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.

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.

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.

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 performance 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 CO_2 emissions (WLTP) for all manufactured Volvo Cars' branded cars per year, respectively, excluding BEVs. For calculation purposes, an assumed average milage of 200,000 km per car has been applied.