
Scania places first green steel order in further step towards decarbonised supply chain

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Landmark agreement will see H2 Green Steel provide sustainable material for building Scania trucks.

Scania is taking a massive step towards decarbonising its supply chain by placing its first order for green steel.

The initial contract with H2 Green Steel will provide Scania with sustainably produced steel for building its trucks, allowing the company to take another big step towards reducing the climate footprint of its vehicle manufacturing. Production will begin at H2 Green Steel's new plant in Boden, northern Sweden, in 2025, with deliveries of the sustainable material set for 2027.

The far-reaching agreement is a key element of Scania's ambitious, industry-leading strategy to eliminate the largest sources of carbon emissions from the most emitting production materials and batteries. The goal of the strategy is for Scania to phase out the main sources of CO2 emissions in its supply chain by 2030, including a target of using 100 percent green steel, 100 percent green batteries, 100 percent green aluminium and 100 percent green cast iron in its production*.

Another important aspect of this work is Scania's role as a partner in the First Movers Coalition, which encourages companies to increase low-carbon purchases in areas that are hard to decarbonise. The new contract will help Scania meet its commitment to the coalition to buy significant amounts of green steel. About four tons of steel is used to manufacture a truck so there is clear potential for a substantially positive climate impact from using green steel instead.

"With this first order from our strategic partner H2 Green Steel, we are continuing our progress towards minimising the climate impact from our supply chain," says Anders Williamsson, Executive Vice President, Head of R&D and Purchasing at Scania.

"Scania has been one of our biggest supporters from day one. Not only in helping frame the opportunity for green steel but also as an early seed capital investor. Their

support and partnership in crafting the value proposition has contributed massively to our go-to-market strategies. Scania is truly a pioneer in sustainability and was first in their sector to set Science-Based Targets in line with the Paris Agreement. Now all our forward leaning off-take customers are doing the same.”, says Mark Bula, Commercial Head of Boden Steel at H2 Green Steel.

(Scania)

* The supply chain decarbonisation strategy and targets initially comprises Scania’s production in Europe but will gradually be extended to its production in China and Latin America.