

Press Release

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Volvo Cars Tech Fund invests in blockchain technology firm Circular

GLOBAL ANNOUNCEMENT

Volvo Cars has made an investment in blockchain technology firm Circular through the Volvo Cars Tech Fund, the company's venture capital investment arm.

Circular and Volvo Cars have been working together in recent years on the implementation of blockchain technology to boost the traceability of cobalt used in the batteries of its electric cars.

Circular's blockchain technology is today used throughout Volvo Cars' battery supply chain, which will achieve 100 per cent traceability of cobalt used in the XC40 Recharge P8, its first fully electric car. Production of the XC40 Recharge P8 will start later this year in Ghent, Belgium.

The investment in Circular by Volvo Cars allows both companies to expand their focus beyond cobalt, for example by looking at increasing traceability of mica, a mineral used as isolation material in the battery pack of electric Volvos.

Volvo Cars and Circular are also investigating the possibility to expand their blockchain technology cooperation to other areas, for example tracking and reducing CO₂ footprints, helping Circular to potentially set standards for ethical sourcing in automotive and other industries.

The investment by the Volvo Cars Tech Fund is part of a funding round by Circular, which also involves three other investors: SYSTEMIQ, Total Carbon Neutrality Ventures and Plug & Play Tech.

"We are committed to an ethical supply chain for our raw materials and our partnership with Circular has been instrumental in that regard," said Martina Buchhauser, chief procurement officer at Volvo Cars. "By supporting Circular's ongoing development we can expand the use of blockchain technology in our operations and contribute to a more sustainable business."

Volvo Cars was the first car maker to implement global traceability of cobalt used in its batteries by applying blockchain technology across its supply chain. The technology developed by Circular is implemented in partnership with CATL and LG Chem, Volvo Cars' battery supply partners.

CATL and LG Chem are renowned battery manufacturers with long and successful track records supplying lithium ion batteries to the global automotive industry. They fulfil Volvo Cars' strict sourcing guidelines in terms of technology leadership, responsible supply chains, reduction of carbon emissions and competitive cost models.

The agreements between Volvo Cars, CATL and LG Chem cover the supply of batteries over the coming decade for next generation Volvo and Polestar models, including the XC40 Recharge P8.

The Volvo Cars Tech Fund was launched in 2018 and invests in high-potential technology start-ups around the globe. It focuses its investments on strategic technology trends transforming the auto industry, such as artificial intelligence, electrification, autonomous driving and digital mobility.

Volvo Car Group in 2019

For the 2019 financial year, Volvo Car Group recorded an operating profit of 14.3 BSEK (14.2 BSEK in 2018). Revenue over the period amounted to 274.1 BSEK (252.7 BSEK). For the full year 2019, global sales reached a record 705,452 (642,253) cars, an increase of 9.8 per cent versus 2018. The results underline the comprehensive transformation of Volvo Cars' finances and operations in recent years, positioning the company for its next growth phase.

About Volvo Car Group

Volvo Cars was founded in 1927. Today, it is one of the most well-known and respected premium car brands in the world with sales of 705,452 cars in 2019 in about 100 countries. Volvo Cars has been under the ownership of the Zhejiang Geely Holding since 2010.

In 2019, Volvo Cars employed on average approximately 41,500 (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 into 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 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.

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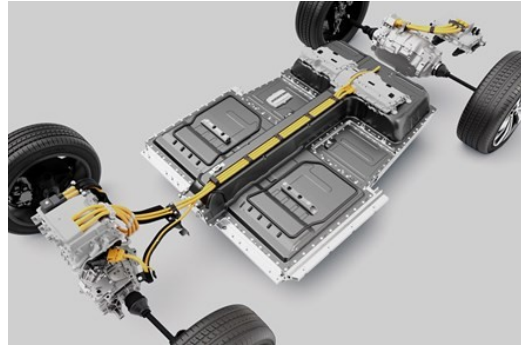
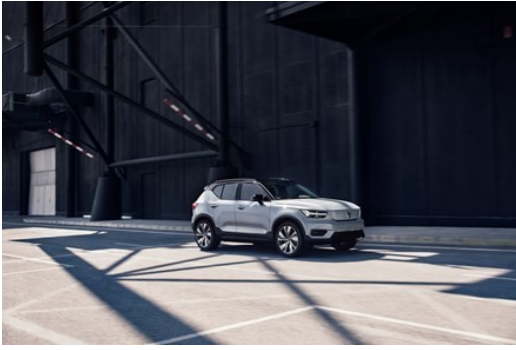
Descriptions and facts in this press material relate to Volvo Cars' international car range. Described features might be optional. Vehicle specifications may vary from one country to another and may be altered without prior notification.

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