Automotive SE

Illustrative consolidated disclosures pursuant to Article 8 of the Taxonomy Regulation

Financial year 2022

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This publication presents the sample Article 8 of the Taxonomy Regulation disclosures in the consolidated non-financial statement of a fictional EU-based listed parent undertaking, Automotive SE, as of 31 December 2022. It illustrates the disclosure requirements that would apply to such an undertaking pursuant to Article 8 of the Taxonomy Regulation (Regulation (EU) 2020/852) and the corresponding delegated acts for the financial year 2022. This document includes further supporting commentary that is not part of the reporting but provides additional insight to understand the choices made for the disclosures. For the purposes of this publication, the parent undertaking, Automotive SE, is a non-financial undertaking, listed on an EU-regulated financial market, and the parent entity in a consolidated entity. The consolidated entity referred to as **Automotive Group** is considered a large group with more than 500 employees.

This publication is for illustrative purposes only and should be used in conjunction with the relevant European regulations, notably the Taxonomy Regulation and the corresponding delegated acts. It intends to illustrate the main disclosures following the reporting requirements pursuant to Article 10(2) of the Disclosures Delegated Act (Commission Delegated Regulation (EU) 2021/2178) taking into account all available Commission Notices and other FAQs provided by the European Commission.

These illustratives are meant to show good reporting practices and to initiate further stakeholder dialogue to establish a best practice for Taxonomy reporting. In doing so, they clearly exceed the legally required minimum of disclosures. The actual disclosures should be adapted by each undertaking depending on its size, complexity and nature of business.

In any case, relevant interpretations and policy choices should be disclosed. This illustrative example reflects the choices made by Automotive SE, and other undertakings could have made other judgements and interpretations of the legal requirements. The illustrative example uses some sector-specific examples, but it does not intend to provide a complete picture of all specific aspects relevant for the automotive industry. The publication is focused on illustrating the required disclosures for a parent undertaking with considerable Taxonomy-eligible turnover.

Please note

The Taxonomy Regulation and the corresponding delegated acts contain terms and criteria that are subject to considerable uncertainties of interpretation. During the preparation of this illustrative example, we have endeavoured to take into account all statements made by the European Commission to clarify the content of the new disclosure requirements under Article 8 of the Taxonomy Regulation. The most recently published draft Commission Notices – on the interpretation of certain legal provisions of the Disclosures Delegated Act under Article 8 of EU Taxonomy Regulation on the reporting of eligible economic activities and assets ("FAQs on the Disclosures Delegated Act as of 19 December 2022"), and on the interpretation and implementation of certain legal provisions of the EU Taxonomy Climate Delegated Act establishing technical screening criteria for economic activities that contribute substantially to climate change mitigation or climate change adaptation and do no significant harm (DNSH) to other environmental objective ("FAQs on the Climate Delegated Act as of 19 December 2022") – have thus been considered for this illustrative example.

It should be noted that, in view of the remaining uncertainties of interpretation even after the recently published FAQs, it can be assumed that the assessment of the disclosure requirements under Article 8 of the Taxonomy Regulation – in particular, the assessment of Taxonomy-eligibility and Taxonomy-alignment – will require gradual adjustments over time.

Contents

Introduction

This publication presents illustrative consolidated disclosures pursuant to Article 8 of the Taxonomy Regulation for a fictitious undertaking, Automotive SE, for the financial year 2022. Financial year 2022 presents the first year of full alignment reporting. This publication builds on our illustrative example for the Automotive SE for financial year 2021, covering the eligibility reporting requirement pursuant to Article 10(2) of the Disclosures Delegated Act.

We have attempted to create a realistic set of consolidated disclosures for Automotive SE, parent undertaking of a diversified group that operates in the automotive industry. The Automotive Group manufactures and sells vehicles and vehicle components (car seats and tyres). Given this background, this illustrative example contains mandatory disclosures as well as voluntary information.

Optional disclosures are highlighted in gray.

Supporting commentaries are displayed in red boxes.

It should be noted that this is an illustrative example and not an exhaustive list of disclosures. For a disclosure checklist covering the accompanying information required by section 1.2 of Annex I to the Disclosures Delegated Act, please refer to the Appendix. Moreover, this illustrative example substantially exceeds the legal minimum required to comply with the Article 8 Taxonomy disclosures. The aim of the illustratives is rather to present good reporting practices and realistic examples for the various disclosure requirements.

For information purposes

For your information, we have listed below the main documents that form the regulatory framework for the disclosure requirements according to Article 8 of the Taxonomy Regulation and complementary information. We have also provided links to access these documents online:

Taxonomy Regulation
Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088.

Climate Delegated Act
Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives.

Disclosures Delegated Act
Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and presentation of information to be disclosed by undertakings subject to Articles 19a or 29a of Directive 2013/34/EU concerning environmentally sustainable economic activities, and specifying the methodology to comply with that disclosure obligation.

Complementary Delegated Act
Commission Delegated Regulation (EU) 2022/1214 of 9 March 2022 amending Delegated Regulation (EU) 2021/2139 [the Climate Delegated Act] as regards economic activities in certain energy sectors [natural gas and nuclear] and Delegated Regulation (EU) 2021/2178 [the Disclosures Delegated Act] as regards specific public disclosures for those economic activities.

European Commission's FAQs as of 20 December 2021 (updated 31 January 2022)
Frequently asked questions: How should financial and non-financial undertakings report Taxonomy-eligible economic activities and assets in accordance with the Taxonomy Regulation Article 8 Disclosures Delegated Act?

European Commission’s FAQs as of 2 February 2022/6 October 2022
Commission Notice on the interpretation of certain legal provisions of the Disclosures Delegated Act under Article 8 of the Taxonomy Regulation on the reporting of eligible economic activities and assets finally published in the Official Journal on 6 October 2022.

European Commission’s FAQs as of 19 December 2022
Part 1: FAQs on the Climate Delegated Act
Part 2: FAQs on the Disclosures Delegated Act
Draft Commission Notice on the interpretation of certain legal provisions of the Climate Delegated Act and on the interpretation and implementation of certain legal provisions of the Disclosures Delegated Act under Article 8 of the Taxonomy Regulation on the reporting of Taxonomy-eligible and Taxonomy-aligned economic activities and assets (drafts were approved in principle by the European Commission on 19 December 2022, and their formal adoption in all of the official languages of the European Union will take place later on, as soon as the language versions are available).

Automotive SE – Consolidated disclosures pursuant to Article 8 of the Taxonomy Regulation

Article 8 of the Taxonomy Regulation

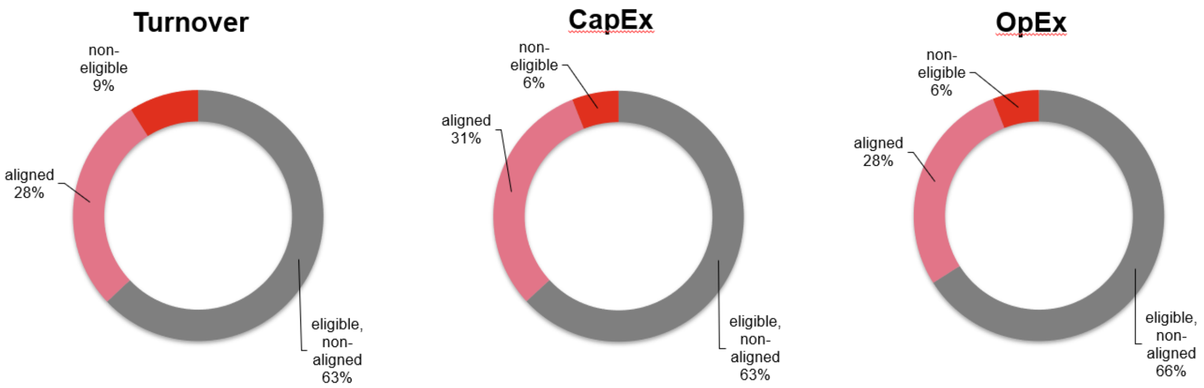
The Taxonomy Regulation is a key component of the European Commission's action plan to redirect capital flows towards a more sustainable economy. It represents an important step towards achieving carbon neutrality by 2050 in line with EU climate goals, because the Taxonomy is a classification system for environmentally sustainable economic activities.

In the following section, we as a non-financial parent undertaking present the share of our group turnover, capital expenditure (CapEx) and operating expenditure (OpEx) for the reporting period 2022, which are associated with Taxonomy-aligned economic activities related to the first two environmental objectives (climate change mitigation and climate change adaptation) in accordance with Article 8 of the Taxonomy Regulation.

Our activities

Overview

Art. 8(2) of the Taxonomy Regulation in conjunction Art. 10(4) of the Disclosure Delegated Act



For details and templates, see the chapter “Our KPIs and accounting policies” below.

Table 1 – Proportion of Taxonomy-eligible and Taxonomy-aligned economic activities in total turnover, CapEx and OpEx in FY 2022

FY 2022	Total (mEUR)	Proportion of Taxonomy-eligible (non-aligned) economic activities	Proportion of Taxonomy-aligned economic activities	Proportion of Taxonomy-non-eligible economic activities
Turnover	125,000	63%	28%	9%
Capital expenditure (CapEx)	18,210	63%	31%	6%
Operating expenditure (OpEx)	3,000	66%	28%	6%

Note

The KPIs need to be presented in tabular form by using the templates provided in Annex II to the Disclosures Delegated Act. Since these templates are very extensive, it seems reasonable to provide a condensed overview of the KPIs as part of the non-financial statement. Such a voluntary overview could supplement the mandatory templates but not replace them.

On a voluntary basis, we provide the comparatives for fiscal year 2021.

Table 2 – Proportion of Taxonomy-eligible and Taxonomy-non-eligible economic activities in total turnover, CapEx and OpEx in FY 2021

FY 2021	Total (mEUR)	Proportion of Taxonomy-eligible economic activities	Proportion of Taxonomy-non-eligible economic activities
Turnover	**100,000**	**85%**	**15%**
Capital expenditure (CapEx)	**10,000**	**90%**	**10%**
Operating expenditure (OpEx)	**2,500**	**94%**	**6%**

Definitions

Taxonomy-eligible economic activity means an economic activity that is described in the delegated acts supplementing the Taxonomy Regulation (that is, the Climate Delegated Act as of now), irrespective of whether that economic activity meets any or all of the technical screening criteria laid down in those delegated acts.

An economic activity is Taxonomy-aligned where it complies with the technical screening criteria as defined in the Climate Delegated Act and it is carried out in compliance with the minimum safeguards regarding human and consumer rights, anti-corruption and bribery, taxation, and fair competition. To meet the technical screening criteria, an economic activity contributes substantially to one or more environmental objectives while not doing significant harm to any of the other environmental objectives.

Taxonomy-non-eligible economic activity means any economic activity that is not described in the delegated acts supplementing the Taxonomy Regulation.

Taxonomy-eligible and Taxonomy-aligned economic activities

Sect. 1.2.2.1(a) of Annex I to the Disclosures Delegated Act

We have examined all economic activities carried out by the group to see which of these are eligible and also aligned in accordance with Annexes I and II to the Climate Delegated Act. The table below indicates the environmental objective for which the activities qualify as eligible. Information on the extent to which the economic activities (as defined in Annex I to the Climate Delegated Act) are also aligned is provided in the KPI templates below (see p. 19 onwards). The templates also provide a clear indication of which environmental objective is pursued by the respective activity. Our activities primarily contribute to climate change mitigation, with only a small proportion of CapEx also contributing to climate change adaptation. With the activities highlighted below, we generate revenue and we generally incur both CapEx and OpEx for these activities. We describe the economic activities related to individually eligible and aligned CapEx and OpEx in the dedicated sections for the CapEx and OpEx KPI to explain our further investment activities not directly related to our turnover-generating activities (see p. 25 onwards).

Table 3 – Taxonomy-eligible economic activities

Economic activity	Description	NACE-Code
3.3 Manufacture of low carbon technologies for transport	Manufacture (and sale) as well as maintenance and repair of passenger and freight vehicles as well as motorbikes	29.1
3.6 Manufacture of other low carbon technologies	Manufacture (and sale) of tyres that aim at enabling a substantial reduction of GHG emissions in other sectors of the economy	22.11
6.5 Transport by motorbikes, passenger cars and light commercial vehicles	Our financing and leasing activities as well as our mobility services (including ride-sharing solutions) regarding motorbikes, passenger cars and light commercial vehicles	64 77.11
4.1 Electricity generation (solar photovoltaic technology)	Generating electricity using solar photovoltaic technology (predominantly for own consumption, feeding small surpluses into the energy grid)	35.11

Note

The column “Description” should contain a clear description of the actual/specific activity performed by the reporting entity.

Taxonomy-eligibility

We consider that all vehicles complying with the required types are eligible under activities 3.3 and 6.5. Eligibility does not depend on the drivetrain technology used – that is, combustion engine vehicles are also considered eligible.

We consider as Taxonomy-eligible under activity 3.6 the manufacture of specific tyres that are sold separately (thus generating external turnover on a stand-alone basis), that have the objective of enabling a substantial reduction of GHG emissions in another sector of the economy, and that demonstrate substantial GHG emission savings in their use phase (most notably in the transport sector) compared to alternative tyres in the market. The manufacture of tyres that are sold as components of our manufactured vehicles is not taken into account separately, because we consider these tyres as components in an integrated value chain of our vehicle production (see details of our accounting policy in the chapter “Our KPIs and accounting policies” below).

Activity 6.5 includes both the leasing of manufactured vehicles and our financing business of leasing and financing vehicles manufactured by us or other manufacturers. The financing of vehicles is part of the description of activity 6.5 in Annex I to the Climate Delegated Act. Therefore, we classify our financing activities as eligible, even though the respective NACE code is not mentioned in Annex I to the Climate Delegated Act. Finally, activity 6.5 covers our mobility services, in particular our car-sharing solutions.

We disclose under activity 4.1 the external turnover on a stand-alone basis from feeding our surplus energy production into the energy grid. Apart from these surpluses, the electricity is consumed internally in our own production facilities. Investments in our electricity generation facilities are thus also considered under activity 4.1 (see details of our accounting policy in the chapter “Our KPIs and accounting policies” below).

Taxonomy-alignment

Our activities 3.3 and 6.5 are partially Taxonomy-aligned. The level of alignment depends on the type and specification of vehicles manufactured (3.3), used (6.5 – mobility services) or leased/financed (6.5 – financing/leasing). The manufacture and repair of our electric vehicles (Battery Electric Vehicles or BEVs) are fully Taxonomy-aligned. The manufacture and repair of plug-in hybrid vehicles (PHEVs) are only partially aligned, due to the restrictive DNSH criterion for pollution prevention and control. Our vehicles with efficient internal combustion engines lead to eligible but non-aligned turnover. The leasing, financing and mobility solution business generally follows this conclusion, with the exception that several services using BEVs also do not qualify as Taxonomy-aligned depending on the tyres used, due to the respective DNSH on pollution prevention and control. Our electricity generation using solar photovoltaic technology (4.1) is fully Taxonomy-aligned.
Regarding activities that are only related to CapEx or OpEx, certain individual measures to install charging stations for electric vehicles (7.4) and devices for controlling the energy performance of buildings (7.5) are also considered Taxonomy-aligned. Details of our alignment assessment are presented below.

Taxonomy-non-eligible economic activities

We consider that the entire manufacture of car seats is Taxonomy-non-eligible. The same reasoning applies to the sale of separate parts, such as engines and drivetrains that are sold to a third party which we also classify as Taxonomy-non-eligible, since activity 3.3 only covers the manufacture of vehicles as well as repair activities but not the separate provision of spare parts. These parts also do not directly enable GHG emission savings; thus we do not report such components under activity 3.6.

In addition, our banking business, insofar as it is not the financing or leasing of vehicles, is a Taxonomy-non-eligible economic activity.

Note

Undertakings might wish to provide further information on their Taxonomy-non-eligible economic activities, to inform investors and other stakeholders about the proportion of their business that is not eligible and potentially to explain why. Since the Climate Delegated Act is limited to specific activities, such information might facilitate stakeholder dialogue. As one example, manufacturers of key components are currently largely not eligible under the Climate Delegated Act but will be considered in future revisions of the delegated act (see FAQ 37 of the draft Commission Notice on the Climate Delegated Act as of 19 December 2022).

This information is voluntary, and it is important that undertakings make a clear distinction between voluntary and mandatory disclosures (see FAQ 7 of the European Commission's FAQs as of 2 February 2022).

Assessment of Taxonomy-alignment

Substantial contribution

Sect. 1.2.2.1(b) of Annex I to the Disclosures Delegated Act

In order to determine if an economic activity is Taxonomy-aligned, it must first comply with the first requirement as described in the Taxonomy Regulation. It must contribute substantially to one or more of the environmental objectives. All turnover-generating activities (3.3, 6.5 and 4.1) aim at a substantial contribution to climate change mitigation. Some CapEx contribute to both the climate change mitigation and climate change adaptation objectives. Refer to the CapEx KPI template on page 20 to see the split between those two objectives to avoid double counting. In order to contribute to an environmental objective an activity must meet specific technical screening criteria stated for that activity within the relevant Appendix to the delegated act. We comment on these criteria and how they have been assessed below.

Activity 3.3 is substantially contributing to climate change mitigation to the extent that passenger and freight BEVs that have zero direct (that is, exhaust pipe) CO_2 emissions are manufactured or repaired. Even though approximately 68% of our PHEVs meet the transitional threshold for a substantial contribution to climate change mitigation of 50g CO_2/km, most of these vehicles fail the DNSH criterion for pollution prevention and control (see explanations of this DNSH criterion below). The same conclusions, depending on the vehicles used, are drawn for activity 6.5. The leasing of vehicles to customers, our mobility services and the financing of our manufactured vehicles are contributing substantially to climate change mitigation for BEVs and partially for PHEVs. Again, only a small proportion of PHEVs also meets the DNSH criteria. Leasing and financing of combustion engine vehicles do not contribute substantially to climate change mitigation.

Activity 3.6 includes the manufacture of tyres for combustion engine vehicles and PHEVs that are optimised to reduce rolling resistance. Thereby, the tyres generally enable GHG emissions savings. However, due to data limitations regarding comparable tyres in the market, we are not able to quantify life-cycle GHG emission savings and, thus, cannot obtain an independent third-party verification for these savings. For this reason, we are not able to meet the substantial contribution criterion for climate change mitigation, and so we have not conducted a detailed analysis of the DNSH criteria for activity 3.6.

Our electricity generation using solar photovoltaic technology is substantially contributing to climate change mitigation. Since we primarily use the generated electricity for our own consumption, the related turnover is low, resulting from occasional surpluses being fed into the public grid.

The assessment of CapEx/OpEx associated with these activities (category (a) CapEx/OpEx) follows the conclusions made for the purpose of assessing our turnover. For investments that also meet specific individual criteria under other activities (category (c) CapEx/OpEx), we analyse the investments against these specific criteria. In the reporting period, this approach is particularly relevant for our additions of real estate in the form of purchased and leased buildings. For these investments, we analysed all available Energy Performance Certificates and assessed whether the respective buildings meet the specific criteria depending on the date when the building was built. We also referred to studies representing the top 15% of the regional building stock provided by industry associations, consulting agencies and research organisations, to benchmark our buildings in the respective countries or regions (inter alia: for Germany, the study by Drees & Sommer; for France, the benchmark provided by OID).

To learn more about how we determined the KPIs, please refer to the chapter "Our KPIs and accounting policies" below.

Sect. 1.2.2.2(c) of Annex I to the Disclosures Delegated Act (no double counting in case of contribution to multiple objectives)

Our Taxonomy-aligned proportion of CapEx under activity 3.3 (24,7%; 4.502 mEUR) includes roughly 225 mEUR (5,0%) of capitalised investments dedicated to mitigate landslide risks for factories in the UK, Norway, Switzerland and Croatia. These measures include the installation of retaining walls on our premises and modifying the surface and underwater drainage systems. These investments are also contributing to climate change mitigation, because they are associated with the manufacture of low carbon vehicles, but in order to avoid double counting, this dedicated adaptation expenditure is allocated to the environmental objective of climate change adaptation. We further support our employees with specific training, and we foster local authorities in improving early warning systems in high-risk areas, but these investments do not meet the CapEx (or OpEx) definition. Regarding compliance with the technical screening criteria, we refer to our explanations on the alignment assessment for climate change mitigation regarding the alignment of our production (mainly) of BEVs and the physical climate risk assessment. With the measures to mitigate landslide risks, we have successfully addressed all material physical climate risks for the activity, and our measures taken are consistent with local adaptation plans and do not lead to a negative effect on biodiversity or other adaptation measures. Notably, we took similar measures for factories in Nepal and India; however, since the production in these countries is currently not Taxonomy-aligned, the respective CapEx also does not qualify as Taxonomy-aligned.

Do no significant harm (DNSH)

Sect. 1.2.2.1(b) of Annex I to the Disclosures Delegated Act

For all economic activities where we are able to demonstrate a substantial contribution to climate change mitigation, we further analyse the DNSH criteria. This assessment usually starts with the relevant sites where we perform the respective economic activity. For activities performed outside the EU providing evidence for compliance with the DNSH has largely not been possible. Therefore, the proportion of our turnover, CapEx and OpEx allocated to third countries is not Taxonomy-aligned for the most part.

DNSH to climate change adaptation

Activities 3.3, 6.5, 4.1 and investments related to activities 7.4 and 7.5.

For all of our activities contributing to climate change mitigation, a physical climate risk assessment is needed pursuant to Appendix A to the Climate Delegated Act.

With respect to the activities carried out by the Automotive Group, the assessment focuses predominantly on:

- vehicle production sites for activity 3.3;
- office and retail facilities, including car parks, where the leasing, financing and mobility services are carried out for activity 6.5;
- our sites where we have solar photovoltaic panels installed for activity 4.1; and
- our buildings and attached parking spaces where we have installed charging stations and the buildings where we have installed and repaired devices to measure and control the energy performance of the building for activities 7.4 and 7.5 (CapEx/OpEx).

For each of the sites, a preliminary screening of the climate-related risks and hazards as mapped in Appendix A was conducted, and those risks which were found to be relevant were further analysed in a climate risk assessment. We further analysed our value chain based on key suppliers and sales partners for material physical climate risks that could indirectly affect our activities. Since the expected lifetime span of all relevant activities is more than 10 years, the climate risk assessment was conducted considering both an optimistic and a pessimistic scenario, compared to the current risk. The impact of scenarios RCP2.6 and RCP8.5 (Representative Concentration Pathway) of the IPCC were assessed, because they represent the optimistic outcome of a temperature increase within the 2°C and the pessimistic one of an increase of about 4.3˚C by 2100. To perform the risk assessment, we use the ClimatExample tool[1], supplemented by climate data available on CORDEX. Risks are assessed on the basis of a risk score defined as the weighted average of the probability of a hazard occurring at a location, the level of exposure of our business at the location, and the vulnerability of our activity based on the sensitivity of the activity to the respective hazard

[1] The result of the physical climate risk assessment should be explained; thus, transparency on the used data sources (such as the fictitious tool used here) helps to justify the results and conclusions drawn. “ClimatExample” is used as a placeholder.

at a given location, as well as our ability to adapt to these hazards at a certain location or on the group level respectively. The adaptive capacity is based on, inter alia, existing adaptation plans already in place and internally available measures to mitigate the impact of hazards. The result of the climate risk assessment is, for each of the identified climate risks in each scenario, a physical risk score that indicates the materiality of each risk (please refer to the "Financial and non-financial risk assessment" section of our management report for details of our risk assessment). For the individual measures related to activities 7.4 and 7.5, the results gained from the detailed assessment in relation to our turnover-generating activities could be used. Sites that have not been covered have been subject to a less detailed physical climate risk assessment, considering the scale and context of those individual measures compared to our core business activities. As a response to the identified material physical climate risks, an adaptation plan has been drawn up to mitigate these risks for our assets already in use over the next five years. These risks are also taking into account all newly built and newly installed physical assets to implement measures to be climate-resilient before the start of operations.

Note

It is not necessary to use all IPCC scenarios to comply with the DNSH criteria regarding the environmental objective of climate change adaptation. The most pessimistic scenario should always be used to account for the physical climate risks that the undertaking faces if mitigation of climate change is only achieved to a very low degree (see also FAQ 168 of the draft Commission Notice on the Climate Delegated Act as of 19 December 2022).

Following FAQ 166 of the draft Commission Notice on the Climate Delegated Act as of 19 December 2022, non-financial undertakings should refer to the most recent IPCC Assessment Report as soon as it is available. The sixth IPCC Assessment Report refers to Shared Socio-economic Pathways (SSPs) instead of Representative Concentration Pathways (RCPs). However, since the SSPs have only become available during 2022, and given that the European Commission refers to RCPs both in the Climate Delegated Act and the FAQ in the draft Commission Notice on the Climate Delegated Act, it seems acceptable to still refer to the RCPs at least for the 2022 Taxonomy reporting.

DNSH to sustainable use and protection of water and marine resources

Activity 3.3

Vehicle production facilities located in the EU have all been subject to an environmental impact assessment and have successfully passed the assessment, including an assessment of the impact on water. In some cases, specific measures were put in place to meet the requirements imposed by the authorities to ensure good water status and good ecological potential. For facilities outside the EU, we have valid operation permits following local laws and regulations. However, we are not able to verify the extent to which the local assessments comply with the requirements set out in Appendix B to the Climate Delegated Act, particularly regarding the development of appropriate water management plans by the authorities. Therefore, we consider our manufacturing of vehicles outside the EU to be non-aligned, and we have not fully assessed these vehicles or production sites against the other DNSH criteria.
The Climate Delegated Act provides no specific technical screening criteria (inter alia) regarding the sustainable use and protection of water and marine resources for activities 4.1, 6.5, 7.4 and 7.5.

DNSH to transition to a circular economy

Activity 3.3

For our manufacturing process, we are constantly exploring options to increase the durability and recyclability of our vehicles produced, and we look to increase the use of secondary raw materials and re-used components as far as possible. In our manufacturing process we respect the waste management hierarchy, thus prioritising waste prevention, and then re-use, recycling, recovery and finally disposal. We have also established a documentation scheme to keep track of all substances used in our product throughout the life cycle. All of the vehicles are designed and manufactured to guarantee durability and are easy to disassemble. As a matter of fact, all of our vehicles produced are recyclable for more than 85%, and recoverable for more than 95%, of their weight in line with EU laws, irrespective of where in the world an Automotive Group BEV or PHEV is manufactured.

Activity 6.5

The vehicles used for carrying out activity 6.5 are recyclable for more than 85%, and recoverable for more than 95%, of their weight in the EU in line with current European laws and regulations. Only for a small proportion of vehicles financed or used for mobility services outside the EU are we unable to guarantee that they meet these criteria, and so we disclose the respective turnover as non-aligned.

Activity 4.1

The solar photovoltaic panels that we use and the related equipment are purchased from established manufacturers who focus on high durability and recyclability. We carefully considered durability and recyclability, as well as the options to dismantle and refurbish the components when we decided on the technologies and products used.

DNSH to pollution prevention and control

Activity 3.3

The DNSH criterion relating to the objective of pollution prevention and control requires the activity not to lead to the manufacturing, placing on the market or use of substances specified by Appendix C to the Climate Delegated Act. We have established a process to track potentially concerning substances based on own tests and information reported by our suppliers. Through this process, we maintain an inventory of all substances that are subject to the various regulations in the EU referred to in Appendix C. Our process also covers substances that are not (yet) subject to EU regulations. However, due to the late publication of the draft Commission Notice on the Climate Delegated Act as of 19 December 2022, we were unable to fully adapt our process to cover all of the substances referred to in FAQ 178. We strive to modify our process and to extend the queries of our suppliers in the future to ensure that all potentially concerning substances regarding the criteria provided in Article 57 of REACH[2] are identified even before they are covered by EU regulations.

Due to technical reasons, not all potentially concerning substances pursuant to point (g) of Appendix C can be avoided in the manufacture of electric vehicles. Since such vehicles are the key to the transformation towards low-carbon personal mobility, we consider the use of such substances essential for society, provided that there is no feasible alternative. Therefore, we test all identified potentially concerning substances for alternatives that are acceptable from a health and safety perspective and that are technically and economically feasible. We continuously strive to find adequate substitutes for these substances. We ensure that our vehicles do not – or do not to an extent exceeding the requirements of the Directive on end-of-life vehicles[3] – contain lead, mercury, hexavalent chromium and cadmium.

Point (d) of Appendix C to the Climate Delegated Act refers to the RoHS[4] Directive. Since means of transport for persons or goods are excluded from the scope of the RoHS Directive, this requirement does not apply to our Taxonomy-aligned activity 3.3.

Taking these considerations and measures into account, both our BEVs and our PHEVs meet all requirements to comply with the DNSH criterion concerning pollution prevention and control.

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[2] Regulation (EC) 1907/2006 concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH).
[3] Directive 2000/53/EC on end-of-life vehicles.
[4] Directive 2011/65/EU on the Restriction Of the use of certain hazardous Substances in electrical and electronic equipment.

Note

Particularly point (g) in Appendix C exceeds current EU regulations (see FAQ 119 in the draft Commission Notice on the Climate Delegated Act as of 19 December 2022), because even substances that are only potentially considered (very) concerning are covered. Thus, alignment with Appendix C requires non-financial undertakings to have procedures in place to cover those substances, and an undertaking will probably develop:

- a method to find and list substances in a database for the purpose of, in particular, points (f) and (g) in Appendix C;
- a routine for suppliers to report such substances;
- a methodology to check for alternatives; and
- a routine to check products with substances falling under (f) and (g) against an applied definition of "essential" use with reference to the Montreal Protocol.

Such a development might not be complete in the 2023 reporting of the 2022 fiscal year, since the clarifying FAQs were published in late 2022 and include references to extensive lists of potentially concerning substances in most areas covered by Appendix C.

If a substance used in the manufacturing process, including components from suppliers, is found to be any of those under points (f) and (g), an undertaking can still claim alignment with the DNSH if the use of the substance (in a certain product) is of essential use for society.

The set of FAQs on the Climate Delegated Act published in December 2022 provides additional elements on how to interpret this concept; however, there is still no clear definition of it in the EU. According to the FAQs, the European Commission requires substances identified for point (g) (and point (f)) to be analysed for available alternatives, and that "essential use" as such entails that they are necessary for the health and safety, or they are critical for the functioning of society – in other words, that the product manufactured is necessary in that perspective. A more coherent definition is expected to be provided by the European Commission in early 2023 (see FAQ 176 in the draft Commission Notice on the Climate Delegated Act as of 19 December 2022).

Activity 6.5

The pollution and prevention control DNSH criterion for activity 6.5 requires motorbikes, passenger cars and light commercial vehicles to comply with specific requirements set out in European regulations.
All vehicles used comply with the latest applicable stage of the Euro 6 light-duty emission type-approval and with the EU requirements on the sound level of motor vehicles[5]. The emission thresholds for clean light-duty vehicles set out in accordance with Regulation (EC) 715/2007 are met by all BEVs but only by a small proportion of our PHEVs. Currently, even among the PHEVs that meet the substantial contribution criterion of maximum 50g CO_2/km, several models exceed the threshold for real-driving emissions (RDE) air pollutant emissions as a percentage of emission limits of 80% set by the clean light-duty vehicle Directive[6], and we have not yet tested all models against this criterion. Therefore, we can only claim compliance with this DNSH criterion for specific models of our PHEVs (0,9% of total turnover; less than 25% of our PHEVs leased to customers or used for our mobility services in 2022). Finally, we assessed the external rolling noise requirements and the rolling resistance coefficient for the tyres used for our leased vehicles including mobility services. In the reporting period, not all of our BEVs were operated using tyres in the highest or in the two highest populated classes according to the European Product Registry for Energy Labelling (EPREL). For this analysis, we included all relevant parameters for our vehicles used to assess which are the highest populated classes for each use case, and we considered both criteria simultaneously to determine which combination of parameters is the highest available on the market. For the leasing and financing business concerning vehicles not manufactured by us, we were largely unable to obtain detailed information on the tyres used by our customers, and so the associated revenue is reported as non-aligned.

[5] According to Regulation (EU) 540/2014 on the sound level of motor vehicles and of replacement silencing systems.
[6] Directive 2009/33/EC on the promotion of clean and energy-efficient road transport vehicles.

We are establishing a process to gather tyre-related information for leasing and financing activities in the future.

DNSH to protection and restoration of biodiversity and ecosystems

Activities 3.3 and 4.1

Appendix D requires an environmental impact assessment or screening to have been completed in accordance with Directive 2011/92/EU. All of our production facilities located in the EU have been subject to an environmental impact assessment and have successfully passed the assessment. In addition, our facilities are not located near biodiversity-sensitive areas. The same applies to our sites where we generate electricity using solar photovoltaic technology, since these panels are largely installed on the roof of our production facilities.

Minimum safeguards

Sect. 1.2.2.1(b) of Annex I to the Disclosures Delegated Act

The final step to Taxonomy-alignment is compliance with the minimum safeguards (MS). The MS include all procedures implemented to ensure that economic activities are carried out in alignment with:

- the OECD Guidelines for Multinational Enterprises (OECD MNE Guidelines);
- the UN Guiding Principles on Business and Human Rights (UNGPs), including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organization on Fundamental Principles and Rights at Work; and
- the International Bill of Human Rights.

In the absence of further guidance from the European Commission, we based our MS assessment on the "Final Report on Minimum Safeguards" published by the Platform on Sustainable Finance (PSF) in October 2022[7].

Note

The PSF's "Final Report on Minimum Safeguards" provides the European Commission with important insights on the application of MS set out in Article 18 of the Taxonomy Regulation and will be carefully analysed by the European Commission, but it does not bind the European Commission on any decision on the matter. Thus, the report does not have any binding effect on companies. Nevertheless, it contains recommendations that could be useful for companies to assess compliance with the MS.

The scope of the MS covers the following four topics:

- human rights (including labour and consumer rights);
- corruption and bribery;
- taxation; and
- fair competition.

We follow a two-dimensional assessment approach to assess compliance with MS. On the one hand, adequate processes have been implemented to prevent negative impacts (procedural dimension). On the other hand, outcomes are monitored to check whether our processes are effective (outcome dimension).

In the Automotive Group, we understand that the behaviour of all employees and other actors along our value chain plays a central role in complying with MS. We take our responsibility as a global actor in the automotive sector seriously, by following the ethical business conduct principles for our daily business activities that are manifested in the Group's Code of Conduct which covers, among others, all four topics of the MS. Moreover, the Automotive Group is a signatory of the United Nations Global Compact since 2015 and we are committed to integrating the 10 principles of ethical business conduct into our business strategy and operations. The group-wide Compliance Management System (CMS) is the overarching organisational

[7] https://finance.ec.europa.eu/system/files/2022-10/221011-sustainable-finance-platform-finance-report-minimum-safeguards_en.pdf.

tool to assure compliance with legal obligations regarding MS and with our Code of Conduct (see page xxx of our Annual Report 2022).

Note

According to section 1.2.2.1(b) of Annex I to the Disclosures Delegated Act, non-financial undertakings are required to explain how they assessed compliance with the criteria set out in Article 3 of Regulation (EU) 2020/852. Therefore, information on the assessment of compliance with minimum safeguards must be provided within the Article 8 of the Taxonomy Regulation disclosures in the consolidated non-financial statement. Cross-references to other parts of the annual report, such as the management report, con only provide voluntary additional information that goes beyond the requirements of the Disclosures Delegated Act.

Annual training on our Code of Conduct is mandatory for all employees. With regard to our supply chains and business relationships, we expect the same ethical business conduct as for our own business entities. Therefore, the MS requirements are an integral part of our business contracts and our Supplier's Code of Conduct. The Supplier's Code of Conduct aims to promote and enforce practices relating to human rights, ethics, the protection of the environment and safety. We expect each of our suppliers to respect the Group's ethical principles and to ensure that this Code of Conduct is respected by all of their employees and subcontractors. Moreover, our supplier selection and evaluation processes include human rights, anti-corruption and anti-bribery due diligence. In addition to these preventive measures, we have implemented a group-wide grievance mechanism for complaints about detrimental behaviour regarding a variety of ethics, integrity and compliance issues (including the four topics covered by the MS). Our grievance mechanism is available in 25 different languages to cover all regions of our value chain. Complaints can be submitted anonymously, by internal as well as external stakeholders, and are treated confidentially and in a timely manner. We regularly evaluate incoming complaints and assess any necessary adjustments to our procedures.

Human rights (including labour and consumer rights)

Based on the UNGPs and the OECD MNE Guidelines, including the OECD Due Diligence Guidance for Responsible Business Conduct, we have implemented a six-step approach in order to identify, prevent and, if necessary, mitigate and remediate any actual and potential negative impacts on human rights. Our human rights statement, describing our strategy, the high-impact areas and our processes and measures to prevent negative human rights impacts, is publicly available on our website. Our strategy for combating human rights violations is based on a thorough impact analysis that takes particular account of geographical and sectoral specifications. The impact analysis includes our own business units, subsidiaries and business partners, and our value chain. Human rights impacts were then prioritised, and processes have been adjusted or implemented to tackle the significant risks. Measures to prevent and mitigate actual and potential adverse human rights impacts were identified and implemented. Our processes ensure that remedial action is taken promptly in the event of an acute human rights violation and, if necessary, compensation is provided to affected individuals. The effectiveness of our processes is monitored by internal reviews on a regular basis. Any person who feels that their human rights have been violated by activities of Automotive SE or an actor of our value chain can contact us through our grievance mechanism. In 2022, a total of 17 complaints have been made related to human rights issues. All of these issues could be resolved through our internal mechanisms within a short time period and were classified as either “unsubstantiated” or “of minor significance”.

In the financial year 2022, the Automotive Group has not finally been convicted in court of violating labour law or human rights. In addition, the Automotive Group has not been involved in a case dealt with by an OECD National Contact Point, and was not questioned by the Business and Human Rights Resource Center (BHRRC).

Corruption and bribery

To prevent and fight against corrupt practices, Automotive SE implemented a corruption prevention programme. Our control mechanisms to prevent corruption and bribery in our business units and value chains are based on a risk assessment, including geographical and sectoral criteria. Anti-corruption is an integral part of our Code of Conduct and our CMS (see page xxx of our Annual Report 2022). Additionally, we have published an anti-corruption guideline which is communicated to our employees as well as suppliers and business partners. Regular training of employees on the anti-corruption rules and on the application of those rules, as well as specific training of employees and other actors identified as specifically exposed to corruption risks, is mandatory. In 2022, five allegations of corruption and bribery were reported. All of them were found to be unsubstantiated after internal investigation.

In the financial year 2022, one relevant court case has been identified in relation to corruption and bribery. In this case, a former senior manager of Automotive SE was convicted of embezzlement and fined. This senior manager's employment was terminated without notice after an internal investigation immediately following the misconduct in 2018. Even though our internal anti-corruption system led to a quick detection of the misconduct, our processes to prevent similar cases in the future have since then been reviewed and adjusted accordingly.

Taxation

In line with our ethical business values, tax governance and tax compliance are important elements of our oversight, and we are committed to complying with all relevant tax laws and regulations. Therefore, in line with the Group's strategy, our tax strategy is transparent, sustainable in the long term and complies with the Code of Conduct. Tax risk management is an essential component of our CMS and is embedded in our overall company risk management system (see page xxx of our Annual Report 2022). Our risk-based tax governance framework is managed by a team of dedicated, qualified tax experts, who work closely with our Group management.

In the financial year 2022, the Automotive Group has not been finally convicted in court for any major violation of tax laws.

Fair competition

We carry out our activities in a manner consistent with all applicable competition laws and regulations, taking into account the competition laws of all jurisdictions in which our activities might have anti-competitive effects. With our Group's guideline for fair competition and ethical business conduct, we pursue the goal of achieving and maintaining lively competition in a free market environment for the entire Automotive Group by establishing a corresponding corporate culture. The Group's guideline provides our employees with assistance in preventing, detecting and remedying any competition violations. Raising awareness and conducting training that addresses competition law risks of our business activities are of particular importance to ensure fair competition. In addition to the annual training on our Group's guideline for fair competition and ethical business conduct, employees in relevant positions, especially our senior management, receive specific fair competition training with assistance in preventing, detecting and remedying any competition violations. Those trainings are bi-annual and mandatory for the relevant employees.

In the financial year 2022, the Automotive Group has not been convicted in court of violating competition laws.

Note

The PSFs "Final Report on Minimum Safeguards" refers to certain conditions that indicate non-compliance with the minimum safeguards. These include final convictions of the undertaking or senior management on aspects related to the minimum safeguards. In case of such convictions (or material breaches), we highly recommend addressing such issues and the undertaking's response to such cases in the explanation of how alignment was confirmed (section 1.2.2.1(b) of Annex I to the Disclosures Delegated Act). However, if no such cases have occurred, it is not required to explicitly state the lack of final convictions.

Our KPIs and accounting policies

The key performance indicators ("KPIs") include the turnover KPI, the CapEx KPI and the OpEx KPI. For presenting the Taxonomy KPIs, we use the templates provided in Annex II to the Disclosures Delegated Act. Since the KPIs need to include an assessment of Taxonomy-alignment for the first time for the reporting period 2022, we do not present comparative figures on alignment. Because we are not performing any of the activities related to natural gas and nuclear energy (activities 4.26-4.31), we are not using the dedicated templates introduced by the Complementary Delegated Act as regards activities in certain energy sectors.

Note

Paragraph 2 of Article 2 of the Disclosures Delegated Act requires non-financial undertakings to present the required information in tabular form by using the templates set out in Annex II to the Disclosures Delegated Act. Thus, the templates are to be used as they are included in the Disclosures Delegated Act. The intention is to have the KPIs presented in a consistent and comparable way across all non-financial undertakings, without individual adjustments. This approach facilitates data collection for financial undertakings and their data providers. Obvious editorial mistakes can be corrected but, apart from that, the template should be used as is – even if certain cells or columns might provide limited value to the reader.

Turnover template for financial year 2022

				Substantial contribution criteria						DNSH criteria										
Economic activities (1)	Code(s) (2)	Absolute turnover (3)	Proportion of turnover (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy aligned proportion of turnover Year N (18)	Taxonomy aligned proportion of turnover Year N-1 (19)	Category (enabling activity) (20)	Category (transitional activity) (21)
		mEUR	*%*	*%*	*%*	*%*	*%*	*%*	*%*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Percent*	*Percent*	*E*	*T*
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
3.3 Manufacture of low carbon technologies for transport	29.1	23 599,00	18,9%	100%	0%						Y	Y	Y	Y	Y	Y	18,9%		E	
6.5 Transport by motorbikes, passenger cars and light commercial vehicles	77.11	11 450,00	9,1%	100%	0%						Y		Y	Y		Y	9,1%			T
4.1 Electricity generation using solar photovoltaic technology	35.11	2,40	0,0%	100%	0%						Y		Y		Y	Y	0,0%			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		35 051,40	28,0%	100%	0%												28,0%		18,9%*	0,9%* **
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
3.3 Manufacture of low carbon technologies for transport	29.1	48 950,00	39,2%																	
6.5 Transport by motorbikes, passenger cars and light commercial vehicles	77.11	22 910,00	18,3%																	
3.6 Manufacture of other low carbon technologies	22.11	6 701,00	5,4%																	
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		78 561,00	62,9%																	
Total turnover of Taxonomy-eligible activities (A.1 + A.2)		**113 612,40**	**90,9%**														28,0%			
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Turnover of Taxonomy-non-eligible activities (B)		**11 387,60**	**9,1%**																	
Total (A + B)		125 000,00	100,0%																	

* Here, we use the Taxonomy-aligned portion of turnover that is associated with an enabling or transitional activity.

** Not all of the turnover associated with activity 6.5 qualifies as transitional, but only the portion of the Taxonomy-aligned turnover that is associated with PHEVs with emissions lower than 50g of CO2/km but above zero.

In our leasing, financing and mobility and ride-sharing business (activity 6.5) we use BEVs, PHEVs and combustion engine vehicles. Turnover associated with these services is labelled as transitional only for those PHEV that meet the 50g CO_2/km and all DNSH criteria. Particularly due to the requirement of meeting the emission thresholds for clean light-duty vehicles only a small part of our PHEV fleet is considered aligned. This part corresponds to 0,9% of our total turnover.

CapEx template for financial year 2022

Economic activities (1)	Code(s) (2)	Absolute CapEx (3)	Proportion of CapEx (4)	Substantial contribution criteria: Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	DNSH criteria: Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy aligned proportion of CapEx Year N (18)	Taxonomy aligned proportion of CapEx Year N-1 (19)	Category (enabling activity) (20)	Category (transitional activity) (21)
		mEUR	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percent	Percent	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
3.3 Manufacture of low carbon technologies for transport	29.1	3 392,90	18,6%	95%	5%***					Y	Y	Y	Y	Y	Y	Y	18,6%		E	
6.5 Transport by motorbikes, passenger cars and light commercial vehicles	77.11	2 069,60	11,4%	100%	0%						Y		Y	Y		Y	11,4%			T
7.4 Installation, maintenance and repair of charging stations	27.1	16,30	0,1%	100%	0%						Y					Y	0,1%		E	
7.5 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	27.9	35,20	0,2%	100%	0%						Y					Y	0,2%		E	
4.1 Electricity generation using solar photovoltaic technology	35.11	81,83	0,4%	100%	0%						Y		Y		Y	Y	0,4%			
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		5 595,83	30,7%	96%	3%												30,7%		18,9%*	1,1%* **
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
3.3 Manufacture of low carbon technologies for transport	29.1	8 673,23	47,6%	[redacted]																
6.5 Transport by motorbikes, passenger cars and light commercial vehicles	77.11	1 323,45	7,3%																	
3.6 Manufacture of other low carbon technologies	22.11	910,82	5,0%																	
7.2 Renovation of buildings	41.2	323,87	1,8%																	
7.3 Installation, maintenance and repair of energy efficiency equipment	43.2, 43.3	109,92	0,6%																	
7.6 Installation, maintenance and repair of renewable energy technologies	43.1	17,44	0,1%																	
7.7 Acquisition and ownership of buildings	68.2	98,73	0,5%																	
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		11 457,46	62,9%																	
Total CapEx of Taxonomy-eligible activities (A.1 + A.2)		**17 053,29**	**93,6%**														30,7%			
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
CapEx of Taxonomy-non-eligible activities (B)		**1 156,71**	**6,4%**																	
Total (A + B)		**18 210,00**	**100,0%**																	

* Here, we use the Taxonomy-aligned portion of CapEx that is associated with an enabling or transitional activity.

** Activity 3.3 only qualifies as an enabling activity for the objective of climate change mitigation. Thus, CapEx associated with a substantial contribution to climate change adaptation is not considered enabling. Moreover, not all of the CapEx associated with activity 6.5 qualifies as transitional, but only the portion of the Taxonomy-aligned CapEx that is associated with PHEVs with specific emissions lower than 50g of CO2/km but above zero.

*** CapEx associated with activity 3.3 in part contributes to both climate objectives. Refer to the chapter "Substantial contribution" for details.

OpEx template for financial year 2022

				Substantial contribution criteria						DNSH criteria										
Economic activities	Code(s) (2)	Absolute OpEx (3)	Proportion of OpEx (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy aligned proportion of OpEx Year N (18)	Taxonomy aligned proportion of OpEx Year N-1 (19)	Category (enabling activity) (20)	Category (transitional activity) (21)
		mEUR	*%*	*%*	*%*	*%*	*%*	*%*	*%*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Percent*	*Percent*	*E*	*T*
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
3.3 Manufacture of low carbon technologies for transport	29.1	546,80	18,2%	100%	0%						Y	Y	Y	Y	Y	Y	18,2%		E	
6.5 Transport by motorbikes, passenger cars and light commercial vehicles	77.11	284,88	9,5%	100%	0%						Y		Y	Y		Y	9,5%			T
4.1 Electricity generation using solar photovoltaic technology	35.11	1,76	0,1%	100%	0%						Y		Y		Y	Y	0,1%			
8.1 Data processing, hosting and related activities	63.11	2,50	0,1%	100%	0%						Y	Y	Y	Y	Y	Y	0,1%			T
Opex of environmentally sustainable activities (Taxonomy-aligned) (A.1)		835,94	27,9%	100%	0%												27,9%		18,2%*	1,0%* **
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
3.3 Manufacture of low carbon technologies for transport	29.1	1 602,11	53,4%																	
6.5 Transport by motorbikes, passenger cars and light commercial vehicles	77.11	173,06	5,7%																	
3.6 Manufacture of other low carbon technologies	22.11	219,30	7,3%																	
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		1 994,47	66,4%																	
Total OpEx of Taxonomy-eligible activities (A.1 + A.2)		**2 830,41**	**94,3%**														27,9%			
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
OpEx of Taxonomy-non-eligible activities (B)		**169,59**	**5,7%**																	
Total (A + B)		**3 000,00**	**100,0%**																	

* Here, we use the Taxonomy-aligned portion of OpEx that is associated with an enabling or transitional activity.

** Not all of the OpEx associated with activity 6.5 qualifies as a transitional, but only the portion of the Taxonomy-aligned OpEx that is associated with PHEVs with specific emissions lower than 50g of CO_2/km but above zero.

Note

Several cells in the templates are not absolutely clear, because the Disclosures Delegated Act does not provide for an illustrative example but merely indicates whether a cell includes an absolute value or a percentage. Notable inputs that might be interpreted differently include the following aspects:

- The use of codes is not further explained. It seems also appropriate to show the number of the economic activity (that we show in the first column in the templates above) in the code(s) column and to not explicitly report the NACE codes. The number of the activity should be mentioned in any case.
- The presentation of the individual substantial contribution of each activity and the sum for the substantial contribution. The proportions shown for each activity could be translated to the percentage of the KPI, as could the sum for A.1.
- Our suggested disclosure of a percentage to conclude the categorisation of enabling and transitional activities is not mandatory, based on the template in Annex II to the Disclosures Delegated Act, but it complements the template well and provides relevant information for financial undertakings directly in the template.
- Where an undertaking does not have anything applicable to report on in a cell, it can use any of "-", "n/a" or leave the cell blank. There is no prescriptive rule or principle regarding this in the Disclosures Delegated Act. For the columns representing the DNSH criteria, a "Y" might also be used in cases where the respective Annex to the Climate Delegated Act does not have specific criteria on the DNSH for the activity. In essence, the economic activity in such cases always complies with the respective DNSH.

Process for data collection and validation (optional)

In order to report information on Taxonomy-aligned economic activities in 2022, we have:

- reviewed the Group's business activities and identified the activities that could be eligible and aligned;
- performed a detailed analysis of the individual Taxonomy-eligible economic activities and the applicable technical screening criteria in close cooperation with key contacts in each country/region and following consultation with technical experts related to the specific activities and criteria;
- carried out training sessions in the Group's main languages for its key contacts in each country/region;
- established additional queries for the subsidiaries and developed a tool enabling them to report financial information for each of the eligible and potentially aligned activities that might concern the group;
- set up a multidisciplinary team in charge of supporting and answering questions from local teams as well as reviewing the reported data; and
- consulted with external experts and peers to ensure a correct and consistent interpretation of the legal requirements.

The specification of the KPIs is determined in accordance with Annex I to the Disclosures Delegated Act. We determine the Taxonomy-aligned KPIs in accordance with the legal requirements and describe our accounting policy in this regard as follows:

Turnover KPI

Definition

Sect. 1.2.1(a), (b) of Annex I to the Disclosures Delegated Act

The proportion of Taxonomy-aligned economic activities in our total turnover has been calculated as the part of net turnover derived from products and services associated with Taxonomy-aligned economic activities (numerator) divided by the net turnover (denominator), in each case for the financial year from 1 January 2022 to 31 December 2022.

Note

Section 1.1.1 of Annex I to the Disclosures Delegated Act defines the numerator as the part of net turnover derived from products or services, including intangibles, associated with Taxonomy-aligned economic activities. This definition should be adapted to the actual turnover-generating activities – for example if no turnover is derived from intangibles, this should be deleted from the definition.

The denominator of the turnover KPI is based on our consolidated net turnover in accordance with paragraph 82(a) of IAS 1. For further details on our accounting policies regarding our consolidated net turnover, see page xxx of our Annual Report 2022.

Note

With respect to the reference to the Annual Report, it should be noted that all mandatory Taxonomy disclosures must be part of the non-financial statement (see Article 8(1) of the Disclosures Delegated Act); they cannot be replaced by a reference to information in the financial statements. References regarding mandatory information are limited to cases where they are explicitly required by the Disclosures Delegated Act.

The numerator of the turnover KPI is defined as the net turnover derived from products and services associated with Taxonomy-aligned economic activities, that is:

- Activity 3.3 “Manufacture of low carbon technologies for transport” generates net turnover from the sale of our vehicles.
- Activity 3.6 “Manufacture of other low carbon technologies” generates net turnover from the sale of specific tyres.
- Activity 6.5 “Transport by motorbikes, passenger cars and light commercial vehicles” generates net turnover from our vehicle financing and leasing business as well as from our mobility and ride-sharing business.
- Activity 4.1 “Electricity generation using solar photovoltaic technology” generates net turnover from feeding our surplus energy production into the energy grid.

Reconciliation

Sect. 1.2.1 (second subparagraph) of Annex I to the Disclosures Delegated Act

Our consolidated net turnover can be reconciled to our consolidated financial statements, see the income statement on page xxx of our Annual Report 2022 (“<<name of the line item in the P&L>>”).

Further explanations

Sect. 1.2.1 (third subparagraph) of Annex I to the Disclosures Delegated Act

During 2021, since certain information was not directly available in our IT system, we have used justified allocation keys in order to identify the share of Taxonomy-eligible economic activities in our total turnover. Not all of our tyres meet the description of activity 3.6, so we identified the specific types and models that qualify under activity 3.6. Then we analysed the tyre sales of our 20 largest subsidiaries and identified the share of Taxonomy-eligible turnover based on this representative sample, taking into account local market conditions. However, in 2022, we were able to collect the data and we cover all of the subsidiaries directly. Our allocation this year does not substantially differ from the key used based on the representative sample.

Concerning the sales of tyres, we only assessed tyres that are sold to external customers as separate parts, to avoid double counting the turnover allocated to the sale of vehicles. Tyres used to manufacture vehicles or to provide repair and maintenance services are part of the revenue under activity 3.3.

Note

Where the application of any calculations has changed since the previous reporting period, non-financial undertakings must explain why those changes result in more reliable and relevant information, and they must provide restated comparative figures. For 2022 a restatement is not always required, because the 2021 report did not include alignment figures and eligibility did not have to be reported on activity-level, and so a qualitative explanation can be sufficient.

Bundling of performance obligations and activities using external personnel and subcontractors

In some cases, we offer transport services for our dealers and customers. This service component is always part of a bundled performance obligation focusing on the manufacture (and sale or leasing) of the vehicle in line with IFRS 15 considerations, and so the revenue is allocated to activity 3.3 only. The transport component is not reported separately for this reason. In this respect, we also include turnover for transport services that are delivered by subcontractors, provided that the Automotive Group is acting as a principal in the engagement. This assessment follows the principal-agent considerations under IFRS 15.

Additional turnover KPI (share in joint ventures and associates) (optional)

Sect. 1.2.3 (second subparagraph) of Annex I to the Disclosures Delegated Act

Our group has shares in the equity of different joint ventures (IFRS 11) and associates (IAS 28) accounted for under the equity method. We calculate our share in the turnover of these entities on a pro-rata basis corresponding to our equity share.

We report the proportion of Taxonomy-eligible and Taxonomy-non-eligible economic activities in our share of the turnover on a voluntary basis in accordance with Section 1.2.3 of Annex I to the Disclosures Delegated Act.

Table 4 – Turnover KPI for share in joint ventures and associates

	Total (mEUR)	Proportion of Taxonomy-eligible economic activities	Proportion of Taxonomy-non-eligible economic activities
Share of turnover of entities under equity method	740	96%	4%

We think that this additional turnover KPI is relevant to the users of our consolidated non-financial statement, because we invest in new business areas via the acquisition of shares in joint ventures and associates, which are breaking innovative ground in the field of infrastructure for low carbon road transport. As a result, these entities contribute substantially to climate change mitigation. Unfortunately, we were not able to obtain enough information to verify the DNSH criteria for the business of our joint ventures and associates that, on an individual basis, do not have to prepare a non-financial statement.

Note

Where non-financial undertakings disclose additional KPIs in accordance with Annex I to the Disclosures Delegated Act or where they disclose other additional Taxonomy KPIs, we recommend the use of the ESMA Guidelines on Alternative Performance Measures (Guidelines on APMs) by analogy. This is because, in our view, the same recommendations could apply in order to improve comparability, reliability and comprehensibility of the additional Taxonomy KPIs. The ESMA Guidelines on APMs comprise, inter alia, the following:

- The definition of all APMs used should be disclosed in a clear and readable way.
- APMs disclosed should be given meaningful labels reflecting their content and basis of calculation.
- The use of APMs should be explained in order to allow users to understand their relevance and reliability.

CapEx KPI

Definition

Sect. 1.2.1(a), (b) of Annex I to the Disclosures Delegated Act

The CapEx KPI is defined as Taxonomy-aligned CapEx (numerator) divided by our total CapEx (denominator).

Total CapEx consists of additions to tangible and intangible fixed assets during the financial year, before depreciation, amortisation, and any remeasurements, including those resulting from revaluations and impairments, as well as excluding changes in fair value. It includes acquisitions of tangible fixed assets (IAS 16), intangible fixed assets (IAS 38), right-of-use assets (IFRS 16) and investment properties (IAS 40). Additions resulting from business combinations are also included. Goodwill is not included in CapEx, because it is not defined as an intangible asset in accordance with IAS 38. For further details on our accounting policies regarding our CapEx, see page xxx of our Annual Report 2022.

Note

The CapEx definition needs to be adapted to the actual CapEx – for example, in this case, biological assets (IAS 41) do not apply.

With respect to the reference to the Annual Report, it should be noted that all mandatory Taxonomy disclosures must be part of the consolidated non-financial statement (see Article 8(1) of the Disclosures Delegated Act); they cannot be replaced by a reference to information in the financial statements.

The numerator consists of the following categories of Taxonomy-eligible CapEx:

a) CapEx related to assets or processes that are associated with Taxonomy-aligned economic activities (“category (a)”):

   We consider that assets and processes are associated with Taxonomy-aligned economic activities where they are essential components necessary to execute an economic activity. Consequently, all CapEx invested into the following areas is considered in the numerator of the CapEx KPI:

   - machinery for the production process of our Taxonomy-aligned vehicles;
   - the corresponding share of our production buildings;
   - the battery production facilities (all batteries built into our vehicles); and
   - the solar photovoltaic plants (under activity 4.1).

   We generally follow the generation of external revenues as a guiding principle to identify economic activities that are associated with CapEx under category (a). Thus, CapEx related to activities that are exclusively supporting our turnover-generating activities 3.3 and 6.5 are allocated to these activities (predominantly activities 3.3 and 6.5). Specific CapEx for the generation of electricity is directly allocated to activity 4.1, because this activity is not exclusively used for internal consumption but also leads to revenue. Consequently, we do not split the CapEx between activities 3.3 and 6.5 based on the proportion that is used internally, and we do not split the CapEx associated with activity 4.1 based on the proportion that is associated with the electricity generated that is fed into the public grid.

Note

FAQ 29 of the draft Commission Notice on the Disclosures Delegated Act as of 19 December 2022 highlights an example where CapEx directly associated with an activity that is performed in an undertaking's value chain is assessed under this internal activity. For activities that are used both internally and, to some extent, to generate external turnover, this FAQ therefore seems to allow allocating CapEx in full to this activity. FAQ 29 also confirms that revenue generation is not a prerequisite to having CapEx allocated to such an (investment) activity. This approach even applies to category (a) CapEx, which opens up a broad policy choice for the allocation of CapEx/OpEx to economic activities.

The FAQ is not clear regarding its general impact. In our opinion, the allocation of CapEx still involves considerable judgement by the non-financial undertaking that is to be explained in the accompanying disclosures. For our illustratives, we follow the logic that CapEx essential to maintain (or expand, via category (b)) an aligned, revenue-generating activity is associated with this activity. As a result, relevant CapEx is disclosed under the undertaking's main activity providing readers of the report with a clear picture of the direction that the undertaking has taken. Since the choice of activity also affects the technical screening criteria that are to be applied to verify Taxonomy-alignment, explaining this accounting policy choice is a relevant disclosure.

For our vehicle financing and leasing business (activity 6.5), we have dedicated office buildings and IT systems. In all of these cases, whenever our Taxonomy-aligned proportion of CapEx following the allocation to the respective activity pursuant to category (a) does not lead to full alignment, we analyse each individual investment separately under category (c). This is the case for most of our investments since, for example, the majority of our machinery is used both for BEVs, PHEVs and vehicles with combustion engines, and so these investments are only partially considered Taxonomy-aligned.

CapEx related to corporate assets such as our headquarter building and CapEx related to our Taxonomy-non-eligible activities (see the use of allocation keys below) have not been included in this category, but they are analysed separately against the respective criteria (regularly under category (c)).

b) CapEx that is part of a plan to upgrade a Taxonomy-eligible economic activity to become Taxonomy-aligned or to expand a Taxonomy-aligned economic activity ("category (b)"):

We do not have specific upgrade plans as we focus on expanding our BEV production as a whole. In order to identify investments that require a plan, we consider two aspects:

- the estimated duration until the investment is completed and operational – that is, we draw up a CapEx plan if the investment is ongoing at financial year-end; and
- the level of uncertainty as to whether the expanded activity will be Taxonomy-aligned after completion of the plan.

We report all CapEx incurred in FY 2022 that is part of the plan to expand our Taxonomy-aligned economic activity by constructing a new factory in Mexico as Taxonomy-aligned (see chapter Contextual information to the CapEx and OpEx KPI below for details of this plan). According to the CapEx plan, the expansion will be completed in 2026. We do not formalise plans that only aim at expanding an eligible but not aligned activity. Such investments are considered non-aligned but eligible under the respective activity (category (a)), unless the respective investment qualifies as individually Taxonomy-aligned (category (c)).

Note

Following FAQ 26 of the draft Commission Notice on the Delegated Act as of 19 December 2022 an expansion plan is required in case of investments that lead to an expansion of an economic activity which will only be completed in a future reporting period. In such cases the expansion plan provides assurance that the expanded activity will in fact be Taxonomy-aligned after the expansion is completed. Thus, CapEx to expand an aligned activity with a projected completion after the reporting period and with uncertainty about meeting the alignment criteria needs to be part of a plan to be considered Taxonomy-aligned in the reporting period. This assessment might be dependent on the specific facts and circumstances. We therefore recommend explaining the applied accounting policy concerning the differentiation between category (a) and category (b) CapEx.

c) CapEx related to the purchase of output from Taxonomy-aligned economic activities and individual measures enabling certain target activities to become low-carbon or to lead to GHG reductions (“category (c)”; for details, please refer to our explanations below). Investments that are also assessed following category (a) by allocation to a (partially) aligned economic activity were screened against the Climate Delegated Act to identify potentially individually sustainable CapEx.

Reconciliation

Sect. 1.2.1 second subparagraph of Annex I to the Disclosures Delegated Act

Our total CapEx can be reconciled to our consolidated financial statements, see page xxx of our Annual Report 2022 (“<<table on changes in intangible assets, in right-of-use assets, in PP&E, and in investment properties>>”). They are the total of the movement types (acquisition and production costs):

- additions; and
- additions from business combinations,

for intangible assets, right-of-use assets, property, plant and equipment, and investment properties.

Note

Section 1.2.1 of Annex I to the Disclosures Delegated Act requires references to the related line items in the financial statements. Therefore, a general reference to the notes is not sufficient. Rather, it must be indicated with which rows/columns the CapEx can be reconciled to in total. If such a reconciliation is not possible in total (for example, because the changes in the scope of consolidation are shown netted), a reconciliation statement is required.

Further explanations

Allocation keys

Sect. 1.2.1(b) and 1.2.2.3 of Annex I to the Disclosures Delegated Act

At sites where both Taxonomy-aligned and Taxonomy-non-aligned economic activities are carried out (mixed sites), the Taxonomy-aligned proportion of CapEx is determined on the basis of the site’s capacity, taking into account the share of Taxonomy-aligned and Taxonomy-non-aligned output generated in the respective plant. This allocation is also used for manufactured vehicles that are then leased to clients (activity 6.5). The split between activities 3.3 and 6.5 for our manufactured Taxonomy-aligned vehicles is readily available in our systems. CapEx for our Taxonomy-aligned other leasing and financing business (mainly investments into our office buildings and IT systems) is defined using an appropriate turnover-based allocation key. CapEx for electricity generation facilities is fully associated with activity 4.1.

Individually Taxonomy-aligned CapEx

The numerator of the CapEx KPI also includes CapEx that is related to the purchase of output from Taxonomy-aligned economic activities and certain individual measures enabling the target activities to become low-carbon or to lead to GHG reductions. These individual measures correspond to economic activities listed in the Climate Delegated Act and must be implemented and operational within 18 months.

We have identified the following purchased outputs and individual measures that correspond to eligible economic activities and, thus, result in Taxonomy-eligible CapEx and OpEx:

Table 5 – Individually Taxonomy-eligible CapEx/OpEx and the corresponding economic activities

Description of the Taxonomy-eligible purchased output or individual measure	Corresponding economic activity (Annex I to Climate Delegated Act)
All major renovation measures of our existing buildings	7.2 Renovation of existing buildings
All maintenance and repair of the energy efficiency equipment in our existing buildings (inter alia, replacement of windows and doors, roofing activities)	7.3 Installation, maintenance and repair of energy efficiency equipment
Installations of charging stations for electric vehicles at numerous offices and manufacturing sites for our employees	7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings and parking spaces attached to buildings
Installation of smart meters and building automation and control systems at several manufacturing sites and smart thermostats in our offices	7.5 Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling energy performance of buildings
All installation, maintenance and repair of our solar transpired collectors and the ancillary technical equipment on our buildings	7.6 Installation, maintenance and repair of renewable energy technologies
Our acquisition and exercising of ownership of buildings (that is, eligibility of all buildings, taking into account the legal or economic ownership, including the right of use from a lease of a building)	7.7 Acquisition and ownership of buildings
Leasing of data centre resources to store and manage data from external service providers (non-capitalised lease costs)	8.1 Data processing, hosting and related activities

We distinguish between the purchase of output and individual measures based on whether we acquire the product or service that is mentioned in the activity description (purchase of output: activities 7.2, 7.3, 7.6, 7.7 and 8.1) or whether the description refers to our individual measure which is also regularly performed by a supplier but where we control the content and design of the measure in detail (activities 7.4 and 7.5).

Purchases of output qualify as Taxonomy-aligned CapEx in cases where it can be verified that the respective supplier performed a Taxonomy-aligned activity to produce the output that we acquired. Since Taxonomy-alignment also includes DNSH criteria and minimum safeguards, we are not able to assess the Taxonomy-alignment on our own. For the purchased output in 2022, we were not able to obtain any conclusive confirmation of Taxonomy-alignment from our suppliers regarding the purchased output from activities 7.2, 7.3, 7.6 and 7.7. After contacting our most significant suppliers, such verification might be possible in the coming years, at least for suppliers who are also subject to Taxonomy reporting obligations. Only our main business partner in respect of our short-term leases of data hosting services and data centre capacities provided us with conclusive evidence on the technical screening criteria for activity 8.1, based on policies and certificates for its data centres. This supplier also publishes an audited sustainability report highlighting how it complies with the relevant guidelines and principles for assessing the minimum safeguards.

Individual measures are assessed on our part, just as any other economic activity in the Climate Delegated Act. In 2022, we significantly increased our capacity regarding charging stations in our manufacturing and office buildings or attached parking spaces. This measure was organised by us in detail, including hiring dedicated service companies who carried out our specifications and who will be hired for maintenance services. We also modernised our heating and building automation to become more efficient by a number of individual measures. After setting up a detailed plan for most of our sites, the final implementation was again executed by a service company. These measures were also included in our physical climate risk assessment to ensure that we comply with the DNSH for climate change adaptation as the only applicable DNSH criterion (see above).

Note

Based on the Disclosures Delegated Act and the wording used for economic activity descriptions in the Climate Delegated Act, the distinction between the purchase of output from (Taxonomy-aligned) economic activities and individual measures is not clear. Non-financial undertakings should therefore explain their understanding of these terms and their application of category (c) for CapEx and OpEx.

The approach described above is one example for a distinction, but the text in the Climate Delegated Act allows for different interpretations of the individual CapEx components shown in Table 5.

Sect. 1.2.2.1(c) of Annex I to the Disclosures Delegated Act

In order to avoid double counting in the CapEx KPI (and OpEx KPI), we counted only once the CapEx (OpEx) related to purchased outputs and individual measures that we already considered under “category (a)” (that is, CapEx (OpEx) related to assets or processes that are associated with Taxonomy-aligned economic activities, notably our production buildings, our offices for our vehicle financing activities, and data processing and hosting services). Whenever an individual investment is considered Taxonomy-aligned, this proportion of CapEx is not further allocated to a (partially) Taxonomy-aligned economic activity, to avoid double counting. Due to the limited verification of our individual investments by most of our suppliers, the largest part of our aligned CapEx is associated with activities 3.3 and 6.5, and the individual assessment of our CapEx does not have a substantial impact on our alignment KPIs.

Note

The Disclosures Delegated Act provides three categories of Taxonomy-aligned CapEx (OpEx). These categories need to be verified individually, unless one of the approaches leads to full alignment. In this case no further assessments are required, because double counting is not allowed. In cases where only a proportion of the eligible CapEx qualifies as aligned under category (a) or (b), the remaining CapEx needs to be assessed for alignment under category (c), that is, whether the CapEx is individually – in other words, unrelated to a target activity (here, 3.3 or 6.5) – Taxonomy-aligned.

OpEx KPI

Definition

Sect. 1.2.1(a), (b) of Annex I to the Disclosures Delegated Act

The OpEx KPI is defined as Taxonomy-aligned OpEx (numerator) divided by our total OpEx (denominator).

Total OpEx consists of direct non-capitalised costs that relate to research and development, building renovation measures, short-term leases as well as all forms of maintenance and repair. This includes:

Sect. 1.2.3.3(c) of Annex I to the Disclosures Delegated Act

- Research and development expenditure recognised as an expense during the reporting period in our income statement (see page xxx of our Annual Report 2022). In line with our consolidated financial statements (paragraph 126 of IAS 38), this includes all non-capitalised expenditure that is directly attributable to research or development activities.
- The volume of non-capitalised leases was determined in accordance with IFRS 16 and includes expenses for short-term leases and low-value leases (see page xxx of our Annual Report 2022). Even though low-value leases are not explicitly mentioned in the Disclosures Delegated Act, we have interpreted the legislation as to include these leases.

- Maintenance and repair expenditures were determined based on the maintenance and repair costs allocated to our internal cost centres. The related cost items can be found in various line items in our income statement, including production costs (maintenance in operations), sales and distribution costs (maintenance logistics) and administration costs (such as maintenance of IT systems). This also includes building renovation measures.

In general, this includes staff costs, costs for services and material costs for daily servicing, as well as for regular and unplanned maintenance and repair measures. These costs are directly allocated to our PP&E. This does not include expenditures relating to the day-to-day operation of PP&E, such as raw materials, cost of employees operating the machinery, electricity or fluids that are necessary to operate PP&E. Amortisation and depreciation are also not included in the OpEx KPI.

We exclude direct costs for training and other human resources adaptation needs from the denominator and the numerator. This is because Annex I to the Disclosures Delegated Act lists these costs only for the numerator, which does not allow a mathematically meaningful calculation of the OpEx KPI.

Note

With regard to the direct costs for training and other human resources adaptation needs, non-financial undertakings have a policy choice: either these costs are included in both the denominator and the numerator, or they are not included at all.

With regard to the numerator, we refer to the corresponding statements on the CapEx KPI.

Further explanations

With regard to the use of allocation keys, we refer to the corresponding statements on the CapEx KPI.

Additionally, we have applied an allocation key on personnel costs, where we have identified the proportion of people related to the maintenance of our assets and applied this ratio to the total personnel costs. We have also included the non-capitalised personnel costs related to R&D. Other production personnel costs are not included in the operating expenditure in the sense of the Taxonomy.

Note

Non-financial undertakings should describe relevant judgement exercised in order to identify their Taxonomy-eligible economic activities and to verify Taxonomy-alignment as well as key accounting policy choices. In this illustrative, inter alia the following matters including a certain level of judgement were explained in the respective sections:

- Allocation of turnover, CapEx and OpEx to economic activities (with or without turnover).
- Use of allocation keys.
- How the undertaking treats activities in the value chain of its revenue-generating activities.
- Assessment of activities using external personnel and subcontractors as well as bundled services.
- Interpretation of indeterminate legal terms in the description of the activity (for example, why it assumes that they meet the description of activity 3.6).
- Information on the assessment of economic activities carried out in non-EU countries.
- Assessment of compliance with UNGPs and OECD guidelines.
- Judgement used in assessing compliance with certain DNSH criteria.
- ...

For this illustrative, we use the following sub-chapter to address judgement relevant for the Automotive Group’s accounting policy. Major judgements applied in determining eligibility and alignment are incorporated into the respective chapters on the DNSH and the MS.

Contextual Information

Turnover KPI

Quantitative breakdown of the numerator

Sect. 1.2.3.1(a) of Annex I to the Disclosures Delegated Act

In the table below, we show a quantitative breakdown of the numerator for the turnover KPI. We list revenue from contracts with customers and other companies, lease revenue, and other sources of income. Over the financial year 2021, no key drivers of change were indicated, since this is the first time that we report the detailed overview of aligned economic activities.

Table 6 – Quantitative breakdown of turnover numerator

	Turnover (mEUR)
Customer contracts	22.569,14
Lease revenue	11.450,00
Other revenue	1.032,26
Total	**35.051,40**

Taxonomy-aligned activities pursued for own internal consumption

Sect. 1.2.3.1(b) of Annex I to the Disclosures Delegated Act

Some Taxonomy-aligned activities are performed for our own consumption. Notably, our electricity generation using solar photovoltaic panels (activity 4.1) is predominantly supporting our manufacturing activity (3.3). Only a very small proportion of the electricity generated is fed into the energy grid (FY 2022: about 2%). Since we use most of the electricity in our production, we generally do not allocate a market price to this output from our activity 4.1. We also use several manufactured vehicles for our own fleet. In FY 2022, we supplied 150 employees with a new electric vehicle (BEV). Based on regular market prices, this measure corresponds to Taxonomy-aligned turnover of 6.0 mEUR under activity 3.3 if these vehicles had been sold to third parties.

Note

Since this is the first year of Taxonomy-alignment reporting, it is not possible to show a qualitative and quantitative explanation of key drivers of change for the turnover, CapEx or OpEx KPIs. Please note that this will have to be included from the second year of reporting onwards.

Non-financial undertakings that have issued environmentally sustainable bonds or debt securities, with the purpose of financing specific identified Taxonomy-aligned activities, are also required to disclose the turnover KPI adjusted to avoid double counting at the level of financial undertakings that act as the counterparties to the reporting non-financial undertaking.

Disclosures on aligned economic activities performed for internal consumption are meant to illustrate how output from aligned economic activities has been used that has not been made available to third parties – that is, it is not reflected in the turnover KPI (see FAQ 21 of the draft Commission Notice on the Climate Delegated Act as of 19 December 2022). Section 1.2.3.1(b) of Annex I to the Disclosures Delegated Act requires information about amounts which indicates qualitative disclosure, preferably in Euro. However, because there is no further guidance on the determination of such amounts, and given that internally consumed output might not have been priced the same way as external products or services, non-financial undertakings might refer to other qualitative measures and qualitative explanations.

CapEx KPI

Quantitative breakdown at the economic activity aggregated level

Sect. 1.2.3.2 of Annex I to the Disclosures Delegated Act

In FY 2022, our Taxonomy-aligned CapEx is associated with activities 3.3, 4.1 and 6.5 and includes individual measures of activities 7.4 and 7.5. In the table below, we show a breakdown of the amounts included in the numerator.

Table 7 – Quantitative breakdown of the CapEx numerator at economic activity level (in mEUR)

Activity	Additions to PP&E	Internally generated or purchased intangibles	Right-of-use assets	**Sum**	Thereof acquired through business combinations	Thereof part of a CapEx plan
3.3	2.640,57	270,00	482,33	**3.392,90**	1.044,61	71,27
6.5	1.215,15	126,98	727,47	**2.069,60**	117,89	
7.4	16,30			**16,30**		
7.5	27,50		7,70	**35,20**		
4.1	77,36		4,47	**81,83**		
Total	3.976,88	396,98	1.221,97	**5.595,83**	1.462,50	71,27

Note

"Investment properties acquired" are also mentioned as one of the CapEx components that need to be disclosed at the economic activity level in the quantitative breakdown of CapEx. In this case, Automotive SE did not acquire investment properties in the reporting period, and so investment properties are not mentioned specifically.

Upgrade plan

We are continuously improving our share of Taxonomy-aligned turnover by increasing the share of particularly BEVs in our production. This transition does not require specific upgrade investment plans. Since PHEVs will not be aligned anymore beyond 2025, we are not aiming to upgrade our eligible PHEV production to a higher alignment percentage.

Expansion plan

Due to the increasing demand for electric vehicles, we plan to expand our vehicle manufacturing activities through putting a new factory in Mexico into operation. This facility will predominantly produce (Taxonomy-aligned) BEVs (70%) and PHEVs (20%) and only a small proportion of combustion engine vehicles (10%). The CapEx incurred for this expansion plan will be 70% Taxonomy-aligned under activity 3.3, aiming at a substantial contribution to climate change mitigation. Establishing this factory will take four years (start of production: 2026), with a total amount of expected CapEx of 350 mEUR. In FY2022, CapEx of 71 mEUR has been incurred. The CapEx includes expenditure for research and development activities concerning innovative equipment to improve the charging of vehicles.

Note

Non-financial undertakings that have issued environmentally sustainable bonds or debt securities, with the purpose of financing specific identified Taxonomy-aligned activities, are also required to disclose the CapEx KPI adjusted to avoid double counting at the level of financial undertakings that act as the counterparties to the reporting non-financial undertaking.

OpEx KPI

Quantitative breakdown of the numerator

Sect. 1.2.3.3(a) of Annex I to the Disclosures Delegated Act

Table 8 shows the breakdown of the OpEx numerator into its components based on the definition of OpEx in the Disclosures Delegated Act:

Table 8 – Quantitative breakdown of OpEx numerator

	OpEx (mEUR)
R&D costs	287,50
Building renovation measures	137,93
Non-capitalised leases	2,86
Maintenance and repair	407,65
Total	**835,94**

Note

Section 1.2.3.3 of Annex I to the Disclosures Delegated Act requires non-financial undertakings to provide a quantitative breakdown of the numerator. Even though the delegated act refers to the definition of the numerator (and the three categories (a)–(c) of OpEx), we assume that this breakdown also aims at an aggregation of Taxonomy-aligned OpEx for each individual component that comprises the Taxonomy OpEx.

The Automotive Group does not incur any OpEx for the “day-to-day servicing of PP&E” that is not already covered under maintenance and repair. If such an element is reported, it is to be explained pursuant to section 1.2.3.3(c) of Annex I to the Disclosures Delegated Act.

Following FAQ 16 of the draft Commission Notice on the Disclosures Delegated Act as of 19 December 2022, non-financial undertakings that have issued environmentally sustainable bonds or debt securities, with the purpose of financing specific identified Taxonomy-aligned activities, are also required to disclose the OpEx KPI adjusted to avoid double counting at the level of financial undertakings that act as the counterparties to the reporting non-financial undertaking. However, this disclosure is not required by the Disclosures Delegated Act, and so the FAQ can be seen as a recommended disclosure.

Sect. 1.2.3.3. final paragraph of Annex I to the Disclosures Delegated Act

The expansion plan for activity 3.3 (new factory in Mexico: see above) also includes OpEx. In total, we expect 4,0 mEUR of OpEx, predominantly for R&D costs, with some maintenance and repair costs for the equipment used during the setup of the production lines. In FY 2022, OpEx of 0,8 mEUR for non-capitalised R&D costs has been incurred that is reported as partially aligned.

Note

Where OpEx is part of a CapEx plan (as referred to in points 1.1.2.2 and 1.1.3.2 of Annex I to the Disclosures Delegated Act), non-financial undertakings are required to disclose the key information about each of their CapEx plans in line with the requirements of point 1.2.3.2 of that Annex.

Please note that, where the operational expenditure is not material for the business model of non-financial undertakings, those undertakings are required to disclose the total value of the OpEx denominator calculated in accordance with point 1.1.3.1 and explain the absence of materiality of operational expenditure in their business model while reporting zero for the numerator of the KPI (sect. 1.1 of Annex I to the Disclosures Delegated Act; FAQ 13 of the draft Commission Notice on the Disclosures Delegated Act as of 19 December 2022).

Appendix

In this appendix, we provide the disclosure requirements accompanying the KPIs of non-financial undertakings pursuant to Section 1.2 of Annex I to the Disclosures Delegated Act that are illustrated above for a more convenient reference. Since 2022 is the first year of full alignment reporting, basically all requirements apply. Some exceptions exist regarding, inter alia, prior year comparisons, because the first year of Taxonomy reporting was limited to eligibility, and so comparative figures regularly do not exist for alignment. Such exemptions are highlighted in the illustrative in the form of a note.

Accompanying disclosures	
	1.2.1. Accounting policy
	Non-financial undertakings shall explain:
1	(a) how turnover was determined and allocated to the numerator; (b) the basis on which the turnover was calculated, including any assessment in the allocation of revenues or expenditures to different economic activities.
2	(a) how capital expenditure was determined and allocated to the numerator; (b) the basis on which the capital expenditure was calculated, including any assessment in the allocation of revenues or expenditures to different economic activities.
3	(a) how operating expenditure was determined and allocated to the numerator; (b) the basis on which the operating expenditure was calculated, including any assessment in the allocation of revenues or expenditures to different economic activities.
4	For turnover, non-financial undertakings shall include references to the related line items in the financial statements;
5	For capital expenditure, non-financial undertakings shall include references to the related line items in the financial statements;
6	Where the application of any calculations has changed since the previous reporting period, non-financial undertakings shall explain why those changes result in more reliable and relevant information and provide for restated comparative figures.
	Non-financial undertakings shall disclose any material changes that have occurred during the reporting period in relation to the implementation of the CapEx plans as disclosed in accordance with point 1.1.2 of this Annex. Non-financial undertakings shall disclose all of the following:
7	(a) the material changes that have occurred in the CapEx plan and the reasons underlying those changes;
8	(b) the impact of such changes on the potential for the economic activities of the undertaking to become Taxonomy-aligned and on the period of time in which this change is expected to take place;
9	(c) the restatement of the CapEx for each past reporting year covered by the plan whenever changes to the plan had an impact on those KPIs
10	(c) the restatement of the OpEx KPI for each past reporting year covered by the plan whenever changes to the plan had an impact on those KPIs

	1.2.2. Assessment of compliance with Regulation (EU) 2020/852
	1.2.2.1. Information on assessment of compliance with Regulation (EU) 2020/852:
	Non-financial undertakings shall:
11	(a) describe the nature of their Taxonomy-eligible economic activities, by referring to the delegated acts adopted pursuant to Article 10(3), Article 11(3), Article 12(2), Article 13(2), Article 14(2) and Article 15(2) of Regulation (EU) 2020/852;
12	(a) describe the nature of their Taxonomy-aligned economic activities, by referring to the delegated acts adopted pursuant to Article 10(3), Article 11(3), Article 12(2), Article 13(2), Article 14(2) and Article 15(2) of Regulation (EU) 2020/852;
13	(b) explain how they assessed compliance with the criteria set out in Article 3 of Regulation (EU) 2020/852 and the associated technical screening criteria included in the delegated acts referred to in point (a);
14	(c) explain how they avoided any double counting in the allocation in the numerator of turnover, CapEx and OpEx KPIs across economic activities.
	1.2.2.2. Contribution to multiple objectives
	Where an economic activity contributes to several environmental objectives, non-financial undertakings shall:
15	(a) demonstrate compliance with the criteria set out in Article 3 of Regulation (EU) 2020/852, in particular with the technical screening criteria with respect to several environmental objectives;
16	(b) disclose the turnover from that activity as contributing to several environmental objectives;
17	(b) disclose the CapEx from that activity as contributing to several environmental objectives;
18	(b) disclose the OpEx from that activity as contributing to several environmental objectives;
19	(c) only count once the turnover from that activity in the numerator of the KPIs in point 1.1 of this Annex to avoid double counting.
	1.2.2.3. Disaggregation of KPIs
	Where the KPIs for an economic activity are to be disaggregated, in particular where production facilities are used in an integrated manner, non-financial undertakings shall ensure that:
20	(a) any disaggregation is based on criteria that are appropriate for the production process being implemented and reflects the technical specificities of that process;
21	(b) appropriate information accompanying the KPIs about the basis of such disaggregation is provided.
	1.2.3. Contextual information
	Non-financial undertakings shall explain the figures of each KPI and the reasons for any changes in those figures in the reporting period.
22	Non-financial undertakings may disclose additional KPIs (based on turnover, CapEx, OpEx) that include investments in equity accounted in joint ventures, pursuant to IFRS 11 or IAS 28, on a pro rata basis corresponding to their share in the equity of the joint venture.
	1.2.3.1. Contextual information about turnover KPI for non-financial undertakings shall provide all of the following:

23	(a) a quantitative breakdown of the numerator in order to illustrate the key drivers of change in the turnover KPI during the reporting period, such as revenue from contracts with customers, lease revenue or other sources of income;
24	(b) information about the amounts related to Taxonomy-aligned activities pursued for non-financial undertakings' own internal consumption;
25	(c) a qualitative explanation of key elements of change in the turnover KPI during the reporting period.
26	Non-financial undertakings that have issued environmentally sustainable bonds or debt securities with the purpose of financing specific identified Taxonomy-aligned activities shall also disclose the turnover KPI adjusted to avoid double counting.
	1.2.3.2. Contextual information about CapEx KPI
	Non-financial undertakings shall provide a quantitative breakdown at the economic activity aggregated level of the amounts included in the numerator and qualitative explanation of the key elements of change in CapEx KPI during the reporting period. Such breakdown shall disclose all of the following:
27	(a) an aggregation of additions to property, plant and equipment, to internally generated intangible assets, including in a business combination or acquired, to investment properties acquired or recognised in the carrying amount and, where applicable, to capitalised right-of-use assets;
28	(b) an aggregation of additions related to acquisitions through business combinations;
29	(c) an aggregation of expenses incurred in relation to Taxonomy-aligned economic activities and expenses incurred as part of a CapEx plan referred to in point 1.1.2. of this Annex.
	Non-financial undertakings shall disclose the key information about each of their CapEx plans referred to in point 1.1.2. of this Annex, including all of the following:
30	(a) the environmental objectives pursued;
31	(b) the economic activities concerned;
32	(c) research, development and innovation activities concerned, where relevant;
33	(d) the period of time whereby each Taxonomy-aligned economic activity is expected to be expanded or whereby each economic activity is expected to become Taxonomy-aligned, including, where the period in which the economic activity is expected to become Taxonomy-aligned exceeds five years, an objective justification of such longer period, based on the specific features of the economic activity and the upgrade concerned;
34	(e) the total capital expense expected to be incurred during the reporting period and during the period of time of the CapEx plans.
35	Non-financial undertakings that have issued environmentally sustainable bonds or debt securities with the purpose of financing specific identified Taxonomy-aligned activities shall also disclose the CapEx KPI adjusted for the Taxonomy-aligned capital expenditure financed by such bonds or debt securities.
	1.2.3.3. Contextual information about the OpEx KPI
	Non-financial undertakings shall provide all of the following:
36	(a) a quantitative breakdown of the numerator (operating expenditure determined in accordance with point 1.1.3.2 of this Annex) to illustrate the key elements of change in the OpEx KPI during the reporting period;
37	(b) a qualitative explanation of the key elements of change in OpEx KPI during the reporting period;

38	(c) an explanation of the other expenditures relating to the day-to-day servicing of items of property plant and equipment that are included in the calculation of OpEx for both the numerator and denominator.
39	Where OpEx is part of a CapEx plan as referred to in points 1.1.2.2 and 1.1.3.2 of this Annex, non-financial undertakings shall disclose the key information about each of their CapEx plans in line with the requirements of point 1.2.3.2 of this Annex.
40	Use of templates

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