁾ – employees	0.05	0.06	0.07
Total number of Lost Time Injuries reported – non-employees (consultants)	4	2	2
Injury rate (LTCR) ¹⁾ – non-employees (consultants)	0.15	0.06	0.05
High-consequence work-related injuries (excluding fatalities)	—	1	1
Rate of high-consequence work-related injuries (excluding fatalities)	—	0.003	0.003
Fatalities ²⁾ as a result of work related injury	—	—	—
Rate of fatalities as a result of work-related injury	—	—	—
Number of hours worked (LTCR) – employees	62,953,121	66,441,342	65,064,659
Number of hours worked (LTCR) – non-employees (consultants)	5,454,000	7,094,000	7,972,000
Main type of work related injury and number of cases (fall from height) – employees	5	3	6
Main type of work related injury and number of cases (hit by flying or falling objects) – non-employees (consultants)	3	—	—
Ill-health ³⁾			
Total number of work related ill-health reported – employees	9	13	12
Total number of work related ill-health reported – non-employees (consultants)	—	2	—
Fatalities ²⁾ as a result of work related ill-health	—	—	—
Main type work related ill-health (Muscular skeletal and connective tissue related disorders) and number of cases – employees	7	11	6
Main type work related ill-health (Muscular skeletal and connective tissue- related disorders) and number of cases – non-employees (consultants)	—	2	—
Sick leave			
Sick leave – employees ⁴⁾ , %	3.8	3.9	4.4

- 1) Injury rate (LTCR) is defined as the number of work and occupational accidents reported with at least one day sick leave, divided by hours worked and multiplied by 200,000. Non-employees (consultants) include consultants and agencies working under our supervision.
- 2) Includes all employees, supervised contractors and independent contractors at our sites. Independent contractors are defined as contractors involved in the construction/reconstruction of Volvo Cars' factories. Fatalities amongst contractors are only reported for projects in which Volvo Cars is the developer.
- 3) Work related illness – with sick leave, medically treated hospital care, other medical care, occupational health care, actual sick days 15 days and more.
- 4) Figures for employees in Sweden only.

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Collective bargaining and social dialogue

We have collective agreements with trade unions, and we have dialogues with employee representatives through our Volvo Cars European Dialogue fora. Convened annually, the council includes representatives from Sweden, Belgium, the Netherlands, Germany and Spain. Discussions cover the company’s financial position, its business, strategic and production outlook, as well as other employee-related issues. The council is also convened in the event of major changes within the company that affect employees represented by its delegates. Employee representatives also meet without employer representatives once a year independently to discuss and align on work-related union topics.

Freedom of association

Employees have the right to form or join associations and negotiate collective agreements, just as they have the right to remain unorganised and communicate directly with the employer if they so wish. Discriminatory action is not tolerated against any employees who peacefully and lawfully organise or join a trade union. Intimidating employees to join a trade union or obstructing their right to refrain from joining is not tolerated within the company.

Threats and violence

Volvo Cars does not tolerate the use of threats or violence in the workplace. Our Corporate Security department protects the company against industrial espionage, sabotage, terrorist offences and other crimes that might threaten our employees, assets, brand, and operations.

Our incident reporting channel encourages employees to report incidents of violent or threatening behaviour with anonymity. All reports are independently investigated.

Our corporate security training informs managers about refraining from workplace violence and other forms of disruptive behaviour. Reviewing incident reports allows us to identify the potential causes of violence or threatening behaviour and

implement prevention and mitigation measures. During 2024, our incident framework recorded two cases of severe threats or/and abuse of violence.

Child and forced labour

Volvo Cars does not tolerate child labour and forced labour in any part of its value chain and complies with all local, national and international employment legislation. We take swift and appropriate measures to remediate the adverse impact of any form of child labour connected to our operations. During 2024, our records presents zero instances of child or forced labour, emphasising our commitment to maintaining a safe and responsible work environment.

Collective bargaining coverage	2024	2023	2022
Coverage of collective bargaining – employees, %	70	71	67
Coverage rate as of 31 December, 2024	Collective Bargaining Coverage	Social dialogue	
Coverage rate, for countries with >50 empl. representing >10% total empl.	Employees – EEA	Employees – Non-EEA	Workplace representation (EEA only)
0–19%	—	China	—
20–39%	—	—	—
40–59%	—	—	—
60–79%	—	—	—
80–100%	Sweden Belgium	—	Sweden Belgium

Incidents	2024	2023	2022
Number of reported incidents of discrimination or harassment	48	43	52
Incident reviewed by the organisation	48	43	52
Remediation plans that have been implemented, with results reviewed through routine internal management review processes	10	13	43
Incident no longer subject to action	48	43	52
Number of complaints filed through channels for own workers to raise concerns	134	—	—

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Fair compensation

Ensuring adequate pay is an ethical imperative that reflects a commitment to social justice. Offering employees fair compensation acknowledges the value of their work and promotes mutual respect. This is important in a global context where significant economic disparities exist. As a global organisation, we conduct business in a range of labour markets with different levels of social protection. In order to ensure that all employees receive equitable pay, we monitor salaries at all levels in the organisation. We never accept unjustifiably pay gaps. If any gaps are identified an action plan is agreed and followed up on. Analysing gender pay gaps is essential in creating equal opportunity

workplaces. Any gaps that cannot be justified by factors such as job complexity, individual performance and market conditions should be rectified. Reporting our pay gap and remuneration ratio improves transparency, promotes equality and contribute to long-term sustainability.

The average total compensation pay gap amounted to 1.5 per cent, which is within the five per cent limit within our guidelines. The gender pay gaps are analysed at regional and country level and, if outside of the five per cent limit, addressed by action plans. Gender pay gaps are analysed grouped by career levels in each country and the gaps are primarily caused by differences in seniority and experience.

Wage level (ratio)		2024	2023	2022
Entry wage level compared to agreement ¹⁾	Belgium	1.23	1.16	1.15
	China	2.17	2.48	2.38
	Sweden	1.52	1.31	1.17
	United States	2.73	2.55	2.55
Men – entry wage level compared to agreement ¹⁾	Belgium	1.23	1.16	1.15
	China	2.19	2.48	2.38
	Sweden	1.52	1.31	1.17
	United States	2.73	2.55	2.55
Women – entry wage level compared to agreement ¹⁾	Belgium	1.24	1.16	1.15
	China	2.17	2.48	2.38
	Sweden	1.53	1.31	1.17
	United States	2.90	2.55	2.55

1) Entry level wage is compared to the local labour agreement in Belgium, to the statutory minimum wage in China and US. In Sweden the entry level wage is compared to 50 percent of the national median salary.

Remuneration	2024	2023	2022
Gender pay gap, %	1.5	—	—
Annual total remuneration ratio			
Wage level CEO (highest paid) comparison ¹⁾	75 to 1	67 to 1	102 to 1
Total cash compensation increase CEO (highest paid) comparison ¹⁾	2.0 to 1	—	2.5 to 1

1) No wage increased in Sweden during 2023.

Methodology

Employees

For the purposes of this statement, our workforce includes all Volvo Cars employees, consultant and agency personnel who work on our premises or under our direction, members of the Volvo Car Group Board of Directors.

Headcount

Headcount is based on employee numbers, irrespective of their contracted hours (full-time/part-time). Example: one individual working part-time is counted as 1.

Full-time equivalents (FTEs)

Full-time equivalents (FTEs) take part-time into account. Example: one individual working part-time is counted as 0.5.

Average number of employees

The average number of employees is calculated as an annual average, including lay-off effects, based on FTE, including all legal entities fully owned by Volvo Cars. Figures may vary between sections.

Employee turnover

Employee turnover is calculated annually, with average headcount used as a denominator.

Gender pay gap

Gender pay gap is the difference of average gross monthly pay between women and men, in relation to the average gross monthly pay for men, presented as a percentage. Gross pay is defined as the full-time base salary and any other remuneration, in cash or in kind, which employees receive directly or indirectly excluding pension. The variable components excluded from gross pay includes overtime, shift allowances and non-guaranteed allowances. This methodology has been implemented in 2024 and is applied for the full year 2024. No comparison data is available.

In 2024, we evaluated pay gap and remuneration ratio throughout the company globally. In order to compare positions of equal impact and value, we utilised career levels. Total pay gap is calculated with weighted averages to compare positions of equal value.

Highest paid comparison ratio

The comparison is made comparing the annual total remuneration of the highest paid individual to the median annual total remuneration for all employees. Gross pay is defined as the full-time base salary and any other remuneration, in cash or in kind, which employees receive directly or indirectly. The variable components excluded from gross pay includes overtime, shift allowances and non-guaranteed allowances.

Total cash compensation increase CEO (highest paid) comparison

The comparison is made by comparing the annual salary increase of the highest paid employee.

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Workers in the value chain

We aim to protect and improve the lives of the people in our value chain and wider society. At the same time, we acknowledge the challenges related to this ambition, not least due to our extensive value chain, which is present in more than 100 countries. Through our worldwide value chain and affected communities, we have an impact on millions of people, including vulnerable groups.

In 2024, we purchased goods and services at a value of 314 billion SEK from approximately 12,900 directly contracted suppliers. Of these, 10,300 supplied services and equipment, and 1,030 (at 2,600 supplier sites) supplied components. 35 per cent of our supplier sites are in China, 12 per cent in Germany, seven per cent in Sweden, five per cent in the US, five per cent in France, five per cent in Poland, four per cent in Mexico, 22 per cent in other European countries and four per cent in other countries in Africa, Americas and Asia. Our supply chain contains several tiers and many subcontractors.

Our retailer network spans 83 countries with nearly 2,500 outlets. Our 33 largest markets have national sales companies that manage local retailer relations, while distribution and service in smaller markets is handled by import companies and our global importer offices. Approximately 56 per cent of our retailers are in Europe, 13 per cent in the USA and Canada, 12 per cent in China, 11 per cent in the Asia Pacific (excluding China), four per cent in South America, Central America and Mexico, and four per cent in the Middle East and Africa. Our global retail network employs approximately 60,000 people.

Impacts, risks and opportunities

Volvo Cars has identified material impacts, risks and opportunities related to human rights in our upstream and downstream value chain as well as in our own operations. Our analysis specifically points out the below risks of negative impacts and potential positive effects in our value chain.

Health and safety

Our business partners must at all times provide and maintain a safe and healthy working environment that meets, and preferably exceeds, applicable standards and legal requirements. However, we know, through our supplier due diligence data that the health and safety of workers in our value chain might be negatively impacted e.g. due to insufficient emergency preparedness and poor usage of people protection equipment.

Child and forced labour

Several reports¹ have indicated risks of forced and child labour in industry sectors relevant to our supply chain. We do not tolerate any form of child and forced labour in our value chain, since any such cases would have a severe impact on the individual. It may also pose a financial and reputational risk to take into account.

Threats, abuse and violence

All people in our value chain should have the right to work without fear of abuse or violence. Our analysis points out that in some of the countries in which we have suppliers, sub-suppliers and retailers located, there is a heightened risk for violations of these rights.

Secure employment

Through our procurement requirements for suppliers and retailers, we seek to secure working conditions for their employees. However, based on dialogues with external and internal stakeholders and our due diligence record, we have identified that the number of short-term contractors in some key sectors to us is high. This might have a negative impact on workers in our value chain through insecure employment and lack of social protection.

Excessive working hours and work-life balance

Business partners must comply with applicable legislation regarding working hours (including but not limited to overtime and overtime compensation) and rest rules, but in our supplier due dili-

gence procedures, we have identified cases of excessive working hours and insufficient free time.

Freedom of association, collective bargaining and social dialogue

We preserve employee rights to collective agreements, freedom of association and social dialogue between company management and employee representatives, or the employee rights to remain unorganised and communicate directly with the employer if they so prefer. However, through our value chain we have a presence in countries associated with violations of labour rights, including freedom of association, and where local labour legislation is weak.

Fair and equal pay

We request our business partners to adhere to legal minimum standards, collective bargaining agreements or appropriate industry standards, to ensure fair and equal wages to employees. However, some of our suppliers, sub-suppliers and retailers are located in countries with heightened risks of workers not being paid a fair and equal wage.

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1) "This is what we die for": Human rights abuses in the Democratic Republic of the Congo power the global trade in cobalt; Amnesty International (2016) and Driving Force; Sheffield Hallam University (2022).



Land rights, local communities and indigenous people

We acknowledge that our electrification programme increases demand for the raw materials used in vehicle batteries, including bauxite used to produce aluminium and other raw materials. These materials are to some extent extracted in countries where the rights of local communities and indigenous people to free, prior and informed consent are not respected.

Equality and diversity

We request that our business partners do not engage in any form of discrimination based on gender, ethnicity or religion. Gender equality in the workplace means equal treatment regardless of gender e.g. regarding recruitment and promotion opportunities as well as participation in decision making bodies. A diverse workforce includes people with different attributes and qualities. In countries of some of our suppliers, sub-suppliers and retailers, we have identified heightened risks of failing to meet our standards.

Our policies

Based on our commitment to safeguarding internationally recognised human rights standards and guidelines, articulated in our Code of Conduct, and Volvo Cars Human Rights Statement (see page 148), we have formulated our Code of Conduct for Business Partners. Our retailers, suppliers and their employees and subcontractors throughout all tiers are obliged to comply with the Code of Conduct for Business Partners or similar principles.

Our Position on Responsible Sourcing applies to suppliers of components containing Raw Materials of Concern (RMoC) i.e. raw materials associated with severe negative environmental, social and governance impacts (see page 199). Volvo Cars recognises a broad range of environmental, social and governance risks, including the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. In 2024 we prepared updates, in line with the requirements in the EU Battery Regulation, on the Position on Responsible Sourcing. The updated document is to be approved by members of the EMT and released in the first quarter of 2025.

In 2024, we updated our contract templates for suppliers with further requirements for responsible business. These include human rights commitments and obligations to conduct human rights due diligence and cascading the requirements to direct and indirect business parties.

Workers and communities in our value chain

We value the work of non-government organisations (NGOs), journalists and other stakeholders who drive improvements for people and the planet. In 2024, we consulted with e.g. investors and NGOs about responsible business in global supply chains. The insights gained in these dialogues serve as input in our due diligence efforts, including building an understanding of how rights holders in our value chain may be impacted by our direct and indirect operations and what actions we can undertake to drive improvement.

Furthermore, views of workers at suppliers are collected through interviews during audits, which take place continuously over the year. Moreover, during audits at mine sites in our battery supply chain, people representing the surrounding communities, indigenous people, local authority and other rightsholders are also interviewed. The workers included in interviews are selected to secure a broad range of perspectives, including those from vulnerable groups such as women and migrant workers. If non-compliance is identified, corrective action plans are established for the suppliers to implement. We are monitoring the status of the corrective action plans to ensure that the identified issues are resolved and improvements for the affected people are being made. The audit results also serve as relevant input to our continuous improvement of human rights due diligence aiming at identifying, preventing and addressing human rights impacts in our supply chain.

Reporting opportunities for value chain workers and local communities

We encourage employees, local communities and other stakeholders in our value chain to report illegal activity or violation of our Code of Conduct and Code of Conduct for Business Partners. All reports are treated confidentially, in accordance with our compliance investigation procedure and regulatory requirements. We do not tolerate any form of retribution against those who report concerns in good faith. Reports can be submitted via our Tell Us reporting channel available in about 200 countries and in more than 60 different languages.

Our Code of Conduct for Business Partners requires that our business partners shall establish and provide grievance channels and remedial mechanisms for employees and other stakeholders, including local communities and indigenous peoples, to anonymously raise legitimate concerns related to any area covered in our Code of Conduct for Business Partners. We monitor compliance amongst suppliers through our Sustainability Assessment Questionnaire (SAQ) and audits.

Actions in our supply chain

Identifying people at risk

Due to our global supplier footprint and the raw materials used in our components, we have to consider a wide range of human rights risks when performing our business. We take a risk-based approach, in line with international guidelines, and carry out an annual risk assessment. Based on our identified Salient Human Rights Issues, we identify high-risk activities and high-risk countries throughout our value chain. We form our human rights due diligence plan based on this analysis (see page 148 for more information). Risk alerts from the media, NGOs and stakeholders continuously inform amendments to our due diligence plan.

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In addition to identifying high-risk suppliers based on location and activity, suppliers of components containing RMoC, are also considered high-risk. These minerals, metals and bio-based materials are associated with high risk of adverse impact on people and planet during their extraction, processing, trade and transportation.

Human rights due diligence in our supply chain

Our Supply Chain department ensures the implementation of human rights due diligence, in terms of compliance with the Code of Conduct for Business Partners and our sustainability requirements. Our process is risk-based and consists of assessments on two levels, both of which are built on the due diligence wheel (see page 148) including identifying and assessing risks and impacts, and implementing actions to cease, prevent and mitigate identified risks and impacts:

- Basic due diligence for directly contracted suppliers.

- Enhanced due diligence for suppliers identified as high-risk
 - in our basic due diligence
 - in our yearly risk assessment
 - through alerts from stakeholders
 - new suppliers based in high-risk countries
 - suppliers delivering components containing RMoC, including the battery supply chain

Assessments are carried out before finalising agreements and periodically thereafter. Meeting our sustainability requirements is a prerequisite to be part of our supplier choice process. In addition to ensuring compliance with our responsible sourcing requirements, the due diligence work enables us to identify environmental, social and governance risks and impacts and take actions to prevent, mitigate and address these. We consider due diligence to be an ongoing, proactive, and reactive process, which will progressively be improved over time as a result from engagement with suppliers and other stakeholders.

Raw Materials of Concern	Examples of components containing RMoC ¹⁾
Aluminium/Bauxite	Wheel, battery tray, subframe
Cobalt	Battery, e-motor, tyre
Copper	Cable harness, battery, busbar
Graphite (natural)	Battery, e-motor
Lead	Battery, e-motor
Leather	Upholstery
Lithium	Battery, steering gear
Magnesium	Cross car beam, seat support, subframe, battery tray
Manganese	Battery, e-motor
Mica	Battery insulation, busbar, paint
Natural rubber	Tyres, busbar
Nickel	Battery, e-motor
Phosphorous	Battery, e-motor
Rare earth elements	E-motor, woofer, steering gear
Steel/Iron	E-motor, subframe, side doors, tailgate, brake disc, bearing
Tin, tungsten, tantalum, gold	Electronics, lidar, e-motor, control unit, onboard charger, mirror
Wool	Upholstery

1) List based on weight.



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Basic due diligence

Directly contracted suppliers are evaluated through self-assessment questionnaires, on-site visits and screenings, as listed below.

Sustainability Assessment Questionnaire

The Sustainability Assessment Questionnaire (SAQ) has been mandatory in our sourcing process since 2019 and was developed by Drive Sustainability, a collaborative initiative within the automotive industry. It requires suppliers to report on topics including business ethics, human rights, environmental management and responsible sourcing. All responses are validated by an external assessor. Existing suppliers are required to complete the SAQ every two years, with improvement recommendations based on their results.

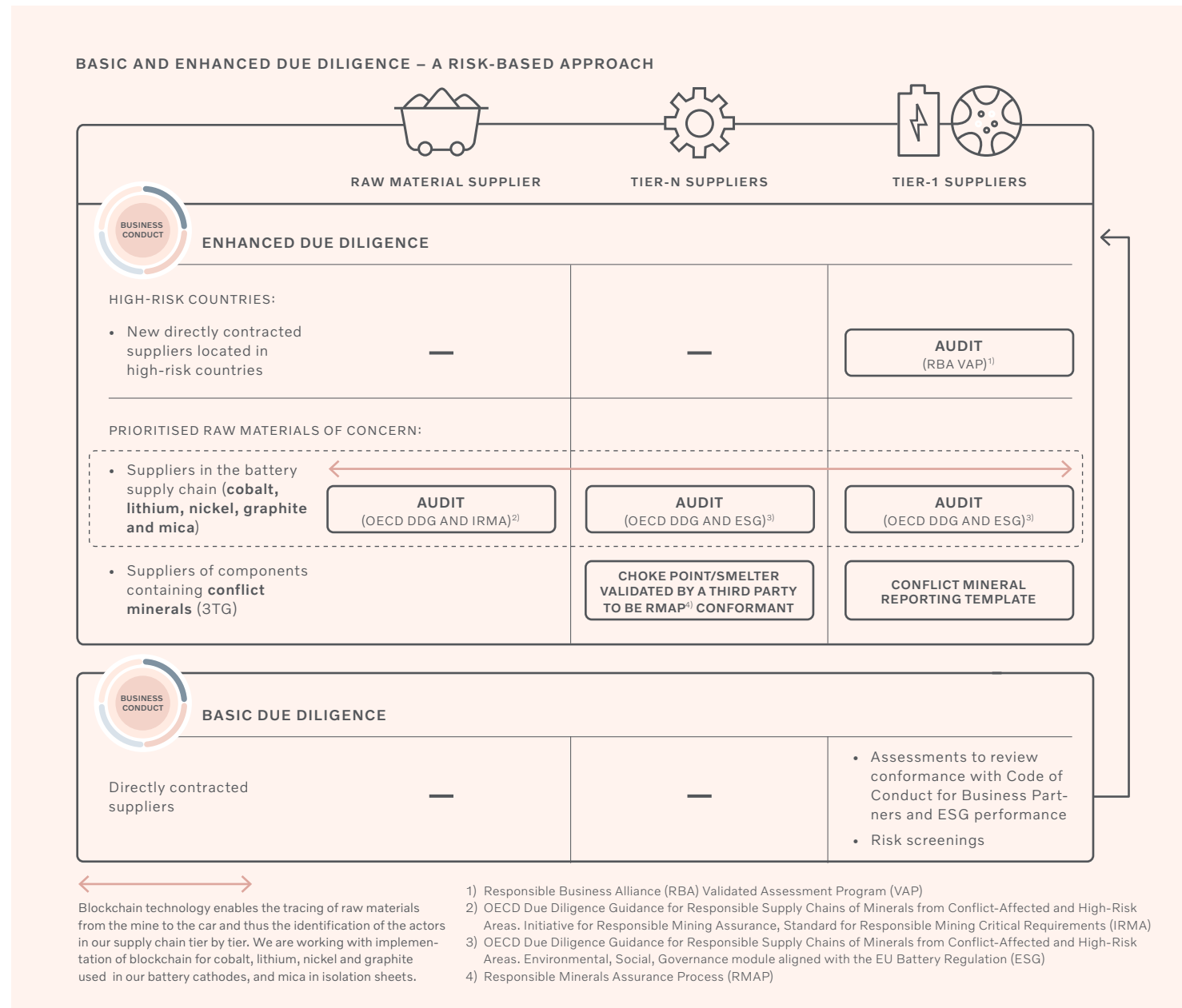
In 2024, 1,417 suppliers (88 per cent) submitted a SAQ, of whom 95 per cent were compliant with our requirements. Non-compliant suppliers are required to form action plans.

Anti-corruption and trade sanctions

Suppliers are screened in an anti-corruption and trade sanctions process. This is done prior to sourcing and during ongoing business to identify

SAQ and RMAP-compliant smelters	2024	2023	2022
Number of directly contracted suppliers having performed a SAQ	1,417	1,402	769
Share of the directly contracted suppliers being conformant with our requirements in the SAQ, %	95	93	93
RMAP-compliant smelters in the 3TG supply chain ¹⁾ , %	63	65	78

1) Figures disclosed for the last full reporting period 1 October to 31 May.



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and mitigate legal risks in the fields of corruption and trade sanctions as well as money laundering and violations of human rights.

Enhanced due diligence

Enhanced due diligence is carried out on suppliers associated with heightened environmental, social and governance risks. Activities include auditing, training and consultation and aim at giving us a deeper understanding about the supplier’s responsible sourcing practices as well as drive for improvement where needed.

Annual risk assessment, high-risk countries, alerts from stakeholders

Suppliers that are identified as high-risk either in the annual risk assessment, or by stakeholders as well as new suppliers in high-risk countries undergo comprehensive on-site auditing. Audits are conducted according to the Responsible Business Alliance’s Validated Assessment Program (RBA VAP) or to equivalent standards. Auditing evaluates labour rights, environment, business ethics, management systems, health and safety. Audits are carried out on-site by accredited third-party auditors over two to five days.

As the result of our annual risk assessment (including factors such as number of people working at the site, audit history and expenditure), and based on alerts from stakeholders, 43 suppliers were audited.

All new suppliers of components in high-risk countries are required to undergo an RBA VAP audit before starting production. Since May 2021, 299 suppliers have been in for scope for this audit

requirement, whereof 82 were added in 2024. During 2024, 25 of these audits were conducted, out of the 82. To improve the number audits performed, we have conducted trainings for buyers and suppliers as well as reviewed and amended processes in 2024.

The RBA VAP audits were performed in China, India, Mexico, Philippines, Ukraine, Turkey, Vietnam, Morocco, Germany, Poland, Japan and Hungary.

In collaboration with our manufacturing partner, we have during 2023 and 2024 performed a separate audit programme for our tier 2 suppliers, as they were not covered by our RBA VAP. The audit programme, which covers labour, health and safety, environment, ethics and management system, was developed in cooperation between our manufacturing partner and us, whilst the audits themselves were performed by an external audit firm. 120 audits have been performed, out of which 27 were conducted in 2024. All audits were performed in China.

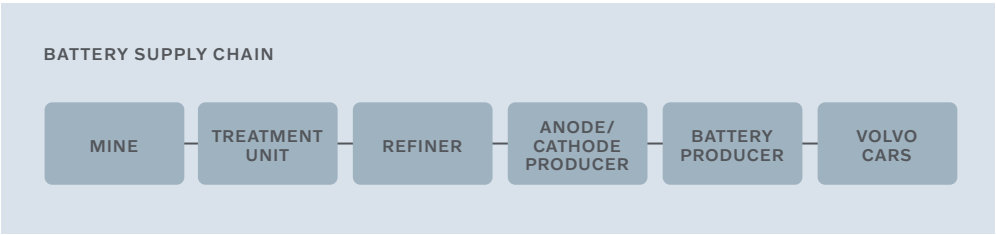
Raw Materials of Concern (RMoC)

We seek to increase transparency in supply chains containing RMoC and ensure responsible sourcing in line with industry standards, good practice frameworks and regulatory requirements. We began with tin, tungsten, tantalum and gold in 2017, cobalt in 2019 and have since then increased our efforts to other battery raw materials including lithium, nickel, graphite and mica. In 2024, we introduced enhanced due diligence measures for copper, leather, natural rubber and rare earth elements (REE).

Battery raw materials

Volvo Cars does not source battery raw materials directly. We recognise that battery supply chains are complex and the raw materials they contain are associated with significant environmental, social and governance risks. Therefore, effective traceability is vital, from raw material extraction through

each tier of material processing. We have been collaborating with the blockchain technology firm Circular in tracing the battery raw materials through blockchain since 2019. The blockchain traceability programme currently covers cobalt, lithium, nickel, graphite (for batteries) and mica (for battery insulation).



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In 2024, building on our work with traceability we became the first car maker to introduce a battery passport, ahead of the newly-adopted EU Battery Regulation. Accessible via the Volvo Cars app and a QR code on the door frame, Volvo EX90 drivers can access the country of origin of cobalt, nickel, graphite, lithium and mica in their vehicle’s battery and related insulation. Information about its content of recycled material and carbon footprint are also available in the app.

RMoC (for battery production and insulation respectively)	Country of Origin ¹⁾ (Volvo EX90)
Cobalt	China
Lithium	Brazil, China
Nickel	China
Graphite	China
Mica	China

1) Countries of origin of Volvo EX90 battery materials. Supply chains are dynamic and changing over time. This is status per December 2024.

Audits in the battery supply chain

Since 2019, we have commissioned independent audits of suppliers in our battery supply chain from RCS Global, an SLR Company (RCS). Between 2019 and 2023, we conducted 61 audits of suppliers in our cobalt, lithium, nickel, graphite and mica supply chains. We aim to ensure that suppliers in all tiers of our battery supply chains are compliant with relevant standards for responsible sourcing and the newly adopted EU Battery Regulation. The purpose is also to help ensure continuous improvement of responsible sourcing perfor-

mance across our battery supply chain by monitoring the implementation of corrective action plans.

In 2024, with support from RCS, we expanded our audit standard to also include a module aligned with the EU Battery Regulation, in addition to the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (OECD Due Diligence Guidance). Audits of mine sites are conducted against the IRMA (Initiative for Responsible Mining Assurance) Standard for Responsible Mining Critical Requirements or equivalent schemes. The audit scopes allow us to gain a broad understanding of the environmental and human rights performance of the suppliers (including at the mine sites) drive for improvements where needed, and meet stakeholder expectations for due diligence in the battery supply chain.

In 2024, we conducted 28 audits in our battery supply chain. These included four directly contracted suppliers, five anode/cathode producers, eight refiners, six treatment units and four mine sites. In the mica (battery insulation) supply chain, we conducted one audit at a treatment unit. The audits were conducted in China, the Democratic Republic of the Congo, Indonesia, Turkey, Sweden, Poland and Madagascar.

Other activities in the battery supply chain

In addition to our audit and traceability programs in the battery supply chain, we undertake additional activities. Volvo Cars had a representative that participated in a travel arranged by Drive Sustainability

and IndustriALL Global Union to Indonesia to visit nickel mines and treatment units, engage with rightsholders, particularly workers and trade unions, and government representatives to further increase our understanding of the challenges and opportunities in this area. To ensure continuous improvement of our due diligence efforts throughout the battery supply chain, Volvo Cars representatives gathered representatives from suppliers across the complete Volvo EX90 battery supply chain to discuss traceability and the execution on our audit programme. The event provided insights into challenges and deviations that could jointly be resolved in an efficient manner.

Conflict Minerals

Our ambition is to source all components containing tantalum, tin, tungsten, and gold (commonly referred to as 3TG or conflict minerals) from supply chains in which every smelter and refinery has undergone third-party assurance. Each year, we ask our suppliers of such components to declare their due diligence efforts and provide detailed information on the smelters they use. This is done through the Conflict Minerals Reporting Template (CMRT) provided by the Responsible Minerals Initiative (RMI).

By tracing the origins of minerals in our supply chain and ensuring that the materials we purchase come from smelters that are validated as conformant with the Responsible Minerals Assurance Process (RMAP)—RMI’s third-party verification of smelter and refiner management systems— we are working to secure responsible sourcing in line with global standards.

Copper, leather, rubber and rare earth elements

In 2024, we expanded our enhanced due diligence work to include suppliers of components containing copper, leather, natural rubber and rare earth elements (REE). Twelve suppliers, who provide the majority of these materials in our vehicles, were selected for enhanced due diligence.

RMoC	Components
Copper	Cable harnesses
Leather	Upholstery
Natural Rubber	Tyres
Rare earth elements	E-motors

The aim of the work is to evaluate selected suppliers’ human rights and environmental due diligence processes and management systems for responsible sourcing, and drive improvements where needed. The work is long-term and will continue over time.

Monitoring

Audit findings are summarised in a report, which include non-conformities and a list of agreed corrective actions for the supplier to take within agreed timeframes. We monitor the corrective action plan implementation progress to ensure that the needed measures are taken. If a supplier does not take the agreed actions, discussions are initiated to understand the root cause and identify ways we can support the supplier in meeting the audit requirements and our Code of Conduct for Business Partners.

Outcome of our due diligence Suppliers identified as high-risk

In 2024, the most frequent non-conformities in RBA audits concerned: excessive working hours and wages and benefits.

Since 2018, 330 RBA audits have been carried out on our directly contracted suppliers. 68 of these were conducted in 2024. 92 per cent of the corrective measures agreed with suppliers in 2023 have been addressed. The improvement of the rate of corrective measures being addressed is the result of new processes and ways of working.

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Battery raw materials

In 2024, the most common findings in audits against the OECD Due Diligence Guidance were related to risk assessment and management system and audits against the module aligned with the EU Battery Regulation mainly concerned labour and working conditions e.g. working hours and emergency preparedness. Findings from audits at mine sites, against the IRMA Standard for Responsible Mining Critical Requirements, mostly concerned management system and risk assessment.

We work closely with our suppliers and RCS to ensure that corrective measures are implemented within agreed timeframes. To help suppliers in the battery supply chain fulfil their commitments, we launched a training programme on the concerned audit standards in 2023 (see more in table below). Monitoring the progress of closure rate of corrective action plans will be used to evaluate this training.

Conflict minerals

Since 2017, we have diligently monitored the presence of 3TG in our supply chain to ensure alignment with responsible sourcing standards. Our efforts focus on verifying that the smelters and refiners processing these minerals are included on the RMI’s list of conformant smelters and refiners.

While the current reporting period is still under-way, in the previous full reporting year (2023), 63 per cent of 3TG smelters and refiners in our supply chain have achieved RMAP compliance. Despite the complexities introduced by shifting geopolitical dynamics, we remain dedicated to refining our due diligence processes, fostering collaboration with stakeholders, and driving continuous improvements in our sourcing practices.

Responses to risk and impact

Volvo Cars audit programs follow established standards (RBA VAP or equivalent and OECD Due Diligence Guidance respectively). These standards are the basis for preparing actions to respond to a finding.

If suppliers do not meet our requirements (e.g. accepting an audit or implementing agreed corrective action plans) the situation is escalated according to our escalation process. By supporting the supplier and using our leverage we strive to bring the supplier into compliance with our requirements. Termination of the contract is used as a last resort.

Training suppliers and buyers

In 2024, we trained suppliers and key staff in our procurement department on responsible sourcing practices with the overall aim of improving the conditions for people in our supply chain and related communities, see table below. We regularly evaluate our training activities to improve its effectiveness.

Topic of the training	Target group	Number of attendees
Audit standards, corrective measures and fulfilling action plans in the battery supply chain	Suppliers in our battery supply chain	190 from 17 suppliers
Audit requirements of the Responsible Business Alliance’s Validated Assessment Program	Directly contracted suppliers in high-risk countries	125
Audit requirements of the Responsible Business Alliance’s Validated Assessment Program	Buyers, managers and other staff working with human rights due diligence	250
Due diligence for environmental, social and governance risks relating to Raw Materials of Concern	Buyers of components containing copper, rubber, leather and rare earth elements	30
Human rights in Our Code of Conduct	Employees within Global Procurement	770
Data quality and response rates in supplier assessments of environmental issues	Suppliers in the Asia Pacific region and key staff for environmental matters	1,040

Actions in our retail network

For our retail partners, mandatory Retailer Standards are in place for compliance with the Code of Conduct for Business Partners as well as specific requirements on health and safety and environmental protection. These are audited on an annual basis. Furthermore, due diligence including screening is performed on retail partners in sanction and corruption high-risk countries, before entering a new contract and regularly throughout business relationship.

In 2024, we performed a gap analysis to further improve our human rights due diligence, mitigate potential violations of our Code of Conduct for Business Partners and identify areas of improvement. This resulted in more stringent Retailer Standards that will be activated in 2025. The updates include topics covering our ambition of human rights training for all retail personnel globally and local grievance channels.

Furthermore, in 2024 we have also gained in-depth insights from high-risk markets through market studies and interviews with our National Sales Companies and importers. Based on this work we are investigating how to enhance our due diligence for the future.

Our ambitions

Based on our human rights due diligence history, our annual risk assessment and desktop research, we formulated two ambitions relating to responsible business in our supply chain in 2024. These are 88 audits and closure rate of 80 per cent of the findings from audits on our directly contracted suppliers. At the end of December 2024, 96 audits were performed and the closure rate is 92 per cent. Our ambitions for 2025 are to conduct 90 audits and achieve a closure rate of the corrective action plans of 85 per cent.

The ambitions are tracked monthly by the Executive Management Team and aim at driving positive impact for the workers in our supply chain and related affected communities, as well as build awareness about the challenges and opportunities related to human rights due diligence in our organisation.

In 2025, we aim to score 100 per cent compliance in our retailer network on all human rights related standard criteria, have all retailer personnel trained on human rights and grievance channels, to generate awareness, understanding, and a proactive approach towards socially and planetary responsible practices across our network.

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Consumers and end-users

For us, safety is about people. It has been a consistent core value from the launch of our first car in 1927. Ever since, we have been pioneers in road safety, protecting people inside and outside our cars, their lives and the life they are living. The three-point seat belt, inflatable curtain and autobrake prove that our innovations save lives. Our safety work is an ongoing process of successive improvement. We are dedicated to leading our industry in safety and in pursuit towards a vision of zero-collision.

Satisfied customers are crucial for Volvo Cars and we aim to consistently deliver on customers' expectations. We apply a mindset and a culture that foster quality in everything we do, where quality is never to be compromised. Using methods and tools, we address the primary factors of problems and aim to only pass on right quality to our customers.

Impacts, risks and opportunities

Safety is at the core of our business and our ambition is to have no collisions at all in the future. There are, however, inherent risks associated with driving, not least to vehicle occupants and other road users. We seek to mitigate the risk of serious accidents and injuries with active and passive safety features.

Rigorous testing and quality evaluations are fundamental to ensuring and improving the safety of our products and services.

Collecting data is vital to providing high-quality consumer experience and developing technological solutions for our products and services. However, customer data that is inadequately protected, leaked or misused may result in financial and reputational damage to the company. Safeguarding data and limiting its use avoids risk for both our consumers and our company. For more information about data protection, see page 206.

Safety

Our Safety Guiding principles

Safety is at the core of our purpose, culture and vision. We aim to ensure that every member of our workforce takes a safety-first approach in every aspect of their work. In protecting what is most important to our customers, we always strive to equip our cars with safe, intelligent technology.

Safety is not just about avoiding road accidents and minimising collision damage. Our Code of Conduct for Business Partners sets standards in maintaining safe, healthy working conditions that meet, and preferably exceed, applicable standards and legal requirements.

We apply five guiding principles to safety design.

Safety-first

For us, safety should not be an add-on or a choice. After studying real-life collisions over many decades, we use our wealth of safety data and knowledge to guide fundamental design principles. The benefits of extensive research are built into the details of our cars from the earliest stages of development.

Safety for all

We apply our safety principles to everyone, regardless of age, gender, height or weight. Over the

years, these principles have led to features including WHIPS (Whiplash Injury Protection System), SIPS (Side Impact Protection System) and many child safety innovations.

Life-centric innovation

Cars are driven by people fully occupied with living. Providing people with a safe space is the basis for our Safe Space technology. With the application of innovative technology, we aim to improve safety for people both inside and outside our cars. Our next generation cars are equipped with our sharpest sensor set ever. Together with core compute and our Driver Understanding system this enables further improved collision avoidance and drivers assist functions to be included. Moreover, these can be improved, and more function can be added over time via over-the-air capability. We have also introduced occupant sensors that use interior radars to help detect children or pets from being left unintentionally unattended.

The Volvo Cars Safety Standard

Based on our extensive data and knowledge from real-world accidents, we created the Volvo Cars Safety Standard that aims to protect people in real situations and often exceed existing test procedures and rating metrics. We test and validate our cars in a wide range of crash test scenarios, includ-

ing front, side, rear, run-off-road, roll-overs, large animal collisions and accidents involving multiple events. We also use unique virtual human body models representing people of different gender and body shapes in our evaluation.

All for safety

Safety knowledge and innovation is far too important to keep to ourselves. We have a long-standing history of allowing others in the automotive industry to benefit from our research which we make freely available on our Equal Vehicles for All site available via volvocars.com.

Our commitment to safety is part of a collective responsibility that benefits all road users.

Our processes

Product development

The Volvo Cars Product Development Process structures the evaluation of product development and compliance with our Volvo Cars Safety Standard. Safety status is reported and monitored in programme gates and receive approval before car programs are allowed to proceed.

Safety research

Since 1970, our safety research team has gathered comprehensive data from accidents and car insurance claims. The data includes more than

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50,000 post-crash cars, involving approximately 80,000 people and supports researching more complex collision factors than standard testing allows. Our long-term focus on safety research leads to the development of effective solutions to real-world safety issues.

Feedback and reporting

Customers can raise safety concerns by using our Tell Us reporting channel. We follow quality and warranty claims through established channels and monitor potential safety issues. For more information, see page 205.

Our actions

During product development, we use advanced computer simulation to evaluate safety status and improve our designs. From producing prototypes to starting production of a completely new car, we conduct more than one hundred complete vehicle level tests in our crash lab to evaluate safety performance.

Volvo Cars also has partnership and collaboration with academia and insurance institutes help drive research in the field of automotive safety.

Awards and safety ratings

Volvo Cars has led automotive safety for decades. Over the years, many of our models have been awarded the highest ranking in official safety ratings like Euro NCAP, IIHS and US NCAP. Many of our innovations have become industry-standard features.

We have received many awards for safety innovation and are honoured that TIME named the driver understanding system of the EX90 as one of its best inventions in 2024. The XC90 earned a 2024 TOP SAFETY PICK+ award from the Insurance Institute for Highway Safety. To receive the Institute's highest safety award, vehicles must pass a series of crash test evaluations.

Quality

Our Quality Guiding principles

Volvo Cars quality work is guided by our global quality strategy which is based on our commitment to quality. The quality strategy identifies important quality objectives and outlines at a high-level how we intend to achieve them. It originates from the customers’ perspective and promotes a quality culture that has the customer in focus. It covers all aspects of our products, offers, services and interactions with our customers and includes our five-step approach to quality.

Our Code of Conduct states that quality is always paramount. Everyone involved in our activities as a company must aim for customers satisfaction – from the first design concepts to distribution, sales, services and repairs of new Volvo cars. We do this by applying strict quality controls at each stage.

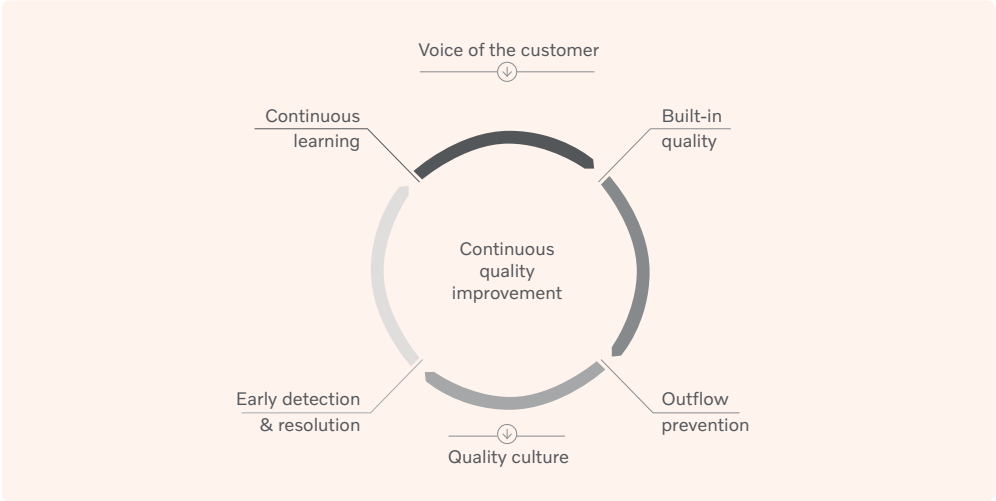
Volvo Cars ensures the highest standards of quality and reliability by conducting thorough quality risk assessments and minimising risk exposure through internal audits of our management system. As an ISO 9001 certified company, we adhere to recognised standards for quality management, with annual external audits performed by a third-party agency.

Our processes

Our approach to quality strengthens and continuously improves our quality work.

Listen to the voice of the customer

Listening to and understanding customer needs and using customer feedback data in our daily work and decision making is crucial. Ensuring that the voice of the customer reaches the teams that can act and improve our products, services, and experiences enables us to continually enhance customer centricity. Volvo Cars also utilises several different external customer surveys, such



as the JD Power customer surveys, to monitor various aspects including quality of car, app, product, service and sales, customer challenges and customers’ retail satisfaction.

Built-in quality in everything we do

Our ambition is to secure built-in-quality in all processes and areas of our operations including design, launches, releases, production and service. Built-in quality represents the proactive work to build quality into all these areas. We take responsibility for the quality we deliver to each other and to our customers through a principle of “right from me”.

Outflow prevention

To ensure quality at every step and protect the customer throughout the process, we focus on quality assurance for all processes and sites, both internally and in collaboration with partners and suppliers. This involves setting up confirmation and quality gates before moving to the next step. Additionally, Volvo Cars ensures supplier quality assurance across all directed tiers and levels through assessments and audits.

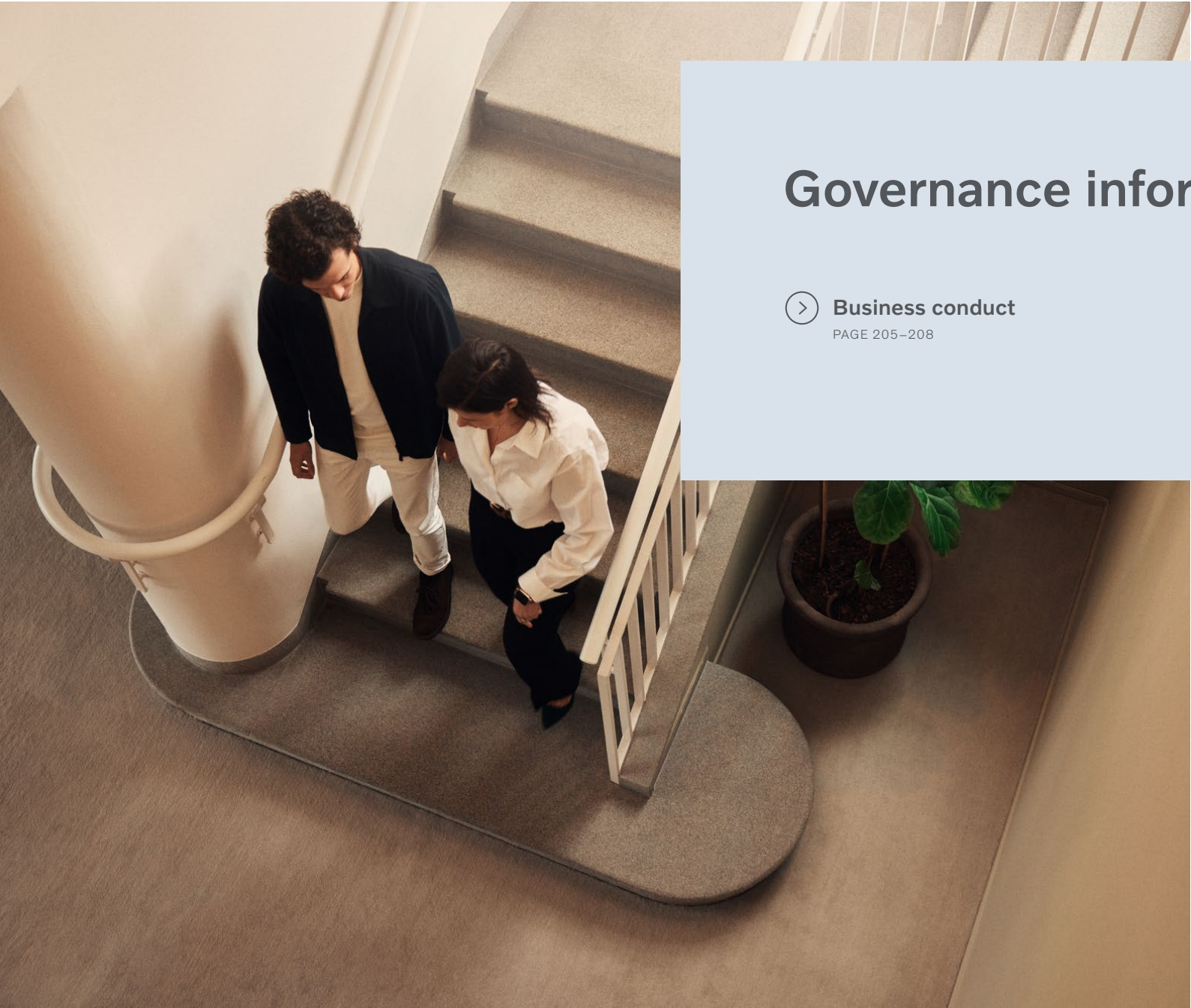
Swiftly detect and resolve issues

We work to identify and solve issues as early and efficiently as possible to minimise the impact on our customers. This includes responding quickly to feedback from customers and providing efficient processes to report problems. Over-the-air software updates provide an advantage, where resolution of issues can be done without the customer needing to visit an authorised repairer.

Ensure a culture of continuous learning and improvement

At Volvo Cars, new employees, especially in Engineering, receive comprehensive education in product quality, a programme that started in 2023. We emphasise a culture of learning from problem-solving and continuous improvement. By fostering awareness and engagement for quality across the value chain and sharing knowledge to prevent recurring issues, we ensure that each new over-the-air release, car launch, and updated service or offer consistently enhances our quality standards.

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Business conduct

Volvo Cars supports responsible business practices and is committed to promoting ethical, trustworthy behaviour throughout our value chain. We seek positive change that impacts people and society as a whole. Our Compliance & Ethics Programme encompasses anti-corruption, competition law, human rights, trade sanctions and data protection. We also report on cybersecurity, policy engagement, supplier relations and payment practices.

Impacts, risks and opportunities

Corporate culture, corruption and bribery

Our pursuit of responsible and ethical business is rooted in strong company values and a culture of trustworthy conduct. We have a zero-tolerance policy regarding corruption and bribery, due to their corrosive effect on business practices and society as a whole. Dishonest business creates inequality, undermines democracy and negatively affects the economy. Volvo Cars can also be held responsible for these actions, including acts of corruption and other illegal activity, leading to financial and reputational consequences.

Protection of whistleblowers

Raising concerns, without fear of reprisal, about business practices and legal compliance is a key element of effective improvement work. We are committed to maintaining confidentiality, throughout the investigation of allegations. Failing to protect whistleblowers adequately could have severe impact on the individual.

Policy influence and advocacy

We actively support development in a wide range of policy areas. In dialogue with stakeholders and trade associations, our organisation advocates for legislative measures at local, national and global

levels. Our contributions to policymaking relate to topics including trade, sustainability, electrification, road safety and infrastructure.

Supplier relations and payment practices

We oversee complex supply chains that are mutually reliant. In the interest of all those involved, we aim to build strong, long-term relationships founded on dialogue. Ineffective payment procedures negatively impact relationships, disrupt supply networks and invariably damage small enterprises.

Compliance & Ethics Programme

Our goals for ethical and responsible business are determined by our Code of Conduct and a framework of corporate policies, which set the tone from the top regarding our company culture and commitment to being ethically and responsibly. These goals are further cascaded to our business partners and other relevant third parties through our Code of Conduct for Business Partners and other relevant third parties which describes the standards and principles we require from those we do business with. We are committed to pursuing ethical and responsible business in our operations and throughout our value chain. Our value-based cul-

ture supports our efforts to ensure that business is conducted in an ethical and responsible way.

Our Compliance & Ethics Office supports responsible and ethical operations by developing and implementing the Compliance & Ethics Programme, which encompasses anti-corruption, competition law, trade sanctions, human rights and data protection. Annual risk assessments are conducted in order to detect and mitigate operational compliance risks. The results are reported to the Executive Management Team (EMT), via the Global Compliance Committee, and the Audit Committee. The Compliance & Ethics Programme is periodically reviewed and updated.

Our Global Compliance Committee, established by the EMT, oversees implementation and improvement of the Compliance & Ethics Programme, which is detailed in the Corporate Governance section, on page 58.

The Compliance & Ethics Programme consists of ten programme elements based on guidelines for effective compliance and adequate procedure, including US Sentencing Guidelines, the UK Bribery Act Guidance and guidance from European anti-trust offices.

The Compliance & Ethics Programme's ten elements are:

- Tone from the top and culture
- C&E Organisation

- Compliance & Ethics framework
- Training, awareness and communication
- Risk assessment
- Due diligence & Due care
- Monitoring and audit
- Internal reporting and investigations
- Enforcement, disciplinary actions and incentives
- Programme assessment and continuous improvement

Speak Up culture

Via a dedicated whistleblowing channel, we encourage employees to call out suspected violations and seek advice about of our Code of Conduct, Corporate Policies and applicable legislation. Our Tell Us reporting line allows issues to be raised without fear of reprisal.

External stakeholders, such as suppliers and other business partners, may also use the Tell Us channel to raise concerns and submit reports. Rightsholders (such as indigenous people) or organisations representing them (such as NGOs) can also use Tell Us to anonymously report potential human rights abuses.

The Global Audit Office conducts regular audits of our compliance programme, including anti-corruption processes and procedures.

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Investigations and disciplinary action

All reports made via the Tell Us channel are overseen by the Compliance Investigations Unit. This department within the Compliance & Ethics Office treats all the information it receives confidentially and initiates investigations according to our compliance investigation procedure and relevant regulatory requirements. Volvo Cars does not tolerate any form of reprisal against individuals who report their concerns in good faith.

In 2024, 227 suspected code of conduct violations were reported to the Compliance & Ethics Office. After review, 117 reports were transferred to other departments for appropriate action. 57 of the remaining reports lacked sufficient information to launch an investigation. Out of 53 investigated reports, 29 cases were substantiated and disciplinary action was taken in 22 cases, including employee dismissals and termination of supplier contracts. Of the 29 substantiated cases, nine related to corruption. No legal action regarding corruption was brought against Volvo Cars or its employees.

The Global Compliance Committee is informed on a quarterly basis, or more frequently if necessary, about the status of ongoing cases. The Audit Committee is also informed as part of its regular compliance updates. Annual compliance reporting is made to the Board of Directors, including the number of cases and action taken. Cases that may cause severe impact to the company are highlighted for special attention.

As part of our continuous work to improve our compliance programme, the Global Compliance Committee conducts quarterly reviews.

Compliance & Ethics risk areas

The Compliance & Ethics Office supports with managing risks related to corruption, competition law, human rights, trade sanctions and data protection.

Anti-corruption

Our Code of Conduct includes an anti-corruption policy and directive, which defines procedures for the prevention and detection of bribery and corruption in our operations and amongst third parties.

Our compliance programme includes a number of elements that aim to prevent corruption. All employees undergo annual code of conduct training, which includes anti-corruption procedure. Our compliance and ethics face-to-face trainings and e-learning programs reinforce the company's anti-corruption commitments. The message of ethics and compliance is regularly communicated, from the top, throughout the organisation.

We implement comprehensive, risk-based due diligence procedures to ensure anti-corruption compliance in relation to third parties, charitable contributions, sponsorships and potential conflicts of interest. We also include anti-corruption provisions in all our contracts with business partners.

In addition to the Enterprise Risk Management Assessment (see page 46), five operations were selected for anti-corruption risk assessment in 2024.

Competition law

Volvo Cars is committed to fair competition. Employees who have applicable interactions with our competitors are required to seek specific approval and training before any interaction.

Human rights

We seek to safeguard human rights throughout our value chain. Our human rights compliance programme aims to prevent, identify and mitigate adverse impacts on human rights. The Compliance & Ethics Office supports our whole value chain with guidelines and processes, risk assessment, training and monitoring. Read more about our human rights due diligence in the relevant sections of this report (Own workforce see page 187 and Workers in the value chain see page 197).

Trade sanctions

The Compliance & Ethics Office oversees our compliance with trade sanctions on a global basis. In 2024, geopolitical events required the implementation of additional measures to manage related risks. We have a comprehensive trade sanctions programme, with due diligence and control procedures with the ambition to ensure compliance in relation to third party operators. Measures were taken to manage risks associated with trade sanctions.

Data protection

Protecting personal data is a vital part of our business. Safeguarding the personal information of our customers, employees and other people we interact with is a core value. We see our commitment to privacy and data protection, beyond compliance with legal requirements, as a way to build trust and confidence in our company.

Maintaining privacy is a task that impacts many facets of our business, as does protecting consumers and employees and workers throughout our value chain.

Data Protection Policy

The objective of our Data Protection Policy is to establish the rules how we respect and safeguard the privacy of customers, employees and business partners, as well as to outline the responsibilities for compliance with legislation governing privacy and data protection in all the countries we do business.

Data Protection Directive

Our Data Protection Directive specifies the conditions under which we collect and process personal data. It requires compliance from all employees, as well as third parties who process personal data on our behalf. The Directive was developed to govern all business operations that may lead to data protection challenges, including data sharing, security procedures and personal data breach management.

Privacy notices

In order to provide transparency for customers and employees, we publish privacy notices about our data processing that define the type of personal information we collect, how and why we use it, as well as e.g. the time period over which it is held.

Privacy for consumers

Along with many other companies, we are undergoing rapid digitalisation. The transformation our industry is undergoing requires balancing data-driven innovation with respect for the fundamental right to privacy. While data collection enables us to understand consumer behaviour, develop new products and improve services, we maintain a strong commitment to privacy and data protection.

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Speak Up Culture and Investigations	2024	2023	2022
Cases of suspected violations of our Code of Conduct reported to the Compliance & Ethics Office	227	166	112
Number of cases that could have a severe impact to the company	—	—	—
Substantiated cases of corruption	9	19	5
Public legal cases regarding corruption brought against Volvo Cars or its employees	—	—	—



Privacy for employees

Our commitment to privacy and data protection also applies to our employees. We collect and process employee data responsibly, in accordance with all privacy, data protection and labour laws.

Privacy in our value chain

Our Code of Conduct for Business Partners includes a commitment to responsible business practices. All suppliers are required to comply with applicable data protection legislation in their business with Volvo Cars. See page 147 for more information about our Code of Conduct for Business Partners.

Global Data Protection Office

Our Global Data Protection Office (GDPO), within the Compliance & Ethics Office, is responsible for overseeing compliance with personal data protection regulations at company, national and international levels. Our Group Data Protection Officer is the designated contact for all inquiries related to our data protection practices. The GDPO team is comprised of data protection specialists and lawyers responsible for all areas of company operations. The team is supported by data protection champions that offer coordination, monitoring and support functions.

Training, awareness and communication

We provide training and communication to ensure our ethical values and commitments are maintained. These include:

- Mandatory, annual e-learning courses for all non-production employees. In 2024, this focused on the twelve Corporate Policies in our Code of Conduct, with emphasis on anti-corruption, human rights and Speak Up culture. This training was also provided to members of the Board of Directors.
- Compliance and ethics modules in our internal leadership programs.
- A responsible business discussion kit that helps leaders initiate discussions with their teams. In 2024, this focused on our Speak Up and Listen Up culture.
- Targeted training on five compliance and ethics risk areas. In 2024, 3,691 people took part in risk specific face-to-face training.
- Training for production employees. In 2024, code of conduct training was provided to production employees at four of our plants. Staff at our other production facilities received this training in 2023.

- Breakfast seminars, at which senior leaders share their experience and thoughts on ethical and responsible business which reiterates the tone from the top within the company.
- During 2024, 10,541 participants received face-to-face training in ethical and responsible business, through initiatives organised by our Compliance & Ethics Office.
- During 2024, we provided training in our anti-corruption policy to at risk employees. This includes definitions, detection procedures and coaching on interaction with government officials.

Cybersecurity

We have an international team of cybersecurity experts who protect digital assets and employees from internal and external cyber threats. The team also provides staff training that raises awareness and drives change in cybersecurity.

Discussing cybersecurity with our suppliers is becoming increasingly important, as part of our efforts to improve overall resilience and limit risks in our supply chain. As part of our sourcing process, we require business partners to meet standards that minimise the risk for breaches.

Supplier relations and payment practices

Transparent, unambiguous communication with our suppliers enables ethical business and makes a positive impact on society. We build strong, long-term relationships with our suppliers and conduct business review meetings to improve our collaborative performance.

Our Code of Conduct for Business Partners forms an integral part of the agreements we make with our suppliers and other business partners. This includes requirements for compliance with applicable national legislation and international standards. We conduct risk-based due diligence to ensure compliance with our responsible sourcing requirements, identify risks related to human rights and the environment and to initiate improvements across our supply chain.

In 2024, we collaborated closely with selected suppliers to build more sustainable and resilient global supply chains. In open dialogue, we can improve strategy and create greater value for all stakeholders.

Paying invoices on time is a key element in maintaining strong supplier relationships, especially for small enterprises, and minimising supply chain disruption. By using automated Self-Billing

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Risk Areas	2024	2023	2022
Number of closed authority-led investigations relating to competition law	—	—	—
Number of pending authority-led investigations relating to competition law	—	—	—
Number of customer complaints addressed by the DPO	6	15	6
Number of regulatory authority investigations managed by the DPO	6	1	1
Number of substantiated personal data incidents relating to customer data	71	74	58

Training and Communication	2024	2023	2022
Share of (non-production) employees trained in ethical and responsible business through the yearly C&E e-learning (including anti-corruption), %	90	97	79
EMEA completion rate, %	87	96	74
Americas completion rate, %	90	100	100
APAC completion rate, %	98	99	99
Number of production sites where production employees were trained on our Code of Conduct (including anti-corruption)	4	5	5
Total number of people trained face-to-face through C&E-related initiatives (including anti-corruption)	10,541+	12,114+	12,900+

Invoices (SBIs) as the preferred method for production materials, as well as for inbound and outbound logistics, we ensure our payments adhere to market practice.

Our contract payment terms conform with industry-wide practices, although we are open to negotiating with our suppliers in certain circumstances. We also offer small and medium-sized enterprises supply chain finance, which allows them to receive early payment without affecting company cash flow.

Previously, we have signed an agreement with the Swedish Initiative for Payment Terms, in compliance with government recommendations to shorten supplier payment times in domestic trade suppliers with a focus on small and medium-sized enterprises.

Policy influence and advocacy

We actively support policy development and advocate positive change in a wide range of areas. In collaboration with our stakeholders, through public advocacy and participation in trade associations, we promote:

- Climate action that accelerates the transition to a low-carbon economy
- Circularity in the automotive sector
- Electrification in the automotive industry by improving charging networks, accelerating decarbonisation, expanding climate-neutral energy provision and enabling smart and bi-directional charging

- Safe digital transformation in our sector through policy that enables technological development, including the international transfer of non-personal product data
- Free trade agreements that solidify and diversify supply chains and ensure fair competition
- Open and collaborative research and development that supports reskilling and upskilling automotive workers
- International human rights standards and guidelines.

Volvo Cars does not make financial contributions to political parties. In accordance with our anti-corruption policy, we do not use company assets for political influence. Although not legally obliged, we are voluntary members of trade associations and organisations that engage in policy influence and advocacy. In 2024, total annual contributions to those organisations amounted to SEK 20.5 m. To read more about our memberships and Volvo Cars public policy and advocacy work, visit volvocars.com.

No members of the Board of Directors or Executive and Group Management Team have held roles in public administration or regulatory bodies for two years before the 2024 reporting period. The Executive Management Team and Chief Communications Officer oversee the company’s policy engagement and lobbying activities, including business ethics and legal compliance.

To read more about our lobbying activities, consult the EU Transparency Register, under registration number 74574295642-60.



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The Volvo For Life Fund

Launched on Volvo Cars Day in April 2024, the Volvo For Life Fund is Volvo Cars’ new philanthropic initiative with the ambition to positively impact a million lives around the world.

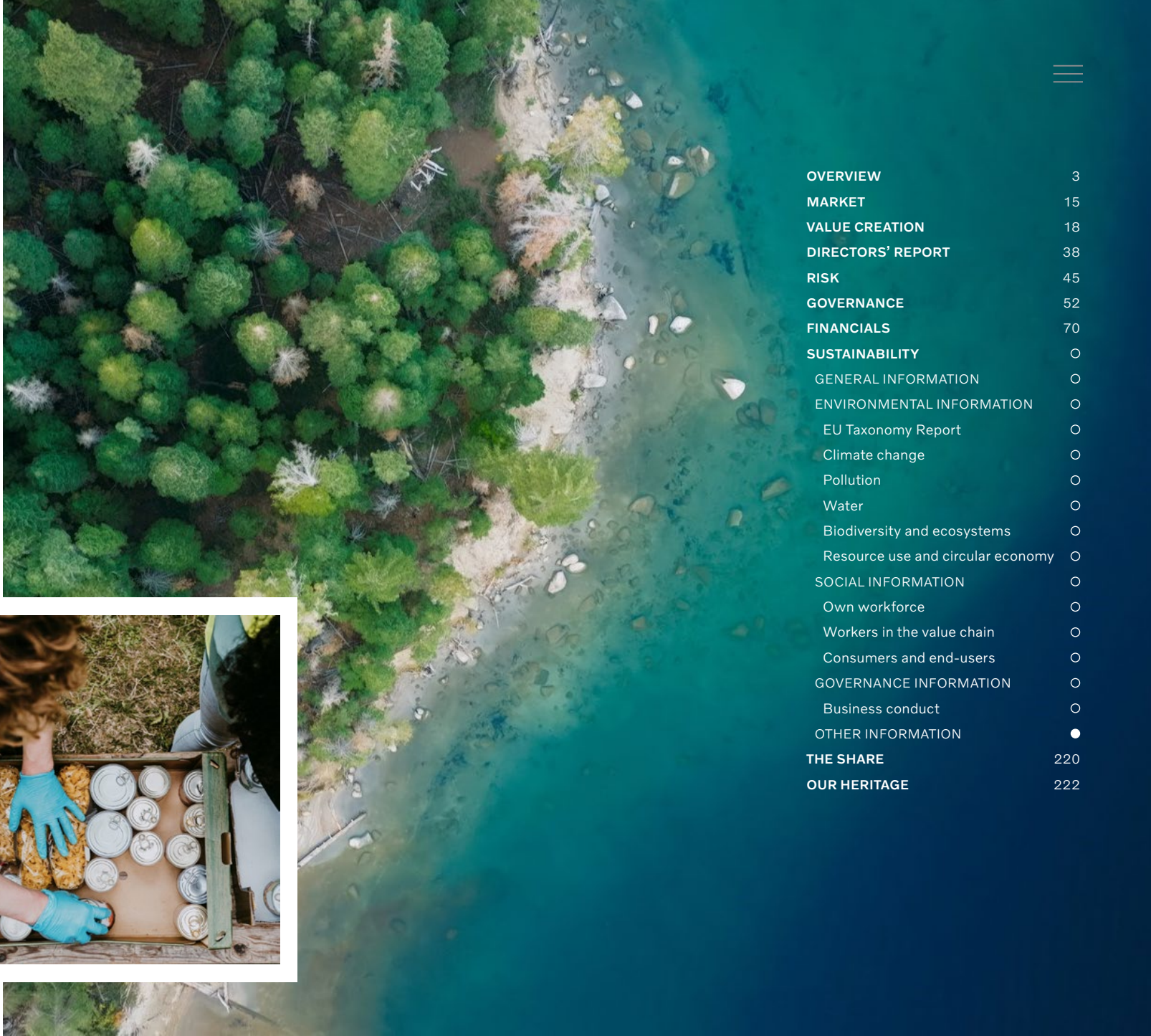
By working in partnership with NGOs, and channeling the engagement of communities and our employees, the Volvo For Life Fund builds on our tradition of care and safety, aiming to build resilience and hope for people, communities and ecosystems.

The Volvo For Life Fund will support projects focused on empowering people, restoring and preserving the environment, and providing relief when natural disasters strike.

During our first year, we’ve initiated support for 16 established NGOs across 21 countries across the globe, activating local partners to make an impact where change is needed most. We are delighted to share select global partnerships from our inaugural year.

People, Planet and Protection

The Volvo For Life Fund is organised into three focus areas: People, Planet and Protection. Guided by local voices and insights, and delivered through trusted partners, the Fund seeks to address the unique challenges of the different communities in which we operate.



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PILLAR 1: People

Under the theme of People, the Volvo For Life Fund will help to create safer, more empowered and more socially mobile communities. We are doing this by creating and increasing educational and socio-economic opportunities for young people and children, equipping them with the skills they need for bright and sustainable futures, and promoting greater road safety.

Breaking barriers in STEM with Girls Who Code

As a technology-driven inclusive global employer, we are keen to play our part in helping the future generation of tech talent into the workforce. Our partnership with Girls Who Code helps address the current underrepresentation of girls, women and non-binary individuals in computer science and software engineering roles. Our programme support, mentoring guidance and bespoke opportunities for our community in Ridgeville, South Carolina, USA, is helping to equip these students with the coding skills and confidence necessary to excel in this field.

Inspiring students with EngineeringUK

We will support EngineeringUK to deliver the in-school workshop programme 'Energy Quest' for 11–13 year olds, and their teachers, on energy theory, application and careers. This hands-on programme connects with 80 schools across 4 regions of the UK, benefitting over 20,000 students directly or via their teachers, to help inspire young people's careers.



Xiao Hong Ma Safety Education Programme

Improving road safety with SaveLIFE Foundation

The Volvo For Life Fund will support SaveLIFE Foundation, a not for profit in India, towards its goal of saving 1 million lives by 2030 by improving road safety. Through a data-led approach, education and outreach, and the development of digital public goods on road safety, SaveLIFE is helping to bring about the systemic changes needed to address this complex issue.

Child road safety with Shanghai Public Service Foundation for Volunteers

Promoting road safety amongst young children through bespoke workshops and safety toolkits is also the focus of the Xiao Hong Ma Safety Education Programme, which aims to reduce the number of accidents involving children. With the support of the Volvo For Life Fund in 2024, in partnership with the Shanghai Public Service Foundation for Volunteers, the programme has reached more than 5,000 children in 41 local schools around Shanghai.

Supporting mental health with MIELI ry

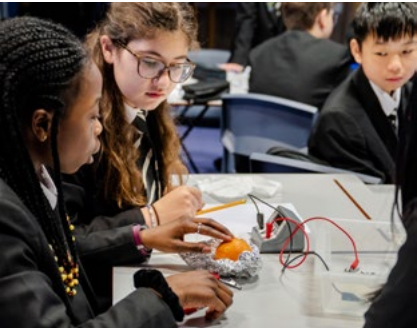
In Finland, it is estimated that around one in seven road fatalities are due to suicide. Mental health charity MIELI ry plays a crucial role in promoting mental health, offering a crisis helpline, and providing awareness events. The Volvo For Life Fund's support will staff crisis hot-lines and help destigmatise mental health through workshops and Mental Health First Aider training.



In Ridgeville South Carolina, Volvo Cars teamed up with Girls Who Code and the Volvo For Life Fund to introduce over 50 girls (aged 8–17) to the exciting world of automobiles and technology. From coding and AI to hands-on simulations and exploring the all-new EX90, the workshop was packed with learning and exploration, inspiring the next generation of innovators.



Children participating in Energy Quest, © EngineeringUK



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PILLAR 2: Planet

To improve the health of our planet, we will invest in local and global projects dedicated to the preservation and restoration of nature and biodiversity. With a particular focus on coastal health, our efforts so far have supported conservation efforts for salt marshes, mangroves and seagrass beds, the three major blue carbon ecosystems, helping not only biodiversity, but the local communities that depend on them.

Restoring Indian Mangroves with The Nature Conservancy

Aligning with Volvo Cars’ emphasis on biodiversity, our work with the Nature Conservancy focuses on mangrove restoration in non-protected areas of the Indian Sundarbans, one of the world’s largest mangrove forests. Through a number of community-led interventions to improve the coastal ecosystem and sustain local livelihoods, our support will also help the conservation of ten vulnerable species, including the Bengal tiger.

Planting Eelgrass with Gothenburg University

With Gothenburg University, we will help the restoration of eelgrass in the sea beds of Hakefjorden on the West Coast of Sweden. Through this project, the Volvo For Life Fund is proud to give back to both our local community near our hometown in Gothenburg, Sweden, as well as working with the scientific restoration community to advance ocean literacy and shape future policy guidelines. The eelgrass restoration is a part of the European Commission’s LIFE programme for environmental, nature conservation and climate action.

Protecting Chinese coastal wetlands with the SEE Foundation

Near our Taizhou plant in China, we are working with the SEE Foundation to protect and restore the local coastal salt marsh wetlands and provide sustainable ecological solutions that model a har-

monious coexistence between nature, people and business. As well as promoting biodiversity, restoration shields communities from severe weather and improves water quality.

Supporting biodiversity with One Tree Planted

With One Tree Planted the Volvo For Life Fund is supporting reforestation and urban tree planting projects in seven countries across five continents. Our support will lead to the planting of over 556,000 trees and the restoration of 476 hectares of land.

PILLAR 3: Protection

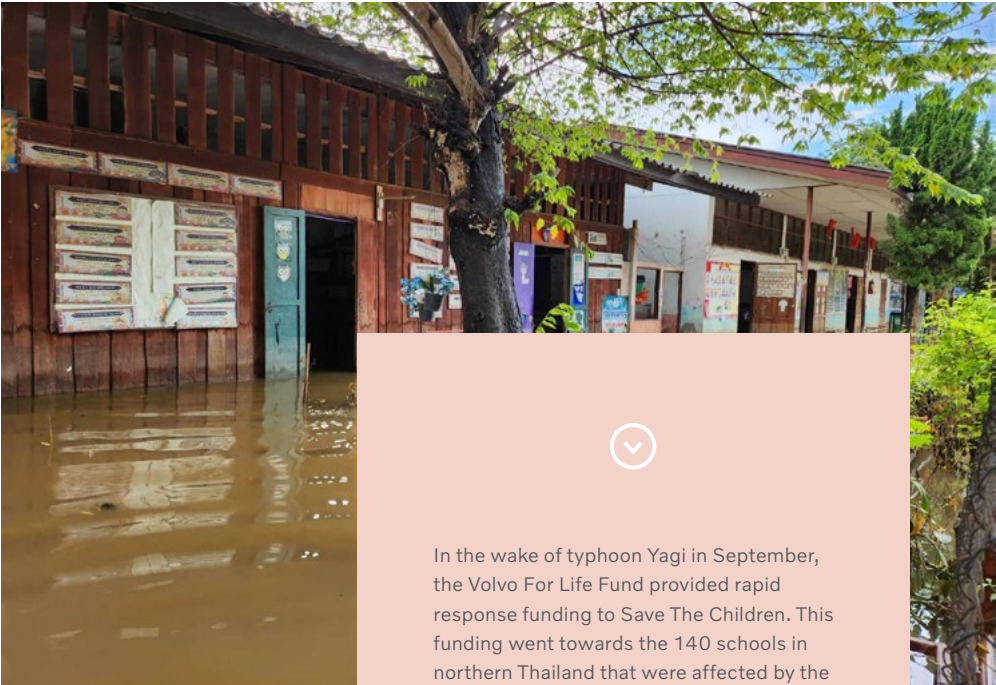
The Volvo For Life Fund assists emergency response and relief efforts when natural disasters occur in countries linked to our global footprint.

With a particular focus on education, the Volvo For Life Fund seeks to ensure that school and learning opportunities continue to remain available for affected children in times of humanitarian need, while also helping longer-term preparedness efforts to strengthen education systems.

Ensuring access to education in emergencies with Save the Children

Natural disasters and climate-driven emergencies are threatening children’s ability to learn and get to school safely. Through better preparedness and faster response, we can limit the impact of disasters on children’s learning and overall wellbeing.

With the international reach and expertise of Save the Children, we are helping to build the resilience of children, teachers and their educational systems in countries prone to natural disasters. With a focus on Madagascar, Poland, Mexico and additional emergency support in Thailand and Spain, we are helping to restore normality and ensure the most vulnerable children can continue to have bright futures, by continuing to access education safely.



In the wake of typhoon Yagi in September, the Volvo For Life Fund provided rapid response funding to Save The Children. This funding went towards the 140 schools in northern Thailand that were affected by the typhoon, helping children return to learning as soon as possible.

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Green Financing Report

The Green Financing Framework

We launched our Green Financing Framework in 2020 and the framework was updated in 2023 to more accurately reflect our strategy, market practices and standards. It is aligned with the 2021 ICMA Green Bond Principles (including the Appendix I update from June 2022) and the 2023 LMA, LSTA, APLMA Green Loan Principles. Our ambition is for all of our outstanding debt to be within the Green Financing Framework or other sustainability-linked formats.

Within the framework, we issue bonds and enter into bilateral and multilateral credit facilities. Although not all of this financing is defined as green by our lenders, it is solely used for projects that conform with the Green Financing Framework.

Our framework has been reviewed by CICERO Shades of Green, now part of S&P Global, an independent research and assessment company. Our first version and its update received the highest possible CICERO rating, which included an excellent grading for governance structure and processes.

More information can be found on our website.

Financing in 2024

In January, an existing facility of EUR 250 million was increased by EUR 170 million. This remains undrawn at the end of 2024.

In April, we raised EUR 500 million through our fourth green bond issue, with a tenor of six years. The proceeds will be used to support our electrification programme, including research and development of platform technologies, powertrains and manufacturing processes. This, and all our previously existing bonds, are listed on the Luxembourg Stock Exchange.

Use of Proceeds and Allocation as per 31 December 2024		Green Bonds				Loan Facilities ¹⁾		
Issuance/Date of signing	Oct 2020	May 2022	Feb 2023	Apr 2024	May 2022	Dec 2022	Dec 2023 / Jan 2024	Sep 2024
Maturity	Oct 2027	May 2028	Mar 2026	May 2030	May 2030	Dec 2030		Jun 2032
ISIN	XS2240978085	XS2486825669	XS2593141604 XS2593137917	XS2811097075	N/A	N/A	N/A	N/A
Currency	EUR	EUR	SEK	EUR	SEK	EUR	EUR	CNY
Amount Issued (million)	500	500	1,500	500	1,000	200	420	3,090
Amount drawn (million)	N/A	N/A	N/A	N/A	1,000	200	0	130
Unallocated ²⁾ (%)	0.0	0.0	0.0	14.0	0.0	0.0	0.0	0.0
Allocated ³⁾ (%)	100.0	100.0	100.0	86.0	100.0	100.0	0.0	100.0
Finance (%)	4.4	70.4	70.0	41.0	65.0	62.5	0.0	100.0
R&D	2.7	45.8	70.0	5.0	65.0	62.5	0.0	0.0
Manufacturing ⁴⁾	1.8	24.7	0.0	36.0	0.0	0.0	0.0	100.0
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Refinance (%)	95.6	29.6	30.0	45.0	35.0	37.5	0.0	0.0
R&D	31.2	29.6	30.0	45.0	0.0	37.5	0.0	0.0
Manufacturing ⁴⁾	33.1	0.0	0.0	0.0	35.0	0.0	0.0	0.0
Other ⁵⁾	31.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0

	2024	2023	2022
Share of financing of projects eligible under the Green Financing Framework as percentage of Outstanding Debt ⁶⁾ (%)	75.5%	52.3%	41.6%

1) Refers to facilities with the purpose of financing projects meeting the eligibility criteria under the Green Financing Framework.
2) Refers to total amount of unallocated proceeds invested in cash and/or cash equivalent and/or other liquid marketable instruments earmarked for Eligible Green Projects as of 31 December 2024.
3) Refers to total amount of allocated proceeds in Eligible Green Projects as of 31 December 2024.
4) Including tooling and facilities.
5) Equity injection in Polestar.
6) See Note 19 – Financial Instruments and Financial Risks for definition of Outstanding Debt. For more information about the Green Financing Framework, please see our website.

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In September, a facility of CNY 3,090 million was signed, which will mature in 2032. At the end of 2024, CNY 130 million has been utilised. The facilities signed this year meet the eligibility criteria of the Green Financing Framework.

In December, Revolving Credit Facilities of EUR 1,500 million with a five-year tenor and EUR 500 million with a three-year tenor were signed. Both facilities are sustainability-linked with a margin adjustment connected to the reduction of certain carbon emission and water consumption KPIs and have two one-year extension options. The new facilities have refinanced the Revolving Credit Facility of EUR 1,300 million with original maturity in 2026.

Impact Report

Environmental impact and benefits in the Clean Transportation category are estimated and evaluated with impact indicators listed in the Impact Report table. As the estimated impact of allocated proceeds will be realised over several years and be dependent on manufacturing and sales of fully electric cars, it is not possible to precisely attribute the share of allocated proceeds to the specific indicators. Therefore, annual corporate perfor-

Allocation report and use of proceeds

The net proceeds from loans under our Green Financing Framework and our green bonds are used to finance and/or refinance, in whole or in part, new or existing projects, assets and activities according to our eligibility criteria. The table on previous page describes all outstanding debt, the share of financing and refinancing and the allocation of proceeds, as per 31 December. The balance of unallocated net proceeds is held in cash or cash equivalents and/or invested in other liquid marketable instruments.

Approximately 96 per cent of the funds from green bonds have been allocated. For loans that meet the eligibility criteria in the Green Financing Framework, 100 per cent of proceeds have been allocated with the remaining net proceeds held in cash, cash equivalents and/or invested in other liquid marketable instruments.

mance is used to represent the environmental impact of allocated proceeds. We assume these indicators will assess the effect of clean transportation as a means of climate change mitigation. All new projects are assessed in terms of economic, social and governance risks and EU Taxonomy alignment. For definitions and calculation methodology of the indicators, see pages 168 to 169.

Impact Report	2024	2023	2022
Fully electric cars (BEVs) retail sales, k units	175	113	67
Fully electric cars (BEVs) retail sales, %	23	16	11
Total CO ₂ tailpipe emissions avoided, k tonnes ¹⁾	4,340	3,060	1,870
Reduction of CO ₂ tailpipe emissions per car (compared to 2018 baseline), %	46	39	32

1) Calculated by multiplying number of retail sold BEVs with the global average CO₂ emissions (WLTP) for all manufactured Volvo Cars’ branded cars per year, respectively, excluding BEVs. For calculation purposes, an assumed average mileage of 200,000 km per car has been applied.



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Volvo Cars and the UN Sustainable Development Goals

In 2015, the United Nations established its 17 Sustainable Development Goals (SDGs) as a blueprint for achieving a better and more sustainable future for all. We are committed to these goals and use them to guide our sustainability work. Our products and operations have the largest impact on SDGs 3, 5, 7, 8, 11, 12, 13 and 16. In addition, we contribute to SDGs 1, 4, 6, 9 and 17. We recognise that we have both a positive and negative effect on the Goals and aim to improve our net positive impact overall.

UN SDG	Examples of Volvo Cars impact and/or contribution (SDG sub target reference X.X)
	• We aim to ensure a living wage for our employees, as well as for the workers throughout our value chain. Volvo Cars supports the requirements of the International Labour Organization (ILO) and expects its Business Partners to adhere to and respect the ILO standards. (1.2)
	• Safety is at the core of our business. We have established a zero-collision vision and strategy. (3.6) • We aim to reach net zero greenhouse gas emissions by 2040, with interim ambitions. (3.9)
	• In collaboration with academic institutions and by providing job training, we aim to building a better future for local communities. (4.4)
	• Our business culture is described in our Code of Conduct and People Policy. (5.1, 5.2) • Volvo Cars Family Bond offers gender-neutral parental leave to all employees. (5.4) • We seek to increase gender equality, both in terms of pay and senior management positions. (5.5)
	• By 2030, we aim to reduce water withdrawal in our own operations by 50 per cent per manufactured car (from a 2018 baseline). (6.4)
	• By 2025, we aim to use only climate-neutral energy in our own operations. (7.2) • By 2030, we aim to reduce energy consumption in own operations by 40 per cent per manufactured car (2018 baseline). (7.3)
	• Through our growth, electrification and digitalisation strategies, we create jobs and sustainable development. (8.2, 8.5) • We aim towards becoming a circular business by 2040. (8.4) • We aim to build a better future in local communities, through education, job training and employment. (8.6) • We aim to protect human rights within our organisation and throughout our value chain. (8.7, 8.8)

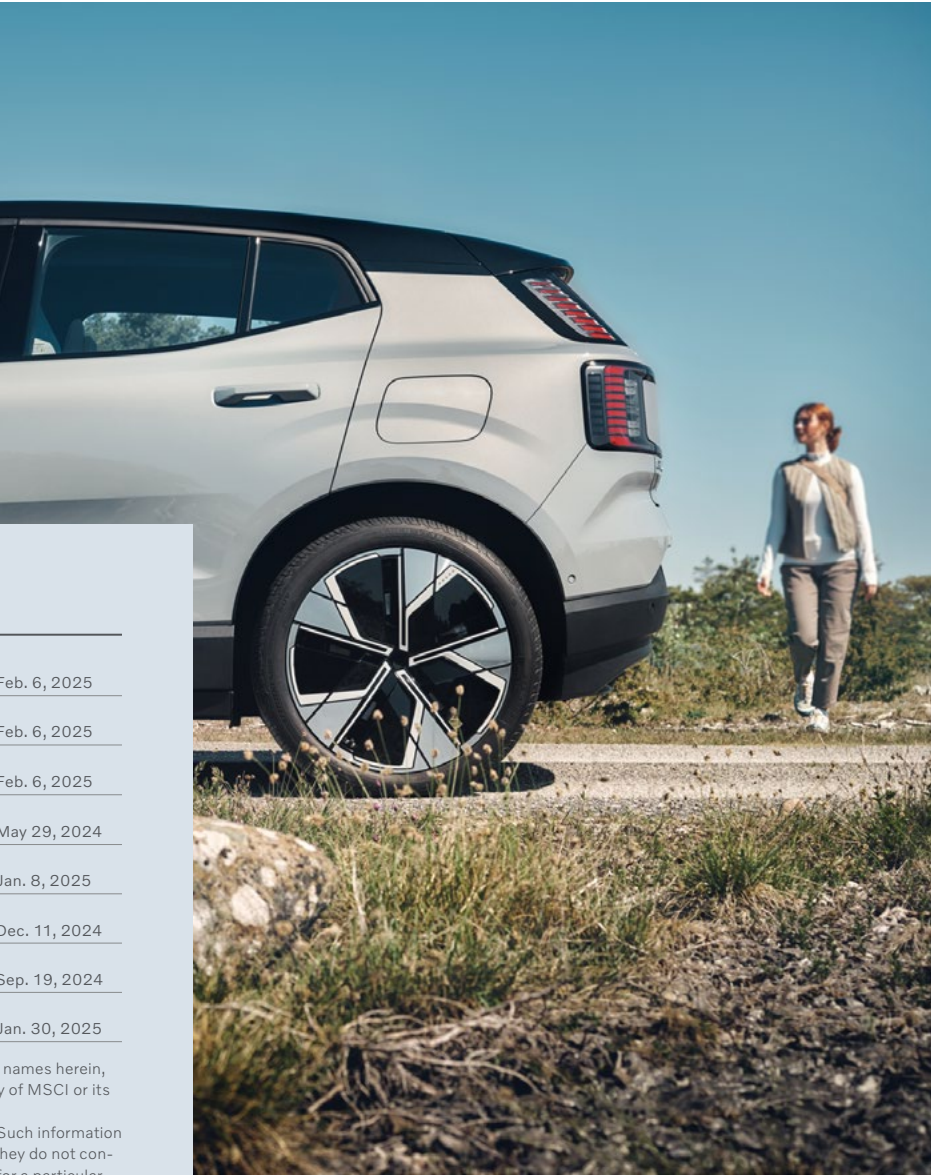
UN SDG	Examples of Volvo Cars impact and/or contribution (SDG sub target reference X.X)
	• We have strategic programmes for sustainability and electrification, with interim and long-term objectives. (9.4)
	• We support safe and sustainable mobility through electrification, safety technology and car sharing offers. Safety is at the core of our business. We have a zero-collision vision and strategy. We are active participants in the Gothenburg Green City Zone project. (11.2, 11.3)
	• By contributing to the circular economy, we aim to significantly reduce waste and consumption of primary raw materials. We seek to optimise the life cycles of our products and components. (12.2, 12.4, 12.5) • We publish our sustainability report in accordance with international standards and guidelines. (12.6)
	• We are committed to reducing the carbon footprint in our value chain. We aim to reach net zero greenhouse gas emissions by 2040. (13.1) • Our contributions towards helping limit climate change are defined in our sustainability strategy. (13.2) • We inform and influence our stakeholders on the importance of climate change mitigation through stakeholder dialogue, position papers and conferences, amongst other measures. (13.3)
	• We have a zero-tolerance for discrimination, harassment and bullying. (16.1) • Volvo Cars and its business partners work actively to prevent all forms of child labour. We aim to ensure there are no forced labour of any kind relating to Volvo Cars' business, products and services. (16.2) • We monitor adherence to our Code of Conduct and Code of Conduct for Business Partners. We encourage concerns or suspected violations to be reported via the Tell Us grievance channel for investigation and action. (16.3) • Volvo Cars strives to act at all times as a fair and responsible market participant and expects the same from its Business Partners. (16.5) • We respect the right to privacy and take all appropriate precautions to protect personal data. (16.10)
	• We inform and influence our stakeholders on the importance of climate change mitigation through stakeholder dialogue, position papers and conferences, amongst other measures. (17.16)

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Sustainability ratings and assessments of ESG performance

We participate in independent assessments and engage with ESG rating institutes to monitor and evaluate the sustainability performance of our organisation and our suppliers. We value external

opinion and benchmarking against our industry. Our performance has improved incrementally, with results suggesting we are on course to achieve our sustainability ambitions.



Sustainability ratings	Interval	Score	Date
CDP Climate – For more information: CDP	D– to A	A	As of Feb. 6, 2025
CDP Water – For more information: CDP	D– to A	B	As of Feb. 6, 2025
CDP Forest – For more information: CDP	D– to A	C	As of Feb. 6, 2025
EcoVadis – For more information: EcoVadis	1–100	77	As of May 29, 2024
ISS ESG Corporate Rating – For more information: ISS	D– to A+	C+	As of Jan. 8, 2025
MSCI ESG Rating* – For more information: MSCI	CCC to AAA	AA	As of Dec. 11, 2024
S&P Global Corporate Sustainability Assessment (CSA) – For more information: S&P Global	1–100	68	As of Sep. 19, 2024
Sustainalytics ESG Risk Rating overall score** – For more information: Sustainalytics	Severe (40+) to Negligible (>10)	23.9	As of Jan. 30, 2025

* The use by Volvo Cars of any MSCI Research LLC or its affiliates ("MSCI") data, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement, recommendation, or promotion of Volvo Cars by MSCI. MSCI services and data are the property of MSCI or its information providers, and are provided 'as-is' and without warranty. MSCI names and logos are trademarks or service marks of MSCI.

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Restatements

Restatements

In the preparation of the sustainability report, improved methodology and changes in reporting scope has been applied. In addition, misstatements in prior year reported figures have been identified and rectified. For consistency and comparability, historical years have been recalculated and are presented in the annual report. The 2018 and 2019 base year values used to calculate progress towards our KPIs and ambitions have also been updated accordingly. Below is a summary of the changes and the effect compared with previously presented numbers.

Reporting scope

Environmental data related to retailers over which Volvo Cars has financial control has been included in the reporting for own operations. The effects in various metrics are further described below.

Greenhouse gas emissions Scope 2

Improvements made to the sustainability data reporting process resulted in restatements to location-based and market-based emission values in previous years. Furthermore, emissions from retailers over which Volvo Cars has financial control, have been reclassified from Scope 3 Category 14 Franchises to our Scope 1 and Scope 2. The total effect in Scope 1 is not deemed material.

Scope 3

Emissions in the category Purchased goods and services for the year 2023 have been restated due to the correction of an identified calculation error. To align more closely with the GHG Protocol definition of upstream and downstream, transportation and distribution services purchased by Volvo Cars, including the outbound distribution of finished cars

from manufacturing sites, are considered to be upstream. Based on this recategorisation, all reported transportation and distribution emissions are considered as upstream. Additionally, the calculation methodology was updated to align with the new ISO 14083 standard, with one deviation for air freight where a volumetric weight factor is applied to all goods below a set density.

Emissions in the category Waste generated in operations for the year 2023 have been restated due to the restated waste figures further described below.

Emissions from franchises (retailers) over which Volvo Cars has financial control have been reclassified to Scope 1 and Scope 2. Furthermore, the 2023 annual emissions figure for Franchises has been updated with actual 2023 data, from previously reported forecasted values.

Waste management

Due to a different disposal process of waste, a large amount of non-hazardous waste was not reported during 2023. The increase in waste is primarily due to a significant rise in non-production-related waste, largely driven by excavation activities at multiple construction sites. The increase is also due to inclusion of retailers.

Energy, water and waste

Increase in energy, water and waste data is due to the inclusion of retailers.

Biodiversity

Our restatement of the estimated impact on biodiversity from Volvo Cars' value chain reflects an improvement in our assessment methodology, ensuring more accurate and comprehensive results.

The results of above changes are presented in the table.

	After restatement		Prior to restatement	
	2023	2022	2023	2022
Greenhouse gas emissions, tonnes CO₂				
Scope 2 GHG emissions				
Gross location-based Scope 2 GHG emissions	195,000	229,000	179,000	—
Gross market-based Scope 2 GHG emissions	9,000	42,000	7,000	39,000
Significant scope 3 GHG emissions				
Purchased goods and services	14,304,000	12,113,000	14,588,000	12,113,000
Upstream transportation and distribution	1,101,000	1,177,000	620,000	770,000
Waste generated in operations	16,000	7,000	6,000	7,000
Downstream transportation and distribution	0	0	540,000	486,000
Franchises	454,000	500,000	502,000	502,000
GHG emission reduction ambitions				
Reduce CO ₂ emissions per car, %	21	15	20.0	14.9
Reduce emissions from materials per car, %	–20	–20	–21.8	–19.9
Reduce operational emissions per car, %	22	5	18.9	2.7
Science Based Targets initiative				
Reduce absolute Scope 1 and 2 emissions, %	68	54	64.8	50.2
Other environmental data				
Energy				
Total energy consumption, MWh	1,359,000	1 284,000	1,332,000	1,260 000
Energy consumption per car in own operations, MWh/car	1.7	1.8	1.6	1.8
Energy consumption reduction per manufactured car in own operation, %	14	9	18	9
Water				
Total water withdrawal, m³	2,250,000	2,073,000	2,152,133	1,975,698
Total water withdrawal per manufactured car, m³/car	2.8	2.9	2.70	2.80
Total water discharge, m³	1,370,000	1,356,000	1,277,459	1,256,852
Total water consumption, m³	880,000	717,000	874,674	718,846
Water withdrawal reduction per manufactured car in own operation, %	25	22	23	20
Waste				
Total waste, tonnes	487,426	272,440	316,471	270,208
Recirculation rate (including reuse, byproducts and recycling), %	87	—	92	—
Total waste per manufactured car, kg/car	611	386	397	383
Biodiversity				
Estimated impact on biodiversity from Volvo Cars' value chain (species.year)	167	145	151–501	171–545

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Auditor’s Limited Assurance Report on Volvo Cars’ Sustainability Report and statement regarding the Statutory Sustainability Report

To Volvo Car AB (publ.), corporate identity number 556810–8988

Introduction

We have been engaged by the Board of Directors and the Executive Management of Volvo Car AB (publ.) (“Volvo Cars”) to undertake a limited assurance engagement of the Volvo Cars Sustainability Report for the year 2024. The Company has defined the scope of the Sustainability Report in connection to the table of content in the Annual and Sustainability Report on page 3 and the Statutory Sustainability Report on page 139.

Responsibilities of the Board of Directors and the Executive Management

The Board of Directors and the Executive Management are responsible for the preparation of the Sustainability Report including the Statutory Sustainability Report in accordance with the applicable criteria and the Annual Accounts Act, according to the previous version applied before 1 July 2024, respectively. The criteria are defined on page 139 in the Sustainability Report, and are part of the Sustainability Reporting Guidelines published by GRI (Global Reporting Initiative), which are applicable to the Sustainability Report, as well as the accounting and calculation principles that the Company has developed. This responsibility also includes the internal control relevant to the preparation of a Sustainability Report that is free from material misstatements, whether due to fraud or error.

Responsibilities of the auditor

Our responsibility is to express a conclusion on the Sustainability Report based on the limited assurance procedures we have performed and to express an opinion regarding the Statutory Sustainability Report. Our engagement is limited to historical information presented and does therefore not cover future-oriented information.

We conducted our limited assurance engagement in accordance with ISAE 3000 (revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report, and applying analytical and other limited assurance procedures. Our examination regarding the Statutory Sustainability Report has been conducted in accordance with FAR’s accounting standard RevR 12 The auditor’s opinion regarding the Statutory Sustainability Report. A limited assurance engagement and an examination according to RevR 12 is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

The firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements,

professional standards and applicable legal and regulatory requirements. We are independent of Volvo Cars in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

The limited assurance procedures performed and the examination according to RevR 12 do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. The conclusion based on a limited assurance engagement and an examination according to RevR 12 does not provide the same level of assurance as a conclusion based on an audit.

Our procedures are based on the criteria defined by the Board of Directors and the Executive Management as described above. We consider these criteria suitable for the preparation of the Sustainability Report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion below.

Conclusion

Based on the limited assurance procedures we have performed, nothing has come to our attention that causes us to believe that the Sustainability Report, is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and Executive Management.

A Statutory Sustainability Report has been prepared.

Göteborg 11 March 2025
Deloitte AB

Fredrik Jonsson
Authorized Public Accountant

Lennart Nordqvist
Expert Member of FAR

This is a translation of the Swedish language original. In the event of any differences between this translation and the Swedish language original, the latter shall prevail.

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Auditor’s Limited Assurance Report on Volvo Cars’ Green Financing Report

To Volvo Car AB (publ.), corporate identity number 556810–8988

Introduction

We have been engaged by Volvo Car AB (publ.) ("Volvo Cars") to undertake a limited assurance engagement of the Green Financing Report ("Reporting") for the year 2024 set out on pages 213 and 214 in the Annual and Sustainability Report.

Responsibilities of Management

Volvo Cars Management is responsible for the preparation of the Reporting in accordance with the applicable criteria, as explained in the Volvo Cars Green Financing Framework dated May 2023 (available at <https://investors.volvocars.com/en/debt-information/green-financing>) as well as the accounting and calculation principles that the Company has developed. This responsibility also includes the internal control relevant to the preparation of the Reporting that is free from material misstatements, whether due to fraud or error.

Responsibilities of the auditor

Our responsibility is to express a conclusion on the Reporting based on the limited assurance procedures we have performed. Our engagement is limited to historical information presented and does therefore not cover future-oriented information.

We conducted our limited assurance engagement in accordance with ISAE 3000 (revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Reporting, and applying analytical and other limited assurance procedures. The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, a reasonable assurance engagement conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden.

The firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures

regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent of Volvo Cars in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

The procedures performed consequently do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement.

Accordingly, the conclusion of the procedures performed do not express a reasonable assurance conclusion.

Our procedures are based on the criteria defined by Volvo Cars Management as described above. We consider these criteria suitable for the preparation of the Reporting.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion below.

Conclusion

Based on the limited assurance procedures we have performed, nothing has come to our attention that causes us to believe that the Reporting for the year 2024, is not prepared, in all material respects, in accordance with the applicable criteria, as explained in the Volvo Cars Green Financing Framework.

Göteborg 11 March 2025
Deloitte AB

Fredrik Jonsson
Authorized Public Accountant

Lennart Nordqvist
Expert Member of FAR

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The share

The Volvo Cars’ share is listed on Nasdaq Stockholm, where it trades with the ticker VOLCAR. Basic earnings per share in 2024 was SEK 5.17.

Share performance and trading volume

Based on the closing share price on 30 December 2024, SEK 23.98, the Group’s market capitalisation was SEK 71,449 million. The share price decreased by 26.5 per cent during 2024, while the broad index (OMXSPI) increased 6.04 per cent. The highest closing price quoted was SEK 44.36 on 9 April and the lowest closing price quoted was SEK 21.83 on 6 November.

A total of approximately 1,460 million Volvo Car AB’s (publ.) shares were traded on all marketplaces with average daily trading volume of 5.8 million shares.

Dividend

Dividend pay-out will be assessed from year to year based on Volvo Car Group’s net income, financial position and investments needs. Volvo Cars continues to focus on delivering its ambitions and growth strategy. As visibility on the transformation increases in the medium-term, the ambition is to increase dividend pay-outs towards industry averages.

The Board of Directors proposes that no ordinary dividend is distributed and that the retained earnings shall be carried forward.

The share

The number of Volvo Cars shares amounts to 2,979,524,179. Each share has a quota value of 0.02 SEK and the share capital amounts to SEK 60,947,709. Volvo Car AB’s (publ.) share capital comprises one series of B-shares, with each share carrying equal voting rights and equal rights to dividends. The most recent occasion when new shares were issued was in conjunction with the IPO in October 2021. During 2024, Volvo Car AB (publ.) distributed 62.7 per cent of Volvo Cars’ shareholding in Polestar Automotive Holding UK PLC to Volvo Cars’ shareholders by way of a share split (2:1), a reduction of the share capital through redemption of shares, and an increase of the share capital through a bonus issue without issuance of new shares. During April 2024, this temporarily increased the number of shares and votes by 2,979,524,179, to 5,959,048,358. In May 2024, the 2,979,524,179 new redemption shares of class B were redeemed as part of the automatic share redemption. Thereafter, the total number of shares and votes amounts to 2,979,524,179, which is the same as prior to the distribution.

Ownership structure

As of 31 December 2024, 78.7 per cent of the shares is owned by principal owner Geely Sweden Holdings AB. No other shareholder owns – directly or indirectly – more than 10 per cent of the shares in Volvo Cars. Foreign ownership excluding Geely Holding at year-end corresponded to 8.64 per cent of the share capital.

The largest foreign ownership excluding Geely Holding is in the United States, United Kingdom and Belgium.

Shareholder communication and financial calendar

Information for the capital market and other interested parties is provided on investors.volvocars.com. On the website, it is possible to access financial reports, Annual and Sustainability reports, past events recordings and sales and regulatory press releases. Printed copies of Annual and Sustainability reports are only distributed to shareholders upon request.

Dialogue with the shareholders and the market is important for Volvo Cars. Apart from the Annual General Meeting, Volvo Cars maintained active discussions through events, livestream with Q&A in conjunction with the publication of interim reports, investor meetings and visits, meetings with retail shareholders’ associations, as well as roadshows. Volvo Cars also hosted a Capital Markets Day in September 2024 in conjunction with the 90/90 event – a celebration day of our two flagship SUVs, the XC90 and EX90.

Financial Calendar

- 3 April 2025: Annual General Meeting, Gothenburg, Sweden
- 29 April 2025: Q1 2025 report
- 17 July 2025: Q2 2025 report
- 23 October 2025: Q3 2025 report
- 6 February 2026: Q4 and Full Year 2025 report

Annual General Meeting 3 April 2025

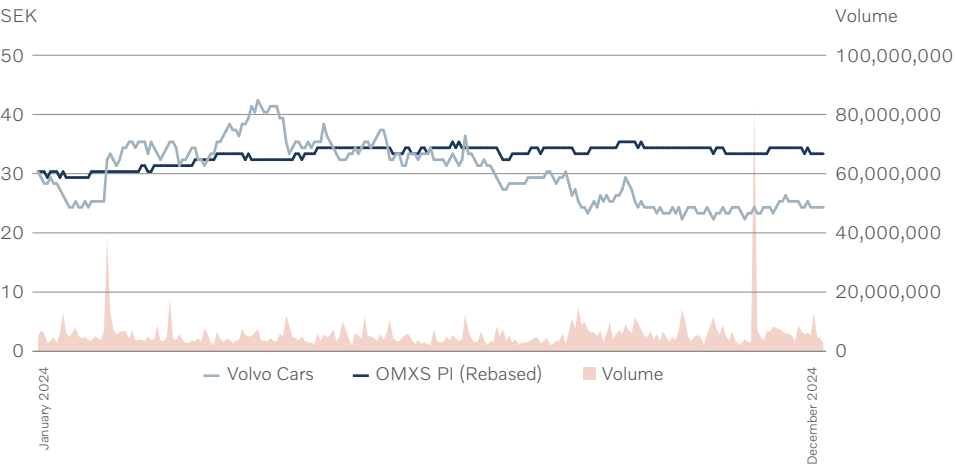
The shareholders of Volvo Car AB (publ.), Reg. No. 556810-8988, (“Volvo Cars”) are invited to participate in the Annual General Meeting (the “AGM”) to be held on 3 April 2025, at 13.00 CEST at Volvohallen, Gunnar Engellaus väg 2, SE-418 78 Gothenburg, Sweden.

More information:

<https://investors.volvocars.com/en/AGM25>

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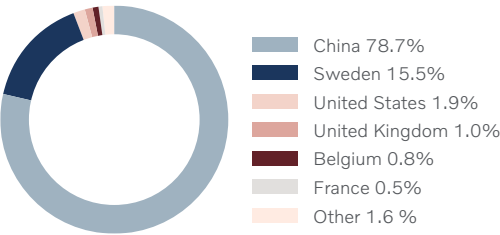
VOLCAR B – SHARE PRICE DEVELOPMENT



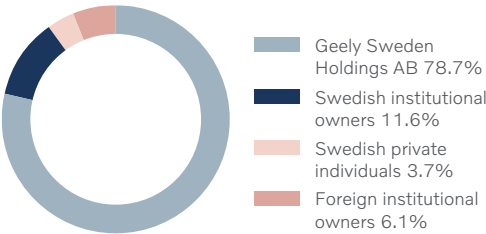
VOLVO CARS SHARE
AS OF YEAR-END 2024

Symbol: VOLCAR
Market cap: SEK 71.4 billion
Number of known
shareholders: 168,397
Basic earnings per share:
SEK 5.17

OWNERSHIP BY COUNTRY



OWNERSHIP BY CATEGORY



TEN LARGEST SHAREHOLDERS 31 DECEMBER 2024

Owners	Number of B-shares	Capital	Votes
Geely Sweden Holdings*	2,343,396,227	78.7%	78.7%
AMF Pension & Funds	103,351,869	3.5%	3.5%
Folksam Group	69,000,135	2.3%	2.3%
Handelsbanken Funds	30,765,015	1.0%	1.0%
Alecta Pension Insurance	29,650,000	1.0%	1.0%
SEB Investment Management AB	26,601,765	0.9%	0.9%
The Vanguard Group, Inc.	18,740,460	0.6%	0.6%
Caisse des Dépôts et Consignations	14,157,117	0.5%	0.5%
Swedbank Robur Fonder AB	13,652,504	0.5%	0.5%
If P&C Insurance Ltd (publ)	12,967,126	0.4%	0.4%
Ten largest owners, total	2,662,282,218	89.4%	89.4%
Others	317,241,961	10.6%	10.6%
Total	2,979,524,179	100%	100%

*Geely Sweden Holdings AB is owned by Shanghai Geely Zhaoyuan International Investment Co., Ltd., registered in Shanghai, China, and ultimately owned by Zhejiang Geely Holding Group Ltd., registered in Hangzhou, China.

BREAKDOWN BY SIZE 31 DECEMBER 2024

Size class	Number of known shareholders	Number of B-shares	Capital	Votes
1–500	136,649	17,748,810	0.6%	0.6%
501–1,000	14,818	11,403,403	0.4%	0.4%
1,001–5,000	13,265	28,348,974	1.0%	1.0%
5,001–10,000	1,893	13,905,662	0.5%	0.5%
10,001–20,000	923	13,339,660	0.5%	0.5%
20,001–	849	2,894,777,670	97.2%	97.2%
Total	168,397	2,979,524,179		

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Our heritage – An exciting journey and decades of innovations

Volvo Cars was founded upon the concepts of quality and safety by Assar Gabrielsson and Gustaf Larson in Gothenburg, Sweden, and in 1927 the first Volvo car, was released. Ever since our founding in 1927, we’ve been designing cars that put people first and we have become a truly global company renown for safety selling approximately 760,000 cars all over the world.



1927 - Assar Gabrielsson and Gustaf Larson launch the first Volvo car in Gothenburg, Sweden. The car was an open tourer with a four-cylinder engine.

'40s–'60s



1944 - “The little Volvo” (PV444), was a car that turned Volvo into an international car company was unveiled in Stockholm.

1953 - The Volvo Duett was launched as “two cars in one” – for both work and leisure.

1955 - The first PV 444 was unloaded at a port in Long Beach, California. Two years later Volvo Car had become the second-biggest import brand in California.

1959 - Volvo engineer Nils Bohlin invents the three-point safety belt.

1964 - Our plant in Gothenburg was inaugurated and is still our largest production facility.

'70s



1972 - Environment was added to our core values, Safety and Quality. Volvo invented the rearward-facing child safety seat.

1976 - Volvo released the Lambda Sond, the world’s-first catalytic exhaust control system that reduces harmful emissions. Volvo was officially chosen as the safety standard benchmark for all new cars in the USA.

1977–1978 - Volvo 240, was awarded the American National Environmental Industry Award and named the cleanest car by the California Air Resources Board.

1978 - Volvo Cars was spun out as a separate entity from AB Volvo.

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'80s

1984 - The sales of Volvo 740 and 760 was a great success.

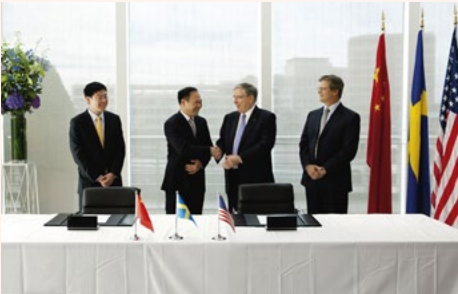


'90s

1991 - Volvo presented Volvo 850 – the largest product investment since Volvo introduced the Side Impact Protection System.
1998 - Volvo developed the Inflatable Curtain.
1999 - Volvo Cars was acquired by Ford Motor Company.

'00s

2001 - A new generation of environmentally adapted diesel engines was launched.
2002 - Volvo XC90 was launched and became an instant success all over the world.
2007 - Volvo ReCharge Concept Car, a plug-in hybrid was first displayed.
2008 - The City Safety, a low-speed auto brake solution that automatically is braking the car in the event of imminent risk of collision was introduced.
The popular DRIVE series encompassed seven models classed as green cars.



'10s

2010 Geely Holding acquired Volvo Car from Ford.
2011 Volvo Cars appointed top car maker in Sustainable Brands.
2013 The four-cylinder powertrains featuring a lightweight base powertrain replaced its fourteen-engine powertrain family predecessor. We established a manufacturing joint venture with Geely Holding and built two manufacturing plants in Chengdu and Daqing, China. Volvo C30 awarded “Green Car of the Year” in China.
2014–2015 The in-house development of the Scalable Product Architecture (SPA) was completed and the new generation XC90, the first car model built on the SPA, started a new chapter in our history.
2017 We announced our electrification strategy.

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2017

The Volvo XC40, the first model based on our compact modular vehicle architecture (CMA) was introduced. It set our new standard in design, connectivity and safety.



2018

Engine production facility in Skövde, Sweden becomes a climate neutral (in terms of CO₂ emissions) production facility. A solar energy installation was unveiled at the Ghent factory.

The production facility in Charleston, South Carolina, was opened establishing a global manufacturing footprint.

Subscription based Care by Volvo and Volvo Car Mobility was announced.

We partnered with NVIDIA for the development of a highly capable, AI-based, central computer for the next generation of Volvo cars.

2019

Our long-term sustainability ambitions to become a climate neutral company and circular business by 2040 was announced.

We launched XC40 Recharge P8, our first fully electric SUV. Our first model equipped with an infotainment system powered by Android.



2020

Production of XC40 Recharge starts in Ghent.

The climate plan, under which Volvo Cars strives to become a climate neutral company by 2040, was scientifically verified by the Science Based Targets initiative (SBTi), a collaboration that provides companies with a clear pathway to support the Paris Agreement.

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2021

Started production of second fully electric model C40 recharge.
On 29 October Volvo Cars became a listed company on the Nasdaq Stockholm stock exchange.



2022

We in collaboration with Northvolt announced the establishment of a new battery plant in Gothenburg.
Announced that we will establish an electric car manufacturing plant in Slovakia.
We become a founding member of Accelerating to Zero Coalition, calls for more climate action from governments.
Launched the new Volvo EX90.
Divested its 33 percent holding in Aurobay to Geely Holding, aligned with the electrification ambitions.



2023

Launched the new Volvo EX30.
Revealed the Volvo EM90, our first MPV.
Opened new Tech Hubs in Krakow, Poland and Singapore.
Volvo Cars continued the commercial transformation as shown by the transition of the UK market to a direct model.
Volvo Cars declared the end of diesel at Climate Week NYC – our last diesel car will be produced in early 2024.



2024

Start of production for the flagship SUV EX90.
Announced a new approach on technology: The Volvo Cars Superset tech stack.
Launched an updated version of the XC90 hybrid SUV.
Distributed 62.7 per cent of it shareholding in Polestar Automotive Holding UK PLC to shareholders.
Took full ownership of HaleyTek.

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DEFINITIONS

Volvo Cars and Volvo Car Group

Volvo Car AB (publ.) together with its wholly-owned subsidiary Volvo Car Corporation and its subsidiaries are jointly referred to as “Volvo Car Group” or “Volvo Cars”.

Volvo Car AB (publ.), with its registered office in Gothenburg, Sweden, is a publicly listed company on the Nasdaq Stockholm Stock Exchange (traded under the ticker VOLCAR B). The largest owner, holding 78.65% of shares and capital, is Geely Sweden Holdings AB, owned by Shanghai Geely Zhaoyuan International Investment Co., Ltd., registered in Shanghai, China, and ultimately owned by Zhejiang Geely Holding Group Ltd., registered in Hangzhou, China.

Volvo Car AB (publ.) holds shares in its subsidiary Volvo Car Corporation and provides the Group with certain financing solutions. Volvo Car AB (publ.), indirectly through Volvo Car Corporation and its subsidiaries, operates in the automotive industry with business relating to design, development, manufacturing, marketing and sale of cars and thereto related services.

Associated companies

Associated companies are companies in which Volvo Car Group has a significant but not controlling influence, which generally is when Volvo Car Group holds between 20% and 50% of the shares.

Joint venture companies (JVs)

Joint ventures refer to companies in which Volvo Car Group, through contractual cooperation together with one or more parties, has joint control over the operational and financial manage-

ment and has rights to the net assets of the arrangement.

Retail sales

Retail sales refer to sales to end customers (including a portion of cars used as customer loaner and demo cars) and is a relevant measure of the demand for Volvo Cars from an end customer point of view.

Wholesales

Wholesales refer to new car sales to dealers and other customers including rentals.

Europe

Europe is defined as EU+EFTA+UK.

Passenger cars

Passenger cars are vehicles with at least four wheels, used for the transport of passengers, and comprising no more than eight seats in addition to the driver’s seat.

Traditional premium segment

Traditional premium segment is the premium market brands such as Volvo Cars, Audi, BMW, Lexus, Mercedes, Tesla and so on.

Battery Electric Vehicles (BEV)

BEV cars include all vehicles which are 100% fully electrified cars.

Non Battery Electric Vehicles (Non-BEV)

Non-BEV cars include all vehicles which are not 100% fully electrified cars (BEV). For Volvo Cars, it includes plug-in hybrid (PHEV), mild hybrid (MHEV) and internal combustion engine cars (ICE).

Electrified cars

Electrified cars include 100% fully electric cars, the same as the Battery Electric Vehicles (BEV), and Plug-in hybrids (PHEV), in both petrol and diesel with cord for charging.

ICE

Internal combustion engine, including all powertrain types except plug-in hybrids (PHEV) and fully electric vehicles (BEV).

Agency personnel / Consultant

Agency personnel/consultant is referred to as specific competence that is sourced externally and assigned to meet fluctuating business resource needs.

Contract manufacturing

A business model in which a third-party company is contracted for the production of goods or components over a specified contract period.



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Forward looking statements

This report contains statements concerning, among other things, Volvo Car Group's financial condition and results of operations that are forward-looking in nature. Such statements are not historical facts but, rather, represent Volvo Car Group's future expectations. Volvo Car Group believes that the expectations reflected in these forward-looking statements are based on reasonable assumptions. However, forward-looking statements involve inherent risks and uncertainties, and a number of important factors could cause actual results or outcomes to differ materially from those expressed in any forward-looking statement. Such important factors include but may not be limited to: Volvo Car Group's market position, growth in the automotive industry, and the effects of competition and other economic, business, competitive and/or regulatory factors affecting the business of Volvo Car Group, its associated companies and joint ventures, and the automotive industry in general. Forward-looking statements speak only as of the date they were made and, other than as required by applicable law, Volvo Car Group undertakes no obligation to update any of them in light of new information or future events.

Language

In the event of inconsistency or discrepancy between the English and the Swedish version of this publication, the Swedish version shall prevail.

Totals and roundings

Totals quoted in tables and statements may not always be the exact sum of the individual items because of rounding differences. The aim is that each line item should correspond to its source, and rounding differences may therefore arise.

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VOLVO