Press Release

Apr 21, 2021 | ID: 280872

Volvo Cars To Lower CO2 Emissions And Save Billions In Circular Business Aim

Volvo Cars aims for annual savings of SEK 1 billion and reductions of 2.5 million tonnes in carbon emissions from 2025 using circular business principles.

Supporting the company’s long-term goal of becoming a circular business by 2040, Volvo Cars will create closed material loops for emission-heavy materials such as steel and aluminium, as well as remanufacture, repair, reuse and refurbish parts.

“Volvo Cars has one of the most ambitious climate plans in the car industry, and if we are to reach our goals, we need to embrace the circular economy,” said Anders Kärrberg, head of global sustainability at Volvo Cars. “This requires us to rethink everything we do and how we do it. We put a strong focus on integrating sustainability into the way we think and work as a company, and we are making it as important as safety has always been to us.”

To become a circular business by 2040, Volvo Cars is convinced that every part in its cars should be designed, developed and manufactured to be used and re-used, either by the company or its suppliers.

By focusing on resource efficiency and retaining the value created in materials and components for as long as possible during the lifecycle, the company wants to optimise the use of materials, components and cars and eliminate waste in the process. This will lead to financial savings and new revenue streams as well as significantly lower our environmental impact.

Already now, Volvo Cars remanufactures parts such as gearboxes and engines to make better use of material and reduce emissions. In 2020, around 40,000 parts were remanufactured, saving nearly 3,000 tonnes of CO2 emissions. By 2025, Volvo Cars aim to more than double its remanufacturing business. To ensure that valuable material can be kept in circulation the company recycled 95 per cent of its production waste last year. This included 176,000 tonnes of steel, avoiding the generation of nearly 640,000 tonnes of CO2.

In 2020, Volvo Cars became a member of the Ellen MacArthur Foundation, which is the world’s leading circular economy network.

“We welcome Volvo Cars’ commitment to design, develop and manufacture their products to be used and re-used. It is very encouraging to see the link being made between circular solutions, business strategy and a reduction in carbon emissions,” said Joe Murphy, network lead at the Ellen MacArthur Foundation. “The circular economy offers companies a framework for viable long-term growth that also benefits society and the environment.”

New business models such as giving electric vehicle batteries a second life are important from a circular business perspective. By using batteries in energy storage applications outside of cars, new revenue streams and cost savings can be realised while also extending the batteries’ lifecycles.

Together with suppliers and partners, Volvo Cars is exploring the potential in second-life applications for its high voltage batteries. A current example is the collaboration with BatteryLoop, a company within the Swedish Stena Recycling Group that re-uses batteries from the automotive
BatteryLoop and Volvo Cars use batteries from electrified Volvo cars for a solar-powered energy storage system. Starting in April, the system will power charging stations for electrified cars and electric bikes at Swedish hygiene and health firm Essity’s business centre outside of Gothenburg.

In a similar project, Volvo Cars, Comsys AB, a Swedish cleantech company, and Fortum, a European energy company, are engaged in a commercial pilot project. It aims to increase supply flexibility at one of Fortum’s hydropower facilities in Sweden while contributing to a second life for electric vehicle batteries at the same time. Battery packs from Volvo plug-in hybrid cars will serve as a stationary energy storage unit, helping to supply so-called ‘fast-balancing’ services to the power system.

Through these and other projects, Volvo Cars is investigating how batteries age when re-used in second-life applications that have significantly less aggressive cycling compared to in-car use. They also allow the company to gain more knowledge about the commercial value of batteries after use in cars and identify potential future revenue streams.

Volvo Car Group in 2020
For the 2020 financial year, Volvo Car Group recorded an operating profit of 8.5 BSEK (14.3 BSEK in 2019). Revenue over the period amounted to 262.8 BSEK (274.1 BSEK). For the full year of 2020, global sales reached 661,713 cars (705,452), a decline of 6.2 per cent compared to 2019.

About Volvo Car Group
Volvo Cars was founded in 1927. Today, it is one of the most well-known and respected car brands in the world with sales of 661,713 cars in 2020 in about 100 countries. Volvo Cars has been under the ownership of the Zhejiang Geely Holding since 2010.

As of December 2020, Volvo Cars employed approximately 40,000 (41,500) full-time employees. Volvo Cars head office, product development, marketing and administration functions are mainly located in Gothenburg, Sweden. Volvo Cars head office for APAC 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 in a number of business ambitions: for example, by the middle of this decade it aims for half of its global sales to be fully electric cars, to sell half of its global volume online and to establish five million direct consumer relationships. Volvo Cars is also committed to an ongoing reduction of its carbon footprint, with the ambition to be a climate-neutral company by 2040.

Keywords:
Sustainability, Press Releases

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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