

Škoda Auto on the road to carbon neutrality: ŠKO-ENERGO power plant to transition to 100% biomass

- › **ŠKO-ENERGO, which supplies energy to Škoda Auto and heating for the town of Mladá Boleslav, will be transitioning from a fuel mix of coal and biomass to a completely biomass-based system**
- › **One of the largest projects of its kind in the Czech Republic; estimated costs of €141 million**
- › **Using renewable materials like wood chips and phyto-pellets fulfils ŠKO-ENERGO's strategy to ensure carbon-neutral energy production by the end of this decade**
- › **Project to save up to 290,000 tonnes of CO₂ per year and contribute to the company's ambitious environmental targets under its Next Level Škoda Strategy 2030**

Mladá Boleslav, 13 July 2023 – Škoda Auto continues its journey towards achieving carbon neutrality. Its subsidiary ŠKO-ENERGO, a comprehensive energy provider for the car manufacturer and heating for the town of Mladá Boleslav, is launching a key project to modernise the plant to use 100% biomass. The construction will begin in 2024. By transitioning to wood chips and phyto-pellets, energy production will become fully carbon neutral. With estimated costs of €141 million, the upgraded heating plant will be one of the largest projects of its kind in the Czech Republic and operational within three years. It will contribute to Škoda's ambitious environmental targets along the entire value chain, anchored in its Next Level Škoda Strategy 2030.

Michael Oeljeklaus, Škoda Auto Board Member for Production and Logistics, and Chairman of the ŠKO-ENERGO Supervisory Board says, "At Škoda Auto and ŠKO-ENERGO, we are walking the walk when it comes to delivering on our ambitious sustainability goals: The proposed transformation of the ŠKO-ENERGO plant represents the most radical modernisation of the company's energy supplies in the last 25 years. At the same time, the scope of the planned project is also one of the largest in the Czech Republic with estimated costs of €141 million. Over half of this will be covered by subsidies from the Czech Republic's State Environmental Modernisation Fund. This impressively demonstrates what we are able to achieve on the basis of close, trusting cooperation with our stakeholders."

Tomáš Kubín, ŠKO-ENERGO's Managing Director, adds, "Our existing heating plant already upholds modern standards and employs progressive technologies. As part of ŠKO-ENERGO's strategy, we are committed to ensuring carbon-neutral energy production. Modernising the power plant at the Škoda Auto manufacturing site is absolutely crucial to this plan."

In just three years from the start of construction, both the manufacturing plant and households in Mladá Boleslav will have access to an eco-friendly heat source.”

Shift from fossil fuels to save up to 290,000 tonnes of CO₂ annually

The project launch is slated for the first half of 2024. A total revamp of the power plant will be carried out within three years. All boilers will exclusively use biomass, consisting of 70% wood chips and 30% phyto-pellets. The biomass will be certified according to both European and Czech legislation, emphasising the sustainability of the entire supply chain. Once the transition is complete, annual CO₂ savings will amount to an estimated 290,000 tonnes per year.

Currently, the power plant uses a combination of coal and biomass; ŠKO-ENERGO first started using biomass in 2005. Since then, the proportion of eco-friendly fuel has been steadily increasing. By 2022, renewable energy sources accounted for approximately 35% of all energy used at Škoda Auto's Czech production plants.

Škoda Auto has ambitious environmental goals

Škoda Auto has tightened its environmental targets, further reducing the carbon footprint of its corporate activities. At its plants in the Czech Republic and India, the car manufacturer will be switching to completely carbon-neutral production by the end of this decade. The plant in Vrchlabí already achieved this milestone in 2020.

Regarding the model portfolio, the company plans to significantly accelerate the introduction of new e-vehicles. In the coming years, it will be launching six all-electric models, with commitments to invest €5.6 billion into electromobility by 2027.

In addition, Škoda Auto is focused on increasing sustainability across the entire value chain. This includes the broad deployment of recycled and recyclable materials and reusing high-voltage batteries from electric cars in stationary installations before they undergo careful recycling and new products are created from their raw materials.

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Infographic



Infographic: Škoda Auto on the road to carbon neutrality: ŠKO-ENERGO power plant to transition to 100% biomass
 The upgraded heating plant will be one of the largest projects of its kind in the Czech Republic and operational within three years. It will thus also contribute to Škoda's ambitious environmental targets along the entire value chain, anchored in its Next Level Škoda Strategy 2030.

Source: Škoda Auto

Škoda Auto

- > is successfully steering through the new decade with the Next Level – Škoda Strategy 2030.
- > aims to be one of the five best-selling brands in Europe by 2030 with an attractive line-up in the entry-level segments and additional e-models.
- > is emerging as the leading European brand in important growth markets such as India or North Africa.
- > currently offers its customers twelve passenger-car series: the Fabia, Rapid, Scala, Octavia and Superb as well as the Kamiq, Karoq, Kodiaq, Enyaq iV, Enyaq Coupé iV, Slavia and Kushaq.
- > delivered over 731,000 vehicles to customers around the world in 2022.
- > has been a member of the Volkswagen Group for 30 years. The Volkswagen Group is one of the most successful vehicle manufacturers in the world.
- > independently manufactures and develops not only vehicles but also components such as MEB battery systems, engines and transmissions in association with the Group.
- > operates at three sites in the Czech Republic; has additional production capacity in China, Slovakia and India primarily through Group partnerships, as well as in Ukraine with a local partner.
- > employs over 40,000 people globally and is active in over 100 markets.