

# Impact Report 2021

TESLA



## Foreword on Impact

Current ESG evaluation methodologies are fundamentally flawed. To achieve acutely-needed change, ESG needs to evolve to measure real-world Impact.

## What ESG measures today: Investment Risk

Current environmental, social and governance (ESG) reporting does not measure the scope of positive impact on the world. Instead, it focuses on measuring the dollar value of risk / return.

Individual investors – who entrust their money to ESG funds of large investment institutions – are perhaps unaware that their money can be used to buy shares of companies that make climate change worse, not better.

An obvious example of this is measuring the impact of the automotive industry. One might think that the more electric vehicles an automaker sells, as a percentage of total volumes, the better its ESG score. However, this is not the case. As long as a company continues to slightly decrease emissions of its manufacturing operations while churning out gas-guzzlers, its ESG ratings are likely to go up.

Vehicle use-phase emissions, which represent 80-90% of total automotive emissions (included in Scope 3 of ESG reporting), tend to be misreported due to the use of unrealistic assumptions or not reported at all.

It's easy to see why some oil & gas companies rank higher than Tesla on "Environmental Impact."

*"The most striking feature of the [ESG rating] system is how rarely a company's record on climate change seems to get in the way of its climb up the ESG ladder—or even to factor at all."*

ESG Mirage: Bloomberg Businessweek

## What ESG needs to become: Company Impact

We need to create a system that measures and scrutinizes actual positive impact on our planet, so unsuspecting individual investors can choose to support companies that can make and prioritize positive change.

On the product front, companies should be required to use real-world data wherever remotely feasible and make it clear when estimates are provided instead of real-world figures. An example of this is vehicle "use-phase" emissions, accounting for the vast majority of lifecycle emissions. Automakers' estimates on lifetime vehicle mileage and lifetime fuel consumption vary dramatically and almost never reflect real-world data. Automakers often have access to this data, but they don't disclose it.

When it comes to a company's employees, it is essential that they're treated well, with a system in place to prevent discrimination of any kind, that they have a safe workplace and that they are rewarded appropriately, with significant upside if their employer does well.

Many ESG ratings evaluate: "Does this ESG issue impact the profitability of the company?" We need a system that evaluates: "Does the growth of this company have a positive impact on the world?"

This evolution of ESG needs to be championed by institutional investors, rating agencies, public companies and the general public. As the world needs to strive for a substantial positive impact, we won't be referring to ESG in this report. Instead, we'll talk about Impact.

In 2021, the global fleet of Tesla vehicles, energy storage and solar panels enabled our customers to avoid emitting 8.4 million metric tons of CO<sub>2</sub>e



The 6.8 million metric tons of vehicle CO<sub>2</sub>e savings estimate is based on the net CO<sub>2</sub>e savings during the use-phase of a Tesla vehicle compared to an ICE vehicle with a real-world fuel economy of ~24 mpg (of which 0.9 million metric tons was avoided through annual renewables matching for the global Supercharger network and home charging in California). The 1.6 million metric tons of solar + storage CO<sub>2</sub>e savings estimate is based on CO<sub>2</sub>e avoided through generation of zero-emission electricity from Tesla solar panels, including energy stored and later dispatched from our energy storage products. Geographic distribution of our deliveries (both vehicle and solar), grid mix at the country, state and province level and upstream emissions are reflected in these figures.

# The Future is Electric



## Lifetime fuel consumption and use-phase GHG emissions

30,000 litres (~8,000 U.S. Gallons) of fuel burned per car

70 tons of CO<sub>2</sub>e released into the atmosphere

Burned fossil fuel is **extremely difficult to decarbonize** as carbon capture is not economically viable today



70 MWh of electricity charged per car

30 tons of CO<sub>2</sub> released, assuming current global grid mix

Production and lifetime use of EVs **is possible to decarbonize** using well-established technologies

Battery pack is recycled at the end-of-life and used to build a brand-new battery pack, over and over again.

# More Energy Generation Than Consumption



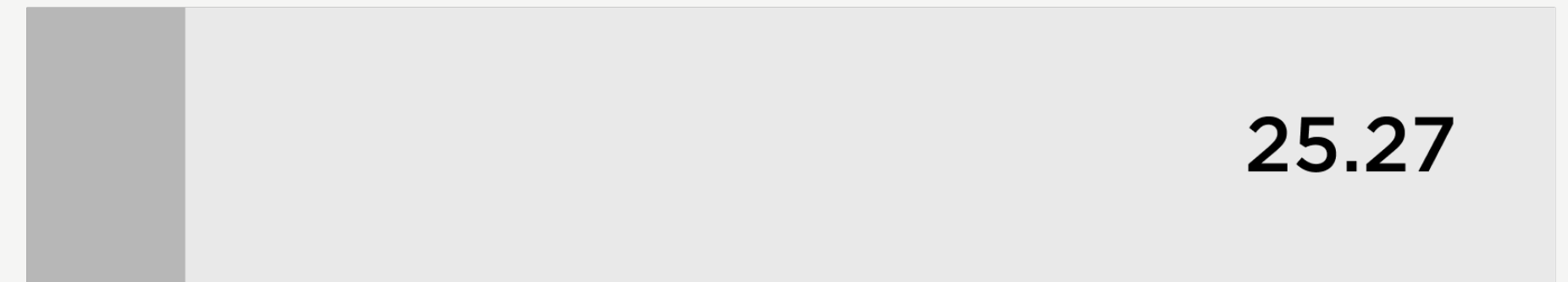
Tesla solar panels have generated more electricity than has been consumed by our vehicles and factories between 2012 and 2021

Tesla Cumulative Net Energy Impact: 2012-2021 (TWh)

Energy Produced  
Tesla Solar Panels



Energy Consumed  
Tesla Factories and Other Facilities



- Energy Used at Tesla Factories and Other Facilities
- Energy Used to Charge All Tesla Vehicles

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## Our Goals

Tesla's purpose is to accelerate the world's transition to sustainable energy.

We strive to be the best on every metric relevant to our mission to accelerate the world's transition to sustainable energy. To maximize our impact, we plan to continue increasing our production volumes and the accessibility of our products. In more concrete terms, this means that by 2030 we are aiming to sell 20 million electric vehicles per year (compared to 0.94 million in 2021) and deploy 1,500 GWh of energy storage per year (compared to 4 GWh in 2021).

If we were to achieve such a vehicle delivery milestone through a consistent growth rate, the total Tesla vehicle fleet would surpass tens of millions of vehicles by 2030, and each of those vehicles could save tons of CO<sub>2</sub>e emissions every year of usage.

Furthermore, each product we make must be continuously improved at each step of its lifecycle: from manufacturing to consumer use to recycling.

We must also improve every metric, including the energy and water used to make our products, how safe our customers and employees are and the affordability and accessibility of our products. Each of these themes will be covered in this year's Impact Report.

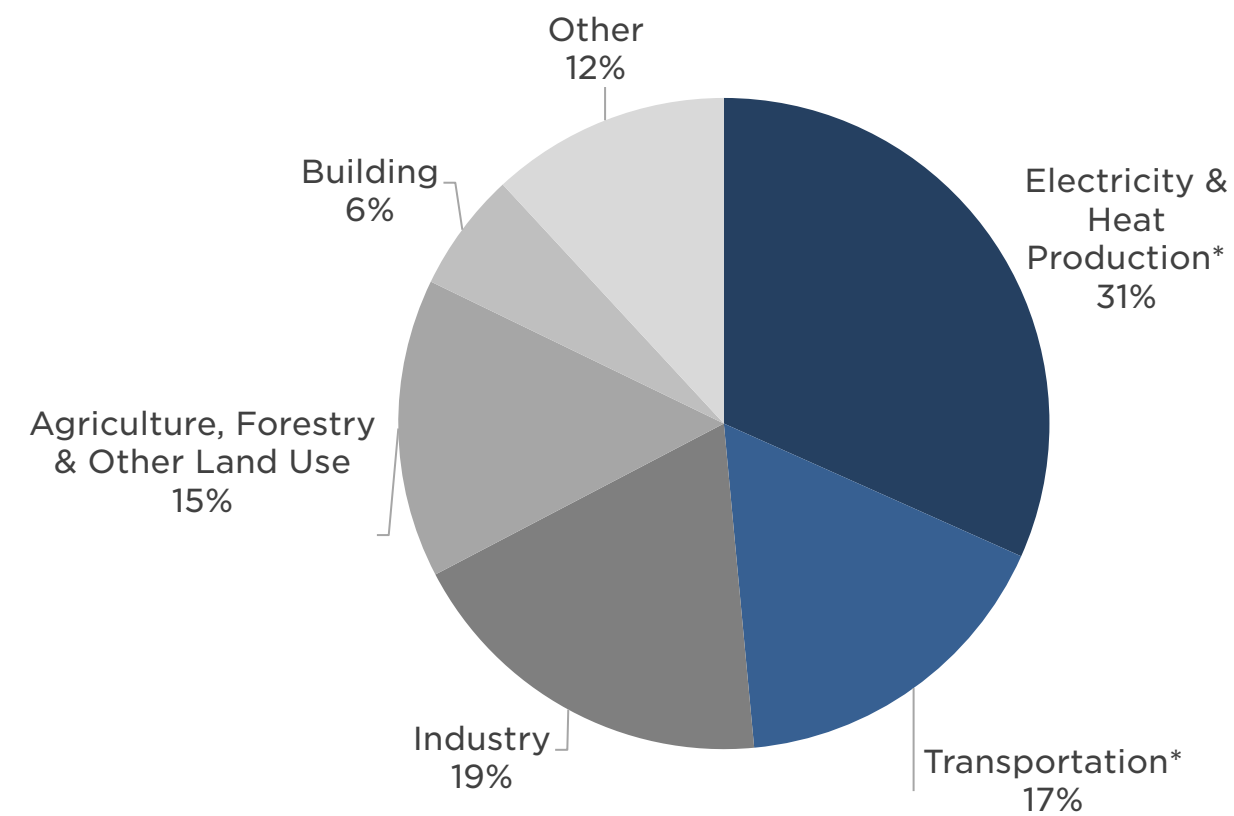


## Making an Impact Mission and the Tesla Ecosystem

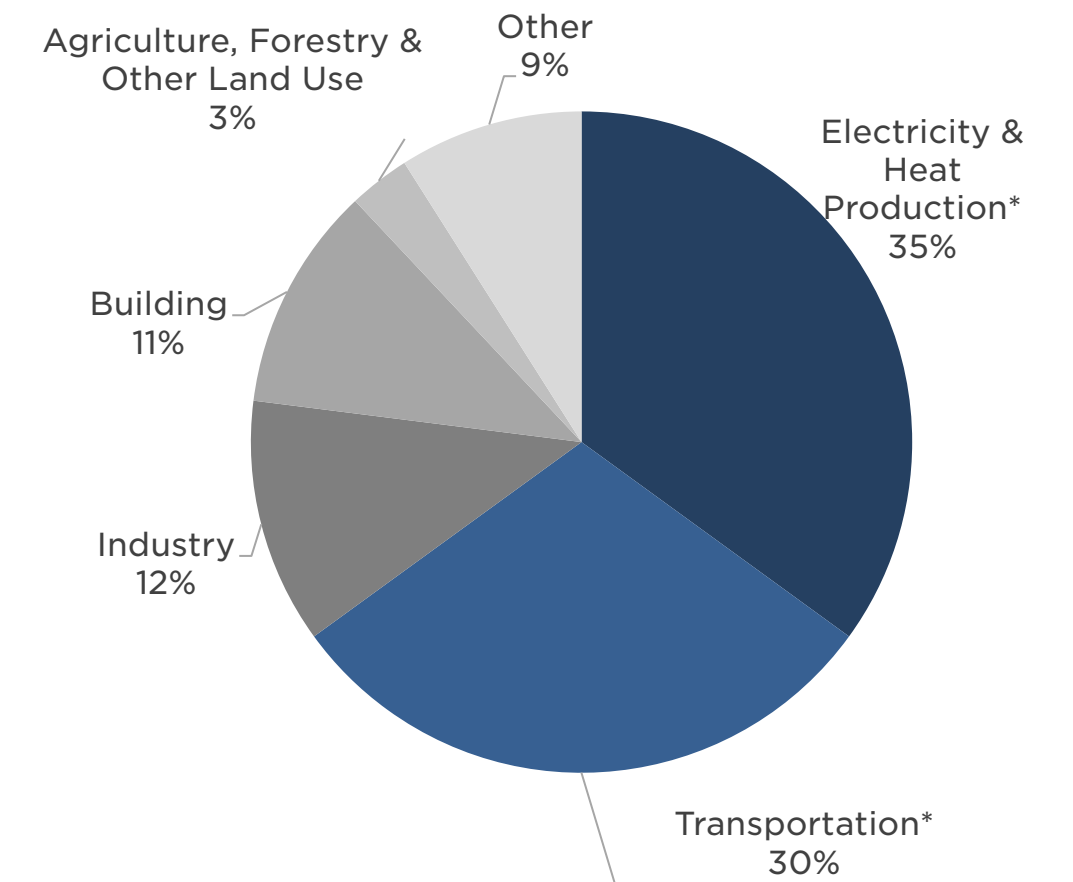
Sustainability drives us. And not just our products — it drives our values and mission as a company. It's at the core of everything we do and is what motivates us in our work. It also matters greatly to our customers, employees and shareholders. Our products and services are focused on transportation, energy production and storage — each of which have traditionally been some of the biggest polluters both in the U.S. and globally.

To achieve a zero-emissions future, we continue to implement programs and initiatives at our global manufacturing facilities and in our local communities.

Global  
Greenhouse Gas (GHG) Emissions  
by Economic Sector



U.S.  
Greenhouse Gas (GHG) Emissions  
by Economic Sector





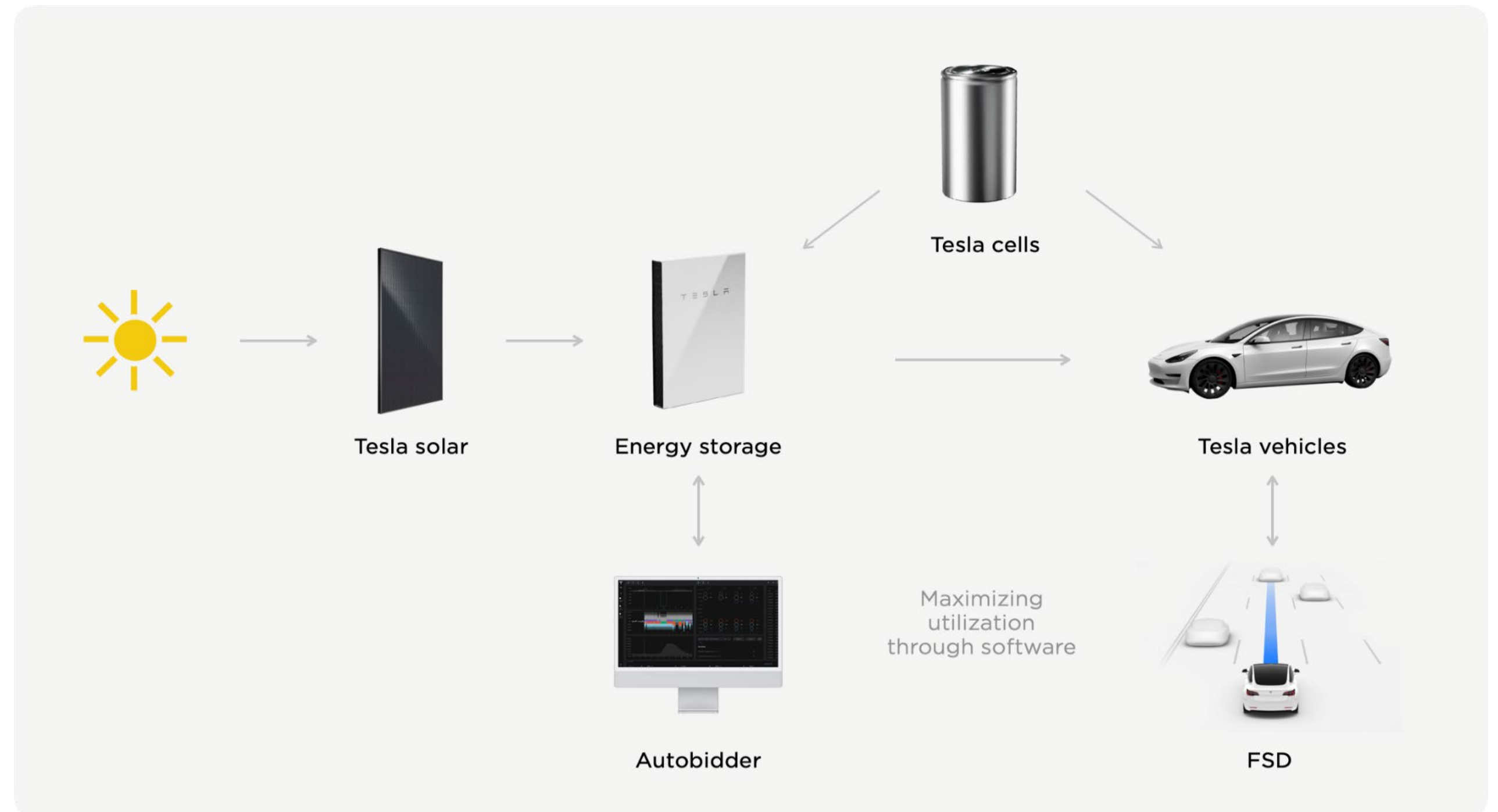
## Making an Impact

### Mission and the Tesla Ecosystem

#### Addressing climate change through an entire ecosystem

Climate change is reaching alarming levels globally due in large part to emissions from burning fossil fuels for transportation and electricity generation. The world cannot reduce GHG emissions without addressing both energy generation and consumption. And the world cannot address its energy habits without first directly reducing emissions in the transportation and energy sectors.

We are designing and manufacturing a complete energy and transportation ecosystem. We both develop the technology behind this ecosystem and focus on the affordability of the products that comprise it. We seek to achieve this through our R&D and software development efforts as well as through our continuous drive to develop advanced manufacturing capabilities.



# Corporate Governance



## Corporate Governance

### Introduction

#### Management involvement

At Tesla, sustainability is everyone's job regardless of their position, geographic location or title. Our Sustainability Council, made up of leaders from across Tesla, collects data and prepares the analysis and content of this report. The Sustainability Council also presents this information to Tesla's Board of Directors for review.

#### Board of Directors oversight

The Board of Directors serves as a prudent fiduciary for shareholders and oversees the management of Tesla's business — including reviewing the effectiveness of Tesla's Impact priorities, initiatives and programs and this report. With those responsibilities in mind, the Board sets high standards for Tesla and its employees, officers and directors; and we periodically add new, highly qualified independent directors to the Board, such as Larry Ellison and Kathleen Wilson-Thompson in 2018 and Hiromichi Mizuno in 2020. Implicit in this approach is the importance of sound corporate governance.



## Corporate Governance Introduction

Sound corporate governance is critical to our mission. We are committed to establishing an operating framework that exercises appropriate oversight of responsibilities at all levels throughout the company and manages its affairs consistent with high principles of business ethics.

Tesla aspires to be a “do the right thing” company. Our Code of Business Ethics sets out basic principles that should help anyone working at or for Tesla avoid even the appearance of improper behavior. Tesla’s Code of Business Ethics and our Corporate Governance Guidelines are available on [Tesla’s website](#).

In addition, we believe in regular and transparent communication with employees. We encourage Tesla employees to share their feedback openly (and anonymously, if they prefer), and provide easy methods to do so. We also regularly conduct employee surveys to identify strengths and opportunities for improvement. We have a robust action planning process to ensure we proactively address the concerns or feedback.

We also have a whistleblower hotline through which employees can report concerns at any time. Tesla keeps information reported by employees in confidence, whether through the hotline or another channel. Our policies prohibit retaliatory actions against employees for raising concerns or making complaints. We are committed to maintaining an open and transparent culture where it is safe and acceptable for all employees to raise concerns about policy violations by their manager or colleagues or about the workplace overall.



## Corporate Governance

### Our Approach



Our unique business requires a unique approach to corporate governance. And our mission requires a long-term focus that we believe will ultimately maximize value to our employees and our stockholders. Our corporate governance structure has facilitated several key decisions which might have appeared counter-intuitive to some, but which have set up the Tesla to achieve long-term success. Some examples include our decisions to:

- Manufacture all-electric vehicles (EVs) from the ground up rather than being a mere supplier of EV components
- Establish an international network of our own stores, service centers and Supercharger stations despite regulatory hurdles and the significant capital outlay required to do so
- Build Gigafactory 1, the largest lithium-ion battery factory in the world, so that we can scale most effectively
- Expand into energy generation and storage through the acquisition of SolarCity Corporation in 2016 to create a vertically integrated sustainable energy company and empower individual consumers to be their own utility
- Deploy FSD city streets beta software to our fleet to develop complete Full Self-Driving capability in the future
- Compensate our CEO only if other shareholders realize tremendous value

These and other similar decisions were made due to our corporate governance structure and, ultimately, decisions like these are what differentiate Tesla from other companies and are a significant reason why the annualized stockholder return since our 2010 IPO until December 31, 2021 equaled 65%. At the same time, the Board continuously evaluates our corporate governance structure, practices and policies, and weighs stakeholder feedback including proposals we have historically received at our annual meetings. For example, at our 2021 annual meeting of stockholders, the Board proposed and recommended that stockholders adopt an amendment to our certificate of incorporation to reduce the term of our directors to two years. However, our stockholders did not approve that proposal.

The Board is directly and regularly engaged with senior management and the Sustainability Council and participates in robust shareholder outreach and feedback. In addition, our directors have significant experience as either top-level executives at public companies, as successful investors or as entrepreneurs who founded successful organizations.

## Corporate Governance

### Board Committees (as of March 1, 2022)

Name	Function	Year joined	Audit Committee	Compensation Committee	Disclosure Controls Committee	Nominating & Governance Committee
Robyn Denholm	Independent Board chair	2014	X	X	X	X
Elon Musk	Director and CEO	2004				
Ira Ehrenpreis	Independent director	2007		X		X
Larry Ellison	Independent director	2018				
Hiromichi Mizuno	Independent director	2020	X			
James Murdoch	Independent director	2017	X		X	X
Kimbal Musk	Director	2004				
Kathleen Wilson-Thompson	Independent director	2018		X	X	X

### Committees of the Board

The Board has four standing committees — the Audit Committee, the Compensation Committee, the Nominating and Corporate Governance Committee and the Disclosure Controls Committee — which are each further described in the following pages. Each member of these committees qualifies as an independent director under the listing standards of NASDAQ. In addition, as part of our governance review and succession planning, the Board (led by the Nominating and Corporate Governance Committee) evaluates our leadership structure to ensure that it remains the optimal structure for Tesla, reviews the composition, size and performance of the Board and its committees, evaluates individual directors and identifies and evaluates candidates for election or re-election to the Board. Committee charters were updated in 2021 to reflect the growing risks and opportunities around ESG.

#### Board role in risk oversight

The Board is responsible for overseeing the major risks facing Tesla, while management is responsible for assessing and mitigating Tesla's risks on a day-to-day basis. In addition, the Board has delegated oversight of certain categories of risk to its independent committees, which then report to the Board, as appropriate, on matters that involve the specific areas of risk that each committee oversees.

## Corporate Governance

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James Murdoch	Independent director	2017	X		X	X
Kimbal Musk	Director	2004				
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### Audit Committee

The Audit Committee is responsible for, among other things, assisting the Board in providing oversight of Tesla's accounting and financial reporting processes and the audit of its financial statements, including oversight over the integrity of such statements, the Company's compliance with legal and regulatory requirements, the independent auditor's qualifications, independence and performance, the organization and performance of the Company's internal audit function, as well as the Company's internal accounting and financial controls, treasury and finance matters, risk management, including data privacy and cybersecurity. The Audit Committee also reviews and discusses the accounting assessment of this report and other ESG disclosures.

### Compensation Committee

The Compensation Committee is responsible for, among other things, discharging the Board's responsibilities in administering and overseeing Tesla's compensation policies, plans and benefit programs, the compensation of Tesla's executive officers and members of the Board, the administration of the Company's employee benefit plans and the review of human capital management practices related to Tesla's talent generally (including how Tesla recruits, develops and retains diverse talent).

### Disclosure Controls Committee

The Disclosure Controls Committee, among other things, implements, reviews and monitors Tesla's compliance with applicable legal requirements governing the Company's and its executive officers' public disclosures and public statements relating to the Company.

### Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee is responsible for, among other things, reviewing and making recommendations to the Board on matters concerning corporate governance, Board composition, the identification, evaluation and nomination of director candidates and composition of Board committees and conflicts of interest. In addition, this Committee oversees Tesla's corporate governance practices and reviews annually the principles of corporate governance approved by the Board, including the Company's Code of Business Ethics and Corporate Governance Guidelines, to ensure that they remain relevant and are being complied with and monitored by management, recommending changes to the Board as necessary.

## Corporate Governance

### Compensation Philosophy

Our compensation philosophy reflects our long-term mission and our startup origins. We emphasize structuring compensation to reward our named executive officers based on performance, and equity awards weigh heavily in our named executive officers' total compensation, including awards that vest upon the achievement of clear and measurable milestones. Since these awards increase in value as our stock price increases (and in the case of stock option awards, have no value unless our stock price increases following their grant), our named executive officers' incentives are closely aligned with the long-term interests of our stockholders.

Tesla has no cash bonus program for any of our named executive officers and generally does not provide any perquisites or tax reimbursements to our named executive officers that are not available to other employees. No named executive officer has any severance or change of control arrangement, except as reflected in Elon Musk's performance-based 2018 CEO Performance Award. A change in control modifies the vesting requirements of the 2018 CEO Performance Award such that vesting of the Award's tranches would be measured based on Tesla's market capitalization at the time of the change of the control, without regard to the operational milestones of the Award. Elon Musk, our Chief Executive Officer, historically earned a base salary that reflected the applicable minimum wage requirements under California law, and he was subject to income taxes based on such base salary. However, he has never accepted his salary. Commencing in May 2019 at Mr. Musk's request, we eliminated altogether the earning and accrual of this base salary. Consequently, 100% of Mr. Musk's compensation is at-risk.

Similarly, the compensation program for Tesla's non-employee directors is designed to be consistent with our compensation philosophy for our employees, with an emphasis on equity-based compensation over cash in order to align the value of their compensation with the market value of our stock, and consequently, with the long-term interests of our stockholders. Moreover, while we offer to our general employee population restricted stock units that will retain some value even if the market value of our stock decreases, the equity-based compensation to our directors has been exclusively in the form of stock options, which have zero initial value and accumulate value, if at all, only to the extent that our stock price increases following their grant, through the applicable vesting dates and until such stock options are ultimately exercised and the underlying shares are sold. The remaining portion of our directors' compensation has been comprised of cash retainer payments that are relatively modest compared to peer companies and that may be waived at the election of each director. Further, in June 2021, the Board adopted a resolution that all existing directors forego any automatic grants of annual stock option awards under our director compensation policy until July 2022 unless the Board determines otherwise.





## Corporate Governance

### Data Privacy and Cybersecurity

Tesla builds products with privacy and security at their core

We believe that responsible data management and transparency is a prerequisite for continuous innovation. We live up to this commitment by providing information and controls in our products that let you choose how your personal data is collected and used.

Managing data privacy is a shared task through all levels of our organization

Data privacy is a shared responsibility in which every employee and our Board is expected to participate. Tesla has a large and diverse team of privacy and security professionals from all over the world and across legal, engineering and product organizations, who are dedicated to protecting customer data. Additionally, the Audit Committee of the Tesla Board of Directors is regularly briefed on incidents, emerging trends, controls and corrective actions taken by Tesla to ensure we are living up to our obligations and Privacy Principles.

#### Tesla's Privacy Principles

Tesla is guided not only legally by its obligations under global privacy laws and regulations, but also by customer expectations and our Privacy Principles.

**We do the right thing with data.** We maintain trust by handling data as customers expect, keeping it accurate and complete and properly destroying it when it is no longer needed.

- **We build privacy into our products from start to finish.** Ensuring privacy is an important component when building world-class products and services, from inception to rollout and beyond.
- **We give customers choices about their data.** We put individuals in control by giving them clear and transparent ways to access, review, manage and delete their data with ease.
- **We maintain trust through transparency.** We are clear about the personal data we collect and how we're using or sharing it - ensuring that choosing a connected vehicle does not come at the sacrifice of customer privacy.
- **We safeguard personal data.** We implement rigorous controls and standards designed to protect the security, confidentiality and integrity of Tesla's data environment.



## Corporate Governance

### Data Privacy and Cybersecurity



#### Privacy from day one

Tesla's Privacy Principles and commitments are illustrated throughout all our products. For Tesla vehicles, customer personal data is protected from the moment they take delivery, ensuring that by default the vehicle data generated when driving is not associated with the customer's account or vehicle identification number. Tesla also puts customers in the driver's seat when it comes to data sharing by providing a dedicated in-vehicle menu to adjust preferences at any time.

Additionally, from Powerwall to Solar Roof, energy products are designed to protect customer privacy. Tesla aims to collect a minimum amount of personal data necessary in providing the most engaging in-app energy experience. In furtherance of transparency, Tesla has developed a seamless way for customers to download and access their energy data at any time right from the Tesla app.

#### Engaging the security community

We are also focused on ensuring that our vehicles are the most secure on the road. To do that, our team of world-class engineers works day in and day out to ensure that our systems are always as secure as possible. And while some of the best security engineers work at Tesla, we believe that in order to design and build inherently secure systems, we cannot work alone. We work closely with the security research community to benefit from their collective expertise and diversity of thought.

#### Continuous product improvement

Tesla pioneered the concept of vehicles that improve and become more capable over time by ensuring that every Tesla vehicle made since 2012 can accept over-the-air (OTA) software updates. These updates have introduced new features and functionality that have made our vehicles smarter, safer and more enjoyable to drive. We have also used the OTA system to ensure that our vehicles are not only as secure as possible when they are delivered, but that they continue to stay as secure as possible throughout their lifetime.

## Corporate Governance

### Human Rights

#### Human rights are core to our mission of a sustainable future

The ethical treatment of all people and regard for human rights is core to our mission of a sustainable future. We believe all businesses within our supply chain have a responsibility to share our respect for human rights. Our human rights policy is the formalization of our commitment to uphold and respect these rights and the values they represent.

We endorse and base our definition of human rights on the United Nation's Universal Declaration for Human Rights (UDHR). The UDHR focuses on dignity, respect and equality, without discrimination, for all people. We are committed to upholding these rights and values throughout our value chain – including with respect to our employees, customers, shareholders, suppliers and the communities in which we operate. We require that our suppliers will also support and promote these values in their own operations and in those of their own suppliers.

Addressing human rights risks is an ongoing effort, involving engagement with our value chain for potential impacts, incorporating input from external stakeholders and reviewing and updating our own policies where necessary. With this understanding, Tesla is committed to addressing any potential human rights issues both within our own operations and those of our value chain.

[You can see our full Human Rights policy here.](#)



## Corporate Governance

### Human Rights



We have a zero-tolerance policy when it comes to child or forced labor and human trafficking by our suppliers

At Tesla, we are committed to ensuring that the way we conduct our business and dealings with our suppliers reflects our values and our belief that everyone should be treated with dignity and respect. Tesla is committed to ensuring that our suppliers do not use slave or child labor or engage in human trafficking. Modern slavery, child labor and human trafficking are crimes under the laws of countries throughout the world, but unfortunately continue to exist all over the globe. Our commitment on this front is summarized in our [Supplier Code of Conduct](#) as well as in our [Human Rights Policy](#) and [Responsible Materials Policy](#), and we continue to work to ensure that our suppliers uphold the principles in these statements. We look to the Organization for Economic Co-operation and Development (OECD) Due Diligence Guidelines to inform our process and use feedback from our internal and external stakeholders to find ways to continually improve it.

Through our commitment to enforce our Supplier Code of Conduct, Human Rights Policy and Responsible Materials Policy, continuous training and the supplier audit and due diligence efforts, Tesla believes that there is low risk of, and have found no evidence to date of Tesla causing, contributing to or being linked to modern slavery, child labor or human trafficking in our supply chain.

For more information on our commitment to anti-slavery practices and an affirmation of the values we hold and adopt across Tesla's business operations and supply chain, including how we assess risks and effectiveness of our actions, please see our [California Transparency in Supply Chain Acts Statement](#) and our [U.K. Modern Slavery Act Transparency Statement](#).

# People and Culture



## People and Culture Introduction



### What do we see as impact?

Our employees have gotten us to where we are today. To continue innovating and changing the world for the better, we must ensure we have a talented and engaged workforce with ample opportunity to contribute to our mission and grow professionally.

**Meaningful work:** Working for Tesla is not just any job. The products we build are necessary for transitioning to a sustainable future.

**Respectful, safe, inclusive and equitable workplace:** Tesla is a majority-minority company. We strive to be a workplace where people love to come to work every day. While challenges will arise, Tesla has a zero-tolerance policy for harassment of any kind, and we will continue to address them head on as we keep growing.

**We hire a lot:** We created nearly 100,000 direct new jobs in a decade. While many manufacturers are trimming their operations, we are growing as quickly as is feasible.

**Pay well:** We want to make sure that we pay competitive wages, regardless of the region.

**Significant upside potential:** Every single employee of our company can receive their grants in stocks or options. If our company does well, every employee can benefit materially from Tesla's success.

**Outstanding benefits:** We want our benefits to be an outlier in the manufacturing industry. Among other benefits, we provide medical, dental and vision plans with no paycheck deductions, 401k matching, life insurance, parental leave and family building benefits.

**Build the future:** Who wouldn't want to work for a company with a mission of building a future we all want? Tesla's mission is not only about making a product that people love, but also about making a real, sustained impact on transitioning the world to sustainable energy. In 2021, we received 3,000,000 job applications from those wanting to be a part of this mission.

## People and Culture

### Our Plan #1: Attracting

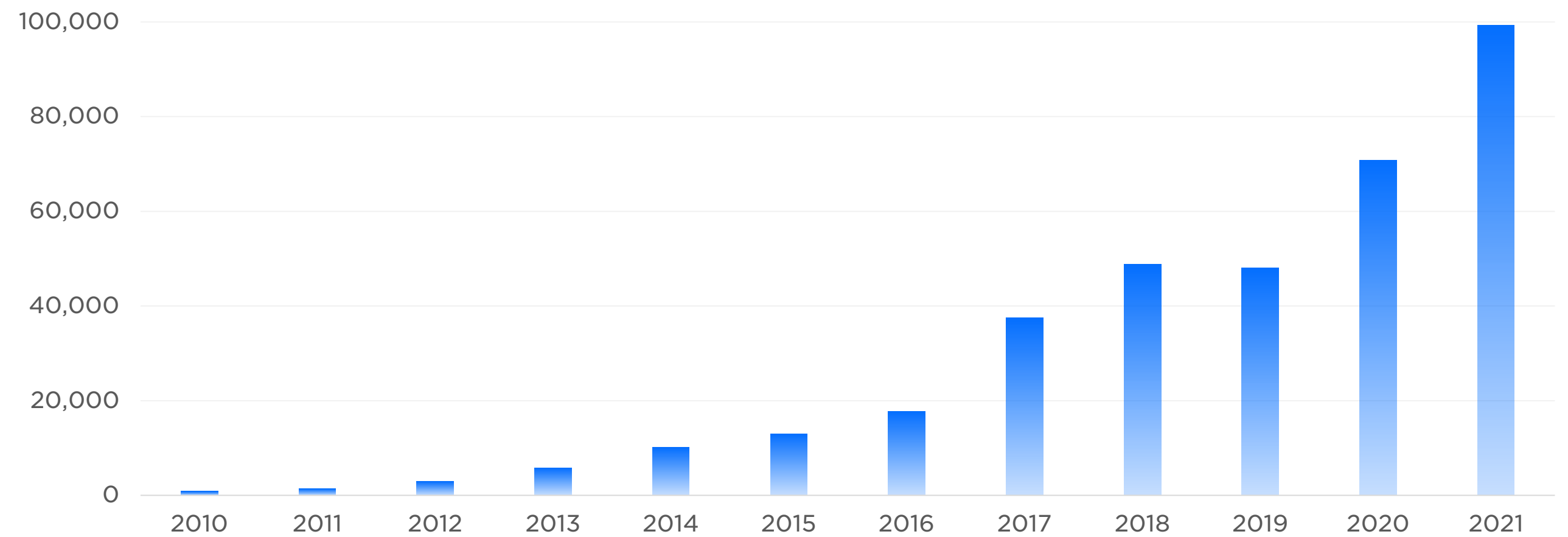
### Nearly 100,000 direct jobs in a decade — and we continue to hire extensively

Our employee count has grown ~70 fold over the past decade and, in just over ten years, Tesla has created nearly 100,000 direct jobs. While many companies in the automotive industry have been trimming the number of employees and launching early retirement programs, we plan to grow our employee base for years to come.

As we are aiming to produce over 20x more cars by 2030 than we did in 2021, we will need to continue to build new factories and hire for those new locations. Gigafactories in Texas and Berlin will recruit extensively starting this year, which means that our job creation will continue to expand for quite some time.



Tesla Global Employee Count



## People and Culture

### Our Plan #1: Attracting



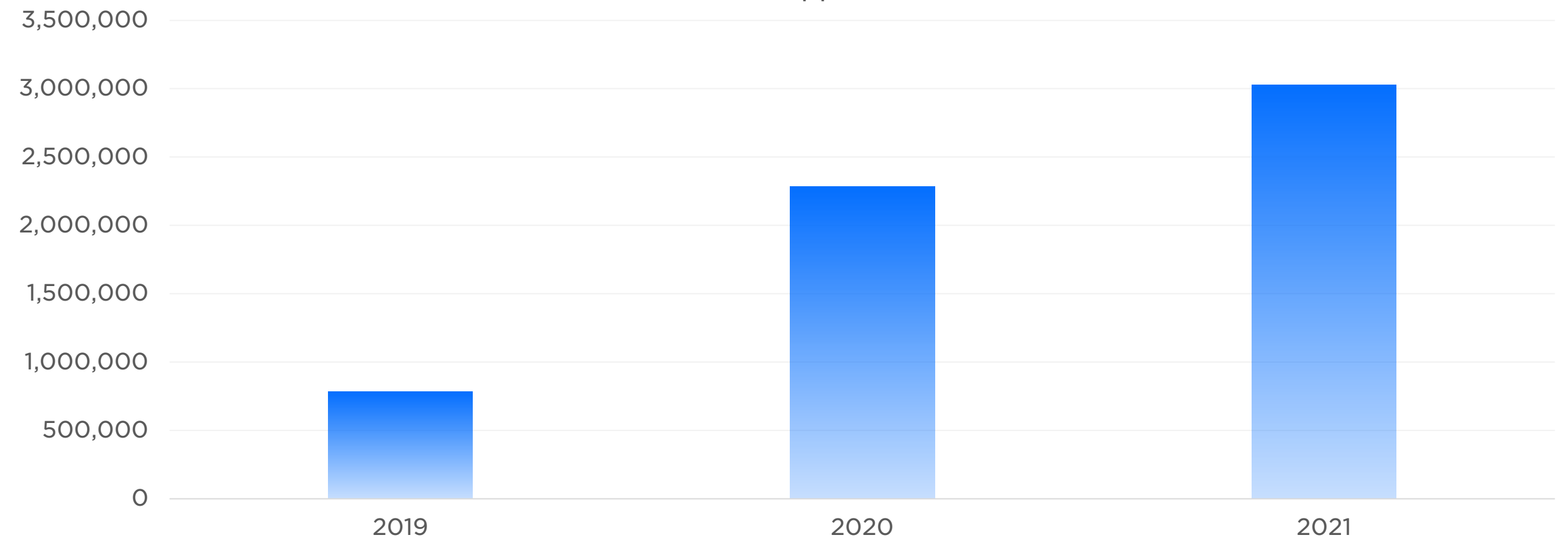
### Number of applicants continues to break records

By attracting, developing and retaining excellent talent, we've developed a pipeline of diverse and exceptional candidates while fostering an inclusive culture that supports them once they become employees.

Whether it is through our direct hiring opportunities, internships or workforce development programs, interest in joining Tesla's mission is at an all-time high. We had more than 3,000,000 unique applicants globally in 2021 alone.

We expanded access to hiring opportunities for underrepresented communities by centering diversity, equity and inclusion (DEI) in our hiring process. We did so by increasing gender-neutral language in our job descriptions, broadening our sourcing efforts, revamping interviewing guides, building community partnerships, educating on unconscious bias and facilitating training for recruiters, hiring managers and interview panelists.

Global Number Of Applicants Per Year





## People and Culture

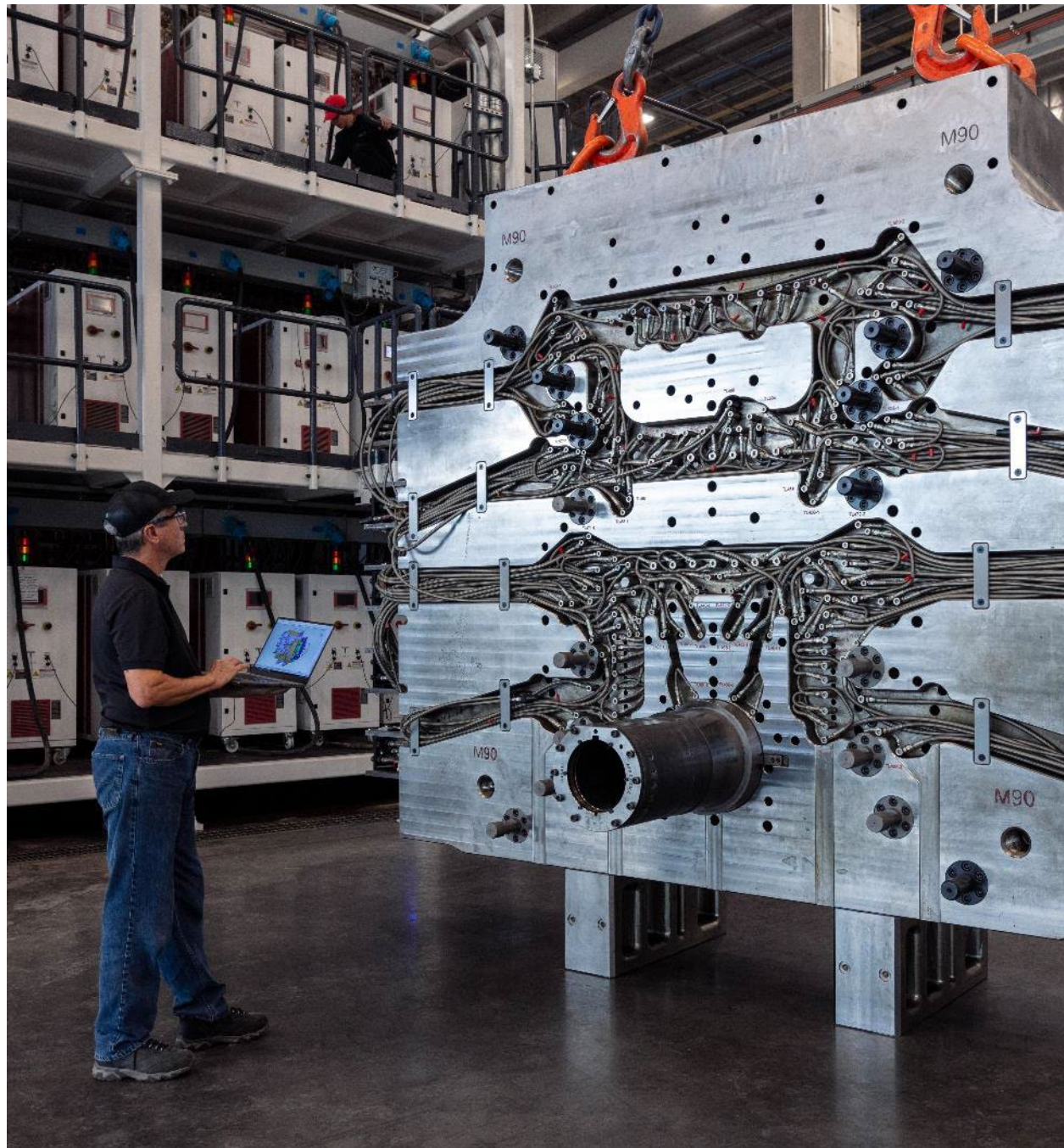
### Our Plan #1: Attracting

### Engineers want to work for Tesla

According to Universum 2021 rankings, engineering students want to work for Tesla and SpaceX more than any other organization.

Many successful companies with great engineering can become bureaucratic over time. We don't want to go that route. At Tesla, great engineering ideas worth implementing can come from interns, analysts or executives. We strive to minimize red tape so our engineers can be creative and solve engineering problems that have never been solved.

Ultimately, the long-term success of any company comes down to the pace of innovation. It doesn't matter how far ahead or far behind our technology is, what matters is the pace at which we're evolving, implementing new ideas and engineering solutions. In order to maintain our pace of innovation we must continue to attract the best and the brightest to join our mission.



Top Choice For Graduate Engineers (Universum 2021 Survey)

1	SpaceX	17	General Motors
2	Tesla	20	Ford Motor Company
3	NASA	21	Toyota
4	Lockheed Martin	22	Intel
5	Boeing	26	BMW Group
6	Google	29	IBM
7	Apple	32	Blue Origin
8	Microsoft	33	Honda
9	Northrop Grumman	34	Nvidia
10	Amazon	40	AMD

## People and Culture

### Our Plan #1: Attracting

#### No university degree required

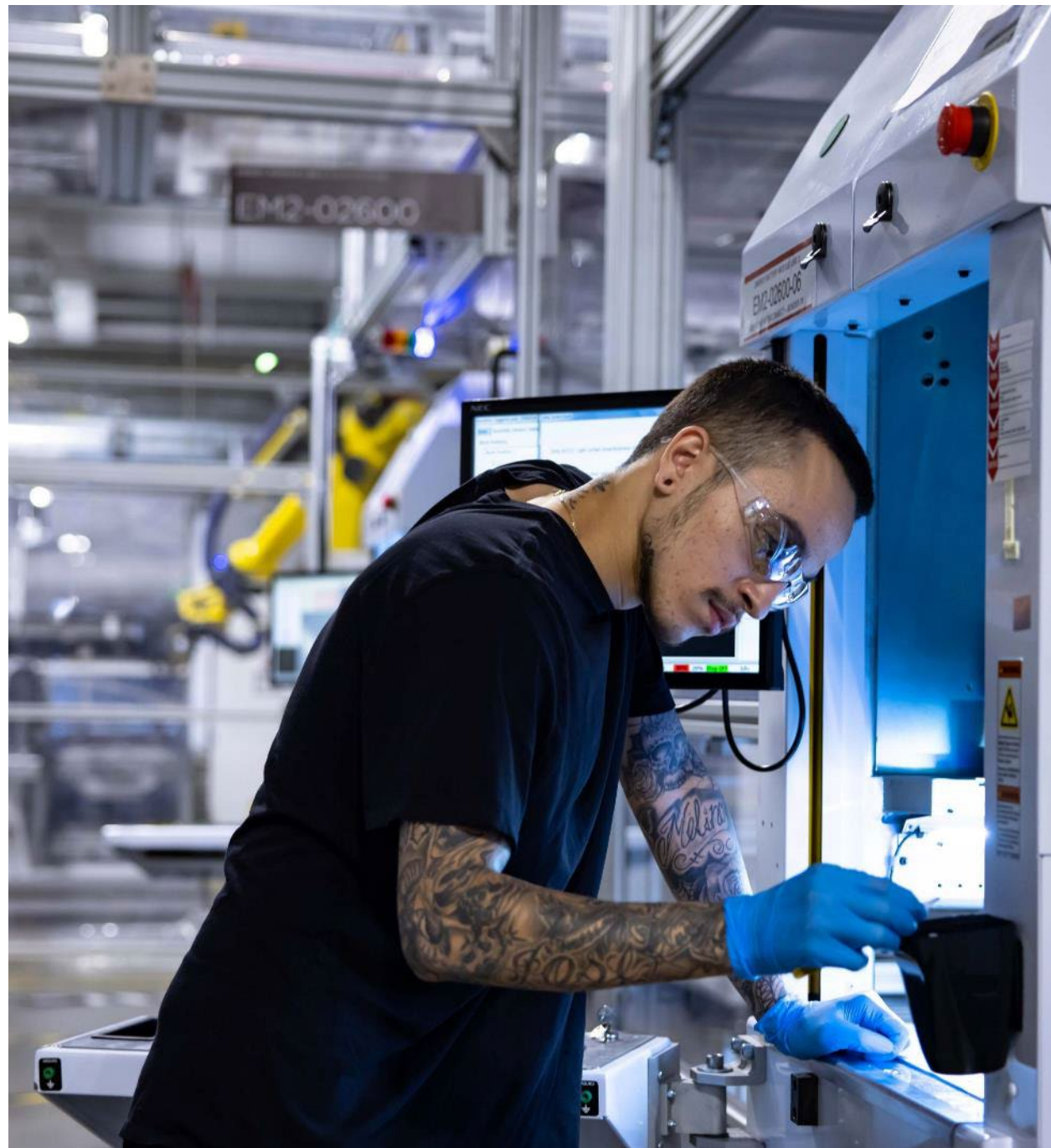
We are continuing to provide the local community access to thousands of job openings across the U.S. in manufacturing, vehicle service and solar roof installation, offering full benefits and training from day one. We have long stated publicly that candidates do not need to have a college degree to work at Tesla. This represents an enormous opportunity for high school graduates from underserved communities to join us in our mission and grow their careers.

#### Manufacturing Development Program

This is a two-year program where recent high school graduates in the U.S. start a career at Tesla as a production associate while continuing their education in automation and robotics at a local community college. Since its launch in 2017, we've hired 168 graduates into this program, with active programs at Gigafactory Nevada, Gigafactory New York and our Fremont Factory. We also launched our first Manufacturing Development Program class with Del Valle High School to support Gigafactory Texas in fall 2021.

#### Tool & Die Apprenticeship

In partnership with local community colleges, Tesla offers a federal and state certified Tool & Die Apprenticeship program in the U.S. at the Fremont Factory, Gigafactory Nevada and Tesla Grand Rapids. These apprenticeships blend on-the-job training by qualified mentors with classroom learning, providing a holistic approach to learning a trade in high demand. Apprentices learn welding, machining, blueprint reading and other critical skills. Similar programs run in Europe, including at the Gigafactory Berlin where we collaborate with local vocational schools and train students via facilitated workshops, self-led modules and on-the-job exercises for a variety of roles.



## People and Culture

### Our Plan #1: Attracting

#### Introduce a Girl to Engineering Day & National Manufacturing Day

To promote gender diversity in STEM, since 2018, Tesla has encouraged girls to see engineering as a means to pursue their goals by participating in Introduce a Girl to Engineering Day. This year, over 1,200 middle school students from 140 schools across California, Nevada, Texas and New York joined the virtual event which showcased a variety of engineering career pathways and inspiring female Tesla engineers through virtual tours, engaging videos and hands-on STEM activities. Similar initiatives take place in Europe, like Girls' Day, which is dedicated to girls who want to explore future career paths in the industry. Our aim is to encourage and inspire them via factory tour visits and conversations with our female employees and leaders.

#### Internship program

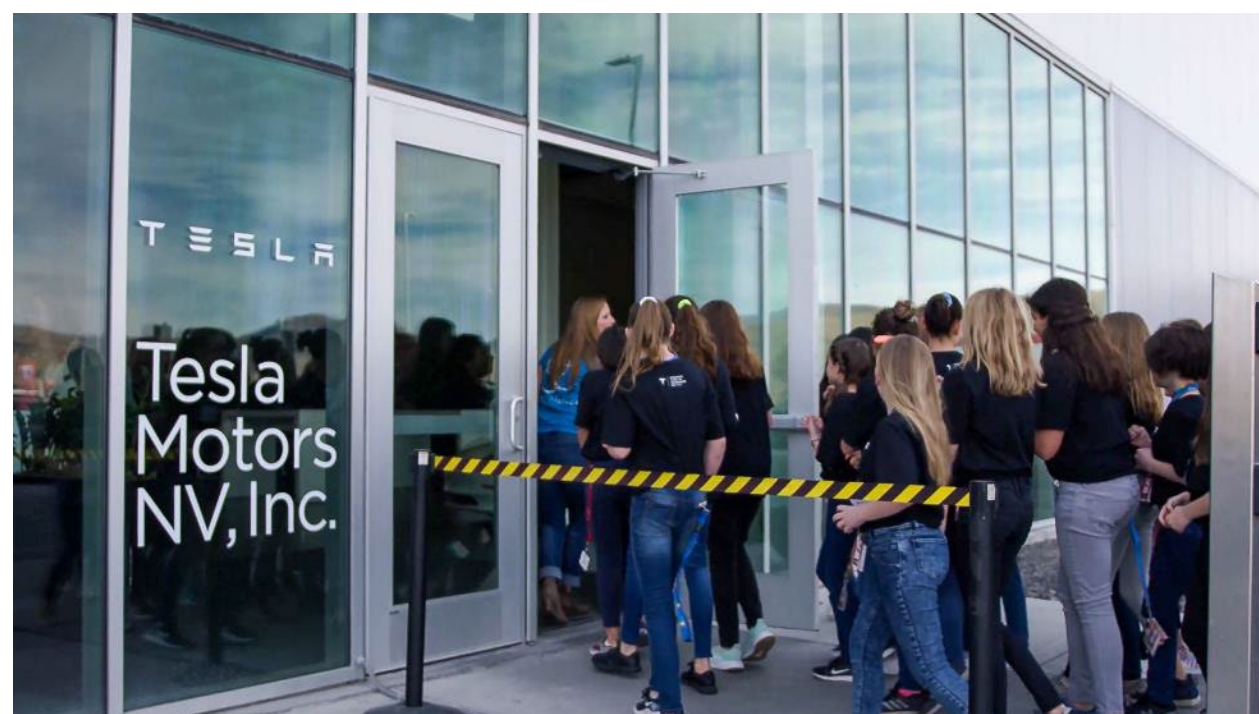
Our internship program continues to be our driving force in attracting diverse entry level professional talent. In our effort to expand access to our program, we attended more than 75 diversity hiring events targeting women and students of Historically Black Colleges and Universities, Hispanic Serving Institutions, and launched new community Internship Initiatives with Say Yes Buffalo, Breakthrough Austin, TRiO Scholars in Nevada and College Track in the Bay Area to increase diversity in our program.

#### K-12 education in Nevada

As part of our agreement to build Gigafactory Nevada, we committed to invest \$37.5M into K-12 education beginning in 2018. This investment is in partnership with the Department of Education and the Education Gift Fund, with a focus on initiatives that support the acceleration of robotics, STEAM and sustainability programming. To date, \$22.5M has been invested across 30 organizations and an additional \$17M planned in 2022-2023.

#### Conference spotlight: Society of Hispanic Professional Engineers

The SHPE National Convention serves as the country's largest annual gathering of Hispanic STEM students and professionals. We met over 3,000 students from various disciplines and had the opportunity to build some great relationships along the way with various SHPE chapter leaders in the country. Tesla's DEI team also participated in the SHPETina series during the conference, which is a program that accelerates and affirms Latina representation at all levels of STEM corporate and academic leadership.



## People and Culture

### Our Plan #2: Compensating

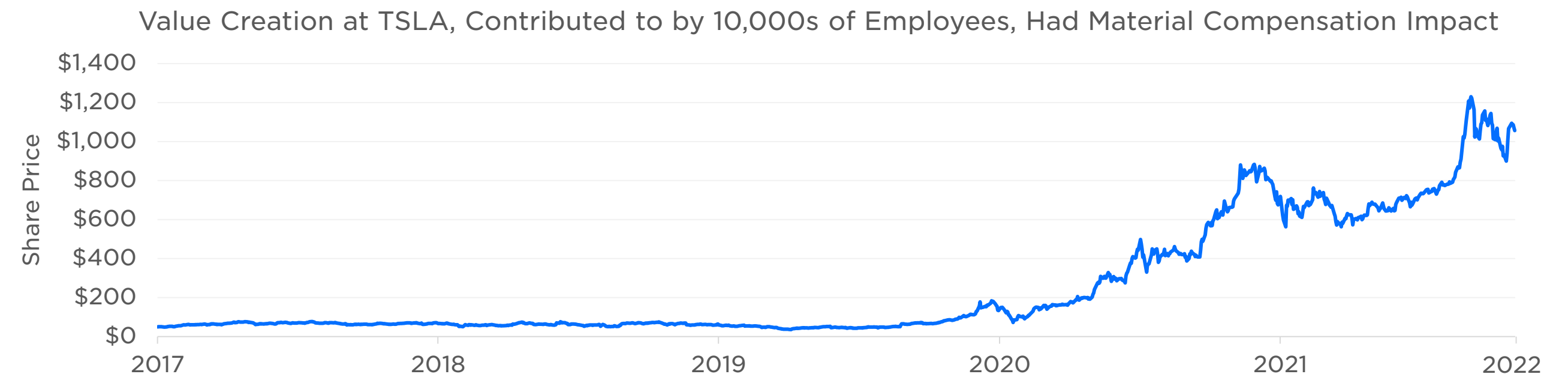
#### Exceeding comparable manufacturing role compensation

Tesla provides a highly competitive wage that meets or exceeds the wages of comparable manufacturing roles, even before equity and benefits are factored in. In 2021, Tesla's average national wage for manufacturing jobs in the U.S. was \$21.60/hour plus benefits (which, among others listed on the next page, includes an option for \$0 cost paycheck deductions) and equity, which is a 2.2% increase compared to 2020. According to the Bureau of Labor Statistics, the mean hourly wage for Production Associates / Assemblers is \$18.17 and the median is \$17.59. Tesla continuously reviews salary and wages against benchmarks and adjusts to ensure wages are competitive. Evaluations for promotions also take place annually.

#### The impact of stock-based compensation can be material for employees

Our employees have benefited enormously from value appreciation of our stock seen through the years. While share prices will remain volatile and past performance is not indicative of future results, stock-based compensation brings shared ownership to the workforce, and our employees are encouraged to make a positive change for the benefit of all. Culturally, shared ownership of the company is one of the most essential attributes of working at Tesla.

For example, assume that an employee received a grant of 320 Tesla shares in 2018 that vested 20 shares quarterly over 16 quarters (4 years). Based on the stock price at the time of the grant, the quarterly vest of 20 Tesla shares would equate to \$1,331-worth of sellable shares at the end of 2018. However, the same vest two years later would equate to \$14,113-worth of sellable shares per quarter based on the increase in the price per share of Tesla stock over that period. Employees are also eligible to buy additional stock at a discount through the Employee Stock Purchase Program.



## People and Culture

### Our Plan #2: Compensating



### Committed to ensuring pay equity

Tesla HR offers a Pay Equity & Pay Transparency educational course to everyone in the People Organization, with a focus on HR partners and recruiters. This course details what pay equity is, why it is important, how unconscious bias affects pay and hiring, best practices for hiring and compensation, and how each person can be an effective partner in helping the company achieve and maintain pay equity. A recorded version of the course is available to all hiring managers.

We also have an annual pay equity program in place, designed to assess whether similarly situated employees are paid in a similar manner after accounting for a range of variables such as:

- Geographic zone
- Tenure (which determines how many grants are in the process of vesting)
- Average performance score
- Job function
- Management level and role

## People and Culture

### Our Plan #2: Compensating

We want our benefits to exceed standards in the manufacturing industry

We proudly offer comprehensive benefits to support our employees' health and well-being. These benefits allow our employees to choose the level of support that is right for them. We offer no-cost paycheck contributions for medical, dental and vision plan options for employees and family members. We also offer employer-paid life, short- and long-term disability, confidential counseling for employees and their families, employee assistance programs and voluntary benefit programs.

Lastly, we offer student loan and debt consolidation services, transportation subsidies and \$0 cost shuttles, back-up childcare, discount programs and tools and resources to support growing families.



## People and Culture

### Our Plan #2: Compensating



Since 2007, we have provided:

- A \$0 paycheck contribution medical plan
- A Confidential Counseling/Employee Assistance Program
- A \$0 paycheck contribution dental plan and vision plan
- A \$0 cost shuttle service to and from underserved transportation hubs in California and Nevada
- Employer-paid life insurance
- Employer-paid short-term and long-term disability

Since 2016:

- SafetyNet, a benefit that provides limited financial assistance for employees experiencing temporary hardship such as the sudden loss of housing, emergencies/natural disasters or expenses related to the loss of an immediate family member

Since 2018:

- 5 days of back-up child/elder care for employees
- Infertility benefits, including assisted reproductive technologies
- Transgender benefits aligned with the clinical protocol set forth by the World Professional Association for Transgender Health

Since 2019:

- Rethink, a benefit that provides resources for families with children who have learning, social or behavioral challenges

Since 2021:

- An expanded Safety Net program and health insurance offering that includes travel and lodging support for those who may need to seek healthcare services that are unavailable in their home state

Since 2022:

- A benefits concierge service for LGBTQ+ employees
- 401k contribution matching

## People and Culture

### Our Plan #2: Compensating

#### Parental and family leave benefits

Whether it's family planning or support for employees spending time with their family after the birth or adoption of a child, Tesla provides benefit and leave options to all active full-time employees in the U.S.

- Fertility Services including IVF, IUI and Egg/Embryo/Sperm Preservations up to \$40,000 offered through Kindbody
- Adoption, up to \$25,000 offered through Kindbody
- Third-Party reproduction services (donor & surrogacy), up to \$25,000 offered through Kindbody
- 16 weeks of Paid Family Leave
- Up to one week of paid time off as a new parent through Tesla Child Bonding. This benefit can be taken following the birth or adoption of a child by an employee, their spouse or domestic partner.
- Six weeks of paid time off for new parents that have worked for Tesla for at least one year (12 consecutive months)
- Disability benefits
- Pay for nine weeks of maternity leave





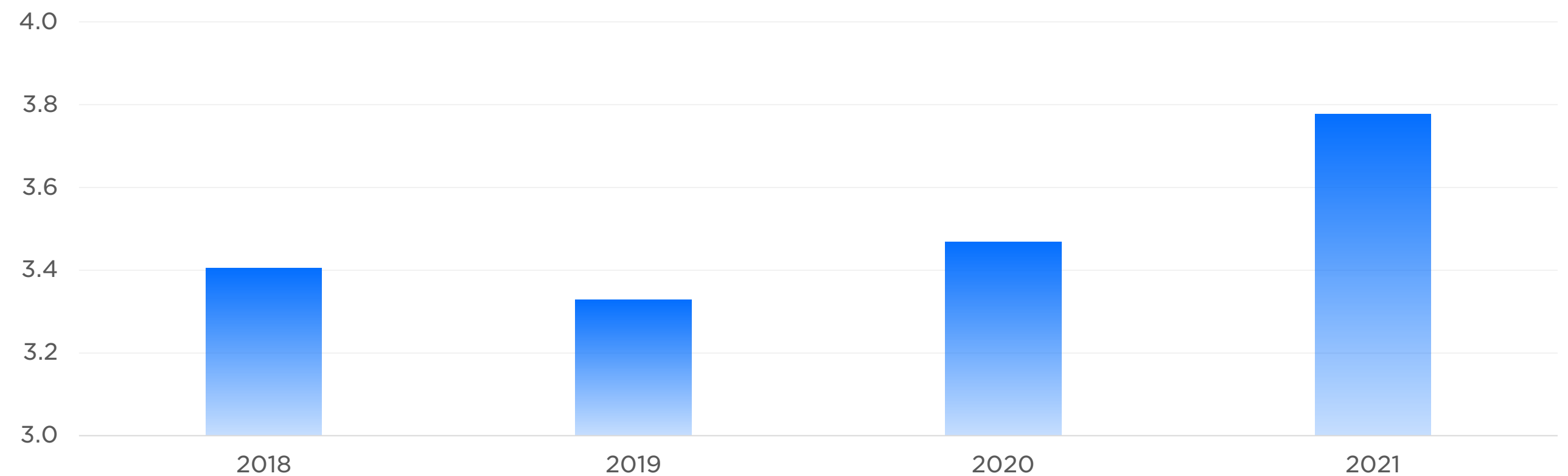
### Employee satisfaction is improving

When going through a challenging period or when the viability of a business is not yet clear, it's likely to have an impact on employee satisfaction. Our early years of Model 3 production and global expansion were some of the most difficult in our history and our employee satisfaction ratings (Glassdoor) reflected that.

Our company is in a different phase now. Model 3 has become the best-selling premium sedan globally and profitability (operating margin) rose to the highest in the industry. This has fueled our ability to expand dramatically and provide career opportunities for many strong performers. Compensation, linked to the performance of the company, also improved substantially in recent years.

There's still a lot of work to be done, predominantly when it comes to work-life balance. Our goals have always been, and still are, bold. Expectations are understandably high as a result. We recently introduced unlimited vacation for salaried employees and added more family benefits. Both Glassdoor rankings as well as our internal data show that our employees are becoming happier as a result of our growing success as well as our expanded employee benefit programs.

Employee Satisfaction Over Time — Glassdoor Ratings



## People and Culture

### Our Plan #3: Retaining

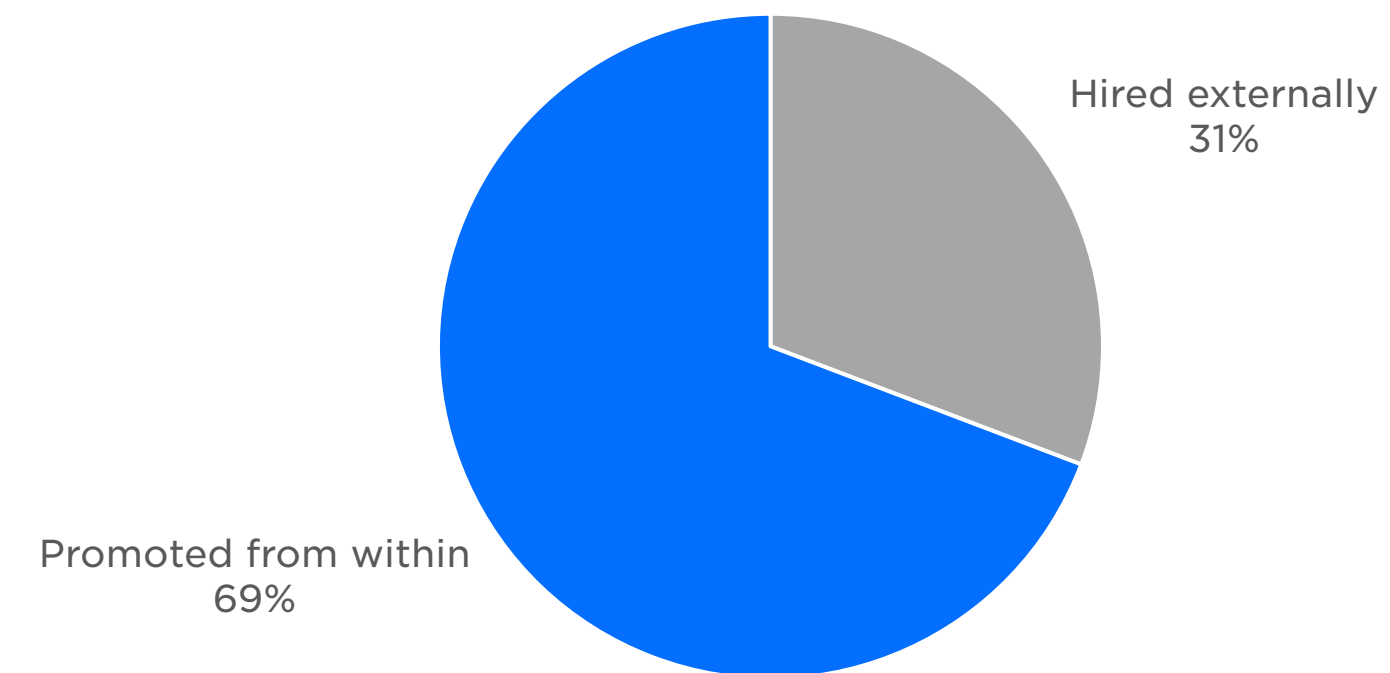
#### Majority of promotions are internal

We believe our employees should have opportunities without limitations. Employees that start in junior roles can ultimately become company leaders – and many of our long-term employees have done exactly that. Upward mobility in our fast environment is a significant contributor to retaining top talent. We want to make sure that our employees continue to learn and evolve.

As nearly 70% of our leadership is promoted from within Tesla, our employees are surrounded by examples of successful progression. Our global headcount increased by over 40% in 2021. At that pace of growth, some level of external hiring will be necessary. If possible, we do our best to fill each leadership role with an internal candidate.



Breakdown Of New Managers, Executives and Directors in 2021



## People and Culture

### Our Plan #4: DE&I Throughout



## Integrating Diversity, Equity and Inclusion (DEI) principles and practices into the DNA of our company

In 2020, we instituted quarterly diversity data reviews across different divisions. These ensure that we identify trends across functions instead of simply looking at our workforce at the company-wide level. Executives review organizational demographics and work with their DEI, HR and Recruiting partners to create an action plan to attract, develop and retain talent.

That same year, we also took steps to incorporate DEI principles into talent management. The fundamental pillar in this strategy is consistent and fair performance reviews — a reliable review process leads to more equitable access to internal opportunities. Since 2020, we have routinely delivered performance reviews to over 99% of all employees globally. The program has led to improvements in our internal mobility program and employees' access to career opportunities within Tesla.

We expanded our leadership development team with a focus on providing DEI offerings to all our U.S. employees. Now all employees are introduced to our DEI principles on their first day as part of orientation and can continue their DEI learning journey throughout their time at Tesla. From our allyship resources, to DEI Life Hacks on our DEI Knowledge Center, to virtual instructor led courses on unconscious bias, inclusive interviewing and inclusive leadership, our employees have access to information no matter where they are.

### Our Diversity, Equity and Inclusion principles

Our DEI team uses a people-first and data-driven approach to champion diversity, equity and inclusion in our business and in the communities in which we operate. We rely on the following guiding principles:

- Provide transparency in our DEI programs, identify areas of improvement, celebrate successes and continually iterate and improve our DEI approach
- Integrate accountability measures into our business operations
- Focus on sustainable solutions that solve problems at the root cause and reimagine new programs with DEI principles embedded in the design
- Share knowledge throughout all levels of the organization to aid in personal and professional learning and development

## People and Culture

### Diversity, Equity & Inclusion

#### Diversity data (EEO-1) for U.S. employees: Tesla is a majority-minority company

We are proud to be a majority-minority company with a large representation of employees from communities that have long struggled to break through the historic roadblocks to equal opportunity in the U.S. As of December 31, 2020, 34% of our directors and vice presidents were non-white. This is a large percentage, considering that just 0.3% of our employees are director level and above at Tesla.

We are working to increase minority representation in professional and management categories through our intentional recruiting efforts with Historically Black Colleges and Universities and Hispanic Serving Institutions, activations at the National Society of Black Engineers, the Society of Hispanic Engineers, AfroTech, as well as community partnerships with organizations like College Track and Black Girls Code. We are also working to ensure that the diversity in our entry-level roles will, over time and because of internal movement, be reflected in our leadership roles.

Job Categories	Total								Male								Female							
	White	Hispanic or Latino	Black or African American	Native Hawaiian Or Pacific Islander	Asian	American Indian or Alaska Native	Two or More Races	Overall Totals	White	Hispanic or Latino	Black or African American	Native Hawaiian Or Pacific Islander	Asian	American Indian or Alaska Native	Two or More Races	Total Male	White	Hispanic or Latina	Black or African American	Native Hawaiian Or Pacific Islander	Asian	American Indian or Alaska Native	Two or More Races	Total Female
Service Workers	42%	30%	6%	2%	16%	0%	4%	100%	26%	20%	5%	2%	16%	0%	1%	70%	16%	10%	1%	0%	0%	0%	2%	30%
Laborers & Helpers	34%	36%	16%	3%	6%	1%	5%	100%	32%	35%	15%	2%	5%	1%	5%	94%	2%	1%	1%	1%	1%	0%	1%	6%
Operatives	26%	31%	15%	3%	19%	1%	5%	100%	20%	21%	11%	2%	14%	1%	3%	72%	6%	9%	4%	1%	5%	0%	2%	28%
Craft Workers	40%	33%	9%	2%	11%	1%	4%	100%	40%	32%	8%	2%	10%	1%	4%	97%	1%	1%	1%	0%	0%	0%	0%	3%
Administrative Support	42%	20%	7%	2%	22%	1%	5%	100%	31%	15%	5%	1%	15%	0%	4%	70%	12%	5%	2%	1%	7%	0%	2%	30%
Sales Workers	52%	19%	10%	1%	12%	0%	6%	100%	38%	13%	7%	1%	8%	0%	4%	72%	14%	6%	3%	0%	3%	0%	2%	28%
Technicians	46%	23%	7%	2%	17%	1%	5%	100%	42%	21%	6%	2%	15%	1%	4%	91%	4%	2%	1%	0%	2%	0%	0%	9%
Professionals	48%	9%	3%	0%	37%	0%	3%	100%	39%	7%	2%	0%	27%	0%	2%	77%	9%	2%	1%	0%	10%	0%	1%	23%
First/Mid Officials & Mgrs	63%	12%	5%	1%	15%	0%	4%	100%	50%	10%	4%	1%	10%	0%	3%	78%	13%	2%	1%	0%	5%	0%	1%	22%
Exec/Sr. Officials & Mgrs	66%	4%	3%	0%	23%	2%	1%	100%	55%	3%	1%	0%	18%	1%	1%	79%	12%	1%	2%	0%	5%	1%	0%	21%
<b>Total</b>	<b>38%</b>	<b>24%</b>	<b>10%</b>	<b>2%</b>	<b>20%</b>	<b>1%</b>	<b>4%</b>	<b>100%</b>	<b>31%</b>	<b>19%</b>	<b>8%</b>	<b>2%</b>	<b>15%</b>	<b>1%</b>	<b>3%</b>	<b>78%</b>	<b>7%</b>	<b>5%</b>	<b>3%</b>	<b>0%</b>	<b>5%</b>	<b>0%</b>	<b>1%</b>	<b>22%</b>