

## P R E S S   R E L A S E

## Volvo Group Receives EU Innovation Support for CarbonSmart Initiative

Volvo Group's engine plant in Skövde, Sweden, has been awarded up to €49 million from the EU Innovation Fund to support the CarbonSmart Factory project: SPACE. This initiative aims to advance Volvo's transformation through net-zero innovation and clean technology.

"We transition towards sustainable foundry operations by electrifying key processes and integrating AI technologies, reducing CO<sub>2</sub> emissions by 88% from our manufacturing process. This project is a vital part of Volvo Group's journey towards net-zero emissions," says Rickard Lundberg, Vice President Powertrain Production Skövde Plant.

The initiative is an ambitious transformation project aiming for significant reduction of CO<sub>2</sub> emissions from manufacturing processes within Skövde Plant. With support from the EU, the plant will become a pioneering example of decarbonized heavy manufacturing.

### Driving Industry Leadership in Sustainability

Central to this transformation is the integration of green technologies, including:

- Electric furnaces powered by green electricity
- Hydrogen replacing propane, as a fossil-free fuel alternative
- Advanced heat recovery systems to capture and reuse energy
- Cutting-edge AI-powered energy management to optimize energy use across operations

The project will also introduce three innovative solutions for energy storage, allowing the plant to balance energy use and production.

1. Iron Battery: Uses existing furnaces to store energy for high-demand times.
2. Hydrogen Battery: Uses green hydrogen, adding possibilities to store energy seasonally.
3. Water Battery: Reuses hot water to reduce energy needs for heating and melting processes.

Together, these systems will allow the plant to balance energy use and production, improving operational flexibility while addressing grid capacity limitations that many large-scale electrification projects face.

The Skövde plant is conditionally granted up to €49M by Innovation Fund, European Commission. The project is preceded by a prestudy conducted together with Skövde Energi and AI Sweden, funded by Advanced Digitalization through Vinnova.

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