# EU Taxonomy

## The EU Taxonomy Regulation

On July 12, 2020, EU Regulation 2020/852 of the European Parliament and of the Council of June 18, 2020 (the "EU Taxonomy Regulation") entered into force. The EU Taxonomy Regulation establishes the basis for a classification system to determine which economic activities can be considered environmentally sustainable. The EU Taxonomy Regulation is part of the EU's overall efforts to reach the objectives of the European Green Deal, Europe's strategy towards climate neutrality in 2050. The EU Taxonomy Regulation is designed as a transparency tool to help companies and investors make sustainable investment decisions, with the overall purpose to steer financing towards more sustainable economic activities. Pursuant to the EU Taxonomy Regulation, we are required to disclose information on how and to what extent our activities qualify as environmentally sustainable. The EU Taxonomy Regulation is implemented in phases and will further develop over the coming years. Consequently, disclosure obligations under the EU Taxonomy Regulation will enter into force in multiple phases. The EU Taxonomy Regulation effective as per reporting year 2021 is recent legislation and includes additional reporting obligations for financial year 2023 as a result of changes to the EU Taxonomy Delegated Acts (as defined below) and presentation formats.

### Environmental objectives

The EU Taxonomy Regulation defines overarching conditions which an economic activity must meet to be considered environmentally sustainable and focuses on six environmental objectives, being (i) climate change mitigation, (ii) climate change adaptation, (iii) the sustainable use and protection of water and marine resources, (iv) the transition to a circular economy, (v) pollution prevention and control and (vi) the protection and restoration of biodiversity and ecosystems. For these environmental objectives, several delegated acts have been issued containing technical screening criteria ("Taxonomy technical screening criteria"), which specify environmental performance requirements for the economic activities to be classified as environmentally sustainable ("EU Taxonomy Delegated Acts").

On January 1, 2022, the EU Taxonomy Delegated Act on climate change mitigation and climate change adaptation entered into force. The EU Taxonomy Delegated Acts on the other four environmental objectives entered into force on January 1 2024, as well as the amended EU Taxonomy Delegated Acts on climate change mitigation and climate change adaptation (the "Climate Delegated Act").

### Eligibility and alignment

For financial year 2023, as a non-financial undertaking, we have to disclose information on our economic activities which are eligible ("Taxonomy-eligible"), non-eligible ("Taxonomy non-eligible") and aligned ("Taxonomy-aligned") under the EU Taxonomy Regulation.

An economic activity can be considered Taxonomy-eligible when the economic activity is described as such in the relevant EU Taxonomy Delegated Act. To assess whether the relevant economic activity can also be considered Taxonomy-aligned, an additional evaluation must be made to identify if the overarching Taxonomy technical screening criteria are met. Economic activities that are not described in the EU Taxonomy Delegated Acts are considered Taxonomy non-eligible.

## Applicability of the EU Taxonomy Regulation to ST

As a listed company the EU Taxonomy Regulation is applicable to us, and subsequently, we must disclose information on how and to what extent our economic activities are associated with economic activities that qualify as environmentally sustainable under the EU Taxonomy Regulation.

We have taken note of the developments of the EU Taxonomy Delegated Acts relating to the six environmental objectives. We notably screened all the economic activities listed in the EU Taxonomy

Delegated Acts for each environmental objective. Our activities are not described in the EU Taxonomy Delegated Act on the other four environmental objectives and are not included in the additional activities added to the Climate Delegated Act. This assessment did not result in additional disclosures on economic activities included herein compared to our reporting over financial year 2022.

For financial year 2023 in relation to climate change mitigation and climate change adaptation, we hereinafter include disclosure of: (i) Taxonomy-eligible and Taxonomy-aligned economic activities, (ii) Taxonomy-eligible and Taxonomy-non-aligned economic activities, and (iii) Taxonomy non-eligible economic activities within our turnover, capital expenditure and operating expenditure. In addition for financial year 2023, in relation to the four other environmental objectives, we hereinafter include disclosure of Taxonomy non-eligible economic activities within our turnover, capital expenditure and operating expenditure.

The following disclosures pursuant to the EU Taxonomy Regulation are based on the most recent interpretations of the EU Taxonomy Regulation as published by the European Commission. Acknowledging that the EU Taxonomy Regulation is still under development and its interpretation and application is evolving, our disclosure approach under the EU Taxonomy Regulation might consequently evolve accordingly.

## Environmentally sustainable activities

Under the EU Taxonomy Regulation an economic activity is considered environmentally sustainable ("EU Taxonomy-aligned") if it meets the following conditions:

1. provides a substantial contribution to one of the six above-mentioned environmental objectives by complying with Taxonomy technical screening criteria;
2. does not significantly harm any of the other environmental objectives (i.e. does not support one environmental objective at the expense of progress on another environmental objective) ("DNSH"); and
3. complies with internationally recognized minimum safeguards (e.g. OECD Guidelines for Multinational Enterprises, UN Guiding Principles on Business and Human Rights) ("MSS").

We assessed our economic activities against the EU Taxonomy Regulation classification system in various steps, amongst others: (i) identifying the economic activities relevant for the EU Taxonomy Regulation disclosure, (ii) performing a Taxonomy-eligibility assessment based on the relevant EU Taxonomy Delegated Act, and (iii) assessing Taxonomy-alignment of the economic activities. For the disclosure of Taxonomy-eligibility and Taxonomy-alignment we assessed the proportion of our turnover, capital expenditure and operating expenditure, related to environmentally sustainable activities.

## Enabling economic activity

We believe that the semiconductor industry plays a key role as a strategic enabler of a low carbon society as well as to manage the transition towards carbon neutrality. As part of our value proposition, we aim at designing and manufacturing products that are power efficient and support our customers in developing technologies that have low carbon footprint. Low carbon applications such as electric mobility, renewable energies, smart cities, or smart building have been and remain strategic markets for us. We are a market leader in the design and manufacturing of power solutions and motor control enabling products, in which there are ample opportunities for short-term impact on greenhouse gas emissions. We are also a market leader in terms of ultra-low power ICs such as sensors or microcontrollers.

While some sectors contribute directly to climate change mitigation and climate change adaptation, we, as an intermediate product manufacturer, enable "the manufacturing of low-carbon technologies", which activity is also covered by the EU Taxonomy Regulation classification system. Our activities which aim at contributing to climate change mitigation and climate change adaptation, are the manufacturing of electronic components that enable other sustainable economic activities and applications. The relevant EU Taxonomy Delegated Act lists economic activities that may be considered Taxonomy-eligible based on associated so-called NACE codes. For our Taxonomy-eligibility we report on NACE code 26: "Manufacture of computer, electronic and optical products"; and NACE code 26.11: "Manufacture of electronic components". NACE code 26.11 is considered relevant for the semiconductor market as confirmed in the guidance published on the interpretation of the EU Taxonomy Regulation by the European Commission in October 2022. For financial year

2023, we therefore continue reporting under section 3.6 of the EU Taxonomy Delegated Act on Manufacture of low carbon technologies.

### Our EU Taxonomy-eligibility assessment

In our Taxonomy-eligibility assessment we identified all our products, which aim at contributing substantially to climate change mitigation. These products are divided into the following four product categories: (i) products that have a low carbon manufacturing footprint compared to similar products of a previous generation, (ii) products that have low power consumption or low power loss characteristics compared to similar products manufactured by us or others, (iii) products that bring an advantage to run a low greenhouse gas emission end application or (iv) products that bring an advantage to improve efficiency of high greenhouse gas emitting end applications.

With regard to climate change adaptation, we constantly assess how our products could contribute to climate change adaption and potentially qualify under the relevant EU Taxonomy criteria. Capital expenditure related to the implementation of climate change adaptation solutions is less than 1% of our total capital expenditure as reported in Notes 7.6.10, 7.6.11 and 7.6.12 of our consolidated financial statements for the year ended December 31, 2023 (see Annual and semi-annual reports – STMicroelectronics NV on **www.st.com** ).

## EU Taxonomy reporting – Taxonomy-eligible economic activities related to climate change mitigation

Our approach towards application of the EU Taxonomy Regulation for the relevant KPIs: turnover, capital expenditure and operating expenditure for EU Taxonomy reporting purposes is reflected below.

### Turnover of Taxonomy-eligible economic activities

In our Taxonomy-eligibility assessment all our product lines have been reviewed. Products falling into one of the four product categories referenced above are considered Taxonomy-eligible and we have included the relevant turnover generated from those products in the Taxonomy turnover calculation.

This assessment resulted in a turnover of Taxonomy-eligible economic activities amounting to 40% of our total revenues reported for the financial year 2023, whereby the denominator is based on our total revenues as reported on the consolidated income statement for the year ended December 31, 2023, while the numerator is based on the total net turnover of our products considered as Taxonomy-eligible. This is to compare to 38% for the financial year 2022, following product portfolio evolution.

### Capital expenditure of Taxonomy-eligible economic activities

To determine the Taxonomy-eligible portion of our capital expenditure the following has been taken into account:

- investments in our technologies, which have been directly associated with Taxonomy-eligible product lines based on our capital expenditure plan for each technology;
- individual measures, such as investments for our carbon neutrality program or investments related to energy efficiency of our processes;
- investments related to IP or licenses or capitalized development costs, which have been classified as Taxonomy-eligible based on the relevant product line; and
- lease of buildings and equipment which have been considered as fully or partially Taxonomy-eligible.

For determining the Taxonomy-eligible portion of the capital expenditure, the denominator is determined based on the 2023 additions to property, plants and equipment (including rights of use for leased assets), intangible assets (including capitalized development costs), as reported in Notes 7.6.10, 7.6.11 and 7.6.12 of our consolidated financial statements for the year ended December 31, 2023 (see Annual and semi-annual reports – STMicroelectronics NV on **www.st.com** ).

Furthermore, the numerator equals the part of the capital expenditure (including IFRS 16 leases) related to assets or processes that (i) are associated with Taxonomy-eligible economic activities, (ii) are part of a capital expenditure plan to expand Taxonomy-eligible economic activity, and (iii) are individual measures enabling economic activities to become low-carbon or to lead to greenhouse gas reduction.

This results in a capital expenditure of Taxonomy-eligible economic activities amounting to 48% of our total capital expenditure for the financial year 2023, higher than the ratio published for the financial year 2022 (46%). This growth is primarily driven by a more granular and wider coverage of our investments review.

### Operating expenditure of Taxonomy-eligible economic activities

For determining the operating expenditure of Taxonomy-eligible economic activities, the denominator is determined based on R&D expenses, as reported in our consolidated income statement for the year ended December 31, 2023, after deducting depreciation and amortization, certain expenses and overheads, which are not directly associated with the development of new products or technologies.

Furthermore, the numerator equals to the part of the operating expenditure included in the denominator that is any of the following: (a) related to assets or processes associated with Taxonomy-eligible economic activities, (b) part of the capital expenditure plan to expand Taxonomy-eligible economic activities. For the numerator, we reviewed each R&D project with the following approach:

- each R&D project linked to a product line classified as Taxonomy-eligible resulted in Taxonomy-eligible operating expenditure; and
- for the remaining R&D projects serving multiple product lines or technologies, we applied relevant allocation keys taking into account, amongst others, the above mentioned Taxonomy-eligible portion of our turnover.

This assessment results in operating expenditure of Taxonomy-eligible economic activities amounting to 47% of our total operating expenditure for the financial year 2023, compared to 35% in 2022. This growth is primarily driven by a more granular and wider coverage of our R&D projects review.

## EU Taxonomy Regulation reporting – Taxonomy-aligned activities related to climate change mitigation

As mentioned above, Taxonomy-alignment implies that the economic activities comply with the following three conditions:

1. providing a substantial contribution to one of the six environmental objectives by complying with the Taxonomy technical screening criteria;
2. complying with the DNSH criteria; and
3. complying with the minimum safeguards criteria.

### Substantial contribution

#### Turnover of environmentally sustainable (Taxonomy-aligned) economic activities

To verify to what extent the turnover is aligned according to the Taxonomy technical screening criteria of the “Substantial contribution to climate change mitigation” from EU Taxonomy Regulation, we apply the principles of the described activity as reflected under 3.6 “Manufacture of other low carbon technologies”: “the economic activity manufactures technologies that are aimed at and demonstrate substantial life-cycle greenhouse gas emission savings compared to the best performing alternative technology/product/solution available on the market”.

In the case of semiconductors, the greenhouse gas reduction can come from both products (supply, manufacturing, end-of life) as from contributions to application impact (usage). Therefore, we have adopted a combined approach to reflect this duality. Firstly, for all our product lines classified as

Taxonomy-eligible on the basis of their low power consumption characteristics or the low manufacturing footprint criteria, life-cycle greenhouse gas emissions have been calculated and compared to a previous generation of products made by us. As a result, the sales of certain products have been excluded from our turnover calculation. For the product lines classified as Taxonomy-eligible on the basis of their contribution in a low or high greenhouse gas emitting end applications, a second assessment has been performed at application level, aiming at qualifying our substantial contribution. We have considered an internal application classification to reflect the overall impact of the semi-conductor on the electricity consumption of the application, hence its implied greenhouse gas emissions. We selected the turnover of our product lines ending in applications considered, as either low greenhouse gas emitting applications (e.g. electric vehicle) or high greenhouse gas emitting but transitional applications (e.g. data center servers), on the basis of the high impact of the semiconductor in the reduction of greenhouse gas emissions during the operating lifetime of the applications.

**Capital expenditure of environmentally sustainable (Taxonomy-aligned) economic activities**

A similar approach as for Taxonomy-eligibility has been adopted to determine the Taxonomy-alignment of our capital expenditure and consistent with the approach defined for the Taxonomy-alignment of the turnover. Notably for the main category related to the investment in our technologies, where the investment supporting product lines aligned as per the turnover approach were included i.e. the ones bringing a key advantage to low or transitional greenhouse gas emitting end applications.

An allocation key derived from the proportion of our aligned investment was applied to building and equipment, and other capital expenditure not directly linked to a product line.

**Operating expenditure of environmentally sustainable (Taxonomy-aligned) economic activities**

A similar approach as for Taxonomy-eligibility has been adopted to determine the Taxonomy-alignment of operating expenditure, and consistent with the approach defined for the Taxonomy-alignment of the capital expenditure. Substantial contribution was determined by either associating the R&D project with a product line, or by applying a relevant ratio of aligned turnover.

## Do No Significant Harm (DNSH)

The second pillar of our approach to Taxonomy-alignment relates to the demonstration that our economic activity does no significant harm to the other five environmental objectives included in the EU Taxonomy Regulation:

- climate change adaptation;
- sustainable use and protection of water and marine resources;
- pollution prevention and control regarding use and presence of chemicals;
- protection and restoration of biodiversity and ecosystems; and
- circular economy.

For each environmental objective, we have designed templates to approach the various sub-criteria in a consistent manner across our activities. Only the pollution prevention and control regarding use and presence of chemicals' objective resulted in the identification of product lines which were not compliant and had a direct negative impact on the Taxonomy-aligned turnover, capital expenditure and operating expenditure KPIs.

**Climate change adaptation**

As mentioned in **Energy and climate change** part, we performed a climate risk and vulnerability assessment together with an external provider to ensure that climate projections are based on state-of-the-art science compared to two scenarios set out by the United Nations Intergovernmental Panel on Climate Change, as required under this DNSH criterion. This assessment covers all relevant ST and partner sites and features a risk analysis (projected evolution of physical risks (natural hazards) as well as an overall vulnerability assessment (aggregated peril-score compiling the overall multi-natural-hazard exposure to future climate). Once finalized, the detailed results (with site specific areas of focus) were communicated to all relevant internal stakeholders at corporate levels. Priority sites were identified based on these results. These sites provided a preliminary view on existing climate change adaptation efforts based on their exposure and will continue working on a more detailed roadmap in terms of climate change adaptation.

The outcome of this analysis confirmed our compliance with the DNSH criterion in connection with climate change adaptation.

**Sustainable use and protection of water and marine resources**

We have completed an environmental assessment for all our manufacturing sites and main R&D centers and have a view at site and corporate levels on the risks associated with the preservation of the water quality and the prevention of water stress. As part of our environmental processes, we have actions plan in place to address the risks identified to ensure that deterioration is avoided.

All our manufacturing sites and several of our key sites of R&D are ISO 14001 certified for our environmental management system. Most manufacturing and R&D sites are EMAS validated.

The outcome of this analysis confirmed our compliance with the DNSH criterion in connection with sustainable use and protection of water and marine resources.

**Pollution prevention and control regarding use and presence of chemicals**

Managing chemical substances and materials used in our manufacturing sites is critical for protecting people, preserving the environment, and complying with legal and customer requirements. Accordingly, for all materials including chemicals and gases entering at any of our sites, a site chemical committee authorizes the use and evaluates the best management solutions, both for new processes and modification of existing processes. In addition, since 1996 we have defined our environment, health and safety regulated substances list detailing the substances, which use is prohibited and those which use is restricted to selected applications only and/or is subject to strict measures (see **Chemicals**).

The review performed for the DNSH assessment was done at substance level in order to evaluate if our activities do not lead to the manufacture, placing on the market or use of the listed substances as reflected in the relevant DNSH – criteria following from the EU Taxonomy Delegated Act. For each of the requirements following from the DNSH-criteria a detailed evaluation was carried out comparing the requirements to the current situation in our manufacturing sites and subcontracted manufacturing activities. This analysis included an assessment of the manufacturing-related raw materials delivered to all our sites. For the financial year 2023, we have considered the updated Appendix of the DNSH pollution leading to an adjustment of our approach compared to the financial year 2022.

A detailed assessment was performed at product line level in order to exclude associated revenues not compliant with the Appendix C paragraphs and to enable consistency with the approach taken for turnover. Notably, exclusions were performed when substances of very high concern were above the threshold as included in Appendix C or when not in compliance with the regulations and directives mentioned in Appendix C. We used the possibility to consider compliance in case there is no technical alternative available on the market and that those substances are used under controlled conditions, only for one substance – Lead – used in our manufacturing process. ST is a member of the Die Attach5 consortium which seeks to standardize solutions for lead-free solders for attaching dies to packages during manufacturing, however at this stage Lead used in the semi-conductor industry does not have currently a suitable alternative available on the market.

The outcome of this analysis confirmed that most of our product lines are compliant with the EU Taxonomy Regulation. However, part of our turnover was excluded notably due to the use of substances of very high concern above the mentioned threshold. Alternatives are constantly being further investigated in our manufacturing processes or products. This may result in adjustment of this assessment and related reporting in the future.

Consistent with the approach defined for the turnover, the investment supporting product lines not compliant with DNSH on pollution prevention were excluded from the Taxonomy-alignment of the capital expenditure and any R&D project linked to a product line not compliant as per the DNSH on pollution prevention was excluded from the Taxonomy-alignment of the operating expenditure.

**Protection and restoration of biodiversity and ecosystems**

We have completed an environmental assessment for all our manufacturing sites and main R&D centers. All the sites have put in place policies on the impact of their activities on the environment and maintain a system to monitor and manage such impact. In addition, we commissioned a specific study from an external provider to provide an assessment on the biodiversity and ecosystems in the areas close to our sites and operations. Our sites were assessed from our front-

end and back-end activities, along with three R&D and design centers. To date, several initiatives have been carried out to protect biodiversity of the areas around our sites (e.g. low mowing or insect hotels). Certain sites have defined biodiversity targets and started the evaluation of the diversity of species in their vicinity.

Based on the outcome of the specific biodiversity and ecosystems study, ongoing efforts are taken at our sites to assess enhanced potential mitigation measures to further protect the environment (see **Biodiversity**).

The outcome of this analysis confirmed our compliance with the DNSH criterion in connection with protection and restoration of biodiversity and ecosystems.

**Circular economy**

We have deployed several actions to promote the reuse and use of secondary raw materials and reused components in manufactured products. Our recycling solution for silicon for example allows avoiding extraction and transportation of silicon. Furthermore, our scrap of silicon is valorized in a foundry where when added to aluminum it is then used in automotive, aeronautics and solar panel manufacturing (see **Waste**).

Our waste management process prioritizes recycling over disposal, in the manufacturing process. Action plans have been defined at site level to increase the recycling rate. These actions are verified during RBA, ISO 14001 or EMAS audits. First actions have been implemented to reduce the packaging, then the remaining waste is compressed and recycled. Several initiatives are in place, for example, some of our wafers and frame packing are returned to suppliers and reused by them, or our carton waste resulting from material packaging is sent for recycling.

Information on and traceability of substances of concern throughout the life cycle of the manufactured products are notably performed through material declaration forms. Our analysis as part of the DNSH pollution prevention also demonstrates our ability to identify the substance present in our processes or in products.

The outcome of this analysis confirmed our compliance with the DNSH criterion in connection with circular economy.

## Minimum Safeguards

The last pillar of the Taxonomy-alignment assessment relates to the compliance with minimum safeguards. We have performed a detailed analysis of the following regulations: the OECD Guidelines for Multinational Enterprises, the United Nations Guiding Principles on Business and Human Rights, 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. Our review also included the EU Charter of Fundamental Rights and the European Pillar of Social Rights. Our financial year 2022 analysis was reviewed and updated for financial year 2023, considering the FAQ published by the European Commission in October 2022 with additional analysis performed on Corruption, Taxation and Fair competition criteria. Our 2023 assessment also took into account the updated version of the OECD guidelines published in 2023.

Our analysis was performed on our own operations based on internal audit (e.g. for taxation), procedures (e.g. corporate labor and human rights), programs (e.g. ST anticorruption program), policies (e.g. speak up policy) and our code of conduct in place. We also assessed our supply chain with a focus on subcontractors and high risk/strategic suppliers (according to the spend level, the nature of the activity, and the geographical location of the supplier) and other business relationships with a focus on our main customers which are RBA members. The analysis was performed and discussed with the relevant experts and senior level stakeholders within ST.

The outcome of this analysis confirmed our compliance with the minimum safeguards.

# Turnover

The proportion of turnover from products associated with Taxonomy-aligned economic activities reached 12% for the financial year 2023, compared to 9% in 2022. The increase is driven by the combined effects of the introduction of a threshold in the Annex C of the DNSH pollution and the wider coverage of life-cycle assessments as described in section 3.4.6.4 of our 2023 Statutory Annual Report, including IFRS Financial Statements, available on investors.st.com .

| | | | | Substantial contribution criteria | | | | | | | DNSH criteria (Do no significant harm) | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Economic activities | Code | Absolute turnover | Proportion of turnover | Climate change mitigation | Climate change adaptation | Water | Pollution | Circular economy | Biodiversity and ecosystems | Climate change mitigation | Climate change adaptation | Water | Pollution | Circular economy | Biodiversity and ecosystems | Minimum Safeguards | Taxonomy-aligned proportion of turnover, 2023 | Taxonomy-aligned proportion of turnover, 2022 | Category (enabling activity) | Category (transitional activity) |
| | | USDm | % | % | % | % | % | % | % | Y/N | Y/N | Y/N | Y/N | Y/N | Y/N | Y/N | % | % | E | T |
| **A. Taxonomy-eligible activities** | | | | | | | | | | | | | | | | | | | | |
| **A.1. Environmentally sustainable activities (Taxonomy-aligned)** | | | | | | | | | | | | | | | | | | | | |
| Manufacture of other low carbon technologies | | 2,095 | 12% | 100% | -% | N/EL | N/EL | N/EL | N/EL | n.a | Y | Y | Y | Y | Y | Y | 12% | 9% | E | |
| Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1) | | 2,095 | 12% | 100% | -% | N/EL | N/EL | N/EL | N/EL | n.a | Y | Y | Y | Y | Y | Y | 12% | 9% | E | |
| **A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)** | | | | | | | | | | | | | | | | | | | | |
| Manufacture of other low carbon technologies | | 4,800 | 28% | | | | | | | n.a | Y | Y | Y | N | Y | Y | | | | |
| Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2) | | 4,800 | 28% | | | | | | | n.a | Y | Y | Y | N | Y | Y | 28% | 29% | | |
| **Total (A.1+A.2)** | | **6,895** | **40%** | | | | | | | | | | | | | | **40%** | **38%** | | |
| **B. Taxonomy-non-eligible activities** | | | | | | | | | | | | | | | | | | | | |
| Turnover of Taxonomy-non-eligible activities | | 10,391 | 60% | | | | | | | | | | | | | | | | | |
| **Total (A+B)** | | **17,286** | **100%** | | | | | | | | | | | | | | | | | |

n.a = not applicable

# Capital expenditure

The proportion of capital expenditure (CapEx) associated with Taxonomy-aligned economic activities reached 17% for the financial year 2023, compared to 12% in 2022. This increase is primarily attributable to our strategic investments in technologies directly linked to Taxonomy-aligned product lines, as outlined in our individual technology CapEx plans.

| | | | | Substantial contribution criteria | | | | | | | DNSH criteria (Do no significant harm) | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Economic activities | Code | Absolute CapEx | Proportion of CapEx | Climate change mitigation | Climate change adaptation* | Water | Pollution | Circular economy | Biodiversity and ecosystems | Climate change mitigation | Climate change adaptation | Water | Pollution | Circular economy | Biodiversity and ecosystems | Minimum Safeguards | Taxonomy-aligned proportion of CapEx, 2023 | Taxonomy-aligned proportion of CapEx, 2022 | Category (enabling activity) | Category (transitional activity) |
| | | USDm | % | % | % | % | % | % | % | Y/N | Y/N | Y/N | Y/N | Y/N | Y/N | Y/N | % | % | E | T |
| **A. Taxonomy-eligible activities** | | | | | | | | | | | | | | | | | | | | |
| **A.1. Environmentally sustainable activities (Taxonomy-aligned)** | | | | | | | | | | | | | | | | | | | | |
| Manufacture of other low carbon technologies | | 733 | 17% | 100% | 0*% | N/EL | N/EL | N/EL | N/EL | n.a | Y | Y | Y | Y | Y | Y | 17% | 12% | E | |
| CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1) | | 733 | 17% | 100% | 0% | N/EL | N/EL | N/EL | N/EL | n.a | Y | Y | Y | Y | Y | Y | 17% | 12% | E | |
| **A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned)** | | | | | | | | | | | | | | | | | | | | |
| Manufacture of other low carbon technologies | | 1,332 | 31% | | | | | | | n.a | Y | Y | Y | N | Y | Y | | | | |
| CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2) | | 1,332 | 31% | | | | | | | n.a | Y | Y | Y | N | Y | Y | 31% | 34% | | |
| **Total (A.1+A.2)** | | **2,065** | **48%** | | | | | | | | | | | | | | **48%** | **46%** | | |
| **B. Taxonomy-non-eligible activities** | | | | | | | | | | | | | | | | | | | | |
| Capex of Taxonomy-non-eligible activities | | 2,195 | 52% | | | | | | | | | | | | | | | | | |
| **Total (A+B)** | | **4,260** | **100%** | | | | | | | | | | | | | | | | | |

(*) due to rounding

# Operating expenditure

The proportion of operating expenditure (OpEx) associated with Taxonomy-aligned economic activities reached 14% for the financial year 2023, compared to 10% in 2022. As per the eligibility ratio, this growth is primarily driven by a more granular and wider coverage of our R&D projects review.

| | | | | Substantial contribution criteria | | | | | | | DNSH criteria (Do no significant harm) | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Economic activities | Code | Absolute OpEx | Proportion of OpEx | Climate change mitigation | Climate change adaptation* | Water | Pollution | Circular economy | Biodiversity and ecosystems | Climate change mitigation | Climate change adaptation | Water | Pollution | Circular economy | Biodiversity and ecosystems | Minimum Safeguards | Taxonomy-aligned proportion of OpEx, 2023 | Taxonomy-aligned proportion of OpEx, 2022 | Category (enabling activity) | Category (transitional activity) |
| | | USDm | % | % | % | % | % | % | % | Y/N | Y/N | Y/N | Y/N | Y/N | Y/N | Y/N | % | % | E | T |
| **A. Taxonomy-eligible activities** | | | | | | | | | | | | | | | | | | | | |
| **A.1. Environmentally sustainable activities (Taxonomy-aligned)** | | | | | | | | | | | | | | | | | | | | |
| Manufacture of other low carbon technologies | | 212 | 14% | 100% | -% | N/EL | N/EL | N/EL | N/EL | n.a | Y | Y | Y | Y | Y | Y | 14% | 10% | E | |
| OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1) | | 212 | 14% | 100% | -% | N/EL | N/EL | N/EL | N/EL | n.a | Y | Y | Y | Y | Y | Y | 14% | 10% | E | |
| **A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)** | | | | | | | | | | | | | | | | | | | | |
| Manufacture of other low carbon technologies | | 519 | 33% | | | | | | | n.a | Y | Y | N | Y | Y | Y | | | | |
| OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2) | | 519 | 33% | | | | | | | n.a | Y | Y | N | Y | Y | Y | 33% | 25% | | |
| **Total (A.1+A.2)** | | **732** | **47%** | | | | | | | | | | | | | | **47%** | **35%** | | |
| **B. Taxonomy-non-eligible activities** | | | | | | | | | | | | | | | | | | | | |
| OpEx of Taxonomy-non-eligible activities | | 840 | 53% | | | | | | | | | | | | | | | | | |
| **Total (A+B)** | | **1,572** | **100%** | | | | | | | | | | | | | | | | | |

n.a = not applicable