

Press release

Steel Europe

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Green steel for sustainable mobility: thyssenkrupp and Volkswagen Group sign memorandum of understanding to supply CO₂-reduced steel

- thyssenkrupp Steel and Volkswagen Group sign a MoU for the supply of CO₂-reduced steel from the future direct reduction plant.
- The use of bluemint® Steel will support Volkswagen Group in reducing CO₂ emissions in the supply chain (Scope 3) and achieving the company's climate targets.
- The partnership between the two companies promotes innovations in automotive production, including customised solutions for electromobility.
- thyssenkrupp Steel is driving the mobility transition with sustainable steel solutions.

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.

Pioneering technology for a sustainable future

thyssenkrupp Steel's direct reduction plant, which is scheduled to go into operation in 2027, will be powered by hydrogen and green electricity, thereby enabling a significantly reduced carbon footprint compared to conventional steel production. The plant will initially be ramped up using natural gas as a reducing agent and will gradually be converted to hydrogen. The resulting product, bluemint® Steel, will be certified according to recognised standards and can achieve the LESS label A when operated with 100% renewably produced hydrogen. 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.

“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.

Advantages for the automotive industry

Volkswagen 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. The CO₂-reduced steel helps the car manufacturer to reduce CO₂ emissions in the Scope 3 category and thus make an important contribution to achieving its own climate targets. Supplies are scheduled to start in 2028 and will then be expanded step by step.

“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.

Innovative steel solutions for mobility

Steel is the basic material for mobility and the preferred material for vehicle production. On average, 1,000 kilograms of steel are required per vehicle - for a wide variety of applications. Volkswagen Group and thyssenkrupp Steel have a long-standing partnership, particularly in the field of innovative and cost-effective lightweight construction solutions, for example in the introduction of high-strength steels, which are indispensable above all for safety reasons. Steel-dominated lightweight construction now accounts for over 80 percent of vehicle components. This lightweight material concept also includes hot-formed steels, which enable maximum strength combined with low weight. This is crucial for safety-relevant structures such as A and B pillars or bumpers.

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. By combining material expertise and application knowledge, thyssenkrupp Steel is positioning itself as a key player in the further development of electromobility.

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The partnership between thyssenkrupp Steel and Volkswagen Group is contributing to the mobility transition with the planned cooperation on CO₂-reduced steels. It shows how innovative technologies and strategic cooperation can create sustainable solutions.

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