



## Report of Independent Accountants

To the Board of Directors of Tesla, Inc.

We have reviewed the accompanying Tesla, Inc. (Tesla) management assertion that the greenhouse gas (GHG) emissions metrics for the year ended December 31, 2021 in management's assertion are presented in accordance with the assessment criteria set forth in management's assertion. Tesla's management is responsible for its assertion and for the selection of the criteria, which management believes provide an objective basis for measuring and reporting on the GHG emissions metrics. Our responsibility is to express a conclusion on management's assertion based on our review.

Our review was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants (AICPA) in AT-C section 105, *Concepts Common to All Attestation Engagements*, and AT-C section 210, *Review Engagements*. Those standards require that we plan and perform the review to obtain limited assurance about whether any material modifications should be made to management's assertion in order for it to be fairly stated. The procedures performed in a review vary in nature and timing from, and are substantially less in extent than, an examination, the objective of which is to obtain reasonable assurance about whether management's assertion is fairly stated, in all material respects, in order to express an opinion. Accordingly, we do not express such an opinion. Because of the limited nature of the engagement, the level of assurance obtained in a review is substantially lower than the assurance that would have been obtained had an examination been performed. We believe that the review evidence obtained is sufficient and appropriate to provide a reasonable basis for our conclusion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements related to the engagement.

Our firm applies the Statements on Quality Control Standards established by the AICPA and, accordingly, maintains a comprehensive system of quality control.

The procedures we performed were based on our professional judgment. In performing our review, we performed inquiries, performed tests of mathematical accuracy of computations on a sample basis, read relevant policies to understand terms related to relevant information about the GHG emissions metrics, reviewed supporting documentation in regard to the completeness and accuracy of the data in the GHG emissions metrics on a sample basis, and performed analytical procedures.

GHG emissions quantification is subject to significant inherent measurement uncertainty because of such things as GHG emissions factors that are used in mathematical models to calculate GHG emissions, and the inability of these models, due to incomplete scientific knowledge and other factors, to accurately measure under all circumstances the relationship between various inputs and the resultant GHG emissions. Environmental and energy use data used in GHG emissions calculations are subject to inherent limitations, given the nature and the methods used for measuring such data. The selection by management of different but acceptable measurement techniques could have resulted in materially different amounts or metrics being reported.

As discussed in management's assertion, Tesla has estimated GHG emissions for certain emissions sources for which no primary usage data is available.

Based on our review, we are not aware of any material modifications that should be made to Tesla's management assertion in order for it to be fairly stated.

San Jose, California  
May 5, 2022

## Management Assertion Scope 1 & 2 GHG Emissions

### Overview

With respect to the greenhouse gas (GHG) emissions metrics for the year ended December 31, 2021 presented in table 2 below, which are also included in this Tesla Impact Report 2021 as identified by the “e” symbol, management of Tesla, Inc. (Tesla) asserts that the GHG emissions metrics are presented in accordance with the assessment criteria set forth below.

Management is responsible for the selection of the criteria, which management believes provide an objective basis for measuring and reporting on the GHG emissions metrics, and for the completeness, accuracy, and validity of the GHG emissions metrics. Tesla’s GHG emissions are rounded to the nearest thousand.

### Organizational Boundary

Tesla uses the operational control approach to account for and report its Scope 1 and Scope 2 GHG emissions. This includes sites engaged in manufacturing; sales, service, and delivery; and other activities described below. Data for acquired sites are included once the site has been operating for at least a year at the beginning of the reporting period.

**Table 1: Description of Tesla Sites**

Site Type	Site Activities
Manufacturing	Manufacture Tesla products, including vehicles, superchargers, solar tiles, and energy storage products. Support manufacturing through the design and manufacture of equipment and tools used at manufacturing sites or by storing manufacturing materials, parts, or finished products.
Sales, Service, and Delivery (SSD)	Sell products, provide vehicle service, store parts for vehicle service, and deliver vehicles.
Other	Conduct research & development, administration, energy product warehousing and deployment, and other mixed-use warehousing.

**Table 2: Metrics – GHG Emissions**

GHG Emissions and Assessment Criteria <sup>1,2,3</sup>	Quantity
Scope 1 GHG Emissions <sup>4</sup>	185,000 Metric Tons CO <sub>2</sub> e
Direct GHG emissions occurring from stationary combustion, mobile combustion, and process emissions.	
Scope 2 GHG Emissions (location-based) <sup>5</sup>	403,000 Metric Tons CO <sub>2</sub> e
Indirect GHG emissions from the generation of electricity purchased by Tesla for site operations.	

### GHG Emissions Disclosure

1. Tesla considers the principles and guidance of the World Resources Institute (WRI) and the World Business Council for Sustainable Development’s (WBCSD) Greenhouse Gas Protocol Initiative’s A Corporate Accounting and Reporting Standard, Revised Edition, and GHG Protocol Scope 2 Guidance, An amendment to the GHG Protocol Corporate Standard (together the “GHG Protocol”) to guide the criteria to assess, calculate and report direct and indirect GHG emissions.
2. GHG emissions quantification is subject to significant inherent measurement uncertainty because of such things as GHG emissions factors that are used in mathematical models to calculate GHG emissions, and the inability of these models, due to incomplete scientific knowledge and other factors, to accurately measure under all circumstances the relationship between various inputs and the resultant GHG emissions. Environmental and energy use data used in GHG emissions calculations are subject to inherent limitations, given the nature and the methods used for measuring such data. The selection by management of different but acceptable measurement techniques could have resulted in materially different amounts or metrics being reported.

## Management Assertion Scope 1 & 2 GHG Emissions

### GHG Emissions Disclosure (cont.)

3. Carbon dioxide equivalent (CO<sub>2</sub>e) emissions are inclusive of carbon dioxide (CO<sub>2</sub>), nitrous oxide (N<sub>2</sub>O), methane (CH<sub>4</sub>), and industrial gases such as hydrofluorocarbons (HFCs), and sulfur hexafluoride (SF<sub>6</sub>). Perfluorocarbons (PFCs) and nitrogen trifluoride (NF<sub>3</sub>) are not emitted by Tesla's sites. These carbon dioxide equivalent emissions utilize Global Warming Potentials (GWPs) defined by the Intergovernmental Panel on Climate Change's (IPCC) Fifth Assessment Report (AR5 – 100 year) unless a different Assessment Report is already embedded in the emission factor source. Carbon dioxide equivalent emissions are calculated by multiplying actual or estimated energy and fuel usage by the relevant emission factor taking into account the equivalent GWP. All emission factors are updated annually where applicable.

## Management Assertion Scope 1 & 2 GHG Emissions

### GHG Emissions Disclosure (cont.)

4. Related to Scope 1 GHG emissions:
  - Stationary combustion (natural gas):
    - Combustion from stationary equipment and machinery at all Tesla sites.
    - Global natural gas usage data was collected from monthly utility invoices obtained from third-party providers.
    - If monthly usage data was not available, Tesla estimated the natural gas usage by determining an annual natural gas usage rate per square foot based on actual 2021 monthly natural gas usage data for sites in a similar geographic location and type of site. This rate was then multiplied by the square footage of the site building space.
    - Emission factors: United States (U.S.) Environmental Protection Agency (EPA) Emission Factors for Greenhouse Gas Inventories 2022.
  - Stationary and mobile combustion (propane, diesel, and gasoline):
    - Combustion from emergency and portable generators, powered industrial vehicles (e.g., forklifts), temporary space heaters, and other portable equipment (e.g., landscaping equipment) at manufacturing sites.
    - Propane, diesel, and gasoline usage data was collected from invoices and fuel reports obtained from third-party providers.
    - Emission factors: U.S. EPA Emission Factors for Greenhouse Gas Inventories 2022.
  - Fleet mobile combustion (diesel and gasoline):
    - Combustion from the operation of Tesla's on-road and non-road vehicles (i.e., Tesla's global fleet).
    - Diesel and gasoline usage (volume) from Tesla's global fleet was collected from fuel cards issued by Tesla's fleet management partner. Vehicle miles driven by Tesla on-road vehicles was collected from odometer readings and driver logs.
- Tesla classified vehicles in its global fleet by type: diesel medium and heavy-duty vehicles, diesel light-duty trucks, gasoline passenger cars, gasoline light-duty trucks, gasoline heavy-duty vehicles, and non-road industrial/commercial equipment. Temporary fleet additions for operational use were categorized as 'other', for which only CO<sub>2</sub> emissions are calculated, because Tesla does not have detailed information on what type of vehicles were rented and miles driven.
- CO<sub>2</sub> emissions were calculated by multiplying the relevant emission factor by the volume of diesel and gasoline used by Tesla's on-road and non-road vehicles for the year ended December 31, 2021.
- CH<sub>4</sub> and N<sub>2</sub>O emissions were calculated by multiplying the relevant emission factor (depending on vehicle type and age) by the miles driven by Tesla's on-road vehicles, and by the volume of diesel and gasoline used by Tesla's non-road vehicles, for the year ended December 31, 2021.
- Emission factors: U.S. EPA Emission Factors for Greenhouse Gas Inventories 2022.
- Process emissions (Gigafactory Nevada lithium-ion battery cell recycling plant):
  - Emissions from processing manufacturing scrap lithium-ion cells at the Gigafactory Nevada cell recycling plant.
  - The quantity of manufacturing scrap processed was collected from Tesla's cell recycling plant operations team. The concentration of CO<sub>2</sub> and CH<sub>4</sub> in emissions (emission rates) were measured during two emissions source tests. GHG emissions were calculated by multiplying the quantity of manufacturing scrap processed, as recorded by the recycling plant operations team, by the CO<sub>2</sub> and CH<sub>4</sub> emission rates developed based on emissions source tests.
  - Estimated emissions from the sources above account for approximately 10% of Scope 1 GHG emissions.
- Excluded Scope 1 GHG emissions: Tesla excluded the following sources of GHG emissions which are estimated to represent less than 5 percent of Tesla's reported Scope 1 GHG emissions:
  - GHG emissions resulting from propane, diesel, and gasoline combustion at Tesla sites not engaged in manufacturing.
  - GHG emissions from refrigerant loss to the atmosphere.
  - GHG emissions from emergency stabilization of damaged and potentially damaged lithium-ion cells.
  - GHG emissions resulting from the chemical reaction of two-part polyurethane adhesives

## Management Assertion Scope 1 & 2 GHG Emissions

### GHG Emissions Disclosure (cont.)

5. Related to Scope 2 GHG emissions (location-based):
  - GHG emissions from the generation of electricity purchased by Tesla for site operations. For sites that include Superchargers (electric vehicle fast charging stations), Tesla did not include electricity procured for customer use through the Supercharger stations as those emissions are included in Scope 3, Category 11 Use of Sold Products.
  - Global electricity usage data was collected from monthly utility invoices obtained from third-party providers.
  - The WRI and WBSCD issued additional guidance for Scope 2 emissions in 2015 (in GHG Protocol Scope 2 Guidance, An amendment to the GHG Protocol Corporate Standard), which sets forth reporting under both location-based and market-based methodologies, where the prior version of the GHG Protocol only addressed a location-based methodology. The location-based method applies average emission factors that correspond to the grid where the consumption occurs, whereas the market-based method applies emission factors that correspond to energy purchased through contractual instruments. Where contractual instruments were not purchased, the market-based emission factors represent either the residual mix, where available, or the location grid-average factors. This management assertion only includes Tesla's location-based Scope 2 GHG emissions as Tesla is continuing to implement its processes to measure and report its market-based Scope 2 GHG emissions.
  - Emission factors:
    - Canada: Environment Canada. 2019 National inventory report: greenhouse gas sources and sinks in Canada.
    - United Kingdom (UK): UK database published by the Department for Environment Food & Rural Affairs (DEFRA) 2022.
    - U.S. EPA Emission Factors for Greenhouse Gas Inventories 2022.
    - All other countries: International Energy Agency (IEA) Emissions Factors 2021.
- Estimated emissions from the source above account for approximately 5% of Scope 2 GHG emissions.
- Excluded Scope 2 GHG Emissions: Tesla excluded the following sources of GHG emissions which are estimated to represent less than 5 percent of Tesla's reported Scope 2 GHG emissions:
  - District heating and cooling.

## Appendix

Except as otherwise noted, this report covers Tesla, Inc.'s fiscal year 2021, and references to "to date," "currently," or similar expressions reflect information as of December 31, 2021. Our data and methodologies have been collected and reviewed internally using relevant scientific and technical methodologies. Our statements about past occurrences and potential future development are based on data, estimates and assumptions made as of the date of publication. Certain information and data in this report may come from third-party sources and operations outside of our control. Tesla's ESG Sustainability Council actively reviews and updates our methodologies for calculating the metrics set forth in this report. From time to time, data reported for prior periods may change due to improvement in data collection and measurement, new data availability, methodological adjustments or activities related to mergers and acquisitions, and we reserve the right to revisit our prior historical data and estimates to ensure accuracy and make any necessary corrections to our public reporting. Tesla holds no obligation to update any information or statements in this report.

### Forward-Looking Statements

Certain statements in this report, including statements relating to future product development, performance and capability, timelines for the building of new factories and opening of new locations, expected cost savings from local manufacturing and materials recycling operations, the expansion of our Supercharger Network, future environmental sustainability efforts and expected efficiencies, data collection and reporting of results in subsequent Impact Reports are forward-looking statements that are subject to risks and uncertainties. These forward-looking statements are based on management's current expectations. Various important factors could cause actual results to differ materially, including the risks identified in our U.S. Securities and Exchange Commission ("SEC") filings and reports, including the risks identified under the section captioned "Risk Factors" in our quarterly report on Form 10-Q filed with the SEC on July 27, 2021. Tesla disclaims any obligation to update any forward-looking statement contained in this report.