

VOLVO



Volvo Car Group
Green Financing Framework



Table of contents

| | |
|--|----|
| Introduction | 3 |
| Sustainability | 4 |
| Sustainability Governance | 6 |
| Green Financing Framework | 9 |
| Use of Proceeds | 9 |
| Process for Project Evaluation & Selection | 11 |
| Management of Proceeds | 11 |
| Reporting | 12 |
| External Review | 12 |



To provide freedom to move in a personal, sustainable and safe way.

Introduction

Volvo Car AB (publ.) and its consolidated subsidiaries (“Volvo Cars”, “the Group” or “the Company”) is 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.

Setting new standards

Our ambition is to set new standards, whether through customer experience, electrification, manufacturing processes or carbon emissions reductions. Inspired by Swedish design and craftsmanship, we aim to create elegant, intuitive yet advanced products that address real-world needs - from how a car is purchased or leased to how it feels to drive and ride in and how it interacts with its surroundings.

Electrification is key

We are ready to go fully electric when our customers are. In a challenging market environment, we are taking decisive action to enhance resilience and position us for profitable growth. Our direction is clear: we will become a fully electric car company. Electrification is a key driver of future volume and profitability, and we are committed to leading this transition. We offer a strong line-up of fully electric cars. For those customers or markets not quite ready to make the shift we offer upgraded plug-in hybrid models as a bridge to a fully electric future. Our customers set the pace. We are ready when they are.

Perform and transform

We are now accelerating efficiency and performance through targeted initiatives in organisation, leadership, product development, and manufacturing, complemented by a sharper focus on regionalisation and commercial execution. With the peak of our investment phase behind us, we are now aiming to increase margins and strengthening cash flow. By maintaining disciplined cost control and driving operational excellence, we are executing our strategic roadmap and reinforcing a solid financial foundation. Our strong focus on both performance and continued transformation ensures we remain competitive and resilient today, while positioning Volvo Cars for long-term growth and leadership in the future of mobility.



Sustainability

Sustainability is an integral part of our company purpose: To provide freedom to move in a personal, sustainable and safe way. It is embedded throughout our corporate strategy and determines the actions and ambitions for our organisation and business partners. As such, we always aim for the highest standards of sustainability in mobility. This approach doesn't mean compromise – it means creating smarter, more efficient products that people can be proud to choose.

Sustainability integration in corporate strategy

Recognising and understanding the impacts, risks and opportunities inherent in our business environment is fundamental to how we shape our sustainability strategy. These insights not only form the foundation for our ambitions but also serve as the basis for the way we conduct our operations. From how we incorporate sustainability into the design of our cars, to the sourcing of materials, the production and distribution of our products, and finally in the end-of-life treatment. Adopting a complete life cycle perspective of our impacts, risks and opportunities enables a holistic perspective and informs our corporate strategy execution.

We are dedicated to ensuring that our commitment to sustainability is aligned with the objective of long-term profitability. We adopt a unified steering model that balances economic and sustainability priorities in our product portfolio. By embedding sustainability into our decision-making processes, we build a business that is adaptive, forward-thinking and able to thrive amidst evolving environmental and market conditions.

This continuous work strengthens the resilience of our strategy and business model throughout our transformation towards electrification and sustainable growth.

Integrating sustainability ambitions with electrification

Electrification, as one of our corporate strategy focus areas, is fundamental for our ability to reach our sustainability ambitions. Our current and future portfolio of electrified cars not only reduces our environmental footprint compared with combustion engines; it also leads to an increased focus on transparency within our value chain, supporting our work to address human rights risks. Furthermore, the opportunities we identify allow us to leverage our current business model to embrace more circular initiatives, helping decouple revenue growth from environmental impact.

Our long-term ambition is clear: to transform towards full electrification and reach net zero greenhouse gas emissions by 2040. In addition to our climate actions strategy, this vision also aligns with our strategic pillars for circular business and responsible business. We are working towards these ambitions by taking active steps to reduce the carbon footprint, increase resource efficiency, and enabling transparency across the value chain.

Responsible business throughout the value chain

Our broad value chain includes over 40,000 employees worldwide and more than 12,000 directly contracted suppliers, across three continents. We recognise the impact we have across our value chain and the responsibility to lead sustainability initiatives and drive positive change.

From responsible sourcing of raw materials and ensuring ethical labour practices, to minimising waste and water use, every stage of our business reflects our dedication to sustainable and responsible business conduct, supported by close collaboration with suppliers to drive transparency, innovate for sustainability, and support continuous improvement.

In our battery supply chain, which due to its complexity carries significant environmental, social and governance risks, including potential material impacts, we do not source battery raw materials directly, but we work to ensure robust due diligence through blockchain-based traceability and independent audits that assess conformance and supports corrective action plans and continuous improvement.

In summary, our holistic approach helps to ensure that our products, customer focus and business practices not only align with but actively advance our sustainability ambitions.

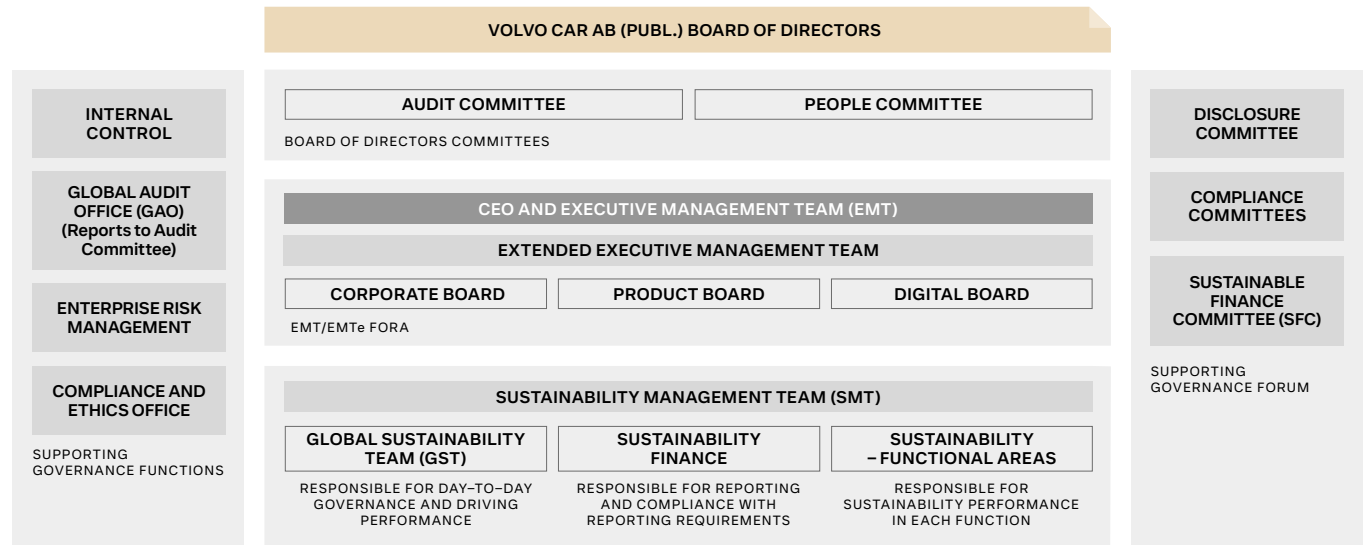


Sustainability Governance

Sustainability is deeply integrated into our governance, integrated into existing cross functional processes for performance monitoring and reporting.

The Board of Directors oversees sustainability as an integral part of the Group’s strategy, approving ambitions and monitoring progress based on recommendations from the Chief Executive Officer (CEO) and management. The President and CEO is responsible for the execution of the sustainability strategy and its integration into business operations and decision-making processes, supported by the Executive Management Team and extended EMT. The Chief Strategy and Product Officer,

member of EMT, is responsible for sustainability. The Head of Global Sustainability reports to EMT, and together with the Sustainability Management Team, ensures cross-functional alignment of sustainability matters within the Group. The Green Financing Framework and its application is overseen by a cross-functional Sustainable Finance Committee (SFC), consisting of senior representatives from relevant functions.



Volvo Cars’ governance is described in the Corporate Governance Report. This chart provides an illustration of the governance and how sustainability functions and teams are integrated in the corporate governance.

Grounded in international conventions and declarations on human rights, labour and anticorruption standards, Volvo Cars' approach is guided by the Volvo Car Group's Code of Conduct and twelve Corporate Policies and by our Code of Conduct for Business Partners that sets expectations across the value chain. These frameworks, together with our statements and

position papers, provide the foundation for ethical and responsible conduct throughout the company.

Our Code of Conduct, Code of Conduct for Business Partners, Human Rights Statement, Commitment to sustainability and position papers are available on our website.

VOLVO CARS' ADOPTED CORPORATE POLICIES

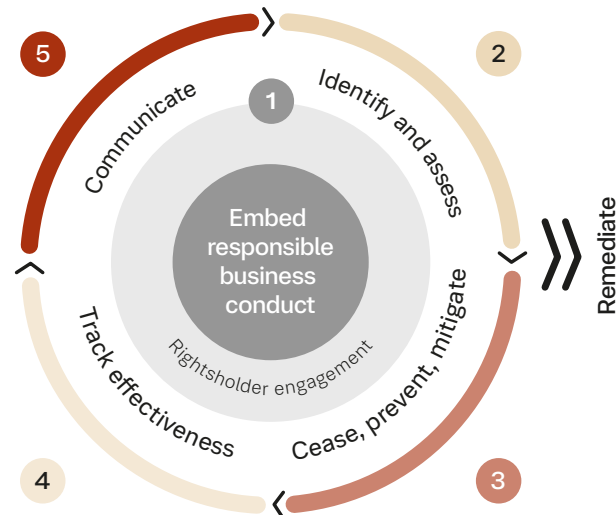


Sustainability due diligence

At Volvo Cars, we are committed to adhering to internationally recognised human rights standards and guidelines. We are founding members of the UN Global Compact and observe its Ten Principles.

Our Code of Conduct, Code of Conduct for Business Partners and Human Rights Statement reflect the aims of key international conventions and guidelines, including the International Bill of Human Rights, the UN Convention on the Rights of the Child, ILO fundamental conventions, the UN Guiding Principles on Business and Human Rights, and the OECD guidelines for Multinational Enterprises and Due Diligence frameworks. These documents apply across our full value chain and form the basis for our approach to human rights due diligence, which aligns with legislation on the matter. We support the continued development of such regulations and publish our UN Global Compact Communication on Progress on the UNGC website.

SCHEMATIC OVERVIEW OF VOLVO CARS' ENHANCED DUE DILIGENCE PROCEDURES





Green Financing Framework

Volvo Cars' Green Financing Framework ("the Framework") has been updated to position sustainability as a core element of our business and a key driver of our future success. It incorporates the latest market practices and standards to support the Company's sustainability journey toward its aim of reaching net zero greenhouse gas emissions by 2040. The Framework has been developed in accordance with the 2025 ICMA Green Bond Principles (GBP) and the 2025 LMA, LSTA, APLMA Green Loan Principles (GLP).

These principles provide voluntary guidelines to support issuers in financing environmentally sound and sustainable projects, while providing transparency and insight into their estimated impact. In alignment with the GBP and GLP, this Framework consists of the following key components and recommended External Review.

- Use of Proceeds
- Process for Project Evaluation and Selection
- Management of Proceeds
- Reporting
- External Review

Volvo Cars may under this Framework issue "Green Financing Instruments" including Green Bonds, Green Loans, Green Project Financing and Schuldscheins. These instruments will contribute to meeting investors' interest for assets with higher transparency on impact, to better allocate their funds and measure their contribution to a more sustainable financial system.

S&P Global Ratings will provide a Second Party Opinion on this Green Financing Framework, which will be made publicly available at Volvo Cars' website. In accordance with the GBP and GLP, Volvo Cars will continue to provide an annual Green Financing Report at least until full allocation, and on a timely

basis in case of material developments or any reallocation of any issued Green Financing Instruments. In addition, Volvo Cars will engage an independent external auditor, or other third party, to verify the internal tracking and allocation of funds from Green Financing Instruments.

Use of Proceeds

An amount at least equal to the net proceeds from the issuance of the Green Financing Instruments will exclusively be used to finance and/or refinance, whole or in part, Eligible Assets and Projects, which meet the Eligibility Criteria set out in this Framework. Proceeds raised based on this Framework can be applied towards new or existing capital expenditures, for example assets and projects within manufacturing and R&D (hereafter "Eligible Green Projects").

Financing, refinancing and lookback

Net proceeds can finance both existing and new Eligible Assets and Projects. Volvo Cars intends to provide investors with an estimated share of financed versus refinanced expenditures prior to each new Green Financing Instrument. The distribution between new financing and refinancing will also be disclosed in the annual Green Financing Report. Refinancing is defined as the financing of existing Eligible Assets and Projects whose

spending has been identified prior to the issuance of a new Green Financing Instrument. Volvo Cars intends to provide investors with an estimate of the look back period for refinance assets prior to each new Green Financing Instrument. Eligible Assets and Projects shall qualify without a specific look-back period as long as such Eligible Assets and Projects provide clear environmental benefits if, at the time of issuance, they follow the eligibility criteria set out in this Framework. OpEx shall, however, only qualify with a maximum three year look back period from the issuance year.

EU Taxonomy

Where feasible, Volvo Cars will prioritise assets and projects aligned with the EU Taxonomy, with a particular focus on those meeting the technical screening criteria for climate change mitigation. When assessing the asset or project, Volvo Cars will evaluate compliance with the substantial contribution criteria, Do No Significant Harm (DNSH) and Minimum safeguards criteria. Volvo Cars adopts a cautious stance when evaluating alignment with the EU Taxonomy, and at present, not all DNSH (Do No Significant Harm) requirements are fully met. We are however committed to align our future battery electric vehicles

(BEVs), which is reflected in the aligned CapEx and OpEx reported since 2023. The EU Taxonomy Regulation and its Delegated Acts still include terminology and provisions that remain open to interpretation, with certain clarifications yet to be formulated. Extending the application of the EU Taxonomy beyond EU borders also poses difficulties due to differing legal conditions. The most recent evaluation and interpretation of the Regulation and Delegated Acts are detailed in Volvo Cars annual report. Volvo Cars will disclose how the Use of Proceeds corresponds to the EU Taxonomy within each Green Financing Report.

| Eligible categories (ICMA GBP / LMA GLP) and UN SDG contribution | Eligible Assets and Projects | EU environmental objective and main EU taxonomy activity |
|---|--|--|
| <p>Clean Transportation</p> <p>UN SDGS: 9.2, 9.4, 11.2, 11.6, 12.4, 12.5 and 13.1</p> | <p>Investments and capital expenditures (including costs directly related to product development) that enable the design, development, industrialization, manufacturing, and circular lifecycle management of Zero (tailpipe) Emission Battery Electric Vehicles (BEV), related components and technologies.</p> <p>Investments specifically target Volvo Cars’ fully electric product architectures, core computing, propulsion, structures, software, digital features, and sustainable manufacturing systems.</p> <p>Research & Development Investments in the design and development of fully electric vehicles and enabling technologies, including:</p> <ul style="list-style-type: none"> • Superset tech stack (core computing, software-defined architecture, connectivity, AI applications) and fully electric platforms. • Advanced propulsion and energy systems, e-motors, power electronics, and battery innovations including increased energy density, cell-to-body integration and advanced Battery Management Systems. • Structural and manufacturing innovations such as mega-casting and lightweight materials. • Digital features and vehicle systems, validation and testing infrastructure, and sustainability-by-design including durability, reparability and circularity initiatives. <p>Manufacturing Investments in facilities, equipment, and processes for industrializing BEVs and components, including:</p> <ul style="list-style-type: none"> • Construction and upgrades of plants for fully electric car production and battery assembly. • Tooling and automation for mega-casting, e-motor and battery lines, and integration of cell-to-body technology. • Sustainable operations including energy efficiency, low-carbon materials, and closed-loop recycling of batteries and structural components. • End-of-life systems for repair, remanufacture, and material recovery to enable a circular value chain. | <p>Climate change mitigation</p> <p>3.3 Manufacture of low carbon technologies for transport</p> |

Exclusions

Volvo Cars will not include any direct costs, investments and expenditures related to Internal Combustion Engine (ICE) vehicles, Mild Hybrid Electric Vehicles (MHEV) or Plug-In Hybrid Vehicles (PHEV). MHEVs and PHEVs will remain a part of the product portfolio in the near term and support our electrification journey, but they will not be financed under this Framework.

All projects financed through this framework will exclude any activities that fall under the EU Paris Aligned Benchmark (PAB) prohibited categories. At the corporate level, Volvo Cars complies with every PAB exclusion requirement.

Volvo Cars also operates fully in accordance with The Ten Principles of the UN Global Compact and the OECD Guidelines for Multinational Enterprises.

Process for Project Evaluation and Selection

Project evaluation and selection is a key process in ensuring that the assets and projects financed by the Green Financing Instruments meet the Eligibility Criteria set out in the Use of Proceeds section. Volvo Cars has established a cross-departmental Sustainable Financing Committee (the “SFC”) within its overall governance framework. The role of the SFC is to coordinate, validate, perform, and review the selection of the Eligible Assets and Projects. The SFC is comprised of members from Sustainability, Treasury, Business Control, Investor Relations and other relevant functional teams and departments (as deemed necessary). The SFC will meet on a semi-annual basis (or as and when the situation requires), and Eligible Assets and Projects will be selected in consensus by representatives from Group Treasury, Group Controlling and Group Sustainability.

The main responsibilities of the SFC include but are not limited to:

1. Reviewing and validating the pool of Eligible Assets and Projects as suggested by the relevant project teams, based on the Eligibility Criteria, including considerations around the EU Taxonomy where feasible, the sustainability strategy, a sustainability assessment of potential controversies such as lock-in and rebound effects and the Framework.
2. In addition to meeting environmental requirements, Eligible Assets and Projects must also be evaluated for social risks and compliance with applicable laws, regulations, and Volvo Cars internal policies and guidelines. Relevant examples include the Volvo Cars Code of Conduct, Code of Conduct for Business Partners, and Anti-Corruption Policy as well as instructions available on our website.
3. Monitoring the Eligible Assets and Projects portfolio during the life of the Green Financing Instruments.
4. Preparing and recommending any changes or updates to the Framework ahead of executive management approval.
5. Reviewing and preparing the Green Financing Report.
6. Monitor the ongoing evolution related to the sustainable financing markets in terms of disclosure and reporting in order to be in line with market best practices.

The process for the evaluation and selection of Eligible Assets and Projects will be as follows:

- A list of potential Eligible Assets and Projects is identified by the relevant business functions and the Global Sustainability Team (GST), based on internal expertise.
- The list of potential Eligible Assets and Projects is then submitted to the SFC for validation with the Eligibility Criteria and selection of Eligible Assets and Projects. The SFC will ensure that the relevant projects are available, and that double counting is avoided.

- Once an Eligible Asset or Project is selected by the SFC, the Business Control Team will keep track, monitor, and follow up on each Eligible Asset and Project, while the Treasury Team will maintain a register to keep track of these.
- Semi-annually, the SFC will review the register of Eligible Assets and Projects and determine if the projects still align with the Eligibility Criteria or if any reallocation of proceeds is necessary (see section in Management of Proceeds below).

Management of Proceeds

Volvo Cars intends to allocate the proceeds of the Green Financing Instrument at the earliest convenience and, in any case, commits to reach full allocation within two years after issuance.

For the avoidance of doubt, a loan facility cannot be labelled as green if it includes any non-green tranche, the green label applies only if the full facility is aligned to the four core components of the GLP.

Unallocated net proceeds

Until the full allocation of the Green Financing Instrument proceeds to Eligible Assets and Projects is made, the balance of the unallocated net proceeds will be held in cash and/or invested in cash equivalents and/or other liquid marketable instruments, as per Volvo Cars’ Finance Policy. The payment of principal and interest on the Green Financing Instruments will be made from Volvo Cars’ general funds and will not be linked to the performance of any Eligible Asset or Project.

Monitoring and reallocation

All relevant information regarding the issuance of Green Financing Instruments and the assets and projects (re-)financed will be monitored and documented. The balance of the tracked proceeds will be periodically adjusted on a semi-annual basis, in order to match allocations to Eligible Assets and Projects (re-)financed during this period. In case of divestments or if an Eligible Asset or Project no longer meets the Eligibility Criteria or is subject to a material sustainability controversy, such proceeds will be reallocated to other Eligible Assets and Projects. Volvo Cars will substitute any assets or projects that the SFC no longer deems meeting the Eligibility Criteria, once an appropriate substitution option has been identified.

Reporting

Volvo Cars is committed to transparent allocation and impact reporting on all issued Green Financing Instruments. The Group will publish the Green Financing Report on an annual basis, at least until full allocation of an amount equal to the net proceeds of the outstanding Green Financing Instruments has been made, and thereafter in case of any material change to the allocation of the net proceeds. The Green Financing Report will be integrated into Volvo Cars' Annual and Sustainability Report and/or as a standalone document. The report will be available on Volvo Cars' investor relations website. The Green Financing Report will provide information on a bond-by-bond basis on the allocation of the net proceeds of Green Financing Instruments (see the Allocation Report section below for more details). For more information on the environmental impact of Eligible Assets and Projects financed by the Green Financing Instruments see the Impact Report section below. The annual Green Financing report will take guidance from the most recent version of the ICMA's Harmonised Framework for Impact Reporting Handbook.

Allocation report

Volvo Cars will disclose the allocation of the relevant Green Financing Instruments on an annual basis, and will include the following components:

- The share of net proceeds allocated to each Sub-category within the Clean Transportation category
- The proportion of net proceeds used for financing versus refinancing
- The balance of any unallocated proceeds invested in cash/ and or cash equivalents
- The EU Taxonomy alignment estimation (if feasible)

Impact report

Volvo Cars recognises the importance of transparency and impact reporting and will report on the actual or expected environmental impact of the investments financed by Green Finance Instruments according to the proposed metrics outlined in the table below. Volvo Cars will disclose measurement methodology for quantitative indicators.

| Eligible category | Examples of impact indicators |
|----------------------|---|
| Clean Transportation | <ul style="list-style-type: none"> • Fully electric cars (BEVs) retail sales, % • Electric energy consumption BEV • Reduction in CO₂ tailpipe emissions per vehicle |

External Review

Second Party Opinion (pre-issuance)

Volvo Cars has appointed S&P Global Ratings to provide a second party opinion on this Framework (hereafter the "Second Party Opinion"), in accordance with the Guidelines for Green, Social, Sustainability and Sustainability-Linked Bonds External Reviews developed by the Green and Social Bond Principles. The full Second Party Opinion and this Framework will be publicly available on Volvo Cars' website.

External verification (post issuance)

An independent auditor will be appointed by Volvo Cars to provide an annual assurance report on the Green Financing Report, covering both the Allocation Report and the Impact Report, until all the proceeds of the Green Financing Instrument have been fully allocated. This will confirm that an amount equal to the net proceeds of the Green Financing Instrument has been allocated in all material respects in compliance with the Eligibility Criteria set forth in this Framework and the "Use of Proceeds" section of the final Green Financing Instrument documentation will confirm that the environmental metrics disclosed in the Impact Report are in compliance with the reporting commitments set forth in this Framework.

FOR MORE INFORMATION ON THE LATEST STRATEGY, TARGETS AND REPORTING, PLEASE REFER TO THE ANNUAL AND SUSTAINABILITY REPORT: [INVESTORS.VOLVOCARS.COM](https://investors.volvocars.com)



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