

Press Release

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Volvo Cars to radically reduce carbon emissions as part of new ambitious climate plan

Volvo Cars today launches one of the most ambitious plans in the automotive industry, aiming to reduce its lifecycle carbon footprint per car by 40 percent between 2018 and 2025. This is the first, tangible step towards Volvo Cars' ambition of becoming a climate neutral company by 2040.

The plan represents concrete actions in line with the global Paris climate agreement of 2015, which seeks to limit global warming to 1.5 degrees Celsius above pre-industrial levels.

Volvo Cars' 2040 ambitions go beyond addressing tailpipe emissions through all-out electrification, another area in which the company is at the forefront. It will also tackle carbon emissions in its manufacturing network, its wider operations, its supply chain and through recycling and reuse of materials.

As a near term step towards its 2040 ambition, Volvo Cars is implementing a set of ambitious, immediate measures in its efforts to reduce the company's lifecycle CO₂ footprint per car by 40 percent between 2018 and 2025. At that point in time, the company also aims for its global manufacturing network to be fully climate neutral.

"We are transforming our company through concrete actions, not symbolic pledges," said Håkan Samuelsson, chief executive. "So at Volvo Cars we will address what we control, which is both our operations and the tailpipe emissions of our cars. And we will address what we can influence, by calling on our suppliers and the energy sector to join us in aiming for a climate neutral future."

To realise the significant 40 percent reduction of its CO₂ footprint per car by 2025, the company has devised a number of ambitions for different parts of its operations. The previously communicated goal of generating 50 percent of global sales from fully electric cars by 2025 is a prominent one, which would result in a 50 percent reduction in tailpipe carbon emissions per car between 2018 and 2025.

Other short-term ambitions include a 25 percent reduction of CO₂ emissions related to its global supply chain by 2025, a 25 percent share of recycled plastics in new Volvo cars by 2025 and a 25 percent reduction of carbon emissions generated by the company's overall operations, including manufacturing and logistics.

Volvo Cars was the first conventional car maker to commit to all-out electrification and phasing out cars powered only by an internal combustion engine. As of this year, every new Volvo launched will be electrified and the company today also launches its first fully electric car, the XC40 Recharge. Starting with the XC40 Recharge, Volvo Cars will disclose the average lifecycle carbon footprint of each new model.

The XC40 Recharge is the first car in Volvo Cars' new Recharge car line. Recharge will be the overarching name for all chargeable Volvos with a fully electric and plug-in hybrid powertrain. The Recharge car line aims to further boost sales of Volvo Cars' electrified cars and encourage plug-in hybrid drivers via incentives to use Pure mode as much as possible.

Volvo Car Group in 2018

For the 2018 financial year, Volvo Car Group recorded an operating profit of 14,185 MSEK (14,061 MSEK in 2017). Revenue over the period amounted to 252,653 MSEK (208,646 MSEK). For the full year 2018, global sales reached a record 642,253 (571,577) cars, an increase of 12.4 per cent versus 2017. The results underline the comprehensive transformation of Volvo Cars' finances and operations in recent years, positioning the company for its next growth phase.

About Volvo Car Group

Volvo Cars was founded in 1927. Today, it is one of the most well-known and respected premium car brands in the world with sales of 642,253 cars in 2018 in about 100 countries. Volvo Cars has been under the ownership of the Zhejiang Geely Holding of China since 2010.

In 2018, Volvo Cars employed on average approximately 43,000 (39,500) full-time employees. Volvo Cars head office, product development, marketing and administration functions are mainly located in Gothenburg, Sweden. Volvo Cars head office for China is located in Shanghai. The company's main car production plants are located in Gothenburg (Sweden), Ghent (Belgium), South Carolina (US), Chengdu and Daqing (China), while engines are manufactured in Skövde (Sweden) and Zhangjiakou (China) and body components in Olofström (Sweden).

Under its new company purpose, Volvo Cars aims to provide customers with the Freedom to Move in a personal, sustainable and safe way. This purpose is reflected into a number of business ambitions: by the middle of next decade it aims for half of its global sales to be fully electric cars and to offer half of all cars to customers via its subscription service. By then, it also expects one-third of its cars sold to be autonomous.

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Descriptions and facts in this press material relate to Volvo Cars' international car range. Described features might be optional. Vehicle specifications may vary from one country to another and may be altered without prior notification.

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