VOLKSWAGEN GROUP

Media Information

NO. 118/2024

Green steel for sustainable mobility: Thyssenkrupp Steel and Volkswagen Group's new collaboration

- **Volkswagen Group and Thyssenkrupp Steel have signed an MoU for the supply of low-carbon steel from the future direct reduction plant.**
- **The use of bluemint® Steel will support Volkswagen in reducing CO_2 emissions in the supply chain (Scope 3) and achieving the company's climate targets.**
- **The partnership between the two companies will foster innovations in automotive production, including customized solutions for electromobility.**

Wolfsburg, October 22, 2024 - At the International Suppliers Fair (IZB) in Wolfsburg, Germany, Volkswagen Group and Thyssenkrupp Steel signed a memorandum of understanding (MoU) for the planned supply to Volkswagen Group of low-carbon steel from Thyssenkrupp Steel's future direct reduction plant. This agreement underscores the two companies' joint commitment to sustainability and climate protection, marking a further milestone in their long-standing partnership.

Matthias Eden, Head of Group and Brand Purchasing Metal Raw Material and Exhaust Systems, Volkswagen Group
Michael Bäcker, Head of Group Procurement Metal, Volkswagen Group
Dennis Grimm, Spokesman of the Executive Board Thyssenkrupp Steel
Simon Stephan, Sales Automotive, Senior Vice President, Thyssenkrupp Steel

Thyssenkrupp Steel's future direct reduction plant
Credit: Thyssenkrupp Steel

"Decarbonizing supply chains is a decisive factor for the Volkswagen Group on the road to carbon neutrality. We want to achieve this goal by 2050 at the latest, and using low-carbon steel is an important step in making supply chains at Volkswagen Group even more environmentally friendly going forward. This MoU with Thyssenkrupp is an important building block in our strategic focus

on the use of low-carbon steel," says Dirk Große-Loheide, Member of the Board of Management of the Volkswagen Brand responsible for Procurement and Member of Volkswagen AG's Extended Executive Committee.

"Signing this memorandum of understanding marks an important step on our path to decarbonizing key industrial processes in Germany. Our long-standing partnership with Volkswagen Group demonstrates that, alongside our technical development work, we can also collaborate in making great strides toward a sustainable future," says Dennis Grimm, Spokesman of the Executive Board of Thyssenkrupp Steel.

The Thyssenkrupp Steel direct reduction plant is scheduled to be commissioned from 2027. It will operate with hydrogen and green electricity, which will significantly reduce its carbon footprint. At the start of the ramp-up phase, the plant will use natural gas as the reducing agent, before the process is switched successively to hydrogen. The resulting product – bluemint® Steel – will be certified in accordance with recognized standards and can qualify for the LESS Label A if the hydrogen used in production is generated entirely from renewable sources. This classification, developed by the German Steel Association flanked by Germany's Federal Ministry for Economic Affairs and Climate Action, provides a full picture of a steel product's climate impacts and documents its almost emission-free production.

Reducing CO_2 in the supply chain

Volkswagen Group can benefit significantly from this innovative process to avoid CO2 emissions because 15 to 20 percent of an electric vehicle's emissions are accounted for by the steel used. Moreover, this decarbonization concept allows the manufacture of the full product portfolio in accordance with the usual specifications and in premium quality. Supplies are scheduled to start in 2028 and will then be expanded step by step.

The collaboration between the two companies is increasing their focus on the field of electromobility. It covers economical lightweight solutions for highly stable vehicle structures and electrical steel for efficient electric drive systems. Steel is playing a key role in the mobility transition, not only as a material for generators and electric engines but also as the material of choice for the bodies and other structural components of electric vehicles. In the context of electromobility, steel is becoming an increasingly important material because more of it is needed in electric vehicles – due to their large battery units – than in combustion vehicles.

The Volkswagen Group green steel strategy

The partnership between Volkswagen Group and Thyssenkrupp Steel demonstrates how sustainable solutions can be created thanks to innovative technologies and strategic alliances. It is one of a series of initiatives by the Volkswagen Group to expand the use of green steel in production. In addition to the collaboration with Thyssen Krupp Steel, Volkswagen Group has been in partnership with Salzgitter AG since 2022. Volkswagen Group and Vulcan Green Steel recently signed a MoU in respect of long-term partnership. The Group also has a stake in Swedish green steel manufacturer H2 Green Steel via its subsidiary Scania.

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About the Volkswagen Group:

The Volkswagen Group is one of the world's leading car makers, headquartered in Wolfsburg, Germany. It operates globally, with 114 production facilities in 17 European countries and 10 countries in the Americas, Asia and Africa. With around 684,000 employees worldwide. The Group's vehicles are sold in over 150 countries.

With an unrivalled portfolio of strong global brands, leading technologies at scale, innovative ideas to tap into future profit pools and an entrepreneurial leadership team, the Volkswagen Group is committed to shaping the future of mobility through investments in electric and autonomous driving vehicles, digitalization and sustainability.

In 2023, the total number of vehicles delivered to customers by the Group globally was 9.2 million (2022: 8.3 million). Group sales revenue in 2023 totaled EUR 322.3 billion (2022: EUR 279.1 billion). The operating result before special items in 2023 amounted to EUR 22.6 billion (2022: EUR 22.5 billion).