



Automotive SE

**Illustrative consolidated disclosures pursuant to Article 8
Taxonomy Regulation**

Financial year 2021

Publication date: 28 February 2022

This publication presents the sample Art. 8 Taxonomy Regulation disclosures in the consolidated non-financial statement of a fictional EU-based listed parent undertaking, Automotive SE, as of December 31, 2021. It illustrates the disclosure requirements that would apply to such an undertaking pursuant to Art. 8 Taxonomy Regulation (Regulation (EU) 2020/852) and the corresponding delegated acts for the financial year 2021. Supporting commentary is also provided. 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 simplified reporting requirements pursuant to Art. 10 (2) of the Art. 8 Delegated Act (Commission Delegated Regulation (EU) 2021/2178). 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, other undertakings could have made other judgments and interpretations of the legal requirements.

Please note

The Taxonomy Regulation and the corresponding delegated acts contain formulations and terms that are subject to considerable uncertainties of interpretation. During the preparation of this illustrative example¹, we have endeavoured to take into account all statements made by the European Commission to clarify the content of the new disclosure requirements under Art. 8 Taxonomy Regulation. The most recently published Commission notice 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 ("European Commission's FAQs as of 2 February 2022") has thus been considered for this illustrative example. The main changes compared to the previous version² include:

- For Taxonomy-eligibility reporting on activity 3.3 (Annex I to the Climate Delegated Act) the notion of "low carbon" is not taken into account. Consequently, the entire vehicle manufacturing activity, including the manufacture of combustion engine vehicles, is reported as Taxonomy-eligible in Version 2.
- An illustrative example for Taxonomy-eligibility reporting on activity 3.6 (Annex II to the Climate Delegated Act) for the manufacture of vehicle components is now included in Version 2.
- FAQ no. 3 of the European Commission's FAQs as of 2 February 2022 clarifies that no differentiation between core and non-core activities is to be made. For illustrative purposes, an economic activity outside the automotive sector is now included in Version 2 to demonstrate that the definition of Taxonomy-eligible economic activity does not differentiate between core and non-core activities.
- The European Commission's FAQs as of 2 February 2022 contain clarifications on the definition of an economic activity and on the question of under which economic activity an undertaking active in several sectors within the value chain of one product should disclose. Corresponding explanations and supplementary notes have been included in Version 2 in this regard.

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 Art. 8 Taxonomy Regulation, in particular the assessment of Taxonomy-eligibility and Taxonomy-alignment, will require gradual adjustments over time.

¹ Version 2 as of 28 February 2022.

² Version 1 as of 28 January 2022.

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Introduction

This publication presents illustrative consolidated disclosures pursuant to Art. 8 Taxonomy Regulation for a fictitious undertaking, Automotive SE, for the financial year 2021. The consolidated disclosures comply with the simplified reporting requirements pursuant to Art. 10 (2) of the Art. 8 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 grey.

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 pursuant to the simplified disclosure requirements of Art. 10 (2) of the Art. 8 Delegated Act, please refer to the Appendix.

Pharma SE - Illustrative consolidated disclosures pursuant to Article 8 Taxonomy Regulation

For further insights in the Taxonomy disclosures of a group with less substantive Taxonomy-eligible economic activities refer to the "[Illustrative consolidated disclosures pursuant to Article 8 Taxonomy Regulation of Pharma SE](#)" which can be accessed through our Viewpoint ESG website.

For information purposes

For your information, we have listed below the main documents that form the regulatory framework for the new disclosure requirements according to Art. 8 Taxonomy Regulation and complementary information, inter alia on the further developments of the Taxonomy Regulation. We have also provided links to access these documents on the Internet:

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

Art. 8 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

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?

Platform considerations on voluntary information as of 20 December 2021

Platform considerations on voluntary information as part of Taxonomy-eligibility reporting

European Commission's FAQs as of 2 February 2022

Draft Commission notice 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 (draft has been approved in principle by the European Commission on 2 February 2022 and its formal adoption in all the official languages of the European Union will take place later on, as soon as the language versions are available)

Draft regulations, reports and proposals:

- [Draft Commission Delegated Regulation amending Delegated Regulation \(EU\) 2021/2139 as regards economic activities in certain energy sectors and Delegated Regulation \(EU\) 2021/2178 as regards specific public disclosures for those economic activities](#) (so-called Complementary Delegated Act on Nuclear and Gas; draft has been approved in principle by the European Commission on 2 February 2022 and its formal adoption in all the official languages of the European Union will take place later on, as soon as the language versions are available)
- [Draft report by the Platform on Sustainable Finance on preliminary recommendations for technical screening criteria for the other four environmental objectives](#)
- [Platform on Sustainable Finance's draft report on a social taxonomy](#)
- [Platform on Sustainable Finance's draft report on taxonomy extension options linked to environmental objectives](#)

Automotive SE

Consolidated disclosures pursuant to Article 8 Taxonomy Regulation

Financial year 2021

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Automotive SE – Consolidated disclosures pursuant to Art. 8 Taxonomy Regulation

Article 8 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 as 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 2021, which are associated with Taxonomy-eligible economic activities related to the first two environmental objectives (climate change mitigation and climate change adaptation) in accordance with Art. 8 Taxonomy Regulation and Art. 10 (2) of the Art. 8 Delegated Act.

Our activities

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

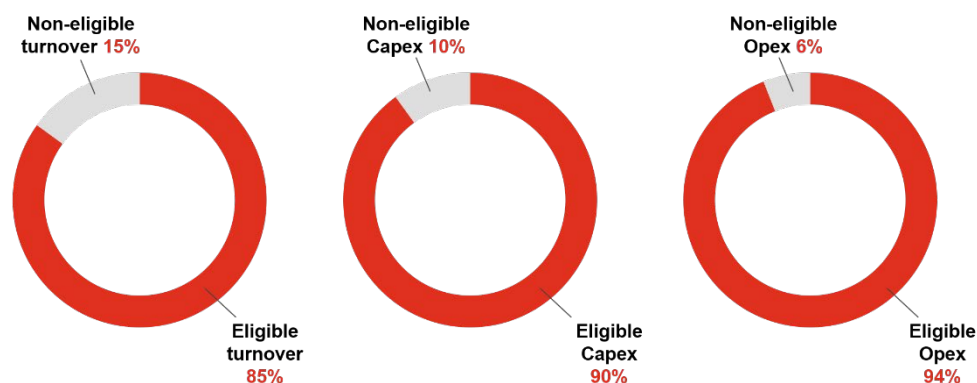


Table 1 - Proportion of Taxonomy-eligible and Taxonomy-non-eligible economic activities in total turnover, Capex and Opex

	Total (mEUR)	Proportion of Taxonomy-eligible economic activities (in %)	Proportion of Taxonomy-non-eligible economic activities (in %)
Turnover	100,000	85%	15%
Capital expenditure (Capex)	10,000	90%	10%
Operating expenditure (Opex)	2,500	94%	6%

Details by economic activity (optional)

Note

Undertakings may wish to provide details on their KPIs per economic activity. A split by economic activity is a voluntary disclosure for the reporting period 2021 pursuant to the simplified disclosure requirements of Art. 10 (2) of the Art. 8 Delegated Act. In order to present details by economic activity, undertakings could use reporting templates as illustrated below.

As a general rule, undertakings may report voluntary information in the context of Taxonomy-eligibility reporting. Undertakings should explain the reasons for making such disclosures and they should add:

- supporting detail setting out the basis for this voluntary disclosure,
- the methods used for its preparation and
- a clear explanation of how it differs from mandatory reporting (cf. FAQ no. 7 of the European Commission's FAQs as of 2 February 2022).

FAQ no. 7 of the European Commission's FAQs as of 2 February 2022

On a voluntary basis, we provide the split of our turnover, Capex and Opex KPI per Taxonomy-eligible economic activity to report more transparently on our KPIs. The calculation of these numbers is based on the same accounting policies as our mandatory KPIs.

Table 2 – Details by economic activity (turnover)

	Turnover (mEUR)
Eligible activities	
3.3 Manufacture of low carbon technologies for transport	70,450
3.6 Manufacture of other low carbon technologies	9,000
6.5 Transport by motorbikes, passenger cars and light commercial vehicles	5,500
4.1./4.3 Electricity generation (solar photovoltaic, wind power)	50
Sum (eligible activities)	85,000
Non-eligible activities	15,000
Total	100,000

Table 3 – Details by economic activities (Capex, Opex)

	Capex (mEUR)	Opex (mEUR)
Eligible activities		
3.3 Manufacture of low carbon technologies for transport	7,075	1,210
3.6 Manufacture of other low carbon technologies	880	450
6.5 Transport by motorbikes, passenger cars and light commercial vehicles	525	75
4.1/4.3 Electricity generation (solar photovoltaic, wind power)	20	5
Individually eligible Capex/Opex	500	610
Sum (eligible activities)	9,000	2,350
Non-eligible activities	1,000	150
Total	10,000	2,500

Definitions

Taxonomy-eligible economic activity means an economic activity that is described in the delegated acts supplementing the Taxonomy Regulation (i.e. 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.

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

An economic activity is Taxonomy-aligned when it complies with all the following requirements:

- a) the economic activity contributes substantially to one or more of the environmental objectives;
- b) it does not significantly harm any of the environmental objectives;
- c) it is carried out in compliance with the minimum safeguards; and
- d) it complies with the technical screening criteria in the delegated acts supplementing the Taxonomy Regulation (i.e. Climate Delegated Act as of now).

Note

Undertakings may wish to provide further information on their Taxonomy-non-eligible economic activities with respect to their potential to become Taxonomy-eligible. This information is voluntary, and it is important that undertakings make a clear distinction between voluntary and mandatory disclosures (cf. FAQ no. 7 of the European Commission's FAQs as of 2 February 2022).

Admissible activities are the activities that we could consider as having a potential for being eligible but that are not yet treated as such by the European Commission and that are consequently not yet listed in the delegated acts supplementing the Taxonomy Regulation. We disclose information on our admissible activities on a voluntary basis as we believe that this information is helpful for users of our consolidated non-financial statement to gain a better understanding of our business activities.

The term "admissible activity" is not defined in the Art. 8 Delegated Act. The assessment of such an activity is based on our own evaluation, which we explain in detail below. For the sake of clarity, admissible activities are accounted for in the proportion of Taxonomy-non-eligible economic activities in our total turnover, Capex and Opex in our mandatory disclosures.

Sect. 1.2.2.1 (a) of Annex I to the Art. 8 Delegated Act

Taxonomy-eligible economic activities

We have examined the relevant Taxonomy-eligible economic activities based on our worldwide activities as an automotive group and assigned them to the following economic activities in accordance with Annex I and II to the Climate Delegated Act. The table below indicates for which environmental objective the activities qualify as eligible:

Table 4 – Taxonomy-eligible economic activities

Eligible economic activity (number, name)	Description ¹	NACE-Code	Climate change mitigation ²	Climate change adaptation ²
3.3 Manufacture of low carbon technologies for transport	Manufacture (and sale) of new passenger and freight vehicles, motorbikes and their services in the form of maintenance and repair	29.1	✓	✓
3.6 Manufacture of other low carbon technologies	Manufacture (and sale) of tyres that have the objective of enabling a substantial reduction of GHG emissions in another sector of the economy	22.11	✓	-
6.5 Transport by motorbikes, passenger cars and light commercial vehicles	Our financing and leasing activities with regard to motorbikes, passenger cars and light commercial vehicles	64 77.11	✓	✓
4.1/4.3 Electricity generation (solar photovoltaic technology, wind power)	Operation of electricity generation facilities (predominantly for own consumption and only to a small extent feeding into the energy grid)	35.11	✓	✓

Note

¹ The column "Description" should contain a clear description of the actual/specific activity performed by the reporting entity.

² It should be noted that the economic activities described in Annex I and Annex II to the Climate Delegated Act are not identical and must therefore be assessed separately for Taxonomy-eligibility. E.g. the description of activity 3.6 in Annex II to the Climate Delegated Act requires quantified life-cycle GHG emission savings that are verified by an independent third party.

Sect. 1.2.2.2 (c) of Annex I to the Art. 8 Delegated Act (no double counting in case of contribution to multiple objectives)

Allocation of turnover, Capex and Opex to one environmental objective

The Automotive Group is particularly concerned by the objective of climate change mitigation. It was determined that activities 3.3, 6.5 and 4.1/4.3 should be allocated to climate change mitigation as the contribution to climate change adaptation is of minor importance and the Taxonomy does not allow double counting.

Relevant judgement on the Taxonomy-eligibility of our activities

Note

In this section non-financial undertakings should describe relevant judgement exercised in order to identify their Taxonomy-eligible economic activities, e.g.

- How the undertaking treats activities in the value chain of its revenue-generating activities.
- Interpretation of indeterminate legal terms in the description of the activity, e.g. the notion of “low carbon” in activity 3.3 and why they assume they meet the description of activity 3.6.
- Assessment of activities using external personnel and subcontractors.
- Information on the assessment of economic activities carried out in non-EU countries.
- ...

In the following, exemplary explanations are given which could be relevant for the Automotive Group.

Assessment of activities in the value chain of our revenue-generating activities

Sect. 1.2.1 (a), (b) of Annex I to the Art. 8 Delegated Act

Our assessment of Taxonomy-eligible activities is focused on economic activities defined as the combination of resources to produce specific goods or services. We as a vehicle and vehicle component manufacturer are active in several sectors within the value chain of our products and generate revenue in several sectors within this value chain, namely revenue from the sale of our vehicles (activity 3.3), revenue from our corresponding financing and leasing activities (activity 6.5) and revenue from the sale of specific low carbon vehicle components (activity 3.6). Additionally, we generate revenue from feeding our surplus energy production into the energy grid (activities 4.1 and 4.3). We disclose under these specific revenue-generating activities. We do not disclose under activities within the value chain that are not external revenue-generating, but that result in assets or processes that are essential for our revenue-generating activities, such as:

- manufacture of batteries (100% used in our vehicles),
- manufacture of other components for our own vehicles,
- electricity generation for own consumption (used for our vehicle and vehicle component production) or
- acquisition/construction of new buildings (for our production sites).

They are not reported as Taxonomy-eligible activities and are not included in our turnover KPI as they are not generating external turnover on a standalone basis.

Note

The Art. 8 Delegated Act as well as the FAQs of the European Commission do not contain a clear statement on whether undertakings have to disclose their Taxonomy-eligible economic activities exclusively under their revenue-generating activities (regardless of whether they are considered as core or non-core activities) or whether they also have to assess and disclose separately the Taxonomy-eligibility of economic activities that they carry out within their value creation process but that do not result in external revenue. In this context, it is also necessary to assess which assets and processes are considered essential for the undertaking's own revenue-generating economic activity and which are not. In the case of Automotive SE, this concerns for example the manufacture of batteries and the electricity generation for own consumption, but also R&D activities. Automotive SE has made the policy choice to not consider these as reportable economic activities even though they are part of Annex I and II to the Climate Delegated Act since they are activities in an integrated value chain and considered as essential for the revenue-generating activities.

In our view, undertakings have considerable judgement in this respect and have to make a policy choice, which should be disclosed in the description of taxonomy-eligible economic activities (Sect. 1.2.2.1 (a) of Annex I to the Art. 8 Delegated Act).

Activity 3.3 and notion of low carbon

The description of activity 3.3 in Annex I to the Climate Delegated Act does not contain a clear definition of the term "low carbon technologies for transport". According to the European Commission's FAQ no. 9 (published 2 February 2022) the notion of "low carbon" is not relevant for the eligibility assessment. Therefore, we report as Taxonomy-eligible all our vehicle manufacturing activities, including the manufacture of combustion engine vehicles.

Activity 3.6

We consider as Taxonomy-eligible under activity 3.6 the manufacture of specific tyres that are sold separately (thus generating external turnover on a standalone 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 as we consider these tyres as components in an integrated value chain of our vehicle production (refer to our policy description above).

Activity 6.5

We have included in this activity our financing and leasing activities with regard to all vehicles designated as category M1, N1 or L. 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 (64) is not mentioned in Annex I to the Climate Delegated Act.

Activities 4.1 and 4.3

We disclose under the activities 4.1 and 4.3 to the extent that we generate external turnover on a standalone basis from feeding our surplus energy production into the energy grid.

To the extent that the energy produced using solar photovoltaic technology and wind power is consumed internally in our own production facilities, we consider investments in our electricity generation facilities as Taxonomy-eligible under the activities 3.3 and 3.6 (refer to our policy description above).

Activities using external personnel and subcontractors

Taxonomy-eligibility is given when one of our activities meets the description of an economic activity laid down in the Climate Delegated Act. In this context, it is irrelevant whether we use our own personnel or external personnel (e.g. temporary workers) to carry out this activity. In certain circumstances where we determine and control the circumstances under which the activity is carried out and thus, where we recognize full turnover as a principal, we also consider activities performed by a subcontractor as our own activities. We assess this based on IFRS 15 (principal-agent-considerations).

Admissible activities (optional)

Note

Undertakings may wish to provide further information on their Taxonomy-non-eligible economic activities with respect to their potential to become Taxonomy-eligible. This information is voluntary, and it is important that undertakings make a clear distinction between voluntary and mandatory disclosures (cf. FAQ no. 7 of the European Commission's FAQs as of 2 February 2022).

the sake of clarity, admissible activities are included in the proportion of Taxonomy-non-eligible economic activities within the mandatory disclosures of our total turnover, Capex and Opex.

Table 5 – Admissible activities

Admissible activity	NACE-Code	Climate change mitigation	Climate change adaptation	Comments
Admissible activity 1	...	✓	✓	...
Admissible activity 2	...	✓	✓	...

Below we explain why these two activities should be considered by the European Commission as Taxonomy-eligible in the future.

- Admissible activity 1: ...
- Admissible activity 2: ...

We confirm that discussions are ongoing with the Platform on Sustainable Finance regarding these activities and their potential consideration as Taxonomy-eligible activities in future amendments to the Climate Delegated Act.

Taxonomy-non-eligible economic activities

We consider the entire manufacture of car seats as Taxonomy-non-eligible:

- The manufacture of car seats that are sold as components of our manufactured vehicles is not taken into account separately as we consider these seats as components in an integrated value chain of our vehicle production (refer to our policy description above).
- The manufacture of car seats sold to other car manufacturers is classified as a Taxonomy-non-eligible activity, as this activity is not listed in the Climate Delegated Act. Additionally, the manufacture of seats is not eligible under activity 3.6 because the relevant NACE code is not covered, and we do not assume that car seats have the objective of enabling a substantial reduction of GHG emissions in another sector of the economy.

Furthermore, we consider the manufacture of tyres that are sold to a third party and that do not have the objective of enabling a substantial reduction of GHG emissions in another sector of the economy as Taxonomy-non-eligible.

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

Taxonomy-eligible Capex/Opex and individually Taxonomy-eligible Capex/Opex

With regard to Capex and Opex related to our Taxonomy-eligible economic activities and Capex/Opex related to purchases and measures that we consider as individually Taxonomy-eligible, we refer to the explanations in the sections "Capex KPI" and "Opex KPI" in the description of our accounting policies.

Our KPIs and accounting policies

The key performance indicators (“KPIs”) include the turnover KPI, the Capex KPI and the Opex KPI. For the reporting period 2021, the KPIs have to be disclosed in relation to our Taxonomy-eligible and Taxonomy-non-eligible economic activities (Art. 10 (2) of the Art. 8 Delegated Act).

Process for data collection and validation (optional)

In order to report information on Taxonomy-eligible economic activities in 2021, we have:

- reviewed the Group's business activities and pre-identified the activities that could be eligible;
- performed a detailed analysis of the individual Taxonomy-eligible economic activities in close cooperation with key contacts in each country/region;
- carried out training sessions in the Group's main languages for its key contacts in each country/region;
- provided its subsidiaries with a tool enabling them to report financial information for each of the eligible activities that may 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 of the Art. 8 Delegated Act. We determine the Taxonomy-eligible 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 Art. 8 Delegated Act

The proportion of Taxonomy-eligible economic activities in our total turnover has been calculated as the part of net turnover derived from products and services associated with Taxonomy-eligible economic activities (numerator) divided by the net turnover (denominator), in each case for the financial year from 1.1.2021 to 31.12.2021.

Note

Sect. 1.1.1 of Annex I to the Art. 8 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, e.g. 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 IAS 1.82(a). For further details on our accounting policies regarding our consolidated net turnover, cf. page xxx of our Annual Report 2021.

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 (cf. Art. 8 (1) of the Art. 8 Delegated Act). They cannot be replaced by a reference to information in the financial statements.

The numerator of the turnover KPI is defined as the net turnover derived from products and services associated with Taxonomy-eligible economic activities, i.e.

- 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.
- Activities 4.1, 4.3 “Electricity generation (solar photovoltaic, wind power)” generate net turnover from feeding our surplus energy production into the energy grid.

Note

If an undertaking has identified economic activities in Annex II to the Climate Delegated Act (climate change adaptation) that are either not or only partially listed in Annex I to the Climate Delegated Act (climate change mitigation), the undertaking should explain how it treated turnover from these activities.

Examples:

- With regard to activity x.x, that is only described in Annex II to the Climate Delegated Act, we do not include the turnover from this activity in the numerator of the turnover KPI as activity x.x cannot be classified as an enabling activity in accordance with Art. 11 (1) (b) Taxonomy Regulation.
- Activity y.y that is only described in Annex II to the Climate Delegated Act generates net turnover from enabling customers to adapt to climate change by.... We classify the total net turnover derived from this enabling activity as Taxonomy-eligible.

Sect. 1.2.1 second subparagraph of Annex I to the Art. 8 Delegated Act

Reconciliation

Our consolidated net turnover can be reconciled to our consolidated financial statements, cf. income statement on page xxx of our Annual Report 2021 (“<<name of the line item in the P&L>>”).

Sect. 1.2.1 (b) and 1.2.2.1 (c) of Annex I to the Art. 8 Delegated Act

Further explanations

As 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. As not all our tyres meet the description of activity 3.6, 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. Thereby, we only assessed tyres that are sold to external customers as separate parts to avoid double counting regarding the turnover allocated to the sale of vehicles.

FAQ no. 7 of the European Commission’s FAQs as of 2 February 2022

With regard to the mandatory disclosures on Taxonomy-aligned KPIs in the next reporting period, we point out that, according to our current assessment, we expect that only 8-12% of our turnover might meet the respective technical screening criteria and, thus, might also qualify as Taxonomy-aligned.

This is a voluntary disclosure based on a preliminary assessment of the technical screening criteria, that may change in the future. We provide this information for transparency purposes only.

Note

It should be noted that the information above about Taxonomy-alignment is not required for the reporting period 2021, but could be useful to meet expectations of users.

Sect. 1.2.3 of Annex I to the Art. 8 Delegated Act

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

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 Sect. 1.2.3 of Annex I to the Art. 8 Delegated Act.

Table 6 – Turnover KPI for share in joint ventures and associates

	Total (mEUR)	Proportion of Taxonomy-eligible economic activities (in %)	Proportion of Taxonomy-non-eligible economic activities (in %)
Share of turnover of entities under equity method	700	95%	5%

We think that this additional turnover KPI is relevant to the users of our consolidated non-financial statement as 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 climate change mitigation. For this reason, the proportion of Taxonomy-eligible economic activities in our share of turnover resulting from these entities is higher than our mandatory Taxonomy-eligible turnover KPI.

Note

When non-financial undertakings disclose additional KPIs in accordance with Annex I to the Art. 8 Delegated Act or when 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 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

The Capex KPI is defined as Taxonomy-eligible 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 re-measurements, 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, as it is

Sect. 1.2.1 (a), (b) of Annex I to the Art. 8 Delegated Act

not defined as an intangible asset in accordance with IAS 38. For further details on our accounting policies regarding our Capex, cf. page xxx of our Annual Report 2021.

Note

The Capex definition needs to be adapted to the actual Capex, e.g. 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 (cf. Art. 8 (1) of the Art. 8 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-eligible economic activities (“category a”):

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

- machinery for the production process of our vehicles and Taxonomy-eligible vehicle components (certain tyres),
- the corresponding share of our production buildings,
- the battery production facilities (all batteries built into our vehicles) and
- the wind power/PV plants (insofar as the energy is used for our manufacturing process).

For our vehicle financing and leasing business (activity 6.5) we have a dedicated office building and IT-systems.

Capex related to corporate assets such as our headquarter building and Capex related to our Taxonomy-non-eligible activities (cf. use of allocation keys below) have not been included in this category.

- b) Capex that are part of a plan to upgrade a Taxonomy-eligible economic activity to become Taxonomy-aligned or to expand a Taxonomy-eligible economic activity (“category b”):

For the former category (“upgrade plan”) an assessment of the Taxonomy-alignment of our activities is necessary. As for the reporting period 2021 we only report on Taxonomy-eligible economic activities, we have not prepared an upgrade plan.

For the latter category (“expansion plan”) we report all Capex incurred in the 2021 reporting period that are part of a plan to expand our Taxonomy-eligible economic activities (in particular the construction of a new plant in Mexico; cf. page xxx of our Annual Report 2021). Starting from the next reporting period, we will make the disclosures required under Sect. 1.2.3.1 of Annex I to the Art. 8 Delegated Act, provided we have plans to expand Taxonomy-aligned economic activities by then.

Note

FAQ no. 11 of the European Commission’s FAQs as of 2 February 2022 remains silent on the requirements of an upgrade or expansion plan in the context of Taxonomy-eligibility reporting. This applies in particular to the question of whether such a plan must meet the conditions specified in the second subparagraph of Sect. 1.1.2.2 of Annex I to the Art. 8 Delegated Act analogously with respect to Taxonomy-eligibility (e.g. disclosure of the plan). In our view, undertakings have considerable judgement in this respect and must make a policy choice. They should make their policy transparent.

- c) Capex related to the purchase of output from Taxonomy-eligible economic activities and individual measures enabling certain target activities (usually our non-eligible activities) to become low-carbon or to lead to greenhouse gas reductions ("category c"). They are also considered as Taxonomy-eligible Capex when the purchased output/individual measure meets the description of its respective economic activity (cf. further explanations below).

Reconciliation

Sect. 1.2.1 second subparagraph of Annex I to the Art. 8 Delegated Act

Our total Capex can be reconciled to our consolidated financial statements, cf. pages xxx of our Annual Report 2021 ("<<table on changes in intangible assets, in right-of-use assets, in PPE, 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

Sect. 1.2.1 of Annex I to the Art. 8 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, e.g. because the changes in the scope of consolidation are shown netted, a reconciliation statement is required.

Further explanations

Sect. 1.2.1 (b) and 1.2.2.3 of Annex I to the Art. 8 Delegated Act

Allocation keys

At sites where both Taxonomy-eligible and Taxonomy-non-eligible economic activities are carried out (mixed sites), the Taxonomy-eligible portion of Capex is determined on the basis of plant occupancy or number of produced tyres related to the Taxonomy-eligible economic activities to appropriately reflect our production process. Capex for our eligible banking business (mainly investments into our office building and IT-systems) is defined using an appropriate turnover-based allocation key. Capex for the revenue-generating portion of our electricity generation facilities is determined based on the share of electricity that is fed into the energy grid.

Individually Taxonomy-eligible Capex

The numerator of the Capex KPI also includes those Capex that are related to the purchase of output from Taxonomy-eligible economic activities and certain individual measures enabling the target activities to become low-carbon or to lead to greenhouse gas reductions. These individual measures correspond to economic activities listed in the delegated acts supplementing the Taxonomy Regulation (i.e. Climate Delegated Act as of today) and must be implemented and operational within 18 months. The related Capex is Taxonomy-eligible if it qualifies as the purchase of an output of a Taxonomy-eligible activity or as an individual measure to improve energy efficiency that meets the description of its corresponding economic activity in the Climate Delegated Act.

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 7 - Individually Taxonomy-eligible Capex/Opex and the corresponding economic activities

Description of the individually Taxonomy-eligible purchased output/measure	Corresponding economic activity (Annex I to Climate Delegated Act)
All 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	7.3 Installation, maintenance and repair of energy efficiency equipment
Our acquisition and ownership of buildings (i.e. 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 from external service providers (non-capitalised lease costs)	8.1 Data processing, hosting and related activities

Sect. 1.2.2.1 (c) of Annex I to the Art. 8 Delegated Act

In order to avoid double counting in the Capex KPI (and Opex KPI), we counted those Capex (Opex) related to purchased outputs and individual measures that we already considered under “category a” (i.e. Capex (Opex) related to assets or processes that are associated with Taxonomy-eligible economic activities, notably our production buildings, our offices for our vehicle financing activities and data processing and hosting services) only once.

FAQ no. 7 of the European Commission’s FAQs as of 2 February 2022

With regard to the mandatory disclosures on Taxonomy-aligned KPIs in the next reporting period, we point out that, according to our current assessment, we expect that only 5-10% of our investments in buildings and building renovation measures might meet the respective technical screening criteria and, thus, might also qualify as Taxonomy-aligned.

This is a voluntary disclosure based on a preliminary assessment of the technical screening criteria. Our assessment may change in the future. We provide this information for transparency purposes only.

Note

It should be noted that the information above about Taxonomy-alignment is not required for the reporting period 2021, but could be useful to meet expectations of users.

Opex KPI

Definition

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

Sect. 1.2.1 (a), (b) of Annex I to the Art. 8 Delegated Act

Total Opex consists of direct non-capitalised costs that relate to research and development, building renovation measures, short-term lease, maintenance and repair, and any other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment. This includes:

- Research and development expenditure recognised as an expense during the reporting period in our income statement (cf. page xx of our Annual Report 2021). In line with our consolidated financial statements (IAS 38.126), 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 (cf. page xx of our Annual Report 2021). Even though low-value leases are not explicitly mentioned in the Art. 8 Delegated Act, we have interpreted the legislation as to include these leases.
- Maintenance and repair and other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment were determined based on the maintenance and repair costs allocated to our internal cost centers. 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.

Sect. 1.2.3.3 (c) of Annex I to the Art. 8 Delegated Act

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 machine, electricity or fluids that are necessary to operate PP&E.

Direct costs for training and other human resources adaptation needs are excluded from the denominator and the numerator. This is because Annex I to Art. 8 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 of personnel cost. 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.

Appendix

In this appendix, we provide a checklist that contains all the disclosure requirements accompanying the KPIs of non-financial undertakings pursuant to Sect. 1.2 of Annex I to the Art. 8 Delegated Act to show which of these requirements are in principle applicable for the reporting period 2021.

From 1 January 2022 until 31 December 2022, i.e. for the reporting period 2021, non-financial undertakings only disclose the qualitative information referred to in Sect. 1.2 of Annex I to the Art. 8 Delegated Act that is relevant for the reportable KPIs. We have marked in the right-hand column all disclosures that are in principle eligible for fulfilling these simplified reporting requirements pursuant to Art. 10 (2) of the Art. 8 Delegated Act. This information therefore does not refer to a specific non-financial undertaking, nor to the illustrative example of Automotive SE. Each non-financial undertaking must check on its own responsibility which disclosure requirements have to be fulfilled to comply with the simplified reporting obligations.

Legend

✓	Applicable for the simplified reporting (reporting period 2021)
n/a	Not applicable for the simplified reporting, e.g. because it is a quantitative disclosure or the disclosure is aimed at Taxonomy-alignment or requires a comparison with the previous year

References in the checklist below refer to Annex I to the Art. 8 Delegated Act.

Disclosure Checklist	Applicable for the simplified reporting (reporting period 2021)
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.	n/a
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;	n/a
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;	n/a
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	n/a
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	n/a
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;	n/a
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)	n/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;	n/a
16	(b) disclose the turnover from that activity as contributing to several environmental objectives;	n/a
17	(b) disclose the CapEx from that activity as contributing to several environmental objectives;	n/a
18	(b) disclose the OpEx from that activity as contributing to several environmental objectives;	n/a
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.	✓ (no specific disclosure)
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;	✓ (no specific disclosure)
21	(b) appropriate information accompanying the KPIs about the basis of such disaggregation is provided.	✓ (if applicable)
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.	optional disclosure
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;	n/a
24	(b) information about the amounts related to Taxonomy-aligned activities pursued for non-financial undertakings' own internal consumption;	n/a

25	(c) a qualitative explanation of key elements of change in the turnover KPI during the reporting period.	n/a
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.	n/a
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;	n/a
28	(b) an aggregation of additions related to acquisitions through business combinations;	n/a
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.	n/a
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;	✓ (if applicable)
31	(b) the economic activities concerned;	✓ (if applicable)
32	(c) research, development and innovation activities concerned, where relevant;	✓ (if applicable)
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;	✓ (if applicable)

34	(e) the total capital expense expected to be incurred during the reporting period and during the period of time of the CapEx plans	✓ (if applicable)
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.	n/a
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;	n/a
37	(b) a qualitative explanation of the key elements of change in OpEx KPI during the reporting period;	n/a
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.	✓ (if applicable)

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