02 COMBINED MANAGEMENT REPORT

OVERVIEW OF THE BMW GROUP

ORGANISATION AND BUSINESS MODEL[1]

» The BMW Group develops and manufactures premium automobiles and motorcycles. Its BMW, MINI, Rolls-Royce and BMW Motorrad brands are among the best-known in the world. The BMW Group occupies leading market positions in both the premium segment and the financial services sector.

Bayerische Motoren Werke Aktiengesellschaft (BMW AG), based in Munich, Germany, is the parent company of the BMW Group. The BMW Group comprises BMW AG itself and all subsidiaries over which BMW AG has either direct or indirect control. ↗ List of Investments. The BMW Group is subdivided into the ↗ Automotive, Motorcycles and Financial Services segments and the Other Entities segment.

BMW AG assumes central responsibility for the management of the Automotive, Motorcycles and Financial Services operating segments.

At 31 December 2024, the BMW Group employed a workforce of 158,441 people worldwide[2].

The BMW Group's global sales network includes sales companies and importers with representation in more than 140 countries. The sales system is structured as a three-level sales model: sales and customer support are handled in stages by BMW AG, its sales companies or the dealership organisation, and importers. Vehicle maintenance and repair work is also carried out for customers at dealership organisations. «

[1] This section contains disclosures in line with ESRS 2 SBM-1.42c).
[2] For a definition, see ↗ Glossary and Explanation of Key Figures.
[3] ↗ Consumption and Carbon Disclosures.

» New vehicles are primarily sold via the dealership organisation. In this process, independent dealerships acquire the vehicles from the BMW Group and sell them to end customers in their own name and on their own account (wholesale model). In some markets, the BMW Group also sells vehicles directly to end customers (agency model). «

SEGMENTS[1]

Automotive segment

» With its automobile brands BMW, MINI and Rolls-Royce, the BMW Group caters to a wide range of expectations and requirements from private and business customers and public authorities across the globe. The essence of the BMW brand lies in the sporty seamless interplay between components and the driving dynamics synonymous with the brand. The attractive, extensive product portfolio is tailored precisely to differing customer needs. The different drive systems represent the BMW Group's openness to technology and range from all-electric drives (BEV[2]), to modern plug-in hybrids (PHEV[3]) and highly efficient combustion engines. The range of vehicles sold by the BMW Group includes automobiles ranging from the premium compact class to the luxury class. The most popular BMW models in the reporting year included those in the X Family. The high-performance brand BMW M complements the Group's products with modern high-performance vehicles.

The BMW Group is leading the way in shaping tomorrow's mobility, with the NEUE KLASSE model generation set to launch at the end of 2025, which will take the Group's entire product portfolio to the next level. The driving experience is at the heart of the NEUE KLASSE, and the range brings together all three strategic areas of focus: electromobility, digitalisation and circularity.

The MINI brand stands for maximum driving fun in the premium compact segment. MINI started to revamp its entire product portfolio in early 2024, with the new MINI family representing a digital world of experience, innovative technologies and the driving pleasure associated with MINI. The highest-volume model in 2024 was again the all-electric MINI Cooper SE[3]. The new MINI Aceman[3], launched in autumn 2024, was the first crossover model introduced to the market that is available exclusively with an all-electric drivetrain.

The Rolls-Royce brand is steeped in tradition and offers automobiles in the ultra-luxury class, with a focus on exclusive service and meeting bespoke customer specifications. Its most successful models include the Rolls-Royce Cullinan[3] and the all-electric Rolls-Royce Spectre[4], which marked the luxury brand's successful introduction to electromobility.

The global sales network of the BMW Group's Automobile segment currently comprises around 3,500 BMW, more than 1,600 MINI and 149 Rolls-Royce establishments. The BMW Group's most lucrative automobile markets in reporting year 2024 were Europe, the USA and China. ↗ Automotive Segment «

Motorcycles segment

» BMW Motorrad develops, manufactures and sells motorcycles and scooters in the Sport, Tour, Roadster, Heritage, Adventure and Urban Mobility categories. As well as motorcycles for private use, BMW Motorrad also makes special-purpose vehicles (official vehicles) for operational use.

BMW Motorrad is the leading manufacturer of motorised two-wheelers in the premium segment and sells its products through more than 1,300 dealerships in some 100 countries worldwide. The most important markets for BMW Motorrad are Germany, France, the USA, Italy and China. ↗ Motorcycles Segment «

Financial Services segment

» The Financial Services segment completes the BMW Group's range of mobility services, offering tailored financial solutions. The Financial Services segment's main lines of business comprise credit financing and the leasing (including insurance and service products) of BMW Group brand automobiles and motorcycles to retail customers. It also handles financing for dealerships and customer deposits. Operating under the brand name Alphabet, the BMW Group is a partner in the international cross-brand fleet business. Its services consist mostly of vehicle fleet financing for large customers, comprehensive management services for corporate car fleets and management of the Group's own fleet. ↗ Financial Services Segment

The BMW Group is a leading provider of financial services in the automotive sector. It offers these services in more than 50 countries worldwide via subsidiaries and cooperation arrangements with local financial service providers and importers. The most important markets for the Financial Services segment are the USA, Germany, the UK and China. «

LOCATIONS

Global overview

The BMW Group operates on a worldwide basis. The BMW Group's largest automobile and motorcycle markets are located in Europe, particularly in Germany and the UK, as well as in the USA and China.

[1] This section contains disclosures in line with ESRS 2 SBM-1.40a) i., ii.
[2] Battery Electric Vehicle ↗ Electrified Vehicles.
[3] Plug-in Hybrid Electric Vehicle ↗ Electrified Vehicles.
[4] ↗ Consumption and Carbon Disclosures.

LOCATIONS WORLDWIDE

● **Sales subsidiaries and Financial Services**
1 **Headquarters**
2 Canada
3 USA
4 Mexico
5 United Arab Emirates
6 Brazil
7 Argentina*
8 South Africa
9 Russia
10 India
11 China
12 South Korea
13 Japan
14 Thailand
15 Malaysia
16 Singapore*
17 Indonesia*
18 Australia
19 New Zealand

* Sales locations only.

41
Sales subsidiaries and Financial Services locations worldwide

33
Production and assembly plants

18
Countries with research and development locations

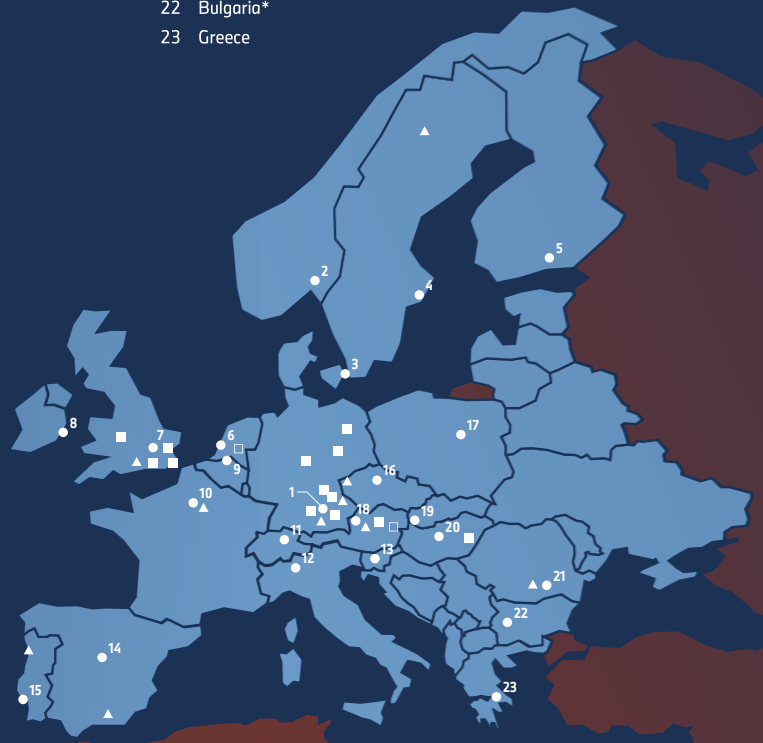
■ **Production outside Europe**
BMW Group plant Araquari, Brazil
BMW Group plant Chennai, India
BMW Group plant Manaus, Brazil
BMW Group plant Rayong, Thailand
BMW Group plant Rosslyn, South Africa
BMW Group plant San Luis Potosí, Mexico
BMW Group plant Spartanburg, USA
BMW Brilliance Automotive, China (3 plants)
◘ Spotlight Automotive, China (Joint operation)
□ **Partner plants outside Europe**
Partner plant, Chongqing, China
Partner plant, Chu Lai, Vietnam
Partner plant, Hosur, India
Partner plant, Jakarta, Indonesia
Partner plant, Cairo, Egypt
Partner plant, Kulim, Malaysia
▲ **Research and Development outside Europe**
BMW Group Technology Office USA, Mountain View, USA
BMW Group Engineering and Emission Test Center, Oxnard, USA
BMW Group Design, Technology and ConnectedDrive Lab, Shanghai, China
BMW Group Development China, Beijing, China
BMW Group Development and Technology Office, Tokyo, Japan
BMW Group Development USA, Woodcliff Lake, USA
BMW Group IT Technology Office, Greenville, USA
BMW Group IT Technology Office, Nanjing, China
BMW Group IT Technology Office, Singapore
BMW Group IT DevOps Hub, Chennai, India
BMW Group IT DevOps Hub, Rosslyn, South Africa
BMW do Brasil Entwicklung, Araquari, Brazil
BMW Group Technology Office Tel Aviv, Tel Aviv, Israel
BMW Group R&D Center Seoul, Seoul, South Korea
BMW Group Prototype Testing, Rosslyn, South Africa
BMW Brilliance Automotive, Shenyang, China
BMW Techworks, Pune, India

LOCATIONS IN EUROPE

● **Sales subsidiaries and Financial Services**

1 Germany
2 Norway
3 Denmark
4 Sweden
5 Finland*
6 The Netherlands
7 UK
8 Ireland
9 Belgium/Luxembourg
10 France
11 Switzerland
12 Italy
13 Slovenia*
14 Spain
15 Portugal
16 Czech Republic
17 Poland
18 Austria
19 Slovakia
20 Hungary*
21 Romania*
22 Bulgaria*
23 Greece

* Sales locations only.



■ **Production in Europe**

BMW Group plant Berlin
BMW Group plant Dingolfing
BMW Group plant Eisenach
BMW Group plant Landshut
BMW Group plant Leipzig
BMW Group plant Munich
BMW Group plant Regensburg
BMW Group plant Wackersdorf
BMW Group plant Steyr, Austria
BMW Group plant Hams Hall, UK
BMW Group plant Oxford, UK
BMW Group plant Swindon, UK
Rolls-Royce Manufacturing Plant, Goodwood, UK
BMW Group plant Debrecen, Hungary

□ **Partner plants in Europe**

Partner plant, Born, the Netherlands (contract manufacturing)
Partner plant, Graz, Austria (contract manufacturing)

▲ **Research and Development in Europe**

BMW Group Research and Innovation Centre (FIZ), Munich, Germany
BMW Car IT, Munich, Germany
BMW Group Autonomous Driving Campus, Unterschleißheim, Germany
BMW Group Designworks, Munich, Germany
BMW Group Lightweight Construction and Technology Center, Landshut, Germany
BMW Group Diesel Competence Center, Steyr, Austria
Critical TechWorks S.A., Porto/Lisbon, Portugal
BMW France, S. A. S., Miramas, France
Rolls-Royce Motor Cars Ltd., Goodwood, UK
BMW Group Vehicle Testing, Arjeplog, Sweden
BMW Group Vehicle Testing, Granada, Spain
BMW Group Vehicle Testing, Sokolov, Czech Republic
BMW Group IT DevOps Hub, Bukarest, Romania

THE BMW GROUP STRATEGY

» For the BMW Group, the further development of the corporate strategy is a continuous process that begins with the environmental analysis. There, trends of significant importance for the automotive industry are regularly examined, evaluated and the underlying assumptions are reviewed. The overarching corporate strategy and the strategic goals of the BMW Group serve as the reference point for the departments to define specific directions and implementation measures. This is done based on strategic fields of action and success-critical tasks.

The flexible strategy process enables planning in scenarios that take into account the increasingly complex business environment. The strategy of the BMW Group is also based on fundamental values. ↗ Compliance

A feedback-based planning and control system translates the strategy into an annually revised, long-term corporate planning. A target system encompassing aspects of finance, customers, processes, learning, and development monitors the implementation of the strategy. ↗ Performance Indicators and Performance Management «

ENVIRONMENTAL ANALYSIS*

» The success of a company largely depends on its ability to recognise changes in the environment early, consider alternative development scenarios, effectively manage risks and seize opportunities that may arise from changes ↗ Risks and Opportunities. To achieve this, the BMW Group consistently observes the conditions in key regions and analyses trends and developments that may impact future business operations. This is grounded in a regularly updated environmental analysis focused on selected thematic areas. The regular ↗ Dialogue with Stakeholders conducted by the company through the established BMW Group XChange formats, enhances the insights gained from the environmental analysis.

In addition to the existing development directions, several trends are increasingly gaining momentum, particularly regarding digital technologies, consumer behavior, and the political environment. The currently most significant trends with long-term impacts on the business model of the BMW Group are categorized based on the influencing factors of society, technology, economy, ecology and politics. «

Society

» Individual mobility remains a fundamental human need. Vehicle ownership continues to depend significantly on income, household size and location. Particularly in urban areas, on-demand mobility (ODM) services are still primarily used as complementary offerings. Supported by the use of digital technologies, new usage concepts are gaining importance. In this context, vehicles are increasingly being understood as living spaces. «

Technology

» For the BMW Group, as a technology-oriented company, trends and developments in this area are of particular importance. Changes occur continuously, the market environment is evolving very dynamically and new forms of collaboration are emerging. Offerings related to artificial intelligence expand possibilities in almost all areas of life. Today, modern vehicles are already among the most complex digital products in consumer hands. Customers are shaping their requirements for vehicles with regard to the digital ecosystems they use daily. Automobiles are expected to provide reliable support in everyday life, seamlessly integrate into personal living environments and create a holistic experience. Software updates and upgrades are becoming the standard. ↗ Innovations and Product Technologies

Alongside digitalisation, the shift towards automated and autonomous driving remains one of the key expectation for the future of mobility. There are varying development speeds and functional characteristics observed across different regions, with the use of AI being a significant driver of this development.

Globally, electromobility is an important step towards climate neutrality. However, varying speeds of adoption can still be observed in different countries. Therefore, it can be expected that both electric vehicles and vehicles with internal combustion engines will continue to be offered in the long term. A key factor for the success of electromobility is addressing the existing uncertainties. These include issues related to regulation, the widespread and sufficiently rapid development of charging infrastructure, the evolution of electricity versus fuel prices, and the availability of raw materials. «

* This chapter contains disclosures in line with ESRS 2 SBM-1.40e)-g); 42a)-c); ESRS 2 SBM-3.48b), f).

» To meet the generally increasing demand for climate-neutral energy through electricity from renewable sources[1], the corresponding capacities would need to be expanded quickly. However, the resulting increase in the share of renewable energies would lead to greater fluctuations in electricity generation and thus to new challenges for grid stability. Together with the limited capacities of the distribution networks, this would require further efforts for the sustainable success of electromobility. ↗ Innovations and Product Technologies «

Economy
» Economy and ecology are closely interconnected and influence each other. In addition to CO_2 emissions, resource efficiency will gain importance. There are also increasing requirements for secondary materials and recycling, such as quota mandates. At the same time, this can lead to cross-industry initiatives and opportunities for new business models. ↗ Circular Economy and Resource Use

Competition among different political systems dominates international politics. Sanctions, tariffs and subsidies are altering international trade flows. The resulting geopolitical risks necessitate securing international supply chains. «

Ecology
» Governments around the world are working to translate the goals of the Paris Agreement on CO_2 reduction into national laws. An ambitious climate policy orientation will become an important foundation for successful business operations. It is crucial to prepare for the impacts of climate change. Driven by the global need for decarbonization, the role of hydrogen as an energy carrier will fundamentally change in this context. «

Politics
» Politics and regulations restrict the scope of action across the entire automotive value creation model. The internationally varying legislation on similar issues significantly contributes to a heterogeneous regulatory landscape. Complying reliably with the often very complex requirements is frequently associated with high costs and increasingly poses a challenge for the automotive industry. «

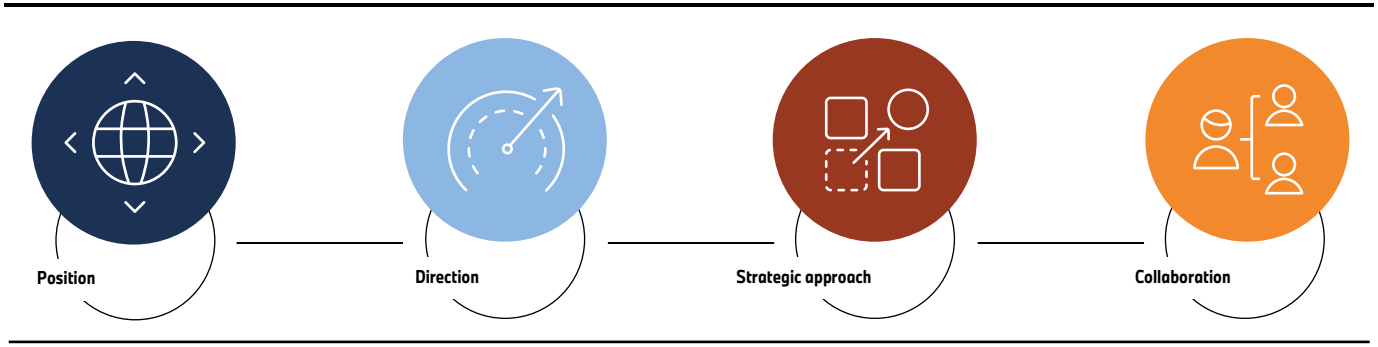
CORNERSTONES OF THE STRATEGY[2]

The BMW Group strategy is aligned with the company's purpose "The BMW Group exists to move body, heart and mind." This purpose is the driving force, the guiding principle and the orientation for our employees, and our commitment to our active role in society. Its long-term focus guides us purposefully into the future.

Transitioning to the specific content of the BMW Group Strategy, the BMW Group Impact further develops the Company's long-term strategic vision and emphasizes the ambition to contribute to societal advancement. "We make individual mobility more human, intelligent and responsible – creating an inspiring future for all of us."

[1] See ↗ Glossary for a definition of electricity from renewable sources.
[2] This chapter contains disclosures in line with ESRS 2 SBM-1.40e)-g); 42a)-c).

The BMW Group Strategy



Position - What does the BMW Group stand for?[1]

» With its innovative products, the BMW Group represents first-class individual mobility. The key focus areas of the Group's strategy are (1) a technology-open portfolio of highly efficient drive technologies with a strong focus on electromobility, (2) further digitalisation of customer interfaces as well as the development of corresponding products and complementary services, and (3) sustainability across the entire value chain, including the circular economy.

The BMW Group is committed to the ambitious Paris Agreement targets and is taking ambitious steps in its efforts towards progressive, holistic decarbonization, on the basis of the Science Based Targets initiative (SBTi). For the BMW Group, holistic means decarbonising the emissions generated by its vehicles over their entire life cycle – from raw materials to kilometres driven. ↗ Transition plan to achieve Net Zero emissions by 2050

From financial year 2024, carbon equivalent targets must be presented in absolute values (t CO_2e), in line with the sustainability reporting requirements as set out by ESRS. The relative targets introduced in 2021 (expressed as reduction per vehicle) for Scope 1 and 2 (BMW Group locations) and Scope 3 (Purchased goods and services, Logistics, Use phase, in each case for the Automotive segment) will be replaced with absolute values from reporting year 2024 onwards. The BMW Group's overall target claim remains unchanged with this adaptation and take account of growth forecasts and interaction between the scopes. Accordingly, by the target year 2030 (near-term target) the BMW Group aims to reduce its carbon equivalent emissions by at least 40 million tonnes CO_2e as compared to the base year of 2019 (instead of a relative reduction target of 40% per vehicle) – from 150.1 million tonnes CO_2e to 108.6 million tonnes CO_2e ↗ Path to achieving the CO_2e reduction targets in 2030. The resilience of the BMW Group's business model to face the challenges posed by climate change should be ensured by incorporating all relevant aspects, risks and opportunities into its corporate planning. Our comprehensive digital reporting system also guarantees that climate perspectives are consistently taken into account. Moreover, the BMW Group Strategy considers uncertainties in key framework conditions and the limits of the political controllability of markets, as last demonstrated in 2024. Flexibility is therefore also a focal point of the climate dimension of the BMW Group's corporate strategy.

The BMW Group achieved a leading position in the sale of electrified vehicles in 2024, yet the markets remain highly fragmented, illustrating how manufacturers' products alone cannot ensure sufficient demand. A reliable, continued expansion of charging infrastructure, calculable and sustained cost benefits and an expansion of cost-effective energy with zero carbon equivalent emissions remain the key factors for success. The BMW Group is actively working on numerous projects and initiatives to improve the framework conditions for electromobility. This includes its contribution to the expansion of charging infrastructure in Germany and the use of electricity from renewable sources[2] in our joint ventures IONITY, IONCHI and IONNA. Beyond this work to expand the charging infrastructure, the BMW Group also supports customers in using the vehicles efficiently in a number of ways, for example by offering flexible contract options for charging all-electric vehicles (BMW Charging), and by showing customers their own driving style in the My BMW App. «

[1] This section contains disclosures in line with ESRS 2 SBM-3.48b), c) i., ii., iv.
[2] See ↗ Glossary for a definition of electricity from renewable sources.

» The BMW Group also intends to continue its efforts to significantly reduce its direct CO_2e emissions (Scope 1 and 2). As in the past, the BMW Group remains committed to energy efficiency measures, electricity generated in-house from renewable sources, the purchase of electricity from renewable sources via Power Purchase Agreements and the use of Energy Attribute Certificates (e.g. guarantees of origin). The remaining emissions are largely attributable to the use of natural gas. In this respect, the BMW Group faces the challenge of replacing natural gas with non-fossil energy sources such as biogas, green hydrogen or electricity from renewable sources. However, the transition to alternative energy sources depends largely on their availability, the technical retrofitting of the systems, the political framework conditions and economic efficiency.

Steering indicators such as carbon emissions over the entire product life cycle are important performance indicators during the development phase of our vehicle projects, ↗ Performance Indicators and Performance Management. The Board of Management discusses a status report on sustainability every quarter and derives appropriate measures as required.

By implementing the sustainability targets enshrined in the Group's overall strategy at corporate level and applying targets to new vehicle models (for example carbon equivalent targets at derivative level, availability of different drivetrains and design features), we create transparency for our customers in terms of our sustainability performance. Certified life cycle assessments allow the BMW Group to demonstrate how measures affect environmental footprints both before and after purchase. At the same time, studies involving various customer groups (for example potential new customers, early buyers, existing customers and customers considering BMW Group) that have been carried out in major markets allow customers to experience sustainability concepts themselves and ensure that input from the studies is incorporated in the sustainability strategy in a continuous strategy development cycle.

Sustainability aspects (ESG criteria) are built into individual market strategies across our global organisation. Best practices in the fields of environmental protection, social sustainability, corporate citizenship and governance are also shared within the international sustainability network. «

Direction – What drives the BMW Group?*

» The BMW Group stands for exciting products and ensures its entrepreneurial independence through strong profitability. With its innovative strength, the BMW Group shapes the future of individual mobility. Exciting products are the fundamental prerequisite for the highest customer satisfaction, attractive brands and a strong competitive position.

Economic performance plays a significant role in the corporate governance of the BMW Group. This is supported by our ambitious financial targets for strategic key figures, such as the EBIT margin in the Automotive segment (between 8% and 10%), a RoCE in the Automotive segment of at least 18% and an EBT margin in the Group of more than 10%. ↗ Performance Indicators and Performance Management

Key factors for customer satisfaction and enthusiasm, as well as the economic success of the BMW Group, are the quality and reliability of all products and services. Therefore, we have set a holistic understanding of quality aimed at providing the best customer experience. In 2024, this strategic direction was further specified. In addition to continuing overarching activities to strengthen quality awareness (the 'Mission Quality' initiative), quality efforts will be enhanced through both preventive and reactive measures from the operational departments.

Digitalisation is being consistently advanced beyond the vehicle in corporate and customer processes, as well as throughout the automotive value chain, driving ↗ Innovations and Product Technologies strengthening the resilience and entrepreneurial flexibility of the BMW Group. There are corresponding initiatives in all areas of the Group that accelerate our internal processes and workflows across the organisation and consistently realise digital potential. There is also an overarching action plan to operationalise digital transformation along the entire value chain. The synergistic approach of our four digital areas of focus – processes, data, technology and people – serves as the central framework for effectiveness in the digital age. It is a common language, an organising principle and a communicative basis for the digital transformation across the Group. The establishment of a board committee for digitalisation further emphasises its relevance and ensures the cross-departmental networking and continuity of processes, data and IT up to Board level. ↗ Board of Management - Duties, diversity, expertise

A focus topic in 2024 was the systematic use of generative artificial intelligence (AI). The application of generative AI (GenAI) at the BMW Group supports the digital advancement of the company by increasing efficiency, fostering innovation, and enhancing customer experiences. Internally, the BMW Group uses GenAI strategically to better and more efficiently manage the complexity of the business and to promote accessibility to corporate IT. This enables the assurance of affordability and quality while ensuring high speed in decision-making and process flows. The potentials of GenAI include improving software development, optimising business processes and enhancing customer experience. The goal is for all employees to acquire the same foundational knowledge of digitalisation and to recognise and leverage the potentials within their own areas of responsibility for the benefit of the BMW Group. «

* This section contains disclosures in line with ESRS 2 SBM-3.48 b).

Strategic approach – Where is the BMW Group heading?[1]

» The BMW Group consistently places the needs of its customers at the centre by combining forward-looking technologies, exciting products and personalised support into a comprehensive experience. This allows the Company to meet a wide range of demands and expectations worldwide. The focus areas are drivetrains with an emphasis on electromobility as well as digitalisation, sustainability and the circular economy.

The BMW Group recognised the importance of electromobility early on. Since the end of 2023, the BMW Group has offered at least one all-electric model across all brands and segments. In 2024, the Group introduced several new vehicles to the market, including the BMW iX2[2], the extended-wheelbase version of the BMW i5 sedan tailored for the Chinese market, the BMW i5 Touring[2], the MINI Cooper SE[2], the MINI Countryman SE[2] and the all-electric MINI Aceman[2], the brand's first crossover model. Thanks to the attractive product portfolio, intelligent vehicle architectures and flexible production facilities, the number of deliveries increased to 426,536 fully electric vehicles in 2024, a rise of 13.5% (2023: 375,716 vehicles). ↗ Automotive Segment

In 2025, the BMW Group also expects an increase in the deliveries of its fully electric vehicles. The NEUE KLASSE will enter production at the end of 2025. It will set benchmarks in electrification, digitalisation and circularity while maintaining BMW's typical driving pleasure and emotional design. The NEUE KLASSE is distinguished by its new cluster architecture (NCAR) exclusively focused on Battery Electric Vehicles (BEVs). The sixth-generation BMW e-drive technology will significantly improve range, charging time and manufacturing costs. Inside, the next generation of the BMW iDrive will provide a completely new digital user experience: Key elements include the BMW Panoramic Vision, a revolutionary new head-up technology, the new BMW 3D Head-up Display for presenting 3D animated and highly precise driving information, the multifunctional steering wheel for individual control of display content and the central display with intuitive touch functionality. Furthermore, the NEUE KLASSE aims for a higher level of sustainability throughout the entire vehicle life cycle. To accomplish this, the BMW Group is increasingly integrating secondary materials and implementing more resource-efficient production methods. ↗ Circular Economy and Resource Use

The new technologies, modules and sustainability approaches that are built into the NEUE KLASSE will be rolled out across the entire vehicle portfolio by the end of the decade. We are also continuously developing our combustion technology so that we can continue to offer customers state-of-the-art vehicles in all segments in the future, independent of the drive system.

The production of vehicles from the NEUE KLASSE will commence at the newly established BMW Group plant in Debrecen at the end of 2025 and will subsequently be expanded to additional locations. ↗ Production Network

The increase in customer demand for fully electric vehicles is dependent on the societal acceptance of electromobility and the development of the framework conditions, particularly the expansion of infrastructure, the evolution of energy costs and the respective regional regulations. The BMW Group plans for a share of fully electric vehicles to exceed 50% by the year 2030. ↗ Innovations and Product Technologies

Hydrogen fuel cell technology has the potential to serve as another all-electric pillar in our drive portfolio, in addition to battery electric drives. The BMW Group plans to launch its first series-produced BMW fuel cell electric vehicle (FCEV) in 2028. In order to develop this new generation of fuel cell drive technology, the BMW Group and the Toyota Motor Corporation are expanding their close, ten-year-plus partnership and combining their technological expertise and innovative strength. The result of this collaboration will be a jointly developed fuel cell drive system used in individual BMW and Toyota FCEV models. Working with Toyota in the development and procurement process will create synergies and scale effects that reduce the cost of the fuel cell technology. Furthermore, both companies continue to advocate for governments and investors to create suitable framework conditions for the early adoption of hydrogen mobility and are collaborating with companies that establish low-emission facilities for hydrogen production, distribution and refuelling.

With the market launch of the BMW CE 04 electric scooter in March 2022, BMW Motorrad has also successfully established itself in electromobility. Building on this success, the eParkourer – the BMW CE 02 – was introduced in April 2024 and will continue the electrification strategy for urban mobility. ↗ Motorcycles Segment

In addition to delivering product substance, we also offer customers a 360° approach with an appropriate charging ecosystem. Beyond providing charging options at home and in the workplace, we are focusing on public charging with our BMW Charging and MINI Charging offerings and are actively participating in the expansion of charging infrastructure in the most significant markets worldwide. Since 2017, the BMW Group has been strengthening the development of the European fast-charging network through its joint venture with IONITY. The BMW Group and six other automobile manufacturers founded the US joint venture IONNA in 2023 with the objective of strengthening the North American fast-charging network by installing 30,000 charging points. In China, the BMW Group, together with Mercedes-Benz, founded the joint venture IONCHI in early 2024, which aims to operate at least 1,000 fast-charging stations by the end of 2026. ↗ Access to public charging networks

The BMW Group places the customer experience at the centre of its marketing and sales activities. In an increasingly digital environment with changing customer needs, the company is focusing on a forward-looking sales structure that emphasises the digitalisation of the customer interface and direct customer access. The aim is to provide the best premium customer experience in the industry. «

[1] This section contains disclosures in line with ESRS 2 SBM-1.40 a) i.; ESRS 2 SBM-3.48 b), c) i., ii., iv.
[2] ↗ Consumption and Carbon Disclosures.

» Customers will soon be able to choose whether to initiate the ordering process for their vehicle with a sales partner or online. Furthermore, they can seamlessly switch between both worlds, as the BMW Group is decisively and consistently advancing the digital sale (online sale) of vehicles.

A key element of the newly aligned sales structure is the transition to direct sales. Following the pilot market in South Africa, MINI was the first Group brand to implement the new sales model in China in 2023. Europe followed in the current reporting year with Italy, Poland, Sweden, Finland, Norway, France, Austria, Belgium, Luxembourg and Germany. Additional European countries will transition to the MINI direct sales model throughout 2025. The introduction of direct sales for the BMW brand is planned for a later date in Europe.

The new sales model benefits customers, sales partners and the BMW Group equally. The BMW Group relies on the existing dealer network, leveraging a central strength of the company: a highly effective and established sales structure. Thus, today's dealers will continue to act as active intermediaries between the BMW Group and our customers.

In the Financial Services segment, we are also continually expanding our offerings to include comprehensive services, including insurance. As part of our strategic direction in the financial services business, we aim to make our product offerings accessible to all customer groups across all channels ↗ Financial Services Segment. This ensures that our customers receive personalised offers designed to meet their specific needs.

Circular economy is a key focus for the BMW Group in the drive towards more resource-efficient mobility. The concept revolves around keeping materials circulating in the best possible way, ensuring that resources are used sustainably and retain their value over time. This approach opens up a range of opportunities across the entire value chain. Reusing valuable resources also reduces the BMW Group's reliance on primary raw materials and their fluctuating prices. Furthermore, the use of high-quality secondary materials should reduce the carbon footprint of our vehicles even further. For these reasons, the BMW Group is taking additional steps to increase the proportion of recycled materials. With this objective in mind, the BMW Group returns selected production residues to the supplier or material processor, enabling those materials to be recovered and returned in a new production process. Recycled and reused materials are already being used in BMW Group vehicles production today. Circular economy requires holistic thinking – from product design to vehicle recycling. ↗ Circular Economy and Resource Use «

Collaboration –
How does the BMW Group achieve this?*

» The BMW Group is constantly striving for the best results. It supports its employees in further developing their strengths. The company promotes and demands strong teams, whose members complement each other's strengths, collaborate in a connected manner and develop optimal solutions in a complex environment. The BMW Group views its diversity as an important element of its competitiveness ↗ Own Workforce. The diversity metric, for example, defines the proportion of women in leadership positions as a strategic target, which also serves as a significant performance indicator for corporate governance. The aim is to increase the share of women in leadership positions at the BMW Group to 22% by the end of 2025. ↗ Performance Indicators and Performance Management

Through long-established, stable relationships with our external partners, we aim to achieve maximum impact through trustworthy collaboration. The experiences gained during the recent COVID-19 pandemic have further strengthened these relationships within the partner network and supply chains. ↗ Purchasing and Supplier Network

Together with our cooperation partners, we realise potential in terms of access to know-how, profitability and technology footprint. In addition to the partnership with Qualcomm in the development of assisted and automated driving, the development partnership between the BMW Group and Solid Power offers benefits to both companies. ↗ Innovation and Product Technologies

The development of the automotive industry, particularly with regard to electrification and digitalisation, is associated with profound changes. The BMW Group is proactively addressing the resulting challenges for the employment structure through targeted skills development and restructuring ↗ Own Workforce. As part of our integrative Just-Transition approach, we actively facilitate a socially responsible transformation of our employees through comprehensive qualification and training measures. The realignment of our Munich headquarters in 2024 is an example of this. By 2027, the transformation of a full plant, including the production of internal combustion engines, to 100% electromobility will be implemented while production continues. Already today, the BMW Group develops and manufactures electrified drive components for its current electrified vehicles at its German locations (Munich, Dingolfing, Landshut, Leipzig and Regensburg) as well as in China (Shenyang). For the next generation of high-voltage batteries, new assembly sites will be established in Debrecen (Hungary), San Luis Potosí (Mexico), Woodruff near Spartanburg (USA), Shenyang (China) and in Germany at the new site in Irlbach-Straßkirchen, including the development of corresponding competencies. In this context, the BMW Group is making significant investments to drive continuous transformation across all aspects of sustainability (ESG criteria). ↗ Production Network, ↗ Own Workforce «

* This section contains disclosures in line with ESRS 2 SBM-3.48 b), c) i., ii., iv.

PERFORMANCE INDICATORS AND PERFORMANCE MANAGEMENT[1]

The BMW Group's strategic targets are derived from the findings of the ↗ Environmental Analysis in an ongoing strategic process and subsequently translated into a system for measuring performance ↗ Cornerstones of the Strategy. The resulting target system is therefore a key instrument for anchoring strategy throughout the Company. For corporate management purposes, the strategic targets are backed by effective performance indicators.

Long-range corporate planning for the Company as a whole and its segments is geared towards the structure of the BMW Group target system. In this way, the targets set out in the planning are regularly compared with the BMW Group's strategic goals.

Once approved by the Board of Management and the Supervisory Board, the target amounts decided upon within the strategic target system become the basis of planning for the current reporting year and for the target agreements with BMW Group managers and the members of the Board of Management ↗ Remuneration Report. The following summarises the key performance indicators defined in DRS 20, which also form the basis for performance management in the BMW Group.

From financial year 2025, the key performance indicators will be adapted to the newly defined strategic targets as regards carbon equivalent emissions. The absolute values will consequently be used as performance indicators in millions of tonnes of carbon equivalent emissions for Scope 1, Scope 2 and Scope 3 (supply chain and use phase), replacing the values per vehicle ↗ Path to achieving the CO_2e reduction targets in 2030. Carbon emissions from the new EU vehicle fleet will remain a key performance indicator due to statutory requirements. These will, however, no longer be considered the most important performance indicator in light of the new overarching indicator for Scope 3 emissions.

Group
- Profit before tax (EBT)
- Number of employees at the end of the year
- Share of women in management positions (in %)
- Carbon equivalent emissions for Scope 1 and 2 (in millions of tonnes CO_2e; from 2025)[2]

Automotive segment
- Profit before financial result as a percentage of revenues (EBIT margin, in %)
- Return on capital employed (RoCE, in %)
- Deliveries (in units)
- Share of all-electric automobiles in deliveries (in %)
- Carbon equivalent emissions for Scope 3 (purchased goods and services, transport logistics, use phase; in millions of tonnes CO_2e; from 2025)[3]
- Carbon equivalent emissions from the BMW Group locations for Scope 1 and 2 per vehicle produced (in tonnes; until 2024)
- Carbon emissions of the new EU vehicle fleet (in g/km; until 2024)

Motorcycles segment
- Profit before financial result as a percentage of revenues (EBIT margin; in %)
- Return on capital employed (RoCE, in %)
- Deliveries (in units)

Financial Services segment
- Return on equity (RoE) in %

[1] This section contains disclosures in line with ESRS 2 SBM-1.40e)-g); 42a)-c).
[2] Excluding locations where the Group does not have operational control, including biogenic emissions.
[3] Only includes automobiles.

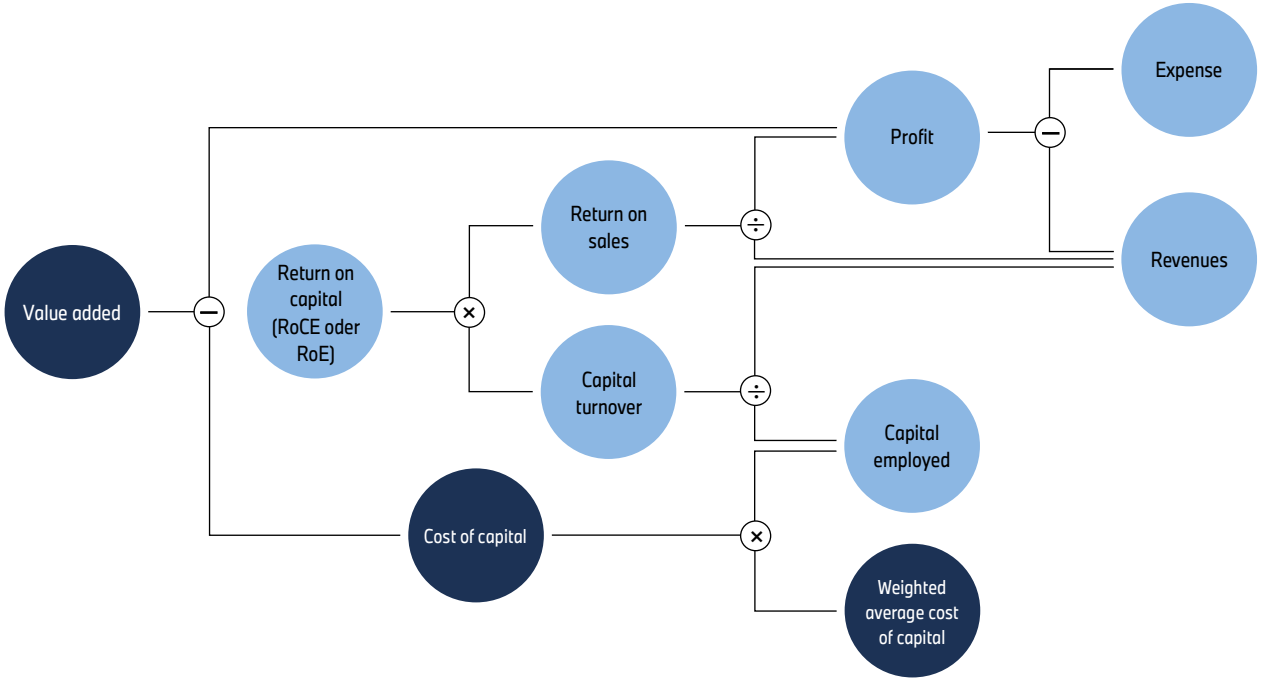
Performance management

» The BMW Group's performance management system follows a value-based approach. that focuses on profitability, consistent company growth, value enhancement for capital providers, sustainability, climate change mitigation and job security. Capital is considered to be employed profitably when the amount of profit generated on a sustained basis exceeds the cost of equity and debt capital. This strategy also secures the desired degree of corporate autonomy in the long term.

The BMW Group's performance management system is based on a multi-layered structure. Operational performance is managed primarily at segment level. In order to influence long-term corporate performance, additional key performance figures are taken into account within the management system at Group level. In this context, the value added serves as one of several indicators to measure the contribution made to enterprise value during the financial year.

This aspiration to add value is measured at both Group and segment level by means of the key performance indicators. The link between value added and the relevant value drivers is presented in a simplified form below. «

BMW Group – Value drivers



Managing sustainability

The BMW Group's long-term corporate strategies are determined by the Board of Management. Responsibility for implementing the Group's sustainability goals also lies with the Board of Management. Significant decisions are therefore evaluated from the point of view of sustainability. This ensures that sustainability issues are systematically integrated in decision-making processes and to compensation at top management levels. As part of the procedures for managing sustainability on an integrated basis at corporate level, a Group target system has been created that addresses environmental, social and governance issues. The allocation of sub-targets to specific areas and products ensures consistency in the management and responsibility model. For example, carbon equivalent reduction targets have been set specifically for projects working on the development of new vehicles. The Board of Management is made aware of the latest developments relating to target management in the course of the year, at least once a quarter.

Managing operational performance at segment level

» At segment level, operational performance is managed using an aggregated approach based on returns on capital employed. Depending on the business model, the segments are measured on the basis of return on capital employed or return on equity.

Return on capital employed (RoCE) is used for the Automotive and Motorcycles segments and return on equity (RoE) for the Financial Services segment. These indicators combine a wide range of relevant economic information, such as profitability (return on sales) and capital efficiency (capital turnover) to measure segment performance and the development of enterprise value. «

Automotive segment

» The most comprehensive key performance indicator used for the Automotive segment is RoCE, which provides information on the profitability of capital employed and business operations. Value driver analyses are used to interpret the causes of a change in RoCE and derive suitable measures to influence its development.

The capital employed items taken into account reflect the focus of operational segment management. Capital employed is calculated as the sum of intangible assets, property, plant and equipment and net working capital, the latter comprising inventories and trade receivables less trade payables. The amount of capital employed increased in light of the full consolidation of BMW Brilliance in the 2022 BMW Group Financial Statements. The increase arose primarily due to the takeover of property, plant and equipment and intangible assets, as well as the capitalisation of reacquired rights in conjunction with the purchase price allocation. The RoCE will be impacted temporarily by the higher capital base as well as the related amortisation expense expected to be recorded.

The strategic target for RoCE is 18%.

Due to the special significance of RoCE for the BMW Group, the Automotive segment is also managed on the basis of a number of additional key performance indicators that have a significant impact on RoCE and hence on segment performance. These value drivers include deliveries and the operating return on sales (EBIT margin: segment profit before financial result as a percentage of segment revenues) as a key figure for profitability in the segment.

Furthermore, the Automotive segment manages its compliance with fleet carbon emissions requirements in regulated markets. This also includes the share of all-electric automobiles in deliveries reported since financial year 2023 ↗ Performance Indicators and Performance Management. As compliance with regulatory requirements is a significant factor in the BMW Group's success, business decisions relating to vehicle projects also take targets for fleet carbon emissions into account. «

$$\text{RoCE Automotive or Motorcycles} = \frac{\text{Profit before Financial result}}{\text{Average capital employed}}$$

Return on capital employed (Automotive segment)

	Profit before financial result in € million		Average capital employed in € million		Return on capital employed in %	
	2024	2023	**2024**	2023	**2024**	2023
Automotive	7,893	12,981	69,205	64,412	11.4	20.2

Motorcycles segment

» The Motorcycles segment is largely managed based on the same logic applied to the Automotive segment. The principal key performance indicator is the return on capital employed (RoCE). The strategic RoCE target set for the Motorcycles segment is 18%.

The main value drivers are the deliveries and the operating return on sales (EBIT margin: segment profit before financial result as a percentage of segment revenues) as the key performance indicator for segment profitability. «

Financial Services segment

» The performance of the Financial Services segment is measured on the basis of the return on equity (RoE), a key performance indicator commonly used in the banking sector. Within the BMW Group, RoE is defined as segment profit/loss before tax, divided by the average amount of equity capital in the Financial Services segment. The target is a return on equity of at least 14%. «

$$\text{RoE Financial Services} = \frac{\text{Profit before tax}}{\text{Average equity capital}}$$

Return on capital employed (Motorcycles segment)

	Profit before financial result in € million		Average capital employed in € million		Return on capital employed in %	
	2024	2023	**2024**	2023	**2024**	2023
Motorcycles	198	259	1,281	1,171	15.5	22.1

Return on equity (Financial Services segment)

	Profit before tax in € million		Average equity capital in € million		Return on equity in %	
	2024	2023	**2024**	2023	**2024**	2023
Financial Services	2,538	2,962	16,775	17,176	15.1	17.2

Strategic management at Group level

Strategic management and the measurement of its financial impact are coordinated primarily at Group level in conjunction with the long-term corporate plan. Group profit/loss before tax provides a comprehensive measure of the Group's overall corporate performance after consolidation effects and enables a transparent comparison over time. Other key performance indicators at Group level are the size of the workforce at the year-end as well as the share of women in management positions. By 2025, the BMW Group aims to increase the share of women in management positions to 22%, with a corridor of 23 to 25% by 2030. ↗ Cornerstones of the Strategy

The information provided by these key performance indicators at Group level is complemented by the two financial performance indicators of pre-tax return on sales and value added. Value added, as a highly aggregated performance indicator, also provides an insight into capital efficiency and the (opportunity) cost of capital required to generate Group profit. A positive value added means that a return on investment above the cost of capital has been achieved.

Capital employed comprises the amount of Group equity and pension provisions as well as the financial liabilities of the Automotive and Motorcycles segments employed on average at the end of each of the last five quarters.

The earnings amount corresponds to Group profit/loss before tax, adjusted for interest expense incurred in conjunction with the pension provisions and on the financial liabilities of the Automotive and Motorcycles segments (profit/loss before interest expense and tax). The cost of capital is the minimum rate of return expected by capital providers in return for the capital employed. Since capital employed comprises an equity capital (e.g. share capital) and a debt capital element (e.g. bonds), the overall cost of capital is determined on the basis of the weighted average rates for equity and debt capital, measured using standard market procedures. The pre-tax weighted average cost of capital (WACC) for the BMW Group in 2024 was 12%, unchanged from the previous year.

Value added Group

	Earnings amount		Cost of capital (equity + debt capital)		Value added Group	
in € million	**2024**	2023	**2024**	2023	**2024**	2023
BMW Group	11,178	17,257	11,973	11,615	– 795	5,642

Value added Group = **Earnings amount – Cost of capital**

= **Earnings amount – (cost of capital rate x capital employed)**

In order to determine the internal rate of return, risk-adjusted cost of capital rates are based on the average of actual rates in recent years. In light of the long-term nature of product and investment decisions, the following internal rates of return are used in conjunction with segment management:

in %	**2024**	2023
Automotive	12.0	12.0
Motorcycles	12.0	12.0
Financial Services	13.4	13.4

Value-based management for project decisions

Operational business in the Automotive and Motorcycles segments is largely shaped by the life-cycle-dependent character of investment projects that have a substantial influence on future performance. Project-related decisions are therefore a crucial element of financial management in the BMW Group. Project decisions are based on calculations derived from the expected cash flows of each individual project. Calculations are made for the complete term of a project, incorporating future years in which the project is expected to generate cash flows. Project decisions are taken on the basis of net present value and the internal rate of return calculated for the project. The net present value indicates the extent to which the project will be able to generate future net cash inflows over and above the cost of capital. A project with a positive net present value enhances future value added and therefore results in an increase in enterprise value. The project's internal rate of return measures the average return on the capital employed in the project. For all project decisions, the project criteria and long-term impact on periodic results are measured and incorporated in the long-term Group plan. This approach enables an analysis of the impact of project decisions on periodic earnings and rates of return for each year during the term of the project.

Board of Management remuneration

Performance criteria for the variable remuneration paid to members of the Board of Management are based on the key strategic targets and performance indicators. More information can be found in the ↗ Remuneration Report.

INNOVATIONS AND PRODUCT TECHNOLOGIES

Remaining consistently one step ahead while keeping a firm eye on the future is a core aspect of the BMW Group's philosophy and an expression of our firm commitment to innovation.

Much of 2024 was devoted to preparing for the NEUE KLASSE. The BMW Group is thus setting the course for the future. With a focus on electrification, digitalisation and sustainability, the customer experience and a new design language are at the core of the NEUE KLASSE. This advancement is also evident in the record figures for research and development expenditure and the capitalisation rate in the reporting year.

New BMW Panoramic iDrive with Operating System X from 2025

The new operating system BMW Operating System X forms the basis of the new BMW Panoramic iDrive, set to be deployed initially in the NEUE KLASSE from late 2025 then subsequently in all new models. The BMW Panoramic iDrive is intuitive, convenient, offers improved ergonomics and provides the driver with appropriate information depending on the situation. The newest generation of the BMW Panoramic iDrive has four central elements: the BMW Panoramic Vision, the BMW 3D Head-up Display, the Central Display and the multifunctional steering wheel.

The Panoramic Vision projects information across the width of the entire windscreen using three integrated displays beneath the dashboard. It creates a spatial image in the driver's field of view that can be personalised in line with individual wishes. The 3D Head-up Display offers integrated displays for navigation and automated driving for the first time. These displays provide complementary content and are designed for the BMW Panoramic Vision. The Central Display with matrix backlight technology features a refined menu structure and can display up to six customisable widgets. The multifunctional steering wheel is the main physical control element and provides active haptic feedback. These four elements combined offer a reinterpretation of BMW's typical driver-oriented focus of "hands on the wheel, eyes on the road".

BMW Operating System X represents a further development in BMW's current operating system. It is based on an Android Open Source Project (AOSP) software stack and offers improved update and upgrade capability. The state-of-the-art system is scalable and can be integrated in all vehicle segments.

Digitalisation for innovation and the customer experience

Digitalisation is a key element in keeping the vehicle up to date for customers long after they have taken delivery of their new automobile. Since the launch of Operating System 7 in 2018, a remote software upgrade (RSU – i.e. updating the vehicle's software without taking the vehicle for servicing) has been available for BMW vehicles. At the end of 2024, over nine million BMW vehicles worldwide were already fully updatable.* In other words, these vehicles can be updated in every respect, including infotainment, the drivetrain, driver assistance, convenience and safety.

Independent of RSUs, BMW ConnectedDrive upgrades also allow additional functions, such as apps or extended navigation, to be either bought or simply booked for a specific period after the vehicle has initially been purchased.

The vehicle as a digital experience

The latest generation of BMW Group vehicles offers customers a maximum of interaction, infotainment and connectivity. State-of-the-art on- and off-board technologies such as 5G connectivity and cloud services make the vehicles an integral part of their users' digital lives. The comprehensive connectivity enables a whole host of digital services and functions, from smart and learning navigation to in-car gaming and video streaming. The vehicle is thus becoming another living space for its users.

Software expertise at the BMW Group

The BMW Group began developing its own software more than 20 years ago. Since then, the Group has expanded its network to include teams of developers at key research centres worldwide. Additional IT hubs were added to the network in the reporting year in the form of BMW TechWorks in Romania and India. ↗ Locations

* The availability and contents of remote software upgrades depends on the country, model, equipment and software version installed.

Digital connectivity and automation
Automated functions and digitally connected vehicles can help to reduce the risk of accidents, ease traffic congestion and cut emissions. That's why the BMW Group is consistently driving this issue forward – with a sharp focus on customer convenience and safety.

To ensure the safety of automated systems, the BMW Group is promoting the development of industry-wide ISO standards for partially, highly and fully automated driving functions. In preparation for innovations, work began in 2024 based on SAE classifications[1] to revise the ISO standards for Level 1 and Level 2 functions, and the content of an ISO technical specification was adopted for Level 3 and Level 4 functions, which will allow it to be published in 2025. Moreover, an additional ISO PAS was initiated based on the ISO PAS standard published in 2023 on the introduction of Level 2 systems with innovative driver integration. The documents define uniform technical standards for safe assisted and automated driving.

The BMW Group is testing automated driving and parking functions and even fully automated driving (Level 4) at the Future Mobility Development Center - a facility built specifically for this purpose in Sokolov, Czech Republic. With the help of virtual simulations and real-life testing, all driving situations are covered, whether in the city, in the country, on the highway or when parking. The BMW Group's research facilities in China and the USA are also testing automated driving and gaining experience and kilometres for later practical application in the largest automotive markets.

Even today, customers can use the BMW Highway Assistant and the Active Lane Change Assistant in the BMW 5 Series, the BMW 7 Series and the BMW X5[2], X6[2], X7[2], XM[2] and BMW iX[2]. The Highway Assistant allows the driver to take their hands off the steering wheel while driving longer distances. The innovative Active Lane Change Assistant allows the vehicle to change lanes automatically without the driver having to touch the steering wheel, with the driver simply needing to look in the wing mirror to confirm the manoeuvre. The prerequisites for this technology include high-precision sensors, a powerful computing platform and connection to the BMW Cloud.

Take your hands off the steering wheel and temporarily turn your attention away from the traffic situation – this is highly automated driving at Level 3 and has featured in new BMW 7 Series models since 2024. BMW Personal Pilot L3 is the name of the new function that relieves customers of the task of driving in defined traffic situations and regulates speed, distance and lane guidance for them. The innovative system enables drivers to engage in secondary activities (such as writing messages or watching video streaming) on highways with structurally separated lanes and at speeds of up to 60 km/h. The BMW Group is also the first automobile manufacturer in the world to obtain approval to combine the BMW Highway Assistant (Level 2) and BMW Personal Pilot L3 (Level 3) assistance systems in a single vehicle. The new BMW 7 Series therefore represents a milestone in the field of automated driving and presents a unique opportunity to enjoy the benefits offered by both systems in the same vehicle.

2

Artificial intelligence
The use of artificial intelligence (AI) provides a number of opportunities for the BMW Group to improve its processes and provide new impetus in its collaborations. Generative language models (GPT) could play a key role here in particular. The use of AI can speed up operational processes and also support creative activities, giving rise to significant opportunities to continuously improve working methods, knowledge sharing, interaction with customers and the customer experience.

The Company is committed to integrating and industrialising generative AI in its own business processes. A self-service platform also helps employees to integrate AI-based solutions quickly and easily into their everyday work life.

Different application scenarios are implemented along the entire value chain, including:

- Image-generating AI for end-to-end support of design and vehicle construction processes
- Large language models, such as those on which ChatGPT is based, for voice applications within the vehicle
- Text and image generation applications, as well as knowledge management based on large language models for exploration for all employees
- Application of generative AI in various processes at the BMW Group, such as: market and sales communication, e.g. generated marketing texts
- Customer car: AI-supported customer chat to respond to product and service queries in selected markets (BMW/MINI Assistant)
- Knowledge management for customer interaction in call centres
- Knowledge management or comparison of offers in purchasing
- Testing and comparison of vehicle specifications
- Coding support for IT and vehicle development

[1] SAE levels categorise the degree of automation from manual to autonomous driving in five stages.
[2] ↗ Consumption and Carbon Disclosures.

Products consistently focused on customer needs
The BMW Group's product portfolio is fully focused on customers' needs. It serves the growing demand for electrified vehicles while also taking account of the varying conditions and requirements in different markets. In addition to all-electric models, the Group also offers a wide range of plug-in hybrids and vehicles with efficient combustion engines. The range of technologies used in our vehicles gives customers numerous options to choose from when selecting the right drivetrain for them.

Flexible production systems and a scalable modular vehicle system are a visible expression of the BMW Group's customer focus, with the BMW X1*, BMW X3*, BMW 3 Series, BMW 5 Series and BMW 7 Series now available across all three drive systems.

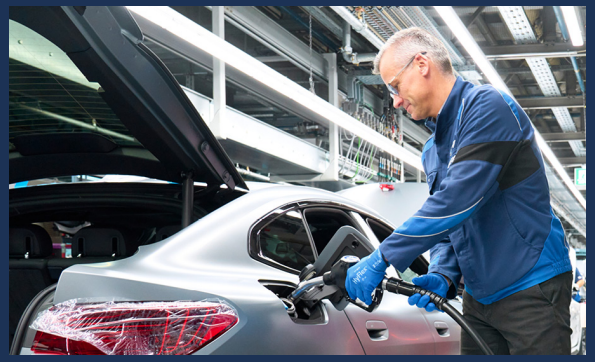
The Group is also working to advance the development of fuel cell technology with a view to reducing carbon emissions even more quickly. Depending on the segment, the Group sees hydrogen-powered electric vehicles as an important complement to battery-powered electric cars. The BMW Group plans to introduce the first fuel cell electric vehicle (FCEV) manufactured in series production to the market in 2028.

New generation of battery cells
High-performance, innovative and sustainably produced battery cells are the key to success for individual electromobility. With the NEUE KLASSE, as of 2025 the BMW Group will be using newly developed battery cells for the first time, which are explicitly coordinated to suit the new vehicle architecture. The energy density in the sixth generation of our lithium-ion cells is around 20% higher than in previous generations, with charging speed improved by up to 30% and range by around 30%.

eFuels and HVO100 plant refuelling

The Group also supports the use of sustainably produced, low-carbon fuels, which can effectively reduce the carbon emissions of combustion engine vehicles. A specific example here is the paraffinic diesel HVO (hydrotreated vegetable oil), which has been sold at fuel stations throughout Germany and Europe since late May 2024. HVO100, a fuel made entirely from renewable materials, can reduce greenhouse gas emissions by up to 90% throughout the entire life cycle, as compared to the fossil fuel diesel.

In December, the BMW Group started to fill its current BMW diesel models with HVO100 at plants in Germany, prior to delivery of these models to dealer organisations. BMW Group diesel engines have been approved on a series- and model specific basis to use the new fuel in accordance with European fuel specification EN 15940 since the production month March 2015.



Making conventional drivetrains more efficient
The BMW Group works continuously to improve the high efficiency of its conventional drivetrains and will continue to do so in future, while also meeting the most stringent standards in effect worldwide.

In Europe, the Group offers numerous model series that feature a 48-volt recuperation system, in addition to its all-electric models and modern plug-in hybrids. The refinement of energy management in vehicles and the adoption of further measures, such as the use of state-of-the-art tyres with reduced rolling resistance, have laid the technical foundations to achieve optimised consumption values.

The level of nitrogen oxides is a crucial factor for air quality in cities. For this reason, since 2018 the BMW Group has been using a highly effective combination of nitrogen oxide storage catalytic converters (NSCs) and selective catalytic reduction (SCR) systems that include urea injection (AdBlue) in almost all BMW diesel vehicles as well as in the larger diesel-powered MINI models. The efficiency of exhaust gas aftertreatment has been further raised by the use of an improved oxidation catalytic converter in combination with a two-stage SCR system. This new technology has been available since 2020 with the revised generation of six-cylinder diesel engines and is expected to be in use in all models by 2026. The technology has been continually rolled out in four-cylinder diesel engines since 2021 and should be completed by 2027. There have already been signs of a reduction in NOx pollution in German and European cities over the last few years. Apart from various measures taken to reduce pollutants, the ongoing renewal of the vehicle fleets of all automobile manufacturers has also contributed to the improvement.

Hydrogen drives – series offering planned for 2028
After trialling fuel cell technology in the BMW iX5 Hydrogen in a pilot fleet worldwide, the BMW Group is taking the next steps to prepare for series production of hydrogen-powered cars from 2028. This will be an additional all-electric and locally emissions-free drivetrain option for the customers of the BMW Group. The next generation of fuel cell drive technology is being developed in collaboration with the Toyota Motor Corporation. Both cooperation partners are advocating for framework conditions that will facilitate the early expansion of hydrogen mobility and ensure its economic viability. In supporting the requisite infrastructure, the two companies aim to establish the FCEV market as an additional pillar to other drive technologies. They are also involved in regional and local projects that serve to advance the development of hydrogen infrastructure through joint initiatives.

* ↗ Consumption and Carbon Disclosures.

The BMW Group is also committed to promoting hydrogen technology at a supranational level and is involved in international organisations and associations such as the ↗ Hydrogen Council. As an associated partner of ↗ H2 Mobility Deutschland GmbH, the BMW Group is also supporting the development of hydrogen infrastructure in Germany.

Reliable, comprehensive charging opportunities
An expanded, customer-friendly charging infrastructure will pave the way for the rapid and widespread use of electric mobility. With the adoption of the Alternative Fuels Infrastructure Regulation (AFIR) in 2023, the EU resolved to set up a basic network of both electric charging stations and hydrogen filling stations by the end of 2030. From the BMW Group's point of view, this is a first key step towards providing a customer-friendly charging infrastructure.

The BMW Group remains committed to achieving standardised framework conditions and develops and encourages offers that enable comprehensive and customer-friendly charging opportunities. Customers will be offered solutions for charging at home. The BMW Group also supports the expansion of public charging infrastructure through its cooperations. At its German locations, the BMW Group offers its own large charging network for its employees.

Charging should be as convenient as possible. The BMW Group is therefore also working on digital solutions. Up-to-date charging information can be found on the Connected Charging application and the charging process can be managed with the push of a button. The eRoute function also helps customers to plan their charging stops on long-distance trips. With offers such as the BMW eDrive Zone and suitable electricity tariffs for driving, we are helping drivers of plug-in hybrids to drive electrically as frequently as possible and over long distances.

Integrating electrified vehicles in the energy system
The BMW Group is conducting its own research and development work with the aim of integrating electrified vehicles in the power grid. Smart charging technologies such as load- or solar-optimised charging are at the centre of this research. ↗ BMW ChargeForward enables customers in the USA to synchronise their charging behaviour with the current grid load and the use of renewable energy. The technology has been available to all drivers of electrified vehicles in the USA since November 2023.

Our new joint venture ChargeScape LLC, USA, was founded in this context in the reporting year with our partners Ford and Honda. ChargeScape will provide an open software platform for OEMs and energy providers that allows US customers to intelligently charge their electric vehicles at home. This should optimise the use of renewable energies and help to stabilise the grid. At the same time, the customer can be compensated for their contribution to reduced carbon equivalent emissions. Customers in Europe can use the BMW Connected Home Charging service to make use of solar- or load-optimised charging for their vehicles at home in Germany, Italy, Austria, Denmark, Norway and Sweden. The aim here is to establish a Europe-wide ecosystem for smart charging at home by means of a strategic cooperation with the grid operator E.ON. There are plans to steadily expand the service offering over the next few years, with cost-optimised charging introduced in the reporting year, at this point only in Germany.

The next step forward: bidirectional charging
In developing its charging services, the BMW Group is also working on bidirectional charging. Bidirectional charging, which is to be launched with the NEUE KLASSE, allows the all-electric vehicle's high-voltage battery to be used as an energy store and the buffered energy to be used in the household or fed back to the grid at a later time. Vehicle to Home, Vehicle to Grid and Vehicle to Load will provide new functions that allow part of the battery's capacity to be made available externally on optimised terms (Vehicle to Grid) or allow the energy stored in the vehicle to be used for external electrical devices (Vehicle to Load). The NEUE KLASSE can therefore be used as a mobile power bank, for example to charge e-bikes or power electrical devices when camping.

Access to public charging networks
With BMW and MINI Charging, we offer attractive electricity tariffs and convenient charging solutions – whether on the road, at home or at work. Customers can use a large number of public charging points via their BMW or MINI charging card and the My BMW and/or MINI app. Digital Charging Solutions GmbH (DCS) provides broad access to various charging networks throughout Europe. DCS is one of Europe's leading providers of digital charging solutions and a joint venture between the BMW Group, Mercedes-Benz and bp.

BMW and MINI customers have access to 2.6 million charging points worldwide* through the navigation system or the relevant vehicle app. In Europe alone, we provide easy access to a network with over 820,000 charging points through the public BMW/MINI Charging service, covering over 90% of the region. These also include fast-charging stations from IONITY, a company launched by the BMW Group, with a charging capacity of 350 kilowatts (kW). IONITY currently operates 720 stations with more than 4,800 charging points in a total of 24 countries, which are publicly accessible, brand-independent and designed in accordance with the European Combined Charging System (CCS) charging standard.

* Total number of charging points displayed on BMW front-ends (vehicle and app). The network can be accessed by registered customers wherever a local partner is available.

Furthermore, they are all powered by 100% electricity from renewable sources[1]. In addition to the BMW Group, Mercedes-Benz, Ford, Porsche, Volkswagen, Audi, Hyundai, Kia and BlackRock are all involved in the long-established IONITY joint venture. IONITY offers an efficient, high-power charging network for electric vehicles right across Europe.

The BMW Group expanded its cooperation arrangements aimed at expanding charging infrastructure in the USA and China in the reporting year. In late 2023, the BMW Group jointly founded IONNA together with General Motors, Honda, Hyundai, Kia, Mercedes-Benz and Stellantis. The partners are working together with the aim of establishing a public charging network in the USA and Canada. Toyota joined IONNA as an additional partner in July 2024. The aim is to install at least 30,000 charging points in cities, towns and along major transport routes. The first charging stations opened in late 2024.

On 4 March 2024, BMW Brilliance Automotive Ltd. (BBA) and Mercedes-Benz China founded Beijing IONCHI New Energy Technology Ltd. with a view to developing the charging infrastructure in the Chinese market. BBA will hold a 50% stake in the founded entity. With the new charging infrastructure in the context of the new Chinese joint venture, the BMW Group is meeting its charging commitment in its three most important markets. With this aim in mind, at least 1,000 charging stations with around 7,000 charging points are to be installed by the end of 2026. The network will be open to drivers of all brands. The first charging stations went into operation as early as 2024 in regions with a high density of electrified vehicles.

A Plug&Charge function was added to other BMW models in the reporting year for public charging in which both authentication and billing are carried out automatically by connecting the vehicle to the charging system. Using the so-called multi-contract functionality, individual driving electricity tariff contracts from various providers can also be stored digitally within the vehicle to facilitate the use of charging stations from different operators.

Vehicle footprint – transparent vehicle data

The BMW Group intends to use the ↗ Vehicle footprint to make its sustainability performance more transparent at product level. Vehicle footprints provide a quick and comprehensive insight into material sustainability matters, including social sustainability. Vehicle footprint reports are now available for ten BMW and five MINI models.

2

The BMW Group also promotes the use of renewable energy. For each charging process conducted via BMW and MINI Charging, the equivalent amount of energy consumed is fed into the power grid as electricity from renewable sources, which is certified via energy attribute certificates (EACs) as recognised proofs of origin.

A thriving culture of inspiration and innovation

Good ideas often emerge when different partners work together. According to this principle, we focus on collaborations in which the BMW Group complements its strengths with those of established partners and innovation drivers such as start-ups. The global network of BMW Group Technology Offices is also making an essential contribution in this regard, enabling the BMW Group to expand its innovative strength on a continuous basis.

The Technology Offices are strategically positioned worldwide and focus on key hotspots of technology and innovation. The potential of new technologies is therefore being explored in pilot projects and transferred to the Group's centralised teams. Whether manufacturing, developing smart city solutions or working on the mobility of the future, these Technology Offices are driving forward innovations that benefit the Group in all its lines of business.

Global dialogue with start-ups is an important means for the BMW Group to gain impetus. ↗ BMW i Ventures invests in technology start-ups and the ↗ BMW Startup Garage serves as the BMW Group's venture client unit and is tasked with searching for innovations that represent a significant benefit for products, services, systems and processes. The aim of the programme is to evaluate and empower start-ups to become suppliers and partners.

The trend research conducted by the technology offices enables the BMW Group to anticipate the technological developments of tomorrow. The results are made publicly available in the ↗ Trend Radar where scientific institutions, start-ups, but also potential partners can make use of them.

When it opened in Silicon Valley in 1998, the BMW Group Technology Office USA was the Group's first research and development facility to be established outside of Munich. Originally based in Palo Alto, the tech office moved to its current location in Mountain View in 2011. Today, the Mountain View team is part of a global network of BMW tech offices strategically located in key technology hotspots around the world. They all play a crucial role in the BMW Group's open approach to innovation. Apart from the locations in Silicon Valley and Munich, the worldwide network also includes Seoul, Shanghai, Tel Aviv and Tokyo.

[1] See ↗ Glossary for a definition of electricity from renewable sources.
[2] ↗ Consumption and Carbon Disclosures.

Virtualisation
For the BMW Group, the virtualisation of products, processes and interaction spaces are a catalyst for digitalisation, reflecting the fact that the combination of rapidly developing technologies such as Web 3.0, artificial intelligence, X-reality (virtual reality, augmented reality, mixed reality) and spatial computing generates benefits across all areas of the value chain. Our activities comprise the following three pillars and underline the BMW Group's commitment to innovation:

— Corporate. The virtualisation of internal processes, methods and products with real-time collaboration, regardless of location
For example, as part of the BMW iFACTORY, planners can use virtual reality to virtually assess buildings, systems, logistics and the assembly of new production areas and test processes in 3D, long before construction is scheduled to begin.

— Commercial. Interaction with both new and existing tech-savvy target groups in virtual spaces and virtual worlds.
Engagement on digital platforms enables experience-oriented inter-action with young target groups (Gen Z) within their digital ecosystems with the aim of enhancing brand image and developing long-term customer loyalty. In dedicated virtual worlds, innovative products can be experienced in a new way and supported throughout the entire customer journey.

— In-car experiences. Enhancing the quality of experience with a focus on infotainment, productivity and gaming.
With the M Mixed Reality approach, for example, a team of engineers at BMW M GmbH has developed an immersive driving experience for the BMW M2*, M4* and BMW i5 M60*, which is made available to BMW M Driving Experience customers. Wearing VR goggles, drivers can be immersed in a virtual world while driving the real vehicle. In addition, the BMW Group has set new standards in varied in-car entertainment with the launch of the innovative casual gaming platform Air Console in numerous current BMW and MINI models, in particular with games such as UNO Car Party!.

Worldwide cooperations and partnerships
To ensure its long-term success, the BMW Group enters into targeted cooperations and partnerships with companies from various industries. Several of the Group's largest collaborations and investments are listed below:

Since 2022, the BMW Group and Qualcomm Technologies have been working together to develop solutions for the next generation of automated driving. The companies aim to develop technologies ranging from New Car Assessment Programme (NCAP) solutions and advanced Level 2 driving assistance systems to the Level 3 functionalities of highly automated driving. The joint development of software functions is based on BMW's current software toolkit for automated driving. Within the terms of the cooperation, some 1,300 specialists will work together at various locations worldwide, including sites in Germany, the USA, Sweden, China, Romania and the BMW Test Centre in Sokolov in the Czech Republic.

Continuing their long-term supplier relationship, the BMW Group has collaborated with Valeo Comfort and Driving Assistance SAS since early 2023 on the joint development of highly automated parking functions.

Since the launch of the first BMW voice assistant (BMW Intelligent Personal Assistant) in 2018, voice interaction has become an increasingly important part of the BMW iDrive display and operating concept. The next generation of the voice assistant is based on Alexa Custom Assistant technology. This new technology has been included in vehicles ex-factory since 2024 and is available for previously manufactured automobiles via a remote software up-grade, facilitating an even more natural dialogue between drivers and vehicles.

The HERE mapping service was acquired by BMW, Mercedes-Benz and Audi in 2015. Bosch, Continental, Intel, Mitsubishi (MC), NTT (Nippon Telegraph and Telephone Corporation of Japan) and Pioneer are also current shareholders. The participation in HERE ensures access to scalable, high-resolution maps for existing and new vehicles as well as geodata services and navigation software.

Mobility services offered by the BMW Group
Together with Mercedes-Benz, the BMW Group offers mobility services via the YOUR NOW joint venture. The range of services provides customers with access to various modes of transport other than their own vehicle.

Apart from taxi cabs and private ride services, various types of e-scooters as well as car-sharing vehicles can also be booked via the FREE NOW app in European cities. FREE NOW also promotes the electrification of the vehicle fleet. Almost half of all journeys taken in taxis and personal hire vehicles (PHVs) were in vehicles with hybrid or all-electric drivetrains. The majority of multi-mobility journeys (e-scooters, e-mopeds, e-bikes, car sharing, car rentals) in the past year were emissions-free.

The BMW Group offers a range of additional mobility services in the My BMW or MINI app. Through its cooperation with SIXT, for example, customers can access mobility services with exclusive special benefits. This BMW add-on mobility offering is currently available to BMW and MINI customers in a growing number of markets.

* ↗ Consumption and Carbon Disclosures.

PRODUCTION NETWORK[1]

» The BMW Group has a highly flexible production network. Consequently, the BMW Group is capable of manufacturing vehicles with both all-electric and plug-in hybrid drive systems as well as conventional combustion engines on one single line, making it far easier to tailor the product range to suit a wide variety of customer wishes and needs.

The production system is based on the strategic vision of the BMW iFACTORY, with a keen focus on sustainability, electrification, digitalisation and profitability. The BMW iFACTORY utilises innovative technologies that facilitate flexible, efficient production with the aim of minimising the use of resources, and uses digital solutions in the fields of data science, AI, virtual planning and development to this end. «

Component production for electrified vehicles

» The Competence Centre at the BMW Group's Dingolfing plant plays a central role in the manufacture of the current fifth-generation electrified drivetrains. as battery modules, high-voltage batteries and electric motors are all produced at the site. The Group produces fifth-generation high-voltage batteries at four other sites worldwide.

At the same time, we are preparing the network to produce next-generation electrified drivetrains. The sixth-generation electric motors will come from the engine manufacturing plant in Steyr, Austria, and will expand the local production of diesel and petrol engines.

In line with the "local for local" principle, the BMW Group's high-voltage battery assembly facilities worldwide are set up in or close to the Group's vehicle plants. ↗ Expanding resilient supply chain. Five assembly facilities are currently being developed for the next generation of the high-voltage battery on three continents. These are located in Irlbach-Straßkirchen (Germany), Debrecen (Hungary), Woodruff near Spartanburg (USA), San Luis Potosí (Mexico) and Shenyang (China).

The new Cell Manufacturing Competence Centre (CMCC) in Parsdorf near Munich plays a key role for the BMW Group. In a pilot, it enabled the BMW Group to accurately replicate the value-added processes involved in manufacturing battery cells. The BMW Group will take the findings of this pilot scheme and apply them in close collaboration with its mass production partners for battery cells at a later stage. The strategy enables the BMW Group to set new standards regarding the quality, performance, cost and ecological sustainability of battery cells. «

Electromobility in the production network

» Electromobility has been growing in importance for the BMW Group for many years. Production of the BMW i5 Touring[2] (Dingolfing) and the electric MINI Countryman[2] (Leipzig) started in German plants in the reporting period. Internationally, production started on two electric vehicles, the MINI Aceman[2] and the MINI Cooper in Zhangjiagang at the Spotlight plant, a plant managed jointly with Great Wall Motors in China. The Group therefore produces automobiles and motorcycles with electrified drivetrains worldwide at 17 ↗ Locations and at two partner plants. In 2024, all-electric automobiles were produced in Dingolfing, Munich, Regensburg, Leipzig, Goodwood (UK), Oxford (UK), Chennai (India), Shenyang (China) and Zhangjiagang (China). Moreover, all-electric motorcycles are manufactured both in Berlin and at our partner plant in Hosur (India).

From 2025, the next vehicle generation will feature a vehicle architecture geared to suit all-electric drivetrains. The vehicle is due to be manufactured initially at the new Debrecen plant in Hungary and then in Munich starting in 2026. We aim to gradually transfer the new vehicle architecture to the global production network over the next few years. The BMW Group plans to produce all-electric vehicles at its plant in Spartanburg (USA), And at least six all-electric X models are scheduled to be manufactured there by 2030. «

[1] This chapter contains disclosures in line with ESRS 2 SBM-1.42a)-c).
[2] ↗ Consumption and Carbon Disclosures.

BMW Group vehicle plants

Location	Country	Production programme 2024	Drivetrain portfolio
Araquari	Brazil	BMW 3 Series, BMW X1[2], BMW X3[2], BMW X4, BMW X5	ICE, PHEV
Berlin	Germany	BMW motorcycles	ICE, BEV
Chennai	India	BMW 2 Series, BMW 3 Series, BMW 5 Series, BMW 6 Series, BMW 7 Series, BMW X1[2], BMW iX1[2], BMW X3[2], BMW X5, BMW X7	ICE, BEV
Debrecen[1]	Hungary	BMW pre-series	BEV
Dingolfing	Germany	BMW 4 Series, BMW 5 Series, BMW i5[2], BMW 6 Series, BMW 7 Series, BMW i7[2], BMW 8 Series, BMW M, BMW iX[2]	ICE, BEV, PHEV
Goodwood (Rolls-Royce Manufacturing)	UK	Rolls-Royce Cullinan, Ghost, Phantom, Spectre	ICE, BEV
Leipzig	Germany	BMW 1 Series, BMW 2 Series, MINI Countryman[2]	ICE, BEV, PHEV
Manaus	Brazil	BMW motorcycles	ICE
Munich	Germany	BMW 3 Series, BMW 4 Series, BMW i4[2], BMW M	ICE, BEV, PHEV
Oxford	UK	MINI, MINI Clubman, MINI Cooper SE[2], MINI Cooper[2], MINI Cooper Convertible[2]	ICE, BEV
Rayong	Thailand	BMW 2 Series, BMW 3 Series, BMW 5 Series, BMW 7 Series, BMW X1[2], BMW X3[2], BMW X5, BMW X6, BMW X7, MINI Countryman[2] BMW motorcycles	ICE, PHEV
Regensburg	Germany	BMW X1[2], BMW iX1[2], BMW X2[2], BMW iX2[2]	ICE, BEV, PHEV
Rosslyn	South Africa	BMW X3[2]	ICE, PHEV
San Luis Potosí	Mexico	BMW 2 Series, BMW 3 Series, BMW M	ICE, PHEV
Shenyang (Dadong)	China	BMW 5 Series, BMW X3[2], BMW iX3[2], BMW X5	ICE, BEV
Shenyang (Tiexi)	China	BMW 2 Series, BMW 3 Series, BMW i3, BMW X1[2], BMW iX1[2]	ICE, BEV
Spartanburg	USA	BMW X3[2], BMW X4, BMW X5, BMW X6, BMW X7, BMW XM[2], BMW M	ICE, PHEV

Jointly controlled vehicle plants

Location	Country	Production programme 2024	Drivetrain portfolio
Zhangjiagang (Spotlight)	China	MINI Cooper[2], MINI Aceman[2]	BEV

Production sites in the Group's markets

» The BMW Group plants in Europe, South Africa, the USA and Mexico manufacture for the global market. Production started on the all-electric MINI Cooper[2] in March 2024 and the all-electric MINI Aceman[2] in August 2024 at the jointly managed Spotlight plant in China. Both models are also produced there for the global market. The BMW Brilliance plants in China mainly manufacture for the local market. The BMW Group plants in Araquari (Brazil), Rayong (Thailand) and Chennai (India) primarily serve their respective regional markets and produce BMW and MINI brand models. The same applies to the BMW Group's automotive partner plants in Jakarta (Indonesia), Cairo (Egypt), Kulim (Malaysia) and Chu Lai (Vietnam). The BMW Group also awards contracts for the series production of automobiles and motorcycles to external partners (contract manufacturers). During the year under report, Magna Steyr Fahrzeugtechnik produced the BMW Z4[2] in Graz (Austria). The production of the MINI Cooper Cabrio[2] and the MINI Countryman[2] at VDL Nedcar[3] in Born (the Netherlands) was discontinued in February 2024.

The BMW Group manufactures BMW motorcycles, scooters and components at its Berlin plant as well as at two international locations in Manaus (Brazil) and Rayong (Thailand). BMW motorcycles and scooters are also produced by the partner companies TVS Motor Company in Hosur (India) and Loncin Motor Co., Ltd in Chongqing (China).

The BMW Group's production network also includes engine plants in Hams Hall (UK), Steyr (Austria) and Shenyang (China), as well as component plants at sites in Eisenach, Landshut and Wackersdorf (all in Germany) and Swindon (UK). The production network currently comprises a total of 33 plants in 16 countries. «

[1] Pre-series production only in 2024, opening in 2025.
[2] ↗ Consumption and Carbon Disclosures.
[3] Contract manufacturing.

Production of electrified vehicles at record levels

» The BMW Group manufactured a total of 2,513,830 BMW, MINI and Rolls-Royce brand vehicles in the reporting year (2023: 2,661,922 units; -5.6%). BMW brand models accounted for 2,229,009 units (2023: 2,340,547 units; -4.8%), MINI for 278,897 units (2023: 315,196 units; -11.5%), and Rolls-Royce Motor Cars for 5,924 units (2023: 6,179 units; -4.1%). Production of electrified vehicles increased to a new high level in 2024 of 650,324 units (2023: 613,640 units; +6.0%), of which 481,794 were all-electric (2023: 415,692 units; +15.9%). The number of motorcycles produced by BMW Motorrad decreased by 2.8% to 215,727 units (2023: 221,988 units) over the 12-month period. «

BMW Group automobile production by plant

in units	2024	2023	Change in %
Spartanburg (USA)	396,117	410,793	– 3.6
Dadong (China)	343,973	420,586	– 18.2
Regensburg (Germany)	342,521	238,301	43.7
Dingolfing (Germany)	297,761	291,907	2.0
Tiexi (China)	284,045	307,972	– 7.8
Leipzig (Germany)	246,195	188,199	30.8
Munich (Germany)	200,590	217,480	– 7.8
Oxford (UK)	110,939	185,400	– 40.2
San Luis Potosí (Mexico)	95,236	117,576	– 19.0
Rosslyn (South Africa)	55,516	68,238	– 18.6
Chennai (India)	14,568	15,264	– 4.6
Araquari (Brazil)	11,472	10,608	8.1
Rayong (Thailand)	8,666	13,044	– 33.6
Goodwood (UK)	5,924	6,179	– 4.1
Debrecen (Hungary)*	92	–	–
Zhangjiagang - Spotlight (China)	67,561	2,871	2,253.2
Born - VDL Nedcar (The Netherlands)	7,515	120,235	– 93.7
Graz - Magna Steyr (Austria)	10,463	26,461	– 60.5
Partner plants	14,676	20,808	– 29.5
Total	**2,513,830**	**2,661,922**	**– 5.6**

* Pre-series production only in 2024, opening in 2025.

PURCHASING AND SUPPLIER NETWORK[1]

Supply chains and supplier network

» The BMW Group's Purchasing and Supplier Network is responsible for the global procurement and quality assurance of production materials, raw materials, components, capital goods and services. as well as the in-house production of vehicle components.

The division's strategic areas of focus are as follows:

- Ensuring security of supply to the production plants
- Expanding resilient supply chains within a challenging geopolitical environment
- Procuring high-quality components at competitive prices
- Identifying and implementing innovative products and solutions at an early stage
- Further digitalising all processes within the supplier network
- Integrating social and ecological standards within the supplier network
- Integrating in-house component production profitably and sustainably and empowering the supplier network
- Continuing to improve and adapting flexibly to a constantly changing environment and changing conditions «

Expanding resilient supply chains[2]

» Global supply chains are exposed to various challenges. In addition to competition and procurement challenges such as securing raw materials, also regulatory influences such as trade restrictions, security, digitalisation and sustainability requirements as well as environmental and extreme weather events increasingly affect supply chains.

The BMW Group RiskHub[3] plays a key role in making our global supply chains more resilient to external factors. For example, artificial intelligence (AI) can be used to recognise risks early on and take countermeasures. Moreover, the BMW Group sees the development of the Catena-X digital ecosystem as the key to standardised data exchange across the relevant parts of the value chain and is in the process of gradually integrating its partners in the supply chain.

The BMW Group follows the approach of procuring vehicle components close to its production sites, where reasonable. To this end, there are local purchasing units in all key markets so that the Group can respond to regional risks and opportunities immediately. Geostrategic aspects are taken into account in forecasts, and award decisions are consistently aligned with them. «

Security of supply

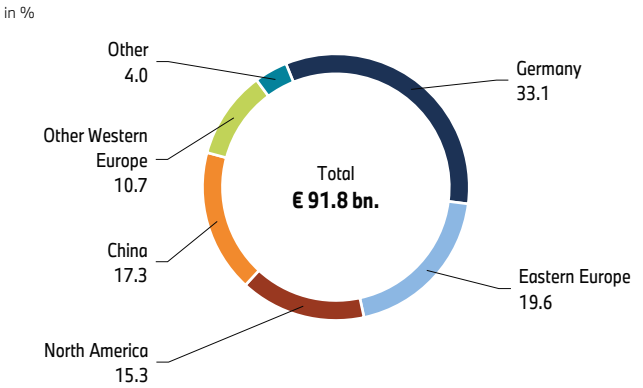
» Maintaining supplies and deliveries to BMW Group plants is a key target of the purchasing strategy. The BMW Group anticipates potential risks in supply security in advance and protects itself against these.

Supply chains have stabilised in the last three years. The measures taken by the Group have had their desired effect. For example, the semiconductor situation improved thanks to sound mitigation strategies that allowed the BMW Group to react quickly and flexibly to changes, in addition to a general easing of the situation on the global market.

As in the previous year, there were shortages in 2024 owing to delivery failures caused by a rise in extreme weather events such as floods and storms. The BMW Group was able to manage the effects of this with targeted inventory coverage plans, spare parts supply, alternative supply channels as well as early crisis management and the RiskHub's warning systems. «

Regional distribution of BMW Group purchasing volume[4]

in %



Quality assurance

» As a leading manufacturer of premium automobiles, our aim is to provide vehicles of the highest quality to customers. The BMW Group has comprehensive measures in place for quality control and assurance that are constantly being improved. A broad quality programme has been set up with defined work packages in order to respond to the growing challenges arising in the supply chain, with a focus on quality improvement, networking and communication, stabilising the supply chain and making the best use of digitalisation. We systematically monitor the quality of the products provided by our suppliers in order to improve processes.

In 2024 we also carried out an extensive requalification campaign to improve quality in the BMW Group, with audits undertaken at more than 500 of our suppliers' and sub-suppliers' production sites. «

[1] This chapter contains disclosures in line with ESRS 2 SBM-1.42a)-c).
[2] This section contains disclosures in line with ESRS 2 SBM-3.48f).
[3] BMW Group IT system.
[4] Direct and indirect purchasing.

» The training for suppliers was also amended to include specific competencies, such as problem solving and risk assessment. «

Risk management in purchasing

» Forward-looking risk management is essential for a stable cooperation with our supplier network. The BMW Group takes a preventive approach to new project nominations. Moreover, we identify and assess the threat of supply bottlenecks responsively in order to minimise risks. To this end, the BMW Group's RiskHub analyses information from external, publicly available data sources with regard to potential risks such as natural disasters or financial risks. The BMW Group also uses efficient methods derived from the fields of AI and big data analytics. Risk assessment extends to the locations of sub-suppliers in the supply chain, where required.

In order to avoid cyber risks and deal effectively with an increasing number of supplier-related incidents, the BMW Group continues to rely on supplier certification in accordance with the TISAX automotive standard. When it comes to purchasing materials both directly and indirectly, TISAX is an integral part of the procurement process and an inherent component of contracts with suppliers that meet the specific relevance criteria. The initiative to jointly analyse IT security and existing emergency processes in production also enables us to make the supplier network more resilient.

Training courses and informational events are being organised both internally and externally for suppliers to raise awareness of the rapidly growing level of cyber risk. «

Raw materials security and strategy[1]

» The BMW Group pursues an integrated raw materials strategy to reduce price and supply risks, as well as risks arising from geopolitical influences and regulations in the supply chain through to the end product.

The long-term supply of critical raw materials remains a strategic challenge in view of trade and geopolitical developments. The BMW Group relies on its close cooperation with partners in the supply chain and can also secure raw materials such as lithium and cobalt itself directly, where required, in order to increase its security of supply, boost resilience in the supply chain and encourage the purchasing of raw materials from responsible sources.

Furthermore, the BMW Group analyses the development of raw materials prices and hedges against price fluctuations – provided the capital market offers the opportunity to do so – or concludes fixed-price agreements.

To guarantee ↗ Social and Environmental Responsibility in the Supplier Network, the processes required to satisfy due diligence obligations have been further developed and the requisite measures have been implemented. The further development of risk analyses, for example in the context of biodiversity, and new regulatory requirements were all taken into account in this process.

The BMW Group Supplier Code of Conduct contains provisions on the handling of critical raw materials. The BMW Group is also involved in the development and implementation of environmental and social standards in the supply chain, including those at the Initiative for Responsible Mining (IRMA) and the Responsible Minerals Initiative (RMI), and the implementation of the same by suppliers.

Moreover, the BMW Group has set itself the goal of generating a positive impact for selected raw materials through our involvement in local development projects. This currently applies to the raw materials mica, cobalt and natural rubber.

In light of the key role secondary raw materials play in reducing carbon equivalent emissions and the positive contribution to the preservation of diversity, the BMW Group focuses on the requisite technologies, market processes and extended applications of secondary raw materials. The BMW Group continues to press ahead with the further expansion of the ↗ Circular Economy and Resource Use. «

Purchasing battery cells[2]

» The BMW Group plans to deploy a new generation of battery cells in the NEUE KLASSE. To this end, production capacities in Europe, China and the USA have been contractually agreed with strategic partners ahead of production. The BMW Group pursues a "local for local" approach as set out in its purchasing strategy and is establishing supply chains for battery cells close to its production sites.

To strengthen this resilience even further, the Group considers the upstream value chain for critical components by assessing geopolitical risks and economic efficiency in the relevant regions, with a view to reducing geopolitical dependencies and the associated risks.

The use of secondary materials and the use of electricity from renewable sources[3] in particular in battery cell production significantly reduce the Group's carbon equivalent footprint. The measures taken in this regard were either agreed upon separately in sustainability agreements or taken into account in the award of projects. «

In-house production as a strategic competitive advantage

» The BMW Group regularly reviews the profitability and strategic importance of its product range. The focus here is on electromobility, digitalisation and sustainability, taking into account structural conditions and additional opportunities in the supplier network. In these key areas of transformation, the BMW Group is expanding its in-house expertise on a targeted and long-term basis on matters relating to strategically important components.

The Group would like to use in-house production to increase its security of supply and innovative strength, such as with the control unit of the high-voltage storage system or components in the electric powertrain. At the same time, process expertise is to be expanded in relevant technologies to secure the quality and proficiency of the supplier network. «

[1] This section contains disclosures in line with ESRS 2 SBM-3.48f).
[2] This section contains disclosures in line with ESRS S2-1.16-17.
[3] See ↗ Glossary for a definition of electricity from renewable sources.

Digitalisation in the supply chain*

» For the BMW Group, digitalisation throughout the supply chain is an essential prerequisite for establishing sustainable, resilient and flexible supply chain management.

The targeted use of digitalisation solutions applicable across the supply chain helps to continually improve component quality and enhance the robustness of the value chain. The Group relies on new technologies and in particular artificial intelligence to allow it, for example, to carry out camera-based quality checks efficiently when managing the shop floor and to safeguard key value creation processes in its in-house component production. The BMW Group applies these approaches to its supplier network so that the Group and its partners alike can benefit from the technological advances found in digitalisation.

A further example is the use of generative AI, which is used effectively in the BMW Group in interdivisional processes from development to purchasing and production. Digital assistants use this technological basis to support employees in their daily work – primarily ancillary activities such as document and data analysis and information procurement – and thereby allow employees to devote their focus to value-adding activities in personal, direct collaboration with our suppliers.

Catena-X is the pioneering initiative within the automotive industry for digitalising the supply and value chains between automobile manufacturers, suppliers, sub-suppliers and, in the future, recycling companies. The digital platform enables partners within value chains to tackle key issues facing the industry, such as enhancing resilience, meeting sustainability goals and regulatory matters through digital collaboration. After two years of development work, including a significant contribution from the BMW Group as consortium leader, the first use cases have been live since December 2023 and Catena-X is focused on connecting other partner companies along the entire value chain.

It is important for the BMW Group to be able to trace components along international, multi-level supply chains. Another key advancement is the provision of digital product passports, which will be required for many products in future. They contain product-specific data for components such as batteries, steel, aluminium and wheels. Catena-X makes data from sub-supplier chains available, especially regarding origin, material composition and recycling. The BMW Group and other international partners in the automobile supply chain have founded the software brand Path.Era for this purpose. Path.Era is an IT service for partners in the automobile industry that aims to create the first industry-recognised ecosystem for digital product passports and to support partners in the creation of product passports by offering digital solutions and services. «

Contribution to profitability

» Within the scope of its responsibility for material costs, the Purchasing Division makes a significant contribution to the BMW Group's earnings and therefore also its profitability. Reducing material costs is an important part of the Purchasing Division's regular activities and can be achieved by way of efficiency gains in ongoing series production, synergy effects from awarding new contracts for future projects and negotiations on additional costs caused by inflation.

The Purchasing Division made a significant contribution to the BMW Group's profitability in 2024. This contribution stems from an additional programme to reduce material costs, undertaken jointly by Purchasing and Development, in addition to regular purchasing activities. Technical and commercial measures have been developed and implemented together with suppliers with a broad focus on the sustainable optimisation of the cost positions in vehicle projects. The effect on earnings will extend beyond 2024. «

Further development in Purchasing

» The Purchasing Division also assumes a key role in the interdisciplinary matrix of technology clusters and BMW vehicle production lines, working with other areas to optimise material costs. To this end, several initiatives led by the Purchasing Division are currently driving forward the consistent focus on optimal cost positions for vehicle projects before and after the start of series production, the effective management of supplier performance, in particular with regard to quality optimisation, and new, collaborative working models with various interface partners. Success factors from previous programmes have been consolidated in line functions and processes. «

Innovations

» Working closely with technology partners and establishing new business relationships has allowed the BMW Group to integrate innovations in its vehicles quickly. In this context, the Group works closely with internal creative units created especially for this purpose such as BMW Startup Garage and BMW i Ventures. In-house component production also focuses on innovations that it can drive forward in pilot projects and roll out across the network. The different departments also cooperate in technology clusters to sharpen the focus on identifying innovative technologies. This takes the form of strategic dialogue formats with suppliers (Future Vision Deep Dive), among other things. Findings from the supplier network are systematically incorporated and processed within the technology clusters. The BMW Group benefits from new technologies in the process that are developed through its partnerships and networks. These partners also show a great willingness to establish new fields of development together, according to a recent survey. The BMW Group also relies on exchanges with its strategic suppliers across various formats. «

* This section contains disclosures in line with ESRS 2 SBM-3.48f).

FINANCIAL PERFORMANCE

OVERALL ASSESSMENT BY MANAGEMENT OF THE FINANCIAL YEAR

BMW Group stays on course and maintains its leading position in the global premium segment

The BMW Group maintained its strong market position in the global premium segment in 2024 with sales up in both Europe and the USA. The BMW brand gained further market share in Europe, grew sales in the USA and maintained its leading position in China. Globally, the BMW brand was the leader in the premium segment. While model changeovers at MINI and Rolls-Royce led to an expected downturn in delivery figures, the BMW Group's all-electric automobiles (BEV) continued to perform well and accounted for 17.4% (2023: 14.7%) of total deliveries. The BMW Group is therefore pressing ahead with the ramp-up of electric mobility as planned. BMW Motorrad achieved a new record for deliveries in 2024. The Financial Services segment saw a solid increase in the number of new contracts signed during the reporting period.

The BMW Group adjusted its full-year forecast in September 2024. The adjustment was due to delivery stops and recalls linked to the Integrated Brake System (IBS) that is provided by a supplier, as well as ongoing muted demand in China. The subsequent significant decline in vehicle sales in the third quarter also had a considerable impact on earnings. The measures required for the IBS were initiated in the third quarter and largely completed by the end of the year. The Chinese automotive market remains weak despite the government's support measures, with consumers still very hesitant to spend.

The BMW Group achieved its revised targets for 2024. At 6.3%, the EBIT margin of the Automotive segment was within the adjusted target range of 6 to 7%. As in previous years, the carbon emissions generated by the EU new vehicle fleet continued to decrease and, at 99.5 g/km, remained well below the limits set for 2024. Maintaining a consistent focus on technology openness allows the BMW Group to develop innovative drive technologies and to respond in a flexible manner to market developments. The BMW Group believes it is well positioned on the basis of its robust strategy, balanced product range and continuous investment in research and development.

GENERAL AND SECTOR-SPECIFIC ENVIRONMENT*

The global economy showed stable growth in 2024 and expanded by 3.2% overall. Significant impetus came from the USA, China and India. In Europe, the economy grew slightly compared to the previous year but remained below expectations.

The eurozone's gross domestic product (GDP) rose by 0.7% in 2024. The reasons for this subdued growth included higher interest rates and the restrained decline in consumer spending. In Germany, the situation was exacerbated by a 0.2% decline in export demand. Economic performance in France (+1.1%), Italy (+0.5%) and Spain (+3.2%) was more robust in 2024. The UK economy also grew by 0.9% compared to the previous year.

The US economy proved very resilient despite high interest rates and grew by 2.8% in the reporting period. Low unemployment and rising wages gave private consumption a boost. China's economy expanded by 5.0% in 2024, exactly in line with the country's economic targets. Nevertheless, China's economy continues to be impacted by weak domestic demand and an ongoing crisis in the real estate sector.

In Japan, GDP just grew by 0.1% compared to the previous year. Here, too, economic growth was slowed by persistently weak consumer demand and relatively high inflation.

Declining inflation and interest rate cuts in many markets
Amid falling inflation rates, many central banks began gradually lowering their benchmark interest rates from mid-2024 onwards.

The euro fluctuated between 1.04 and 1.12 US dollars to the euro, with an average annual exchange rate of 1.08 US dollars to the euro. The British pound strengthened slightly in 2024 compared to the previous year, trading between 0.82 and 0.86 pounds to the euro, with an average rate of 0.85 pounds to the euro.

China's central bank lowered some key benchmark interest rates during the reporting year with the aim of strengthening the weakening economy and supporting the crisis-hit real estate market. The Chinese renminbi fluctuated between 7.62 and 7.88 renminbi to the euro in 2024 and averaged 7.79 renminbi to the euro over the year.

The Japanese yen fluctuated between 159 and 172 yen to the euro in 2024. With an average exchange rate of 164 yen, the Japanese currency continued to fall in value against the euro compared to the previous year. The South Korean won weakened slightly year on year and traded between 1,437 and 1,508 won to the euro, with an average rate of 1,475 won to the euro.

The currencies of the major emerging markets changed little in some cases against the euro. While the Indian rupee depreciated by approximately 1% against the euro on average, the South African rand strengthened by 0.6%. By contrast, the Brazilian real recorded a significant decline against the euro and traded 8% lower on average.

Energy and raw materials prices continue to fall
The price of energy and raw materials continued to fall in 2024 in many areas, particularly for steel and the raw materials used to produce batteries. Prices for cobalt and lithium were even below the long-term average. By contrast, copper and aluminium prices rose slightly during the reporting period.

Despite the crisis in the Middle East, average crude oil prices continued to fall in 2024. US WTI crude fluctuated between 69 and 85 USD per barrel, while Brent crude traded between 73 and 91 USD per barrel.

* Growth rates: Source: Focus Economics.
Exchange rates: Source: ECB.
Energy and raw material prices: Sources: CRU, LME, Fastmarkets.
Oil price: Source: Weltbank.

International automobile markets up slightly

International automobile markets performed well in 2024 and grew by 3.3% overall. Worldwide, the number of new registrations went up to 79.7 million vehicles. However, market dynamics varied across regions. In China, growth in the automobile sector was primarily driven by local providers in the entry-level segment.

Key automobile markets developed as follows during the reporting period:

International automobile markets

	Change compared to previous year in %
Europe	+ 1.1
thereof Germany	– 1.0
thereof France	– 3.2
thereof Italy	– 0.8
thereof Spain	+ 8.5
thereof UK	+ 2.6
USA	+ 2.5
China	+ 4.6
Japan	– 6.9
South Korea	– 4.2
Total	**+ 3.3**

International motorcycle markets (500 cc plus) record growth

In 2024, international motorcycle markets in the 500 cc plus class developed positively year on year (+8.3%). European markets recorded a significant overall growth of 11.7%. Among the major motorcycle markets, Germany (+18.4%) and Spain (+18.1%) made strong contributions to this performance. Italy also recorded a significant increase of 12.7% year on year. The US market grew by 0.8% compared to the previous year. The Chinese motorcycle market saw a significant contraction (–10.6%). In Brazil, motorcycle registrations were up sharply, with year-on-year increase of 12.7%. Registration figures for international motorcycle markets developed as follows in the reporting year 2024:

International motorcycle markets

	Change compared to previous year in %
Europe	+ 11.7
thereof Germany	+ 18.4
thereof France	+ 1.7
thereof Italy	+ 12.7
thereof Spain	+ 18.1
Americas	+ 5.8
thereof USA	+ 0.8
thereof Brazil	+ 12.7
Asia	+ 1.4
thereof China	– 10.6
Total	**+ 8.3**

COMPARISON OF FORECASTS WITH ACTUAL OUTCOMES

After a strong first half of 2024 in line with expectations, the BMW Group adjusted its forecast for the full year in September. The adjustment was due to delivery stops linked to the Integrated Brake System (IBS) that is provided by a supplier, as well as still muted demand in China. By the end of the year, the BMW Group's actual business performance was in line with the adjusted outlook. Overall, volumes were slightly below the previous year's level. Selling prices were also down slightly. Personnel and supply chain costs continued to rise in 2024 due to the high level of inflation in recent years.

The carbon emissions of the new EU vehicle fleet were significantly below the mandatory thresholds applicable for the reporting year. Due to the decline in production volumes, the reduction in carbon emissions per vehicle produced (Scope 1 and 2 emissions of the BMW Group sites) was less than initially planned at the beginning of the year.

The following table summarises the development of the BMW Group's key performance indicators in the financial year 2024 compared to the forecasts made in the BMW Group Report 2023.

Detailed information on the BMW Group's key performance indicators is provided below in conjunction with the analysis of the Group's results of operations, financial position and net assets. The development of the most significant performance indicators is described in the relevant chapters on the Automotive, Motorcycles and Financial Services segments. An explanation of the development of other non-financial performance indicators is included in the ↗ Sustainability Statement.

BMW Group: Comparison of the forecast for 2024 with actual outcomes in 2024

	Forecast for 2024 in 2023 Group Report	Forecast revision during the year		Actual outcome in 2024
GROUP				
Profit before tax	Slight decrease	Q3: Significant decrease	€ million	10,971 (–35.8%) Significant decrease
Workforce at year-end[1]	Slight increase			159,104 (+2.7%) Slight increase
Share of women in management positions[1]	Slight increase		%	21.7 (+4.3%) Slight increase
AUTOMOTIVE SEGMENT				
EBIT margin	Between 8 and 10	Q3: Between 6 and 7	%	6.3 (–3.5% points)
Return on capital employed (RoCE)	Between 15 and 20	Q3: Between 11 and 13	%	11.4 (–8.8% points)
Deliveries	Slight increase	Q3: Slight decrease	units	2,450,854 (–4.0%) Slight decrease
Share of all-electric cars in deliveries	Significant increase		%	17.4% (+18.4%) Significant increase
CO_2 emissions EU new vehicle fleet[1, 2]	Slight reduction		g/km	99.5 (–2.5%) Slight reduction
CO_2e emissions per vehicle produced (scope 1 and 2 of BMW Group locations)[1, 3]	Moderate reduction	Q3: Slight reduction	tonnes	0.27 (–3.6%) Slight reduction
MOTORCYCLES SEGMENT				
EBIT margin	Between 8 and 10	Q3: Between 6 and 7	%	6.1 (–2.0% points)
Return on capital employed (RoCE)	Between 21 and 26	Q3: Between 14 and 16	%	15.5 (–6.6% points)
Deliveries	Slight increase	Q3: In line with last year's level	units	210,385 (+0.6%) In line with last year's level
FINANCIAL SERVICES SEGMENT				
Return on equity (RoE)	Between 14 and 17	Q2: Between 15 and 18	%	15.1 (–2.1% points)

[1] Definition of performance indicators in line with the outlook for 2024. From the financial year 2025 onwards, changes will result from the switch to ESRS reporting and new strategic targets relating to CO_2e emissions, see ↗ Performance Indicators and Performance Management.
[2] EU-27 countries including Norway and Iceland; with effect from 2021, figures are calculated in line with WLTP (Worldwide Harmonised Light Vehicles Test Procedure). This is a preliminary internal calculation with a potential variation of +/– 0.5 g CO_2/km, as official registration figures from the authorities are not available for all EU states. Figures officially published by the European Commission are not expected to be available until November of the following year. Including an allowance for eco-innovations (amounts of minor significance).
[3] See ↗ Glossary and Explanation of Key Figures for the definition.

FINANCIAL POSITION

EARNINGS PERFORMANCE OF THE BMW GROUP

BMW Group Condensed Income Statement

in € million	2024	2023	Change in %
Revenues	142,380	155,498	– 8.4
Cost of sales	– 119,485	– 125,809	5.0
Gross profit	**22,895**	**29,689**	**– 22.9**
Selling and administrative expenses	– 11,296	– 11,025	– 2.5
Other operating income and expenses	– 90	– 182	50.5
Profit before financial result	**11,509**	**18,482**	**– 37.7**
Financial result	– 538	– 1,386	61.2
Profit before tax	**10,971**	**17,096**	**– 35.8**
Income taxes	– 3,293	– 4,931	33.2
Net profit	**7,678**	**12,165**	**– 36.9**
Earnings per share of common stock in €	11.62	17.67	– 34.2
Earnings per share of preferred stock in €	11.64	17.69	– 34.2

in %	2024	2023	Change in % points
Gross profit margin[1]	16.1	19.1	– 3.0
Pre-tax return on sales[2]	7.7	11.0	– 3.3
Post-tax return on sales[3]	5.4	7.8	– 2.4
Effective tax rate[4]	30.0	28.8	1.2

[1] Gross profit as a percentage of Group revenues.
[2] Group profit before tax as a percentage of Group revenues.
[3] Group net profit as a percentage of Group revenues.
[4] Income taxes as a percentage of Group profit before tax.

Group revenues by region were as follows:

BMW Group revenues by region

in %	2024	2023
Europe	42.7	37.7
Asia	32.7	36.4
Americas	22.4	23.9
Other regions	2.2	2.0
Group	**100.0**	**100.0**

Moderate decline in Group revenues*

» Group revenues in the financial year 2024 were moderately lower than in the previous year (2024: € 142,380 million; 2023: € 155,498 million; –8.4%, adjusted for currency effects: –7.8%). The main reasons for this were lower sales volumes and a decline in selling prices in the Automotive segment. The pricing measures brought forward from the previous year partially compensated for the impact of increased competition on vehicle prices. The situation in China was particularly challenging during the financial year 2024. Although the market grew as a whole, the BMW Group's sales volume decreased and fell short of expectations. One of the reasons for this was the continued slowdown in consumer spending on vehicles in higher price segments, which did not improve noticeably despite government support measures. Sales were also affected by vehicle delivery stops for vehicles linked to the supplied IBS. In the Financial Services segment, the upturn in revenues from credit financing for dealerships and retail customers was largely driven by a rise in contract values and expanded dealership inventories. The amount of revenues eliminated on consolidation rose due to the upturn in new leasing business. This development had a considerable negative impact on Group revenues.

The cost of sales decreased in the reporting year due to lower manufacturing costs as a result of the lower production volumes. Warranty expenses went down in the reporting year. Both the lower sales volumes and increased eliminations in connection with the rise in new leasing business reduced additions to warranty provisions compared to the previous year. The previous year was affected by increased additions in connection with airbags with inflators from the supplier ARC and the remeasurement of the provision for the exhaust gas recirculation cooler (EGR). Although increased additions were required in 2024 for recalls linked to the supplied IBS, additions to warranty provisions were lower than in the previous year as expected. Furthermore, the provision relating to the supplier ARC was reversed, which resulted in a higher level of reversals compared to the previous year. By contrast, increased expenses in connection with the supplier network had a negative impact compared to the previous year. In the Financial Services segment, the cost of sales increased due to portfolio growth and a rise in refinancing costs. The Group's research and development expenses increased slightly by 1.4% year on year.

BMW Group cost of sales

in € million	2024	2023	Change in %
Manufacturing costs	75,680	82,549	– 8.3
Cost of sales relating to financial services business	30,277	27,764	9.1
thereof interest expense relating to financial services business	4,902	3,554	37.9
Research and development expenses	7,642	7,538	1.4
thereof amortisation of capitalised development costs	2,089	2,387	– 12.5
Expenses for service contracts, telematics and roadside assistance	2,885	2,780	3.8
Warranty expenditure	1,964	3,782	– 48.1
Other cost of sales	1,037	1,396	– 25.7
Cost of sales	**119,485**	**125,809**	**– 5.0**

The BMW Group's research and development expenditure totalled € 9,078 million, as expected well above the previous year's level (2023: € 7,755 million; +17.1%). The increase was primarily related to the cross-series digitalisation and electrification of the vehicle fleet. In addition, new models are being developed, such as the successors to the BMW X3 and X5 models as well as further models in the NEUE KLASSE. As a consequence of the related higher costs in combination with lower revenues, the research and development expenditure ratio also increased. The capitalisation rate rose by 5.2 percentage points to 38.8% (2023: 33.6%) due to model-related factors.

Selling and administrative costs increased slightly by 2.5% year on year, mainly due to increased administrative costs related to IT projects and software licences as well as higher personnel costs. The ratio of selling and administrative expenses to revenues rose to 7.9% (2023: 7.1%).

Depreciation and amortisation on property, plant and equipment and intangible assets recorded in cost of sales as well as in selling and administrative expenses totalled € 8,650 million (2023: € 8,974 million).

The negative net amount of other operating income and expenses improved year on year, mainly due to gains arising on foreign currency transactions.

Profit before financial result fell to € 11,509 million (2023: € 18,482 million; –37.7%), mainly due to the various factors described above.

The financial result improved significantly to a net negative amount of € 538 million (2023: net negative amount of € 1,386 million). The negative financial result was attributable to fair value measurement losses on interest rate hedging transactions, which, however, had less of a negative impact in the reporting period than in the previous year. «

* This section contains disclosures in line with ESRS 2 SBM-1.42b); ESRS 2 SBM-3.48d).

BMW Group research and development expenses

in € million	2024	2023
Research and development expenditure	9,078	7,755
Capitalised development costs	– 3,525	– 2,604
Amortisation	2,089	2,387
Research and development expenses	**7,642**	**7,538**

BMW Group performance indicators relating to research and development expenses

in %	2024	2023	Change in % points
Research and development expenditure ratio[1]	6.4	5.0	1.4
Capitalisation rate[2]	38.8	33.6	5.2

» Overall, Group profit before tax amounted to € 10,971 million and – in line with the most recent forecast – was significantly down year on year (2023: € 17,096 million).

At € 3,293 million (2023: € 4,931 million; –33.2%), income tax expense in the reporting year was significantly lower than in the previous year due to the downturn in pre-tax profit. The effective tax rate was 30.0% (2023: 28.8%). «

The size of the workforce on the reporting date was slightly higher than one year earlier at 159,104[3], which was in line with expectations (2023: 154,950; +2.7%).

Share buyback programme continued as planned

At the Annual General Meeting of BMW AG held on 11 May 2022, the shareholders authorised the Board of Management to acquire treasury shares via the stock exchange, up to a maximum of 10% of the share capital in place at the date of the resolution or – if this value is lower – of the share capital in place at the time that the authorisation is exercised, and to redeem those shares without any further action required by the Annual General Meeting. The buyback authorisation remains valid until 10 May 2027.

Based on this authorisation, BMW AG decided on a first share buyback programme in July 2022. The programme had a volume of up to € 2.0 billion (total purchase price excluding incidental acquisition costs), comprising up to € 1.85 billion for shares of common stock and up to € 0.15 billion for shares of preferred stock. The programme was launched on 1 July 2022 and ended on 30 June 2023. BMW AG repurchased a total of 22,199,529 shares of common stock for € 1,850 million and 1,923,871 preferred shares for € 150 million. All shares from the first programme were redeemed in the third quarter 2023.

On 3 May 2023, the Board of Management decided to initiate a second share buyback programme, which commenced on 3 July 2023. The programme has a volume of up to € 2 billion (total purchase price excluding incidental acquisition costs). The buyback programme pertains to common and preferred stock. The volume of preferred stock is limited to a maximum of € 350 million.

The first tranche of the second share buyback program was successfully completed on 1 December 2023. As part of this first tranche, a total of 4,218,363 shares of common stock and 942,892 shares of preferred stock were acquired between 3 July 2023 and 1 December 2023. A total purchase price (excluding incidental acquisition costs) of around € 500 million was paid for the shares repurchased as part of this tranche.

The second tranche of the second share buyback program was successfully completed on 3 June 2024. As part of this second tranche, a total of 4,075,525 shares of common stock and 975,717 shares of preferred stock were acquired between 2 January 2024 and 3 June 2024. A total purchase price (excluding incidental acquisition costs) of around € 500 million was paid for the shares repurchased as part of this tranche.

The third tranche of the second share buyback programme was successfully completed on 25 October 2024. As part of this third tranche, a total of 5,069,724 shares of common stock and 1,174,535 shares of preferred stock were acquired between 5 June 2024 and 25 October 2024. A total purchase price (excluding incidental acquisition costs) of around € 500 million was paid for the shares repurchased as part of this tranche.

As at 31 December 2024, BMW AG held a total of 16,456,756 treasury shares, corresponding to a nominal amount of € 16,456,756. Based on the authorisation granted by the Annual General Meeting on 11 May 2022, BMW AG has acquired shares equivalent to 6.35% of the share capital in place at 31 December 2024.

The fourth and final tranche of the second share buyback programme will be carried out in the period from 2 January 2025 to 30 April 2025 at the latest.

[1] Research and development expenditure as a percentage of Group revenues.
[2] Capitalised development costs as a percentage of research and development expenditure.
[3] Performance indicator according to previous definition for 2024.

FINANCIAL POSITION OF THE BMW GROUP

The consolidated cash flow statements for the Group and the Automotive and Financial Services segments show the sources and applications of cash flows for the 2024 and 2023 reporting years, classified according to operating, investing and financing activities. Cash and cash equivalents in the cash flow statements correspond to the amounts disclosed in the balance sheet.

Cash flows from operating activities are determined indirectly, starting with Group/segment profit before tax. By contrast, cash flows from investing and financing activities are based on actual payments and receipts.

Net cash inflow from operating activities totalled € 7,566 million for the BMW Group and primarily consists of profit before tax plus depreciation and amortisation of total tangible, intangible and investment assets. Income taxes paid and the rise in leased products and receivables from sales financing reduce the cash inflow.

The decrease in cash inflow from operating activities compared to the previous year was largely due to the lower profit before tax as well as a largely volume-related increase in leased products and the change in provisions. The corresponding lower amount of income taxes paid and the favourable development of working capital only partially offset the overall decrease.

Net cash outflow from the BMW Group's investing activities amounted to € 11,369 million, a significant portion of which was related to investments made by the Automotive segment.

The cash inflow from financing activities totalled € 5,766 million and was largely related to changes in financial liabilities.

The year-on-year increase in cash inflow from financing activities mainly reflected increased borrowing. Repayments of financial liabilities were in line with the previous year.

The payment of dividends to other shareholders (non-controlling interests), the acquisition of treasury shares and the payment of dividends to BMW AG shareholders (2024: € 3,781 million, 2023: € 5,430 million) reduced the cash inflow from financing activities.

BMW Group cash flows

in € million	2024	2023	Change
Cash inflow (+)/outflow (–) from operating activities	7,566	17,542	– 9,976
Cash inflow (+)/outflow (–) from investing activities	– 11,369	– 9,548	– 1,821
Cash inflow (+)/outflow (–) from financing activities	5,766	– 6,859	12,625
Effects of exchange rate and changes in composition of segment	– 3	– 678	675
Change in cash and cash equivalents	**1,960**	**457**	**1,503**

Free cash flow for the Automotive segment was as follows:

Free cash flow Automotive segment

in € million	2024	2023	Change
Cash inflow (+)/outflow (–) from operating activities	16,791	17,675	– 884
Cash inflow (+)/outflow (–) from investing activities	– 11,100	– 9,373	– 1,727
Adjustment for net investment in marketable securities and investment funds	– 839	– 1,360	521
Free cash flow Automotive segment	**4,852**	**6,942**	**– 2,090**

The Automotive segment generated a net cash inflow from operating activities amounting to € 16,791 million, which consisted of primarily profit before tax plus depreciation and amortisation of tangible, intangible and investment assets and interest received. Income taxes paid reduced the cash inflow.

The decrease in cash inflow from operating activities compared to the previous year was largely due to the lower profit before tax and the change in provisions. The decrease in income taxes paid as well as positive changes in working capital had an offsetting effect. Inventories were in line with the previous year, while the reduction in trade payables was largely offset by the reduction in trade receivables. In the previous year, by contrast, an increase in inventories and a simultaneous reduction in liabilities led to a negative change in working capital.

Net cash outflow from investing activities amounted to € 11,100 million, a significant portion of which was related to investments in property, plant and equipment and intangible assets, particularly in connection with the Group's continued expansion of electric mobility and NEUE KLASSE models. The sale of marketable securities reduced cash outflows from investing activities.

The Automotive segment generated a free cash flow totalling € 4,852 million (2023: € 6,942 million) at 31 December 2024.

Automotive-related net financial assets comprised the following:

Net financial assets – Automotive[1]

in € million	2024	2023	Change
Cash and cash equivalents	14,882	13,682	1,200
Marketable securities and investment funds	1,001	1,782	– 781
Intragroup net financial assets	33,844	32,832	1,012
Financial assets	**49,727**	**48,296**	**1,431**
Less: external financial liabilities[2]	– 3,948	– 2,794	– 1,154
Net financial assets Automotive	**45,779**	**45,502**	**277**

Cash and cash equivalents held by the Financial Services segment changed as follows:

Cash flows Financial Services segment

in € million	2024	2023	Change
Cash inflow (+)/outflow (–) from operating activities	– 8,387	488	– 8,875
Cash inflow (+)/outflow (–) from investing activities	– 81	6	– 87
Cash inflow (+)/outflow (–) from financing activities	8,538	– 750	9,288
Effects of exchange rate and changes in composition of segment	– 57	– 184	127
Change in cash and cash equivalents	**13**	**– 440**	**453**

In the Financial Services segment, the net cash outflow from operating activities amounted to € 8,387 million, and primarily resulted from the increase in leased products and receivables from sales financing. Profit before tax reduced net cash outflow.

The stronger volume-related increase in leased products compared to the previous year had a particularly noteworthy impact on the cash outflow from operating activities.

The cash inflow from financing activities totalled € 8,538 million. Compared to the previous year, intragroup refinancing increased particularly in connection with the financing of the higher level of leased products and receivables from sales financing. Proceeds from the issue of external financial liabilities and repayments of external financial liabilities were in line with the previous year.

[1] The 2024 Half-Year Report was the first report in which disclosures of the net financial assets of the Automotive segment were expanded in scope. For comparison purposes, the figures as at 31 December 2023 have been adjusted accordingly.
[2] Excluding derivative financial instruments.

FINANCING ACTIVITIES

A broad range of instruments on international money and capital markets is used to finance worldwide operations. The funds raised are used almost exclusively to refinance the BMW Group's Financial Services business. The overall objective of Group financing is to ensure the solvency of the BMW Group at all times, focusing on three areas:

1. The ability to act through permanent access to strategically important capital markets

2. Autonomy through the diversification of refinancing instruments and investors

3. A focus on value through the optimisation of financing costs

Financing measures undertaken at corporate level ensure access to liquidity for the Group's operating subsidiaries at standard market conditions and consistent credit terms. Funds are acquired in line with a target liability structure, comprising a well-balanced mix of financing instruments. The use of longer-term instruments to refinance the Group's Financial Services business and the maintenance of a sufficiently high liquidity reserve serves to rule out any liquidity risk intrinsic to the portfolio. This conservative financial approach also has a favourable effect on the Group's rating. Further information is provided in the section Liquidity Risks under ↗ Risks and Opportunities.

Focused capital market management, good ratings and the high level of acceptance enjoyed by the BMW Group on the world's debt capital markets enabled it to refinance itself on those markets on favourable terms during the 12-month period under report. In addition to bonds, the BMW Group also issued commercial paper.

Furthermore, retail customer and dealership financing receivables, rights and obligations from leasing contracts, as well as collateral interests in the financed vehicles, were transferred to structured entities that securitise them and place them as collateralised securities on the capital market as part of the Group's asset-backed securities financing arrangements (ABS financing).

Specific banking instruments, such as the customer deposits at the Group's own banks in Germany and the USA, were also deployed for financing purposes. In addition, loans were taken out from international banks.

During the reporting period, the BMW Group issued bonds totalling approximately € 19.0 billion. The BMW Group refinanced itself by means of 144A transactions with a total volume of USD 7.0 billion on the US capital market and by means of so-called Panda bonds with a volume of CNY 7.0 billion on the Chinese capital market. Furthermore, the BMW Group issued, among others, three euro benchmark bonds totalling € 6.2 billion, as well as a pound sterling benchmark bond of GBP 0.4 billion, a Swiss franc bond of CHF 0.5 billion and two Canadian bonds of CAD0.9 billion on the international capital markets. ABS transactions with a total financing volume equivalent to € 14.7 billion were executed in 2024, including both new and rolled-over ABS transactions. During the reporting period, the BMW Group was party to ABS transactions in the following markets: Australia, Canada, China, France, Germany, Japan, South Africa, South Korea, Switzerland, the USA and the UK.

The following table provides an overview of amounts utilised at 31 December 2024 in connection with the BMW Group's money and capital market programmes:

Programmes	Programme volume	Amount utilised
in € billion		
Euro medium-term notes	50.0	27.2
Commercial paper*	13.7	4.1

* Measured at the exchange rate as of 31 December 2024.

The BMW Group continued to deploy robust liquidity-related measures throughout 2024 to ensure its ability to act flexibly and independently at all times.

As at 31 December 2024, the liquidity reserve amounted to € 20.8 billion, which was above the previous year's level (2023: € 19.5 billion).

The BMW Group also has access to a syndicated credit line, which was renewed in June 2023. The syndicated credit line of € 8 billion has a term without exercising extension options until June 2028 and is provided by a consortium of 43 international banks.

As at the reporting date, the credit line has not been used. Further information with respect to financial liabilities is provided in ↗ note [37] to the Group Financial Statements.

NET ASSETS POSITION OF THE BMW GROUP

BMW Group Condensed Balance Sheet at 31 December

in € million	2024	2023	Change in %	Currency-adjusted change* in %	Proportion of balance sheet total in %
ASSETS					
Intangible assets	20,220	20,022	1.0	– 0.4	7.6
Property, plant and equipment	39,581	35,266	12.2	10.4	14.8
Leased products	48,838	43,118	13.3	11.2	18.2
Investments accounted for using the equity method	553	443	24.8	24.8	0.2
Other investments	1,099	1,197	– 8.2	– 12.0	0.4
Receivables from sales financing	93,718	87,355	7.3	4.7	35.0
Financial assets	3,399	5,518	– 38.4	– 39.1	1.3
Deferred and current tax	4,560	3,630	25.6	23.4	1.7
Other assets	9,256	9,133	1.3	0.8	3.5
Inventories	24,387	23,719	2.8	1.1	9.1
Trade receivables	2,834	4,162	– 31.9	– 33.2	1.1
Cash and cash equivalents	19,287	17,327	11.3	10.4	7.2
Total assets	**267,732**	**250,890**	**6.7**	**4.8**	**100.0**
EQUITY AND LIABILITIES					
Equity	95,003	92,923	2.2	0.7	35.5
Pension provisions	222	427	– 48.0	– 48.7	0.1
Other provisions	16,373	17,037	– 3.9	– 5.2	6.1
Deferred and current tax	3,752	4,198	– 10.6	– 10.9	1.4
Financial liabilities	111,261	95,010	17.1	14.3	41.6
Trade payables	14,126	15,547	– 9.1	– 10.6	5.3
Other liabilities	26,995	25,748	4.8	3.1	10.1
Total equity and liabilities	**267,732**	**250,890**	**6.7**	**4.8**	**100.0**

* The adjustment for exchange rate factors is calculated by applying the relevant current exchange rates to the prior-year figures.

The Group's total assets were slightly higher year on year at the end of the reporting year 2024 on a currency-adjusted basis. Positive currency effects, particularly those related to the US dollar and the Chinese renminbi, led to a 6.7% increase in total assets.*

As at the reporting date, intangible assets were at the same level as the previous year when adjusted for currency effects. The main reason for this was the amortisation of the reacquired rights and dealership relationships from the acquisition of BMW Brilliance. These effects were offset by higher additions to capitalised development costs.

Adjusted for currency effects, property, plant and equipment was up by 10.4% year on year. This rise was largely due to higher investments in the sixth generation of electric drivetrains, as well as for NEUE KLASSE vehicle projects such as the new BMW X3 and X5 Series. The capital expenditure ratio reached 6.4% (2023: 5.7%); excluding right-of-use assets, it stood at 5.7% (2023: 4.9%).

Leased products were significantly higher than in the previous year on a currency-adjusted basis, driven by the rise in new leasing business and the increase in the average financing volume. The number of contracts in place increased slightly to a total of 1,740,720 contracts (2023: 1,712,330 contracts; +1.7%).

Receivables from sales financing were up slightly at the end of the reporting period on a currency-adjusted basis. This was primarily due to the growth in retail customer financing, which included a higher average financing volume, as well as the increase in dealership financing, which reflected the rise in the number of contracts as well as higher contract values, particularly in the USA and the UK. In China, the lower volume of retail customer financing held down the increase in receivables. The main reason for this was the ongoing strong competition with local banks.

The managed contract portfolio of financed vehicles fell by 3.2% compared to the Group Financial Statements 2023 to 3,485,273 contracts.

Group equity rose to € 95,003 million, with the increase resulting primarily from the Group net profit of € 7,678 million (2023: € 12,165 million).

Equity attributable to shareholders of BMW AG rose to € 92,315 million. This increase was mainly due to the net profit for the year attributable to shareholders of BMW AG amounting to € 7,290 million. The dividend payout amounting to € 3,781 million reduced Group equity and, to an equal extent, equity attributable to BMW AG shareholders. The continued share buyback programme also reduced equity attributable to shareholders of the BMW Group.

Pension obligations stood at € 222 million, significantly down on the previous year (2023: € 427 million). The decrease was due in particular to actuarial gains as a result of higher discount rates.

Other provisions decreased moderately year on year on a currency-adjusted basis. This was due to the lower level of personnel-related obligations, in particular for profit-sharing payments and long-service awards.

Currency-adjusted financial liabilities went up year on year due to the higher level of bonds and liabilities to banks. The backdrop to this was the increased financing requirement resulting from business growth in the Financial Services segment.

BMW Group equity ratio*

in %	31.12.2024	31.12.2023	Change in % points
Group	35.5	37.0	– 1.5
Automotive segment	40.5	43.1	– 2.6
Financial Services segment	10.3	11.0	– 0.7

* Equity in each case as a percentage of corresponding balance sheet total.

VALUE ADDED STATEMENT

The value added statement shows the value of work performed by the BMW Group during the financial year, less the value of work bought in. Depreciation and amortisation, cost of materials, and other expenses are treated as bought-in costs in the net value added calculation. The allocation statement applies value added to each of the participants involved in the value added process. The bulk of the net value added benefits the employees. The proportion remaining in the Group is retained to finance future operations. The gross value added amount treats depreciation and amortisation as a component of value added which, in the allocation statement, would be treated as internal financing.

Net value added by the BMW Group declined in 2024 due to lower year-on-year earnings.

BMW Group value added statement

	2024 in € million	2024 in %	2023 in € million	2023 in %	Change in %
WORK PERFORMED					
Revenues	142,380	99.2	155,498	100.1	– 8.4
Financial income	– 325	– 0.2	– 1,227	– 0.8	–
Other income	1,411	1.0	1,045	0.7	35.0
Total output	**143,466**	**100.0**	**155,316**	**100.0**	**– 7.6**
Cost of materials*	83,572	58.3	82,527	53.1	1.3
Other expenses	14,232	9.9	22,609	14.6	– 37.1
Bought-in costs	**97,804**	**68.2**	**105,136**	**67.7**	**– 7.0**
Gross value added	**45,662**	**31.8**	**50,180**	**32.3**	**– 9.0**
Depreciation and amortisation of total tangible, intangible and investment assets	14,628	10.2	14,565	9.4	0.4
Net value added	**31,034**	**21.6**	**35,615**	**22.9**	**– 12.9**
ALLOCATION					
Employees	15,122	48.7	14,721	41.3	2.7
Providers of finance	5,061	16.3	3,665	10.3	38.1
Government/public sector	3,173	10.2	5,064	14.2	– 37.3
Shareholders	2,677	8.6	3,802	10.7	– 29.6
Group	4,613	14.9	7,488	21.0	– 38.4
Non-controlling interests	388	1.3	875	2.5	–
Net value added	**31,034**	**100.0**	**35,615**	**100.0**	**– 12.9**

* Cost of materials comprises all primary material costs incurred for vehicle production plus ancillary material costs (such as customs duties, insurance premiums and freight).

COURSE OF BUSINESS AND SEGMENTS[1]

AUTOMOTIVE SEGMENT

BMW Group maintains strong market position

» The BMW Group confirmed its strong market position in the reporting year 2024 with sales growth in Europe and the Americas. The BMW brand gained additional market share in European markets in particular, while also maintaining its leading market position in China. Globally, BMW was the leader in the premium segment. The systematic ramp-up of electric mobility was also a further driver of growth in 2024. In particular, BEV deliveries across all brands saw a significant increase of 13.5%.

The BMW, MINI and Rolls-Royce brands provide a broad yet customised range of premium automobiles to meet different customer needs. The BMW Group's openness to technology is reflected in the drivetrain systems available, encompassing all-electric models (BEV), state-of-the-art plug-in hybrids (PHEV) and highly efficient combustion engines.

Deliveries[2] of BMW Group vehicles totalled 2,450,854 units in the reporting year, representing a slight decrease on the previous year (2023: 2,554,183 units; -4.0%) and in line with the Group's expectations as adjusted in the third quarter of 2024. This decrease was largely due to delivery stops in the third quarter linked to the Integrated Brake System (IBS) provided by a supplier, as well as the challenging market situation in China.

The BMW brand delivered a total of 2,200,217 automobiles to customers in the reporting year (2023: 2,252,793 units; –2.3%). For MINI, 2024 was a year for renewing its entire product portfolio. In this context, deliveries fell to 244,925 automobiles (2023: 295,358 units; –17.1%). Rolls-Royce, the prestigious luxury brand, delivered 5,712 automobiles to customers, down on the previous year in line with expectations, owing to planned model changeovers and subdued demand in China (2023: 6,032 units; –5.3%). «

Significant growth for all-electric vehicles

» The BMW Group has at least one electrified model in each of its segments. Demand for all-electric automobiles across all three brands generated significant growth in sales in 2024, with a total of 426,536 vehicles sold (2023: 375,716 units; +13.5%). The number of electrified vehicles (BEV and PHEV) delivered to customers in the reporting year rose to a total of 593,150 units (2023: 565,875 units; +4.8%).

The share of all-electric automobile deliveries increased in 2024 to 17.4% (2023: 14.7%), while electrified vehicles accounted for a total share of 24.2% (2023: 22.2%). The increasing electrification of the product portfolio had a positive effect on the development of fleet carbon emissions. ↗ Climate change mitigation and adaptation as a key part of the corporate strategy «

BMW Group deliveries of electrified models

in units	2024	2023	Change in %
BEV	426,536	375,716	13.5
BMW	368,475	330,197	11.6
MINI	56,171	45,193	24.3
Rolls-Royce	1,890	326	479.8
PHEV	166,614	190,159	– 12.4
BMW	164,172	173,878	– 5.6
MINI	2,442	16,281	– 85.0
Total	**593,150**	**565,875**	**4.8**

3

3

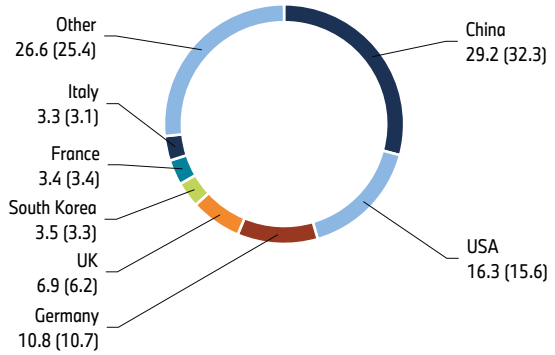
[1] This section contains disclosures in line with ESRS 2 SBM-1.40a) i.; 42b).
[2] See ↗ Glossary for definition of deliveries. Retail vehicle deliveries during a given reporting period do not correlate directly to the revenues that the BMW Group recognises in respect of such reporting period.
[3] ↗ Consumption and Carbon Disclosures.

BMW Group deliveries of vehicles by region and market

in 1,000 units	2024	2023	2022	2021	2020
Europe	948.5	943.0	878.5	949.1	913.6
thereof Germany	265.7	272.6	254.3	266.8	285.0
thereof UK	168.8	159.2	157.3	164.3	163.2
Americas	482.7	482.0	441.5	451.7	379.7
thereof USA	399.3	397.3	363.5	368.0	307.9
Asia	963.6	1,073.1	1,031.0	1,067.9	986.5
thereof China	715.2	826.3	793.5	847.9	778.4
Other markets	56.1	56.1	48.6	52.8	45.4
Total	**2,450.9**	**2,554.2**	**2,399.6**	**2,521.5**	**2,325.2**

BMW Group – largest automobile markets in 2024 (2023)

in % of sales



Sales growth for BMW in Europe and the Americas

» The core BMW brand recorded sales growth in 2024 in European markets and the USA. The brand expanded its market share primarily in Europe and confirmed its leading position in the global premium segment. In particular, sustained high demand for all-electric automobiles counteracted the overall downward trend recorded during the reporting year, with the brand's BEV sales rising to 368,475 vehicles (2023: 330,197 units; +11.6%). In total, the brand delivered 2,200,217 units to customers (2023: 2,252,793 units; –2.3%). The X Family models were one again among the most popular BMW models over the course of the year. The BMW X1* in particular achieved double-digit growth rates. Demand for the all-electric version of this successful model accounted for more than one in five of the vehicles delivered. The BMW iX1* was also the BMW brand's most successful BEV model in the reporting year. «

New BMW products

» 2024 was a year of significant new products for the BMW brand. The launch of the new BMW X2* – which is also available for the first time as the all-electric model BMW iX2* – kicked off the year in March. The new BMW 5 Series Touring* is now available across all drivetrain types following the introduction of the all-electric variant in May 2024 and exemplifies the technology openness that characterises the BMW Group. The brand also presented further revisions to the successful BMW 3 Series and 4 Series in the first half of the year. Now in their fourth generation, two successful models – the new BMW X3* and the new BMW 1 Series – celebrated their launch in autumn, which also marked the 20-year anniversary of the successful BMW 1 Series. The new BMW 2 Series Gran Coupé* was presented to the public in October and is set to launch in spring 2025. The remainder of 2025 will be dominated by the NEUE KLASSE. The first NEUE KLASSE model will have its world premiere in the second half of 2025, with production starting towards the end of the year. «

* ↗ Consumption and Carbon Disclosures.

Deliveries of BMW vehicles by model series

in units	2024	2023	Change in %	Share of BMW deliveries 2024 in %
BMW 1 Series/BMW 2 Series	198,226	225,827	– 12.2	9.0
BMW 3 Series/BMW 4 Series	519,228	558,462	– 7.0	23.6
BMW 5 Series/BMW 6 Series	250,674	273,877	– 8.5	11.4
BMW 7 Series/BMW 8 Series	56,542	59,763	– 5.4	2.6
BMW Z4	10,482	10,957	– 4.3	0.5
BMW X1/X2	413,386	318,051	30.0	18.8
BMW X3/X4	370,198	405,562	– 8.7	16.8
BMW X5/X6	275,318	280,684	– 1.9	12.5
BMW X7	59,949	61,117	– 1.9	2.7
BMW iX	38,365	50,989	– 24.8	1.7
BMW XM	7,813	6,749	15.8	0.4
BMW i3/i8	36	755	– 95.2	–
BMW total	**2,200,217**	**2,252,793**	**– 2.3**	**100.0**
thereof BEV	368,475	330,197	11.6	16.7
thereof PHEV	164,172	173,878	– 5.6	7.5

BMW M sets new sales record

» BMW M ended the reporting year with another sales record. With a total of 206,587 performance and high-performance vehicles delivered, BMW M exceeded the record figure from the previous year (2023: 202,431 units; +2.1%). This means that almost one in ten BMW brand vehicles delivered in 2024 was a BMW M model. The most sought-after model was again the all-electric BMW i4 M50*.

Electrified vehicles continued to make inroads within the high-performance class in 2024, with the new version of the BMW M5* and the BMW M5 Touring* launching at the end of the year. Both models are available for the first time as electrified PHEVs and had already received positive feedback in the international trade press ahead of their launch. BMW M also presented updates to the BMW M2*, BMW M3* and BMW M4* in the course of the year. Another special highlight was the presentation of the special edition BMW M4 CS*, which will only be in production for a limited period of twelve months. «

* ↗ Consumption and Carbon Disclosures

Deliveries of MINI vehicles by model variant

in units	2024	2023	Change in %	Share of MINI deliveries 2024 in %
MINI Hatch (3- and 5-door)	128,635	155,607	– 17.3	52.5
MINI Convertible	18,994	32,141	– 40.9	7.8
MINI Clubman	10,693	24,207	– 55.8	4.4
MINI Countryman	80,971	83,403	– 2.9	33.1
MINI Aceman	5,632	–	–	2.3
MINI total	**244,925**	**295,358**	**– 17.1**	**100.0**

Deliveries of Rolls-Royce automobiles by model variant

in units	2024	2023	Change in %
Phantom	413	505	– 18.2
Ghost	808	1,510	– 46.5
Wraith/Dawn	11	168	– 93.5
Cullinan	2,590	3,523	– 26.5
Spectre	1,890	326	479.8
Rolls-Royce total	**5,712**	**6,032**	**– 5.3**

New MINI Family launched

» The MINI brand began the reporting year by renewing its entire product portfolio and therefore, as expected, delivered fewer vehicles than in the previous year (2024: 244,925 units; 2023: 295,358 units; –17.1%). Significant impetus for growth again came from the ongoing electrification of the brand's portfolio, with all-electric models representing 22.9% of the brand's total deliveries (2023: 15.3%). The MINI Cooper SE* was the brand's best-selling model again in 2024. The share of electrified MINI models (BEV and PHEV models) was 23.9% (2023: 20.8%). This means that almost one in four MINI vehicles delivered was electrified.

The MINI Aceman joined the MINI Family in 2024. The all-electric crossover model has been available since autumn and has delighted customers with the go-kart feeling synonymous with MINI. The next member of the family will excite fans of fresh air, with the popular MINI Convertible* leaving the production line in Oxford again from the end of 2024 and available to purchase from early 2025. «

Rolls-Royce – Bespoke sales at record level

» The luxury brand Rolls-Royce delivered a total of 5,712 automobiles to clients in the reporting year (2023: 6,032 units; –5.3%). The moderate reduction was in line with the marque´s planning and was attributable to model changeovers ahead of the launch of the new models Cullinan Series II* and Ghost Series II*. Rolls-Royce was also somewhat affected by muted demand in the luxury segment of the Chinese market. The marque´s Bespoke programme, centred on creating value for clients through highly individualised products, enjoyed great success. Bespoke content reached a new record level in 2024. In terms of the average value per motor car, Bespoke content value increased 10% year-on-year, reaching the highest level in the history of the marque.

The most sought-after models in 2024 were the Rolls-Royce Cullinan* and the all-electric Rolls-Royce Spectre*. The Spectre* had a highly successful first full year of sales, with high demand worldwide. In Europe, it was the most requested model. The year 2025 will mark a high point in the history of the luxury brand, with the marque´s flagship, the Rolls-Royce Phantom, celebrating its centenary. «

* ↗ Consumption and Carbon Disclosures.

Automotive segment earnings performance in line with expectations

» Automotive segment revenues decreased moderately year on year to € 124,917 million (2023: € 132,277 million; –5.6%, currency-adjusted: –4.8%) against the backdrop of lower sales volumes and falling selling prices. Pricing measures brought forward from the previous year partially compensated for the impact of increased competition on vehicle prices. The situation in China was particularly challenging in the financial year 2024. Although the Chinese market grew as a whole, the BMW Group's sales there went down and fell short of expectations. One of the reasons for this was the continued slowdown in consumer spending on vehicles in higher price segments, which did not improve noticeably despite government support measures. Sales were also affected in the reporting year by vehicle delivery stops linked to the supplied IBS.

The segment's cost of sales totalled € 107,729 million, slightly down on the previous year (2023: € 109,920 million; –2.0%). The decrease in manufacturing costs in the reporting period was largely due to volume-related effects, with lower warranty expenses also playing a role. The lower level of warranty expenses in 2024 reflects the reduction of additions to warranty provisions in light of lower sales volumes. The previous year was also affected by increased additions in connection with airbags with inflators from the supplier ARC and the remeasurement of the provision for the exhaust gas recirculation cooler (EGR). Although increased additions were required in the reporting year for recalls linked to the IBS, additions to warranty provisions were lower than in the previous year as expected. Furthermore, the provision relating to the supplier ARC was reversed, which resulted in a higher level of reversals compared to the previous year. By contrast, increased expenses in connection with the supplier network had a negative impact compared to the previous year.

The purchase price allocation of BMW Brilliance resulted in depreciation and amortisation amounting to € 1.3 billion.

The anticipated increase in research and development expenditure related largely to the cross-series digitalisation and electrification of the vehicle fleet. In addition, development work took place on new models such as the successors to the BMW X3 and X5 models as well as further in the NEUE KLASSE.

Selling and administrative expenses rose slightly to € 9,357 million in the reporting period (2023: € 9,195 million; +1.8%), mainly due to higher personnel costs and, above all, IT costs, primarily for projects and software licences.

The net amount of other operating income and expenses improved year on year, mainly due to gains arising on foreign currency transactions.

The various factors described above had a corresponding impact on earnings. At € 7,893 million, profit before financial result in the Automotive segment was significantly down on the previous year (2023: € 12,981 million; –39.2%).

At 6.3%, the EBIT margin for the segment was within the adjusted target range of 6 to 7% in the reporting year (2023: 9.8%; –3.5 percentage points).

The financial result of the Automotive segment was a net negative amount of € 349 million, slightly down on the previous year (2023: net negative amount of € 339 million). The deterioration was mainly due to the downturn in the net interest result, largely as a consequence of higher expenses related to unwinding the discounting of provisions. Impairment losses recognised in the previous year on investments accounted for using the equity method had an offsetting impact.

Profit before tax remained significantly lower in 2024 than in the previous year at € 7,544 million (2023: € 12,642 million).

The Automotive segment's return on capital employed (RoCE) for 2024 finished at 11.4% and was therefore within the forecast target range of 11 to 13% (2023: 20.2%; –8.8 percentage points). The decrease was primarily due to the lower profit before financial result. «

BMW Group margins by segment

in %	2024	2023	Change in % points
AUTOMOTIVE			
Gross profit margin[1]	13.8	16.9	– 3.1
EBIT margin[2]	6.3	9.8	– 3.5
MOTORCYCLES			
Gross profit margin[1]	15.5	17.4	– 1.9
EBIT margin[2]	6.1	8.1	– 2.0

[1] Gross profit as a percentage of segment revenues.
[2] Profit before financial result as percentage of segment revenues.

MOTORCYCLES SEGMENT

BMW Motorrad sets new record

» Deliveries* in the Motorcycles segment rose to a new high of 210,385 units (2023: 209,066 units; +0.6%). However, the subdued economic development was also felt in the Motorcycles business, particularly in China, but also in other regions. «

Deliveries worldwide – solid sales growth in Germany and Brazil

» Germany and markets in North and South America in particular contributed to the positive sales performance in the reporting period. A total of 118,704 motorcycles were delivered in Europe in 2024, slightly up on the previous year (2023: 116,011 units; +2.3%). In Germany, sales volume grew solidly by 8.3% to 26,177 units (2023: 24,176 units). While France finished the reporting year down on 2023 with a total of 20,693 units (2023: 21,668 units; –4.5%), slight growth was recorded in Italy (2024: 16,617 units; 2023: 16,179 units; +2.7%) and Spain (2024: 13,009 units; 2023: 12,716 units; +2.3%).

Deliveries of motorcycles also rose in the Americas to 47,692 units (2023: 46,184 units; +3.3%), with Brazil the main driver of growth. Solid growth was recorded in that country in 2024 with 15,267 units delivered (2023: 14,106 units; +8.2%). In the USA, deliveries reached 17,272 units, exceeding the previous year's level (2023: 17,017 units; +1.5%). In Asia, sales on the Chinese market, in contrast, fell to 13,872 units (2023: 15,832 units; –12.4%). «

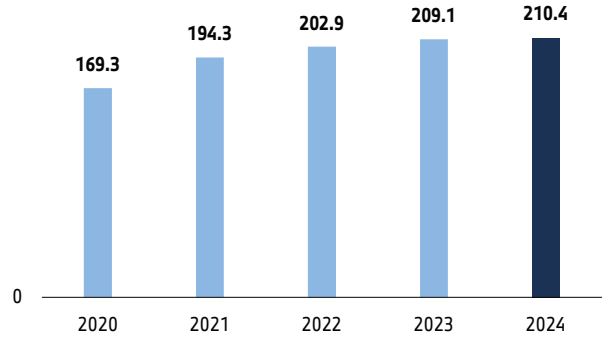
Market launches during the reporting year

» BMW Motorrad continued to renew its product portfolio in 2024, also adding another electric vehicle in the form of the CE 02 eParkourer. Other highlights included the new BMW R 1300 GS Adventure, which has been available since November 2024, and the addition of the BMW M 1000 XR to the M Family.

Three models in the Adventure segment – the F 900 GS, F 900 GS Adventure and the F 800 GS – were revised and launched in the first half of the year. The S 1000 XR was revised in the Sport segment. In the Heritage segment, the new versions of the R 12 nineT and the R 12 were added to the successful R nineT Family. «

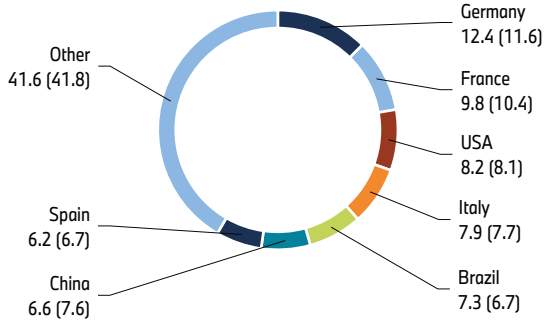
Deliveries of BMW motorcycles

in 1,000 units



BMW Group – largest motorcycle markets 2024 (2023)

in % of sales



* See ↗ Glossary for a definition of deliveries. Retail vehicle deliveries during a given reporting period do not correlate directly to the revenues that the BMW Group recognises in respect of such reporting period.

New products unveiled by BMW Motorrad
» BMW Motorrad presented six model updates during the reporting year 2024. Three model updates were announced for the Roadster segment, namely the F 900 R (November), S 1000 R and M 1000 R (both December), which will be introduced to the market in 2025. Two highly dynamic Sport motorcycles followed with the presentation of the BMW S 1000 RR (October) and the M 1000 RR.

The updated scooters C 400 GT and C 400 X, which are ideal for urban mobility, were launched in early 2025. «

Motorcycles segment earnings performance within forecast target
» The EBIT margin of the Motorcycles segment came in at 6.1% (2023: 8.1%) and therefore within the adjusted forecast range of 6 to 7%.

Profit before tax in the reporting period amounted to € 198 million (2023: € 258 million; –23.3%). Favourable pricing and product mix effects were offset by higher material and development costs.

The return on capital employed (ROCE) in the Motorcycles segment for the reporting year came in at 15.5% and therefore within the adjusted expected range of 14 to 16% (2023: 22.1%; –6.6 percentage points). The year-on-year change reflected mainly the downturn in profit before tax on the one hand and the increase in net working capital due to a rise in average inventory levels on the other. «

FINANCIAL SERVICES SEGMENT

Solid increase in new business in reporting period
» The number of new credit financing and leasing contracts went up by a robust 9.8% in the reporting period to a total of 1,693,876 (2023: 1,542,514 contracts). In addition to the attractive product portfolio, the growth was achieved through the seamless integration of the segment's customer-oriented financial services products and its close cooperation with dealerships.

The share of new BMW Group vehicles either leased or financed by the Financial Services segment in the year under review stood at 42.6%* (2023: 38.2%; +4.4 percentage points).

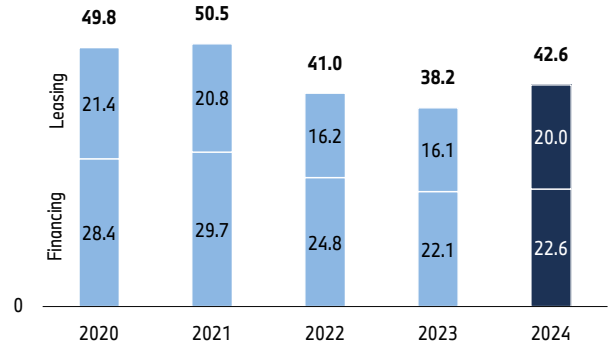
Out of the new contracts concluded in 2024, 352,807 contracts were for the credit financing and leasing of pre-owned BMW Group vehicles, 8.4% more than in the previous year (2023: 325,320 contracts).

New leasing business increased significantly by 19.6% year on year and accounted for 36.6% of all new business in the reporting year 2024. Credit financing also went up (+4.9%) and accounted for 63.4% of new business.

The total new business volume of all credit financing and leasing contracts increased by a significant 12.5% year on year, reaching € 64,519 million (2023: € 57,333 million). In addition to the higher number of new contracts, a higher financing volume per vehicle also contributed to this growth. «

New BMW Group vehicles leased or financed by the Financial Services segment*

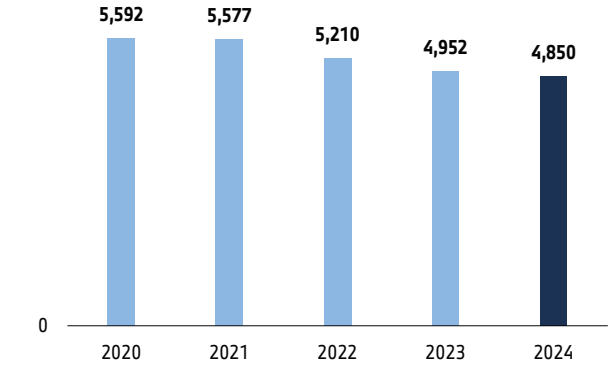
in %



*The calculation only includes automobile markets in which the Financial Services segment is represented by a consolidated entity.

Contract portfolio of leased or financed vehicles in the Financial Services segment in 2024

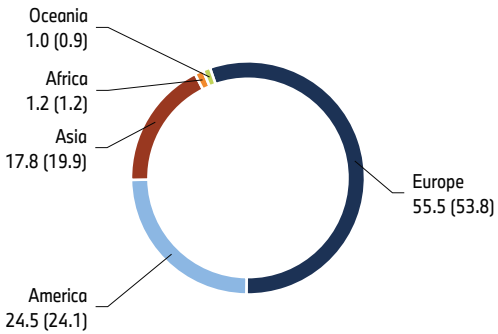
in 1,000 units



» At 31 December 2024, a total of 4,850,121 contracts for credit financing and vehicle leasing were in place (31 December 2023: 4,952,318 contracts; –2.1%). In the Americas region, the number of contracts managed by the Financial Services segment remained similar to the previous year (–0.2%). While the number of contracts went up slightly in Oceania (+6.4%) and Europe (+1.0%), a downward trend was observed in Africa (–5.3%) and particularly in Asia (–12.6%). The significant drop in the number of contracts in Asia can be attributed to the continued strong competition in the Chinese financial services sector and lower sales by the Automotive segment in China. «

Contract portfolio of leased or financed vehicles in the Financial Services segment in 2024 (2023)

in % by regions



Slight increase in fleet business

» Under the brand name Alphabet, the Financial Services segment offers credit financing and leasing contracts, as well as related services, mainly to commercial customers as part of its fleet management business. As at the end of the reporting period, the segment had contracts in place for a fleet of 741,935 vehicles (2023: 720,094 units; +3.0%).

Alphabet has been responsible for the management and marketing of part of the Group's own fleet since the second quarter 2024. The purpose of this move is to optimise the utilisation and remarketing of the vehicles involved. These volumes will be continuously expanded as part of the transition to the direct sales model in Europe. At the end of the reporting period, the segment had a total of 21,152 vehicles under its management. «

Dealership financing up significantly on previous year

» The total business volume of dealership financing at 31 December 2024 stood at € 21,273 million significantly up compared to the end of the previous financial year (2023: € 18,941 million; +12.3%). The main driver of this growth was the higher average financing volume per vehicle. «

Financial Services segment profit before tax down on previous year

» Profit before tax reported by the Financial Services segment for the financial year 2024 totalled € 2,538 million (2023: € 2,962 million; –14.3%) and was therefore significantly down on the previous year. The main reason for the decline in earnings was lower results achieved on the remarketing of lease returns. Earnings were also impacted in the fourth quarter 2024 due to additions to provisions for legal risks in the UK and higher expenses for credit risk provisioning, particularly as a result of the challenging nature of the Chinese automobile market.

The credit loss ratio for the entire financing portfolio was 0.26% in 2024 (2023: 0.18%). Business volume in balance sheet terms stood at € 151,117 million and was therefore solidly higher than one year earlier (2023: € 137,910 million; +9.6%). «

Slight decline in earnings performance of Financial Services segment

» Return on equity for the Financial Services segment was lower than in the previous year, finishing at 15.1% for the reporting year (2023: 17.2%; –2.1 percentage points). The RoE for 2024 was within the adjusted forecast of between 15 and 18%. «

THE OTHER ENTITIES SEGMENT AND ELIMINATIONS

The profit before tax of the Other Entities segment amounted to € 837 million (2023: loss before tax of € 100 million). The main reason for the improvement was the lower negative impact of the remeasurement of interest rate hedging transactions compared to the previous year.

At the level of profit/loss before tax, eliminations fell to a net negative amount of € 146 million (2023: net positive amount of € 1,334 million). In comparison to the previous year, higher eliminations in 2024 due to the increased level of new leasing and credit financing business had a negative impact on the profit/loss before tax.

COMMENTS ON THE FINANCIAL STATEMENTS OF BMW AG

Bayerische Motoren Werke Aktiengesellschaft (BMW AG), based in Munich, Germany, is the parent company of the BMW Group. The comments on the BMW Group and Automotive segment provided in earlier sections apply to BMW AG, unless presented differently in the following section. The Financial Statements of BMW AG are drawn up in accordance with the provisions of the German Commercial Code (HGB) and the relevant supplementary requirements contained in the German Stock Corporation Act (AktG).

The key financial performance indicator for BMW AG is the dividend payout ratio. This corresponds to the unappropriated profit of BMW AG in accordance with HGB in relation to the profit attributable to shareholders of BMW AG, based on the BMW Group's net profit for the year. The key non-financial performance indicators are identical and concurrent with those of the BMW Group. These are described in detail in the ↗ Comparison of Forecasts with actual Outcomes section of the Combined Management Report.

Differences in accounting treatments based on HGB (used for the Company Financial Statements) and the International Financial Reporting Standards (IFRS) as adopted by the European Union (used for the Group Financial Statements) are mainly to be found in connection with the capitalisation of intangible assets, the measurement of property, plant and equipment and inventories, the creation of valuation units, the recognition and measurement of financial instruments and provisions as well as the recognition of deferred tax. Differences also arise in the presentation of assets and liabilities and of items in the income statement.

Business environment and review of operations

The general and sector-specific environment of BMW AG is the same as that of the BMW Group and is described in the ↗ General and Sector-specific Environment section of the Combined Management Report.

BMW AG develops, manufactures and sells automobiles and motorcycles as well as spare parts and accessories manufactured in house, by foreign subsidiaries and by external suppliers, and performs services related to these products. Sales activities are carried out primarily through branches, subsidiaries, independent dealerships, agents and importers. Automobile deliveries decreased by 73,330 units to 2,547,590 units in the financial year 2024. This figure includes 586,016 units relating to series sets supplied to BMW Brilliance Automotive Ltd., Shenyang, a decrease of 106,251 units compared with the previous year.

As at 31 December 2024, BMW AG had 87,823 employees, plus 5,942 apprentices, interns and thesis students (31 December 2023: 85,168 employees, plus 5,733 apprentices, interns and thesis students).

The BMW Group had a strong first half of 2024 in line with expectations. Business then slowed over the remainder of the year due to delivery stops and recalls linked to the Integrated Brake System (IBS) provided by a supplier, as well as ongoing muted demand in China.

Maintaining a consistent focus on technology openness allows the BMW Group to develop innovative drive technologies and to respond in a flexible manner to market developments. BMW AG believes it is well-positioned on the basis of its robust strategy, balanced product range and continuous investment in research and development.

BMW AG's solid financial condition is reflected in the results of operations, financial position and net assets reported for the financial year 2024. Business developed in line with management's adjusted expectations. This assessment also takes into account events after the end of the reporting period.

Results of operations

BMW AG Income Statement

in € million	2024	2023
Revenues	105,317	107,874
Cost of sales	– 88,214	– 90,865
Gross profit	**17,103**	**17,009**
Selling expenses	– 4,261	– 4,123
Administrative expenses	– 4,068	– 3,824
Research and development expenses	– 8,315	– 6,924
Other operating income	2,062	1,872
Other operating expenses	– 1,953	– 2,067
Result on investments	3,917	3,592
Financial result	– 378	– 84
Income taxes	– 566	– 1,067
Profit after income tax	**3,541**	**4,384**
Other taxes	– 17	– 18
Net profit	**3,524**	**4,366**
Transfer to revenue reserves	– 847	– 564
Profit from the reduction of the share capital	–	24
Transfer to capital reserves according to § 237 V AktG	–	– 24
Unappropriated profit available for distribution	**2,677**	**3,802**

Revenues decreased by € 2,557 million compared to the previous year to € 105,317 million, largely as a result of a downturn in sales volumes. The contraction was mainly due to the Chinese market, where revenues fell by € 2,773 million. A positive development was recorded in Europe, where revenues grew by € 1,056 million. Revenues totalled € 105,317 million (2023: € 107,874 million), of which Group internal revenues accounted for € 81,138 million (2023: € 83,231 million) or 77.0% (2023: 77.2%).

The € 2,651 million decrease in cost of sales to € 88,214 million was largely due to lower volumes and was almost proportional to the change in revenues. This line item also includes expenses for statutory and non-statutory warranty and product guarantee obligations, which decreased by € 510 million year-on-year due to remeasurements.

Gross profit rose by € 94 million to € 17,103 million.

Overall, selling expenses increased slightly, while general administrative costs recorded a solid increase.

A large proportion of research and development expenses related to NEUE KLASSE models, new vehicle models (including the successors to the BMW X3* and BMW X5*), the ongoing digitalisation across different series and the electrification of the fleet. Research and development expenses rose accordingly by 20.1% year on year.

Other operating income increased to € 2,062 million (2023: € 1,872 million), and comprised mainly gains arising on financial transactions and income from the reversal of other provisions.

Other operating expenses decreased to € 1,953 million (2023: € 2,067 million) and mainly included expenses from financial transactions and additions to other provisions.

Income from profit and loss transfer agreements with Group companies, reported in the line item Result on investments, increased significantly. This was essentially due to the increase in the profits of BMW INTEC Beteiligungs GmbH, Munich, which received a higher level of distributions from its subsidiaries, including BMW Holding B.V., The Hague.

The financial result deteriorated by € 294 million compared to the previous year. The previous year mainly included higher gains arising on the fair value measurement of plan assets offset against pension obligations.

Income taxes resulted primarily from the current tax calculation for the financial year.

* ↗ Consumption and Carbon Disclosures.

After deducting the expense for taxes, the Company reported a net profit of € 3,524 million, compared to € 4,366 million in the previous year.

Subject to the shareholders' approval of the appropriation of results at the Annual General Meeting, the unappropriated profit available for distribution amounts to € 2,677 million (2023: € 3,802 million). This translates to a payout ratio of 36.7% calculated based on the BMW AG shareholders' portion of the BMW Group's consolidated net profit in accordance with IFRS. The payout ratio thus remains within the forecast range of 30 to 40%, as in 2023 (33.7%).

The payout ratio takes into account the number of shares entitled to dividends at 31 December 2024 and may change prior to the Annual General Meeting due to the ongoing share buyback programme.

Financial and net assets position

BMW AG Balance Sheet at 31 December

in € million	2024	2023
ASSETS		
Intangible assets	1,606	1,823
Property, plant and equipment	16,623	15,560
Investments	12,020	12,077
Tangible, intangible and investment assets	**30,249**	**29,460**
Inventories	7,766	8,505
Trade receivables	1,005	1,349
Receivables from subsidiaries	13,546	16,398
Other receivables and other assets	3,845	3,120
Marketable securities	1,912	2,705
Cash and cash equivalents	8,142	6,145
Current assets	**36,216**	**38,222**
Prepaid expenses	**105**	**142**
Total assets	**66,570**	**67,824**

in € million	2024	2023
EQUITY AND LIABILITIES		
Subscribed capital	639	639
Nominal amount of own shares	– 17	– 5
Capital reserves	2,450	2,450
Revenue reserves	10,926	11,046
Unappropriated profit available for distribution	2,677	3,802
Equity	**16,675**	**17,932**
Registered profit-sharing certificates	**23**	**24**
Pension provisions	1,848	2,231
Other provisions	10,660	11,537
Provisions	**12,508**	**13,768**
Liabilities to banks	–	35
Trade payables	6,892	7,552
Liabilities to subsidiaries	23,949	22,648
Other liabilities	1,794	1,364
Liabilities	**32,635**	**31,599**
Deferred income	**4,729**	**4,501**
Total equity and liabilities	**66,570**	**67,824**

Capital expenditure on intangible assets and property, plant and equipment in the year under report totalled € 3,699 million (2023: € 4,571 million) and was directed towards the electrification of the vehicle portfolio and models in the NEUE KLASSE, among other projects. Depreciation and amortisation amounted to € 2,766 million (2023: € 2,607 million). Investment assets remained in line with the previous year's level and totalled € 12,020 million (2023: € 12,077 million).

Inventories went down to € 7,766 million (2023: € 8,505 million), primarily due to a reduction in inventories of finished and unfinished goods, including a decrease in plant inventories and the intragroup transfer of part of the Group's own fleet.

Receivables from subsidiaries decreased to € 13,546 million (2023: € 16,398 million). In particular, trade receivables were down as a result of the overall decline in sales volumes in China compared to the previous year.

The increase in other receivables and other assets to € 3,845 million (2023: € 3,120 million) was due in particular to repurchase agreements for financial instruments reported under other assets.

Liquidity within the BMW Group is ensured by means of a liquidity concept applied uniformly across the Group. This involves concentrating a significant part of the Group's liquidity at the level of BMW AG. An important instrument in this context is the cash pool based at BMW AG.

Cash and cash equivalents increased by € 1,997 million to € 8,142 million, mainly due to the higher net cash inflow from operating activities as a result of reduced receivables from subsidiaries compared to the previous year. This was offset by various factors, in particular the cash outflows from financing activities due to the payment of the dividend for the financial year 2023.

Equity fell by € 1,257 million to € 16,675 million, mainly due to lower unappropriated profit available for distribution and lower revenue reserves as a result of the share buyback programmes. The dividend payment for the financial year 2023 totalled € 3,781 million. The equity ratio deteriorated from 26.4% to 25.0%.

In order to secure pension obligations, cash funds totalling € 446 million (2023: € 430 million) were transferred to BMW Trust e. V., Munich, in conjunction with a Contractual Trust Arrangement (CTA), to be invested in plan assets. Plan assets amounting to € 13,390 million (2023: € 12,528 million) have been offset against the related guaranteed obligations.

After offsetting pension plan assets against pension obligations, provisions for pensions decreased from € 2,231 million to € 1,848 million.

Other provisions decreased from € 11,537 million to € 10,660 million. This was mainly due to the lower level of personnel-related provisions as well as provisions for statutory and non-statutory warranty and product guarantee obligations.

The rise in liabilities to subsidiaries to € 23,949 million (2023: € 22,648 million) was mainly due to the increase in financial liabilities in conjunction with the overall increase in the size of the cash pool.

Deferred income went up by € 228 million to € 4,729 million and included primarily amounts for services still to be performed relating to service and maintenance contracts.

Risks and opportunities

BMW AG's performance is essentially dependent on the same set of risks and opportunities that affect the BMW Group and which are described in detail in the ↗ Risks and Opportunities chapter of the Combined Management Report. As a general rule, BMW AG participates in the risks entered into by Group companies in proportion to the respective shareholding percentage. At the same time, the result on investments has a significant impact on the earnings of BMW AG.

BMW AG is integrated in the Group-wide risk management system and internal control system of the BMW Group. Further information is provided in the ↗ Internal Control System chapter of the Combined Management Report.

Outlook

For the financial year 2025, BMW AG expects an unchanged dividend payout ratio (unappropriated profit of BMW AG in accordance with HGB in relation to the Group net profit attributable to shareholders of BMW AG in accordance with IFRS) within the targeted range of between 30 and 40% (2024: 36.7%).

Due to its significance in the Group and its close ties with Group companies, expectations for BMW AG with respect to its non-financial performance indicators correspond largely to the BMW Group's outlook. This is described in detail in the ↗ Outlook chapter of the Combined Management Report.

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, Munich branch, has issued an unqualified audit opinion on the Company Financial Statements of BMW AG, of which the balance sheet and the income statement are presented here. For the purposes of their inclusion in the Company Register, the Company Financial Statements of BMW AG will be submitted electronically to the body that maintains the Company Register and may be obtained via the Company Register website. The financial statements are also available on the BMW Group website at ↗ www.bmwgroup.com/ir.

SUSTAINABILITY STATEMENT

FOREWORD TO THE SUSTAINABILITY STATEMENT*

The BMW Group is committed to making continuous progress. Its innovative expertise aims to systematically reduce resource requirements. Taking a 360° approach to sustainability is a central pillar of the BMW Group Strategy.

The BMW Group believes that its ability to create value and perform at a high level lies in balancing its economic, environmental and social responsibilities. The BMW Group has a long tradition of being responsible and forward-thinking when it comes to environmental protection, our people and our commitment to society. It is only natural, then, that in recent years we have expanded our focus beyond our own operations to our entire value chain, including our upstream supply chains and the lifecycle of our products after they have been delivered to our customers.

The Company pioneered sustainable business practices by appointing the first environmental officer in the German automotive industry over fifty years ago. Today, its robust environmental management systems and approach to corporate responsibility continue to uphold the BMW Group's high standards.

The BMW Group is making its contribution to Europe's overarching goal of climate neutrality by striving to achieve net zero carbon emissions across its entire value chain by 2050 at the latest. The BMW Group's ambitious sustainability targets are aligned with the 1.5°C pathway of the Paris Agreement for its CO_2e emissions (Scope 1 and Scope 2) and the Well-Below-Two-Degree (WB2C) approach for CO_2e emissions from the supply chain and the use phase of automobiles (Scope 3 categories Purchased Goods and Services, Downstream Transportation and Distributions, Use of Sold Products). The Group's holistic, science-based approach involves This is built on

- permanent reduction of energy requirements (Scope 1 and 2 emissions of BMW Group locations),
- making greater use of renewable energy (Scope 1 and 2 emissions of BMW Group locations),
- using the latest technology to improve efficiency (Scope 3 Use of Sold Products),
- using electricity from renewable sources as a criterion when awarding contracts to suppliers (Scope 3 Purchased Goods and Services), and
- a continuously increasing secondary raw material quota (Scope 3 Purchased Goods and Services).

The BMW Group offers its customers state-of-the-art drive technology, regardless of the drivetrain type. The Company recognised the challenges now facing the entire automotive industry at an early stage and is taking the initiative to find solutions. The BMW Group has been reducing fuel consumption for many years by using innovative EfficientDynamics technologies to develop highly efficient engines, thus ensuring the increasingly efficient use of fossil fuels at an early stage. The expansion of the PHEV fleet marked a significant step towards drivetrain electrification and reduced the carbon emissions of the Group's own vehicle fleet even further. The BMW Group's entry into electromobility began over 15 years ago with the development of the all-electric BMW i3. The extensive experience gained since then continues to shape the BMW Group's manufacturing processes for all-electric models, which have become a success story for the BMW Group. In 2024, they accounted for 17.4% of total deliveries, making the BMW Group one of the world's most successful suppliers of all-electric vehicles. This robust strategy has delivered measurable success, with the BMW Group regularly surpassing EU carbon targets for its fleet. Consistently strong rankings in prestigious rating schemes highlight the priority that the BMW Group places on sustainability.

The NEUE KLASSE, a new model generation, will be launched in 2025. It was developed with a strong emphasis on efficiency and sustainability throughout the supply chain. At the same time, with the NEUE KLASSE, the BMW Group is vigorously pursuing its strategic approach to close material cycles and thus gradually move closer to circularity. The BMW Group intends to introduce a second all-electric and locally emission-free variant to be powered by hydrogen fuel cells in 2028.

Climate change mitigation is a top priority for the BMW Group. Between 1995 and 2020, the BMW Group halvedthe CO_2 emissions of its new car fleet in Europe, thanks in no small part to an unwavering commitment to EfficientDynamics technologies. The EfficientDynamics approach brings together highly efficient drivetrains, intelligent lightweight construction and optimised vehicle energy management systems.

* Not part of ESRS reporting.

However, the BMW Group doesn't restrict its commitment to taking impactful action to its own vehicles. The Group takes a broader perspective which encompasses the entirety of the vehicle population, which comprises over 250 million automobiles in Europe alone. The greatest untapped area of potential when it comes to reducing carbon emissions from road traffic in the near future lies in increasing the renewable, carbon-neutral components in fuel. Since the phased introduction of the B-series petrol engine in 2015, the BMW Group's petrol engines have been approved for use with fuel containing up to 25% ethanol (E25), instead of fuel that meets the current E10 standard. This switch reduces CO_2e emissions by approximately 20% to 45%, depending on the composition of the rest of the fuel. Once the necessary legal frameworks have been established, fuels of this kind will be ready for widespread adoption. For diesel drivetrains, an alternative already exists: HVO100, a fuel derived from waste materials with 90% fewer carbon emissions. This fuel can be used in vehicles from the BMW Group thanks to the gradual introduction of the B-diesel engine generation, a process which began in 2015. In this regard, the BMW Group is contributing in advance with a pilot project: since early 2025, all diesel models produced in Germany have been filled with non-fossil HVO100 as their first factory fill prior to delivery to retail partners. The BMW Group launched this pilot project to demonstrate that HVO100 is a fully viable and practical diesel substitute. As of January 2025, the BMW Group's vehicle fleet includes around 4.5 million diesel engines and over 13 million B-series petrol engines. By using a higher share of renewable fuels, these engines are playing a significant role in cutting CO_2e emissions.

This approach reflects the BMW Group's commitment to technology openness: a high-quality mix of state-of-the-art, efficient drivetrain types makes an effective contribution to the reduction of CO_2e emissions.

In 2020, the BMW Group expanded its strategic target system beyond the boundaries of its own Company and formulated its own targets for the reduction of carbon emissions in the supply chain. The BMW Group uses integrated management systems to cover a wide range of measures, from definition of its own climate objectives to individual operational decisions. This approach allows the Group to ensure that resources are used efficiently while also providing transparent information about the effectiveness of these measures. The BMW Group believes that the implementation of a holistic circular economy has enormous potential to further reduce the consumption of resources and drive forward the development of closed material cycles.

In 2030, the BMW Group intends to reduce its carbon emissions levels by at least 40 million tonnes compared to 2019. To achieve this aim, the Group will focus on using renewable energies in production, electrifying the vehicle fleet, and using electricity from renewable sources along with secondary materials to decarbonise the supply chain. This new target replaces the previous goal of reducing carbon emissions per vehicle by 40% over the same period.

The BMW Group places great emphasis on the responsible and efficient use of resources of all types. Guided by the principles of Re:think, Re:duce, Re:use, Re:cycle, the BMW Group is working closely with its partners in the circular economy to close material loops within the automotive industry and integrate circularity into its processes. The Group also monitors its fresh water and energy consumption levels on a consistent basis so that they can be minimised. The BMW Group is expanding its water treatment systems to minimise fresh water usage and maximise efficiency.

The BMW Group can rely on its workforce to meet these ambitious goals. It encourages its employees to develop their strengths, with diversity playing an important role. The BMW Group places great emphasis on fostering an unprejudiced, appreciative and inclusive working environment where the benefits of diverse teams allow individuals to unfold their full potential. The BMW Group is consistently working towards its strategic goal of increasing the proportion of women in management positions. The Group's performance and ability to compete are enhanced by strong teams with complementary strengths who work together to achieve the best solutions in a complex environment.

To this end, the Company continuously invests in building up the expertise of its workforce. Continuous training guarantees jobs. With "Just Transition", the BMW Group is combining the transformation with modern workplaces that guarantee safety and reliability for its workforce in a productive environment. In the BMW Group's production network, entire plants are being transformed and geared towards electromobility while production continues. Highly regarded employer ratings consistently rank the BMW Group as one of the world's most attractive employers.

Cooperation with external partners is based on stable and established relationships, as well as the same values that are cultivated within the BMW Group. These partnerships explore new technologies and develop innovations. For the BMW Group, upholding environmental and social standards across its global supplier network is of the utmost importance. This includes, in particular, the respect of human rights. This commitment is anchored in the Group's own ethical principles and reinforced through risk analyses and monitoring. The BMW Group's raw materials strategy and commitment to responsible resource management are integral parts of its holistic corporate strategy.

This Sustainability Statement has been prepared in accordance with the European Sustainability Reporting Standards (ESRS). It is based on a double materiality assessment that considers both the inside-out and outside-in perspectives. According to the ESRS, companies must classify ESG topics as either material or non-material. The BMW Group . factors in effective, Group-wide mitigating actions which have already been implemented. Materiality is assessed at the lowest topic level (bottom-up approach). Accordingly, topics classified as non-material under ESRS may still hold significant importance for the BMW Group. Legally compliant behaviour is also a top priority for the BMW Group in these areas.

Because of this, the results of a materiality assessment carried out by the Group on an ESRS basis may not be fully comparable with those of other companies. This means that a sustainability topic may be classified or reported on differently by different companies in the same sector due to their specific assessment criteria and frameworks.

SUSTAINABILITY STATEMENT IN ACCORDANCE WITH ESRS

PRINCIPLES AND GENERAL DISCLOSURES

GENERAL BASIS FOR PREPARATION OF THE SUSTAINABILITY STATEMENT

This Sustainability Statement fulfils the requirements for the combined non-financial statement (NFS) in accordance with §§ 289b (1) and 315b (1) to 315c of the German Commercial Code (HGB). It therefore represents the Combined Non-financial Statement of the BMW Group and BMW AG. Unless stated otherwise, all information relates to both the BMW Group and BMW AG.

We have adopted the delegated act outlined in Article 29b of Directive 2013/34/EU on sustainability reporting standards (the European Sustainability Reporting Standards [ESRS]) in full for the first time. Contrary to expectations, the ESRS are not currently mandatory due to the fact that the Corporate Sustainability Reporting Directive was not adopted into German law by 31 December 2024. Due to the future mandatory application, the ESRS are nevertheless already used as a framework for the NFE for the 2024 financial year on a voluntary basis.

Because Group-level information is of relevance for our stakeholders, the NFS for BMW AG will not use a different framework. In principle, the policies, measures and targets described for the Group also apply to BMW AG.

This Sustainability Statement also takes the following legal frameworks into account:

- Taxonomy Regulation (Regulation (EU) 2020/852 of the European Council and of the European Parliament on the Establishment of a Framework to Facilitate Sustainable Investment, and amending Regulation (EU) 2019/2088) and its delegated acts
- Book IX of the German Social Code: Rehabilitation and Participation of People with Disabilities (SGB IX) § 154

The Sustainability Statement also draws on the SASB standards published by the Sustainable Accounting Standards Board. They provide information about sector-specific disclosures. Footnotes are used to identify these disclosures as additional disclosures. An overview is available in the ↗ SASB Index.

Some of the data points in this report refer to the 2021 GRI Standards of the Global Reporting Initiative (GRI).

This Sustainability Statement is prepared on a consolidated basis for the entire BMW Group. The Sustainability Statement covers all companies that are included in the reporting entity for the BMW Group's Financial Statements. Subsidiaries are incorporated in full, while joint operations are included on a proportionate basis. Similar to the Group Financial Statements, individual companies are not included in the Sustainability Statement if they are deemed immaterial. An overview of the companies that have been included is available in the ↗ List of Investments. Deviations from the Group reporting entity have been noted for the relevant disclosures.

The Sustainability Statement covers the BMW Group's own business activities along with its upstream and downstream value chain.

The BMW Group's ESRS-based materiality assessment has identified the impacts, risks and opportunities that are considered material in accordance with ESRS. A detailed description of this materiality assessment is provided in the ↗ Materiality Assessment section. Whenever the identified material impacts, risks and opportunities can be assigned to the upstream or downstream value chain, the policies used to address them, the targets defined in relation to the material sustainability matters, and the measures that have been taken or planned to achieve strategic targets and objectives also apply across the upstream or downstream value chain.

The parameters that have been determined and applied in this Sustainability Statement also include the value chain to the extent that this is required by law or useful for the purpose of presenting and explaining a material sustainability-related issue.

The BMW Group is making use of the option to omit certain information relating to intellectual property, expertise or the results of innovations for the 2024 financial year (§ 289e HGB). The safeguard clause applies to the disclosures specified in ESRS E1-1.16c) and E1-3.29c). The safeguard clause referenced in ESRS 2 BP-1.5e) has not been used for the 2024 financial year.

The timeframes for collecting and assessing material impacts, risks and opportunities are aligned with our long-term corporate planning. The short-term period corresponds to the reporting year. In terms of material impacts, risks and opportunities, the medium-term time horizon covers the period from 2025 to 2030. Accordingly, the long-term time horizon extends to the period after 2030. For the main climate-related impacts, risks and opportunities, the period from 2025 to 2035 is considered to be medium-term. The long-term period begins after 2035. The periods for the material climate-related impacts, risks and opportunities correspond to the periods previously used in the Group's internal assessment and external reporting.

A complete list of disclosure requirements and referenced data points is available in the ↗ ESRS Index.

Due to the voluntary first-time application of ESRS, the previous year's figures are not disclosed in this Sustainability Statement, with a few exceptions. Figures reported in the Group Financial Statements that enable a better understanding of the non-financial statement are disclosed and explained.

SUSTAINABILITY STRATEGY

The aim of the BMW Group Strategy is to find the right balance between business, the environment and society. The key areas of focus within the strategy are electrification, digitalisation and sustainability or circularity. Sustainability encompasses the strategic organisation of the entire value chain. Sustainability considerations are therefore integrated in corporate structures and processes in a comprehensive and holistic manner. » The BMW Group Strategy

Operating segments
The BMW Group's business model comprises the Automotive, Motorcycles and Financial Services segments. A detailed description of the segments along with their products, services and key markets can be found in » Organisation and Business Model and » Segments. Information about relevant BMW Group products that were introduced in 2024 is also provided in » New BMW products, » New MINI Family launched, » Motorcycles Segment and » Strategic approach – where is the BMW Group heading?.

Employees
At 31 December 2024, the BMW Group employed a workforce of 158,441 people worldwide. The distribution of the workforce by region is presented in ↗ Own workforce characteristics.

Business model and value chain
The BMW Group develops and manufactures premium automobiles and motorcycles, in addition to providing financial services. General information about the factors that impact its business model and management is provided in » The BMW Group Strategy.

The BMW Group's upstream value chain comprises a multi-layered network of suppliers who provide production material, raw materials, components, capital goods and services to the BMW Group for the purpose of producing vehicles and parts. For a description of the Purchasing and Production departments and the role that they play in the value chain, please refer to » Purchasing and Supplier Network and » Production Network. The BMW Group's global sales network functions as a downstream value chain and serves to sell the vehicles produced, provide customer care, and carry out maintenance and repair work on vehicles owned by customers. An explanation of the BMW Group's sales system and the relevant customer groups and markets is available in » Segments, » Organisation and Business Model. » Strategic approach – Where is the BMW Group heading? provides an insight into the sales strategy and the shift to direct sales. The recycling and reprocessing of parts and the recycling of vehicles is covered in ↗ Measures for the responsible use of resources. Thousands of vehicles are dismantled and recycled using efficient methods every year at the BMW Group's recycling and dismantling centre. The BMW Group's Financial Services segment focuses on credit financing, leasing BMW Group brand automobiles and motorcycles to private customers, and the fleet business. It plays a key role in the sales system. Further details are available in » Segments – Financial Services. Regardless of how the contracts are categorised for financial reporting purposes, the use of vehicles leased in the Financial Services segment and the associated environmental impacts are allocated in full to the downstream value chain.

For information on financial performance and the course of business, please refer to » Financial Performance and » Course of Business and Segments. An overview of actual and potential material impacts, risks and opportunities, and how they relate to the BMW Group's business model, strategy and value chain, can be found in ↗ Material Impacts, Risks and Opportunities and their Interaction with Strategy and the Business Model. This also provides information about the resilience of the BMW Group's corporate strategy and business model with regard to management of material impacts and risks as well as utilisation of material opportunities.

Strategic position - Sustainability-related goals
Key sustainability-related goals are described as integral components of the BMW Group strategy in ↗ Position – what does the BMW Group stand for? and ↗ Climate Change Mitigation and Adaptation, ↗ Energy Efficiency and renewable Energies, ↗ Circular Economy and Resource Use and ↗ Own Workforce.

MATERIALITY ASSESSMENT

Procedure and methodological basis for the materiality assessment

After many years of applying the GRI materiality methodology, the BMW Group conducted its first materiality assessment based on the European Corporate Sustainability Reporting Directive (CSRD) and the ESRS. This assessment followed the double materiality approach outlined in ESRS 1, which considers two key perspectives:

Impacts (inside-out perspective): this perspective assesses the positive and negative impacts of the BMW Group's business activities on the environment and society. It encompasses all relevant stakeholders of the BMW Group.

Risks and Opportunities (outside-in perspective): this perspective assesses how external sustainability factors influence the BMW Group's business model. It focuses on risks and opportunities that could arise from external developments and have a financial impact on the BMW Group.

The BMW Group uses the steps outlined below to identify, assess and prioritise impacts, risks and opportunities as part of the materiality assessment process. The approach outlined in ESRS 1 is used for all sustainability topics, including aspects of business conduct (ESRS G1), biodiversity and ecosystems (ESRS E4) and resource use and circular economy (ESRS E5). Additional descriptions of the identification and assessment of material climate and environmental impacts, risks and opportunities follow this general overview.

1. Identification and assessment of relevant sustainability topics (identification of impacts, risks, and opportunities) for the BMW Group
2. Transparency regarding expectations and interests of key internal stakeholders and dialogue with relevant and affected stakeholders external to the BMW Group
3. Assignment of material sustainability topics to the corresponding disclosures in the topical ESRS
4. Validation of outcomes and finalisation of the materiality assessment.

Additional analyses for specific sustainability topics are sometimes performed before the materiality assessment itself.

Scenario analyses are used to identify climate-related physical and transitory risks and opportunities ↗Procedures for identifying and assessing material climate-related and environmental impacts, risks and opportunities. The results of these analyses are incorporated into the materiality assessment to identify potential and actual material risks and opportunities and their scale. Analysis of opportunities and risks takes place in the three defined time horizons ↗ General Basis for Preparation of the Sustainability Statement.

The following methodology is used for the inside-out as well as the outside-in perspective.

Step 1

The first step in identifying and assessing relevant sustainability topics is to review the relevant sustainability topics identified on the basis of the BMW Group's materiality assessments in previous years, taking into account the extended requirements of ESRS. This step also involves determining the extent to which new or additional sustainability-related topics need to be added, for example in the areas of strategy, Board of Management remuneration, competition, or environmental analysis. The outcome of this review is assigned to the sustainability topics specified in ESRS 1 "General requirements".

Next, negative or positive impacts on the environment and society are formulated for each sustainability topic (e.g. water consumption at production sites) along the entire BMW Group value chain*. The starting point is the Company's established environmental, social and governance due diligence processes. When needed, these are supplemented by new impacts that have not yet been subject to detailed monitoring (e.g. in the area of biodiversity). The impacts form the basis for deriving potential risks and opportunities (e.g. regulatory risks to curb water consumption in water-sensitive areas) for the BMW Group's business model. There are also sustainability-related risks and opportunities that may affect the BMW Group regardless of their impact. Risks and opportunities of this kind are compared with the outcomes of the company-wide risk management process (information about the risk management process is provided in ↗ Risk and opportunity management, while the definition of non-financial risks in accordance with Section 289c HGB is provided in ↗ Non-financial risks as reported in the non-financial statement (NFS)). Each impact or opportunity and each risk is placed in a temporal context with three different categories: short-term (2024 financial year), medium-term (2025 to 2030 inclusive; up to and including 2035 for climate-related risks or opportunities) and long-term (> 2030 or > 2035 for climate-related risks/opportunities). The resulting list of impacts, risks and opportunities is validated in workshops with internal and external experts. Risks and opportunities are derived at the level of sustainability sub-topics and sub-sub-topics whenever possible so that their materiality can be assessed on a differentiated basis within a topic-specific ESRS.

Both the upstream value chain (supply chain) and the downstream value chain are considered as part of the materiality assessment. The impact on the environment and people along the supply chain is addressed in the impacts, risks and opportunities that relate to environmental or social sustainability topics.

* This encompasses all of the BMW Group's operations, including all of its locations and regions, as well as its business relationships.

The business conduct-related impacts, risks and opportunities in the context of the supply chain, on the other hand, focus exclusively on the management of relationships with suppliers, including payment practices.* This includes, for example, fair behaviour towards suppliers, transparent selection process criteria, and adequate payment practices.

The subsequent tool-supported assessment of all formulated impacts, risks and opportunities is carried out by internal experts. Each assessment parameter is rated on a scale of 1 to 4. The range in the overall assessment can therefore be between 0.1 and a maximum of 4.0 when multiplied by a probability of occurrence. If an impact, risk or opportunity exceeds 2, it is considered material. The severity of a negative or positive impact is determined by multiplying its scope (how widespread is the impact?) by its scale (how grave or beneficial is the impact?). For negative impacts, the extent to which the impact can be remedied is also taken into account. In the case of a potential (positive or negative) impact, the assessment is assigned a probability of occurrence. Risks and opportunities are assessed on the basis of financial materiality. Potential risks and opportunities are the product of their financial scale and their probability of occurrence. The following categories are used to specify the financial scale of a risk or opportunity: financial performance, strategic targets, reputation effect, supply chain and compliance. Not all evaluation categories necessarily have to be evaluated and the highest value from the five evaluation categories is always decisive.

The assessment process is also based on the following assumptions:

- Mitigating actions that have already been implemented and are effective for the BMW Group during the reporting period are taken into account when assessing impacts and risks.
- In cases where assessment results are provided by multiple assessors due to segment-specific differences, an average valuation is applied.
- An additional detailed review of the outcomes is carried out in threshold cases where a rating is exactly or just below 2, as well as in extreme cases.
- Assessment results are backed up using external sources or empirical studies whenever possible.

Outcome: The sustainability sub-topics and sub-sub-topics specified in ESRS 1 are in line with the sustainability matters that the BMW Group has considered to date. On the basis of the sustainability sub-topics and sub-sub-topics specified in ESRS 1 and the mitigating action which has been implemented, a total of almost 800 impacts, risks and opportunities along the BMW Group value chain were available for assessment purposes. Of these, 85 impacts, risks and opportunities were assessed as material for the BMW Group via the internal analysis for the 2024 financial year. These can be assigned to 31 sustainability sub-topics and sub-sub-topics (for details, see ↗ List of material Impacts, Risks and Opportunities).

Step 2

In the second step, the BMW Group involves affected stakeholders and users of sustainability statements in assessing the material sustainability topics. The following stakeholder groups were consulted in order to draw opinions from as wide a circle as possible: investors, the Works Council of BMW AG as employee representatives, customers, suppliers and other business partners, network partners, representatives from civil society, NGOs, and representatives from politics and science. Stakeholders are placed in E, S or G groups based on their expertise, and asked for their individual opinion of the assessment results. Opinions are gathered using structured interview formats, e.g. virtual stakeholder forums with external moderators. The BMW Group is also in continuous dialogue with a large number of external stakeholders in Germany and abroad regarding all sustainability matters listed below. These are involved in the materiality assessment process as part of the stakeholder management process. ↗ Stakeholder Engagement

Outcome: The material sustainability sub-topics and sub-sub-topics identified by BMW Group's internal materiality assessment were confirmed by the stakeholder groups surveyed. Information on adjusting the relevance of sustainability topics was taken into account as part of a validation of the assessment results.

Step 3

In the third step, the relevant sustainability topics for the BMW Group are assigned to the individual disclosure requirements of the topical ESRS. As the European Commission has yet to issue a final mapping matrix for the 2024 financial year, the BMW Group mapped sustainability topics independently and arranged for its mappings to be validated by two external consulting firms. For the mapping of a material sustainability sub-topic or sub-sub-topic to disclosure requirements in the area of strategies, measures and targets, the minimum disclosure requirements according to ESRS 2 and the disclosure requirements of the relevant topical standard are taken into account.

Material sustainability sub-topics or sub-sub-topics are linked to quantitative disclosure requirements via the specific formulation of a material impact, a material risk or a material opportunity. By way of example, the material impact on "Social dialogue" makes the sustainability sub-sub-topic "Social dialogue" material. The material sustainability sub-topics and sub-sub-topics are then assigned to the disclosure requirements pursuant to ESRS.

Outcome: The 31 material sustainability sub-topics and sub-sub-topics, which are distributed across 85 impacts, risks and opportunities, are associated with over 500 individual disclosure requirements (data points) for the BMW Group for the 2024 financial year in accordance with the respective ESRS.

* Approach adopted by the BMW Group for ESRS G1 sustainability topic "Management of relationships with suppliers, including payment practices".

Step 4
In the fourth step, all outcomes of the materiality assessment are explained in detail to the relevant bodies, in particular the Board of Management and the Audit Committee of BMW AG. The resulting conclusions are discussed with the relevant decision makers. If necessary, this is used to adjust selected results of the assessment.

Outcome: The result of the materiality assessment for the BMW Group was confirmed by the committees of BMW AG after the entire process, including adjustments, was completed.

Comparison with previous period and next review of results
The materiality assessment in accordance with the ESRS was performed for the BMW Group for first time in the 2024 financial year. This means that a comparison with the prior year cannot be made. There will be a review of the results of the assessment of material sustainability topics following the publication of the 2024 BMW Group Report during the 2025 financial year, and on an ongoing basis in the financial years ahead.

Procedures for identifying and assessing material climate-related and environmental impacts, risks and opportunities
Climate-related impacts
The BMW Group directly and indirectly generates greenhouse gas emissions worldwide through upstream processes, the procurement and processing of raw materials, products and services for development and production, and the supply and use of its own products and services. ↗ Climate Change Mitigation and Adaptation

These emissions are assessed, recorded, measured and reported in accordance with the requirements of the Greenhouse Gas Protocol and the relevant scopes in terms of their significance. As an automobile manufacturer, most of the BMW Group's emissions are generated during the production of purchased components and during the use of its products (Scope 3). The supply chain's relevance is growing steadily due to rising emissions caused by the increasing electrification of the BMW Group's vehicle fleet. Despite their lower volume compared to absolute values, the emissions from our own sites (Scopes 1 and 2) are measured and steered because of their direct influence. The procedure for measuring all scopes or categories classified as relevant is firmly established in the BMW Group's non-financial reporting process ↗ CO_2e footprint, ↗ Materiality of the various Scope 3 categories. These metrics are reviewed internally in the event of significant changes and adjusted if necessary. It is also checked whether there are any changes or additions to the relevant categories with reference to the requirements of the Greenhouse Gas Protocol.

To assess the impact of its own business activities on greenhouse gas emissions, the BMW Group has made these analyses an integral part of its long-term corporate planning. The CO_2e emissions resulting from sales planning (with a focus on the supply chain and the use phase, as well as own production) are simulated based on current assumptions and checked against the reduction targets. This is used to derive the measures required to achieve the objectives and to initiate their implementation. Variables that do not correlate to the volume and drivetrain mix are also controlled – for example, the infrastructure of non-manufacturing sites.

Procedure and methodological basis for climate-related risks and opportunities
Climate change may also impact the BMW Group business model in different ways. As a result, the company analyses a wide range of climate scenarios, identifies and measures climate-related risks and opportunities and adopts the relevant measures.

During the 2024 reporting year, all material risks and opportunities for the BMW Group were analysed in terms of their sensitivity regarding three different climate scenarios. For the medium-term period until 2036, it is distinguished between transitory and physical climate risks. For the long-term period until 2050, the assessment focuses on the physical climate risks. Examples of physical climate risks include an increasing frequency and intensity of acute extreme weather events such as heavy rain, hail, storms and floods, along with longer-term changes in temperature and total rainfall. Transitory risks, by contrast, arise from the transition to a low-emissions economy. These include, among others, regulatory risks, technology risks, capital and financial market risks, and market risks.

The BMW Group uses three scenarios to identify and measure climate-related risks, which are based on the scenarios of the Shared Socioeconomic Pathways (SSP) of the Intergovernmental Panel on Climate Change (IPCC). The 2014 IPCC Report was used for the scenario analyses in 2023, while the 2023 IPCC Report was used for 2024. These climate scenarios range from a low-emissions scenario with global warming of <+1.5 °C (Paris Agreement, SSP1-1.9), a medium scenario with an average warming of +2.5 °C (intermediate, SSP2-4.5) to a >+4 °C (fossil-fueled development, SSP5-8.5) scenario.

The wide range of scenarios which could occur over the long-term planning period and beyond covers plausible risks and uncertainties. Physical as well as transitory risks and opportunities are taken into account in internal management and in the preparation of the Group Financial Statements.* » Accounting policies, assumptions, judgments and estimations

Physical climate risks
The three IPCC climate scenarios set out above form the basis for the BMW Group's risk model for physical climate risks in the entire value chain. To assess these scenarios, site-specific risk data provided by an external insurance company are used for all relevant BMW Group and supplier sites for the medium and long term.

* The attainment of the Paris Agreement targets is part of the BMW Group's long-term corporate planning, meaning that the low-emission scenario is incorporated into the assumptions for the Group Financial Statements in accordance with ESRS E1 AR 15.

Risk-specific data, such as global weather and climate data, a digital elevation model and registered historical events, are used for the various physical risks. The spatial resolution is defined by the finest available representation of the relevant output data.

In terms of physical climate-related risks, the periods mentioned above cover the long-term strategic corporate planning period as well as the expected service life of buildings and facilities.

For the BMW Group, physical climate risks may result in damage to assets such as buildings, vehicles or parts. Climate-related events may also lead to downtime at BMW Group's own or at suppliers' sites. Physical climate risks are analysed on a location-specific basis, for example based on geo-coordinates of the relevant BMW Group sites and supplier sites. The average annual expected damage loss is calculated for each BMW Group or supplier site using the underlying location-related hazard situation, its exposure, and site-related vulnerabilities.

The risk posed by climate change at the respective BMW Group or supplier site is modelled both in the medium and long term (time dimension) in accordance with the scenarios (intensity dimension) of the globally recognized IPCC Report. Physical climate risks also increase for the BMW Group particularly in the long-term period for 2050 and beyond within the context of the >+4°C scenario (SSP5-8.5). This affects both BMW Group production sites and supplier sites. Were such an event to occur, it could lead to production interruptions at individual sites. Updates on risks identified in climate scenarios are always taken into account when planning new construction and conversion measures.

After considering the physical climate risks in the various scenarios, the materiality of the risks was assessed in the overarching materiality analysis. The BMW Group has implemented a wide range of measures to mitigate these risks, so that no physical climate risks as defined by the sense of the ESRS are categorised as material. All material climate-related risks are transitory risks.

Transitory climate risks and opportunities
Transitory risks arise from the transition to a low-emissions economy and are assessed for the medium-term using climate-related risk drivers and qualitative expert assessments. These risks become particularly apparent when conditions change more quickly or differently than expected.

The potential short-term effects of climate change are already included in the short-term risks. All short-term risks from the BMW Group's own operations and from the upstream and downstream value chain are assessed for their transitory climate risks. Risks identified as being both material and climate-relevant are included in the scenario analysis. The potential development of climate-related transitory risks is assessed, as described above, for a medium-term period (2036) and for three global warming scenarios. It is assumed that measures to combat climate change will be less effective in higher scenarios than in a 1.5°C scenario, for example. An assessment is performed based on this premise.

The BMW Group also recognises economic opportunities in the orientation towards the 1.5°C path. These arise from adjustments to products, production processes and the value chain. The opportunities are derived from the climate risk analysis for the medium-term period in the three different scenarios and evaluated as part of the materiality assessment. Opportunities for the BMW Group are arising particularly from the demand for low-emission products generated by the goal of slowing down climate change, efficiency and transport potential in the carbon footprint in the upstream value chain, as well as the increasing range of BMW Group drivetrain variants and the resulting growing market share among environmentally conscious buyers.

The potential transitory risks are deemed the highest over the medium-term as a result of the rapid, potentially unforeseeable developments in the Paris Agreement global warming scenario. It cannot be ruled out that more decisive measures will have to be taken globally in the next few years in order to achieve the <+1.5°C target. As the scenario analysis demonstrates, regulatory requirements introduced at short notice may enter into force, which could have an impact on products, production and supply chains. This also includes changes to calculation and disclosure requirements, which may change the target contribution of measures taken. In addition, competition and demand, especially for electric vehicles, may change in a 1.5°C scenario.

At present, the BMW Group's strategy is consistent with the transition to a carbon-neutral economy in accordance with ESRS E1 AR 12(d).

Impact, risks and opportunities in relation to environmental pollution
The identification of significant impacts, risks and opportunities for the topic of environmental pollution takes place at a overarching level as part of the materiality analysis ↗ Materiality Assessment. Information on strategies, targets, measures and metrics is described in ↗ Reduction of Environmental Pollution.

Specifically with regard to the issue of environmental pollution, sites with a particular influence on the BMW Group's business activities are examined more closely. A risk assessment is performed for each site identified as having a particular influence. For example, the Company's sites are generally subject to an environmental impact assessment and, depending on the risks involved, certification on a case-by-case basis. Sites with a high risk and a high level of damage are subject to measures to reduce potential damage. New sites are assessed for impacts and risks using environmental due diligence, environmental impact analysis, climate risk assessments and, where required, baseline assessments of biodiversity. Risk mitigation measures derived from these assessments are implemented as required. Furthermore, the BMW Group Environmental Statement includes both a qualitative assessment of the environmental impact of manufacturing technologies at the various sites and, where available, the inclusion and assessment of topics concerning other emissions. By taking this systematic approach, the BMW Group ensures that the impacts, opportunities and risks are recorded in full and assessed accordingly.

This includes all sites that require an environmental assessment and approval under national law (for example the Federal Immission Control Act [BIMSchG] in Germany). In practice, this includes all production sites, component production, the Research and Innovation Centre (FIZ), test tracks and distribution centres. Other sites such as offices or branches may require country-specific environmental assessments, but are usually examined only as part of building permits due to their lower environmental relevance. These building permits also include environmental impact assessments in accordance with country-specific laws.

A list of the material environmental effects is provided for all technologies and indirect environmental effects (for example employee commuting) in the ↗ BMW Group Environmental Statement.

Water-related impacts, risks and opportunities

The materiality assessment also encompasses the identification and assessment of the impacts, risks and opportunities relating to water and marine resources. The LEAP approach[1] is applied in this context. For additional environmental information, please refer to ↗ Holistic Environmental Management within the BMW Group, and specifically regarding the topic of water, ↗ Responsible Use of Water Resources.

Water and marine resources were identified in the first phase. Impacts related to water and marine resources that have been assessed include:

— Water: consumption of surface and groundwater as well as withdrawals and discharges
— Marine resources: extraction and use of these resources and related economic activities

In this phase, the Aqueduct tool[2] was used to identify the geographic areas affected by water-related risks, along with the areas where there is an interface with marine resources that could lead to significant impacts and dependencies. The following were considered:

— BMW Group sites and the associated upstream and downstream activities along the value chain
— Sites in areas subject to high water stress
— Sectors or business lines that interface with water or marine resources at these priority locations

In the second phase, the materiality of the impacts and dependencies were assessed using river basins as the relevant level for the site assessment and combining this with an operational risk assessment. The Company took into account the criteria of the Water Framework Directive 2000/60/EG and its guidelines.

The following steps were undertaken with regard to the sites selected in the first phase:

— Identification of business processes and activities that lead to impacts and dependencies on water and marine resources
— Assessment of the severity and probability of occurrence of positive and negative impacts

In the third phase, risks and opportunities were assessed. The basis is created from the results of the first two phases, including:

— Transitory risks and opportunities: legal and political changes, technological progress, shifts in the market and reputational risk
— Physical risks: water scarcity, water stress and deterioration in water quality
— Opportunities: resource efficiency, market diversification and financing opportunities

The analysis concluded that the consumption of water is material both in the BMW Group's own operations and in the upstream supply chain. Measures to reduce water consumption and use alternative sources of water, such as rainwater, were developed specifically for the Company's own facilities as early as 2009, when sustainability targets were first introduced. Please refer to ↗ Social and Environmental Responsibility in the Supplier Network for information on water withdrawal and concepts for the sustainable use of water.

The BMW Group's production sites, vehicle test facilities and joint ventures located in areas subject to water stress are indicated in the table.

[1] The LEAP approach is an integrated environmental assessment process comprising four steps: Locate, Evaluate, Assess and Prepare.
[2] The Aqueduct tool is a database maintained by the World Resources Institute (WIR) to map data on water risks and ESG risks, among other things. The database was used to compare the BMW Group's sites with locations subject to water risk.

Sites by water stress level*

Water stress level	Site(s)	Country
Extremely high water stress	Granada	Spain
	Oxnard	USA
	Chennai	India
	Rosslyn	South Africa
High water stress	Berlin	Germany
	Leipzig	Germany
	Miramas	France
	Oxford	UK
	Swindon	UK
	Spartanburg	USA
	Dadong	China
	Tiexi	China
	Rayong	Thailand
Medium to high water stress	Eisenach	Germany
	Wackersdorf	Germany
	Goodwood	UK
	San Luis Potosí	Mexico
	Zhangjiagang	China
Low to medium water stress	Hams Hall	UK
Low water stress	Munich	Germany
	Dingolfing	Germany
	Landshut	Germany
	Regensburg	Germany
	Eching	Germany
	Aschheim	Germany
	Steyr	Austria
	Arjeplog	Sweden
	Araquari	Brazil
	Manaus	Brazil

* The share of water consumption at non-production-related sites in areas subject to water stress excluding vehicle testing facilities is relatively low, which is why the other non-production-related sites are not listed separately.

MATERIAL IMPACTS, RISKS AND OPPORTUNITIES AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL

Description of material impacts, risks and opportunities and their link to strategy and business model

As part of the preparation of the 2024 Sustainability Statement, the material impacts, risks and opportunities were evaluated for the first time in accordance with the double materiality requirements for sustainability topics. A total of 85 material impacts, risks and opportunities were identified. These can be assigned to the BMW Group's business model and economic activities, as well as to the upstream or downstream value chain. The material impacts, risks and opportunities can be categorised under the 31 sustainability sub-topics and sub-sub-topics defined in ESRS 1 (see figure).

A full outline and explanation of all material sustainability-related impacts, risks and opportunities identified can be found in the ↗ List of material Impacts, Risks and Opportunities. The overview also includes a representation of the effect that material negative and positive impacts have on people and the environment, or could have in the case of potential impacts. For each impact, risk and opportunity listed, it also indicates whether or not they are also addressed by company-specific disclosures. The time horizons in which the material impacts, risks and opportunities are expected to occur are also included. Most of the material impacts have already materialised.

Because the methodology for the materiality assessment has been adjusted to reflect the first-time application of the ESRS requirements, it is not possible to make a comparison of the material impacts, risks and opportunities with the previous year.

Material sustainability topics of BMW Group for Financial Year 2024 following ESRS

E (Environmental)	S (Social)	G (Governance)
E1 Climate Change	**S1 Own Workforce**	**G1 Business Conduct**
Climate change adaptation	Health and safety	Political engagement and lobbying activities
Climate change mitigation	Gender equality and equal pay for work of equal	Corruption and bribery – Prevention and detection including training
Energy	Diversity	
E2 Pollution	Training and skills development	
Pollution of water	Secure employment	
Pollution of soil	Social dialogue	
Microplastic	**S2 Workers in the value chain**	
E3 Water and Marine Resources	Working time	
Water consumption	Freedom of association, including the existence of work councils	
Water withdrawals	Health and safety	
E4 Biodiversity	Training and skills development	
Direct exploitation	Measures against violence and harassment in the workplace	
E5 Circular Economy	Child labour	
Resources inflows, including resource use	Forced labour	
Resource outflows related to products and services	**S4 Consumers and End-Users**	
Waste	Access to (quality) information	
	Privacy	
	Health and safety	
	Protection of children	

Upstream material · Own Operations material · Downstream material

Materiality assessment requires the consideration of the total value chain.

As part of the environmental analysis, material sustainability-related impacts, risks and opportunities are also evaluated in terms of their effect on the strategy and business model, underlying assumptions are reviewed, and strategic goals are aligned accordingly » Environmental Analysis. The BMW Group's strategy forms the baseline for its consistent focus on sustainability » Cornerstones of the Strategy. With its products, the BMW Group is contributing to sustainable development and, with its business activities, aims to create a connection between business, the environment and society. The strategy's key areas of focus take into account material impacts, risks and opportunities across the entire value chain. This involves, in particular, all drivetrain technologies with a strong focus on electromobility, digitalisation to strengthen customer interaction and products, and increasing sustainability along the entire value chain, including circularity. The heterogeneous nature and increasing complexity of the regulatory requirements and the material impacts, risks and opportunities that arise as a result are incorporated into the BMW Group's position and strategy development process. An overview of how the BMW Group takes the current and expected future effects of key material impacts, risks and opportunities into account in its business model, value chain and corporate strategy can be found in » Position - What does the BMW Group stand for?, » Direction –What drives the BMW Group?, » Strategic approach –Where is the BMW Group heading? and » Collaboration –How does the BMW Group achieve this?.

Only in certain cases do material impacts arise out of the BMW Group's strategy and its business model. They arise primarily from the business activities and relationships of the BMW Group. This applies particularly to material impacts in the upstream and downstream value chain. The chapters » Position - What does the BMW Group stand for?, » Direction –What drives the BMW Group?, » Strategic approach –Where is the BMW Group heading? and » Collaboration –How does the BMW Group achieve this? discuss the key strategic priorities and areas of focus relating to material impacts, risks and opportunities. The BMW Group directly and indirectly generates greenhouse gas emissions worldwide through upstream processes, the procurement and processing of raw materials, products and services for development and production, and the supply and use of its own products and services. By offering electrified vehicles (BEV, PHEV, FCEV) and expanding the use of cost-effective CO_2e-free energy, including through PPAs, the BMW Group is contributing to progressive decarbonisation ↗ Position – What does the BMW Group stand for?. Strategic measures to reduce direct and indirect greenhouse gas emissions worldwide may necessitate adjustments within the supply chain and exert pressure on suppliers to adapt.

The circular economy is a key component of the BMW Group's strategy. Incorporating the principles of the circular economy into business models and products may be an important step towards reducing the use of natural and limited resources. Reducing the use of primary materials contributes to the reduction of CO_2 emissions and the preservation of biodiversity, and mitigates the impacts on the environment and society that are associated with the extraction and processing of primary materials. For these reasons, the BMW Group is taking further steps to increase the proportion of recycled materials in its products » Strategic approach – Where is the BMW Group heading?.

With regard to its own workforce, diversity is an important element of the BMW Group's competitiveness. The proportion of women in management positions is a strategic target variable. The BMW Group consistently supports its employees to acquire new professional qualifications and to achieve their personal development goals. The BMW Group supports the training and further education of its employees and helps them to remain productive by providing initial and further training at all locations » Collaboration – How does the BMW Group achieve this?, ↗ Own workforce.

All other material impacts identified do not arise from the strategy or business model of the BMW Group and also do not have a material effect on their future development. » The BMW Group Strategy

Strengthening the resilience of its strategy and business model in terms of managing material impacts and risks and making use of material opportunities is a key concern of the BMW Group. Therefore, it is important to recognise changes in the environment early on, consider alternative development scenarios, effectively manage risks and take advantage of opportunities that may arise from such changes » Risks and Opportunities. For this reason, the resilience analysis is conducted across the organisation and includes all topics of relevance to the BMW Group. This also includes sustainability topics and related risks and opportunities. A regularly updated analysis of the environment based on selected and relevant topics also forms the basis for this » Environmental Analysis. This also includes an assessment of political and regulatory framework conditions » Economy, » Politics.

The BMW Group aims to reduce the influence of exogenous factors, particularly those related to sustainability, by expanding the resilience of its global supply chains. » Expanding resilient supply chains, » Purchasing battery cells. Forward-looking risk management helps to strengthen the resilience of the supplier network. » Risk management in purchasing. Digitalisation across the entire supply chain provides the basis for sustainable and resilient supply chain management. » Digitalisation in the supply chain.

The resilience analysis relating to biodiversity and ecosystems is discussed in ↗ Resilience analysis.

Current financial effects of material risks and opportunities

Competition in the electrified vehicle market intensified in the reporting year. The financial effects of this development are discussed in » Earnings Performance of the BMW Group.

Regulatory restrictions mean that certain energy sources, such as biogas, can no longer be used for emission reduction measures. Hedging activities ensured that financial effects for the BMW Group were completely avoided.

No material risks or opportunities have been identified for which there is a significant probability of occurrence in 2025 that would result in a material adjustment to the carrying amounts of the assets and liabilities recognised in the corresponding financial statements.

STAKEHOLDER ENGAGEMENT

The BMW Group attaches great importance to regular, frank and transparent dialogue with its stakeholders. The goal is to build trust, increase transparency and awareness, and facilitate the transfer of knowledge by providing information and opportunities for dialogue.

To this end, the Company revised its ↗ Stakeholder Engagement Policy in 2024, and in doing so also reviewed and redefined its key stakeholders. A distinction is made between affected stakeholders and users of sustainability statements. In addition, the individual stakeholders are summarised in stakeholder groups. Stakeholders are affected directly or indirectly by our business activities, while users of sustainability statements mainly include consumers of general reporting – for example, investors or business partners.

The BMW Group promotes the exchange of ideas and information with stakeholders in all of its business activities and maintains an ongoing dialogue with them in individual discussions, at conferences, or in response to specific queries. Material sustainability-related topics such as climate change, biodiversity or the transition to a circular economy, as well as working conditions in their own business area or other employee-related topics, are also discussed. The form of engagement taken depends on the initial situation. In addition to specific dialogues and interactions with stakeholders, for example during London Climate Week, the BMW Group also regularly participates in public and political discussions and engages in intensive dialogue with capital market participants. This approach helps to establish lasting relationships, to inform the BMW Group about its impacts on (affected) stakeholders and to enhance processes for future stakeholder engagement activities. Incorporating a range of external viewpoints and expectations helps further develop the strategy » The BMW Group Strategy and promotes the innovative strength of the BMW Group.

The BMW Group uses the feedback and results from its stakeholder engagement in its environmental and trend analyses, which are in turn incorporated into the development of its corporate and business department strategies. To this end, the HR strategy is reviewed annually using a comprehensive internal and external analysis of the environment and the company, and adjusted accordingly as and when required. Market research, a component of the corporate strategy, is conducted in the form of global surveys to determine customer needs and expectations. The findings from these and other surveys and analyses, including input from experts, form the basis for strategic recommendations for the entire Company, individual departments and BMW Group brands.

The Board of Management keeps itself regularly informed at its meetings on feedback from stakeholders and their views, either by means of separate documents or via direct dialogue with stakeholders such as investors or political decision makers. Briefings by in-house departments supplement the information provided to the Board of Management, especially before attending major events such as OECD conferences or Annual General Meetings. The Chairman of the Supervisory Board of BMW AG also maintains regular contact with stakeholders. Moreover, the members of the Supervisory Board of BMW AG attend the Annual General Meeting of BMW AG, and also interact with stakeholders as part of their other activities and mandates.

The BMW Group also takes account of its most important external stakeholders in its materiality assessment. For further information, see ↗ Procedure and methodological basis for the materiality assessment.

As one of its most important stakeholder groups, the BMW Group's workforce plays an active role in shaping the Company's future direction. The BMW Group conducts a company-wide employee survey every two years to measure the performance of the organisation and the general mood among its workforce. Employees also have a key opportunity to participate through the company ideas management system, which can be used to submit ideas outside of their area of responsibility. The due diligence processes for respecting human rights and related environmental standards apply to our own business, our suppliers, and our other business partners. ↗ Collective bargaining coverage and social dialogue

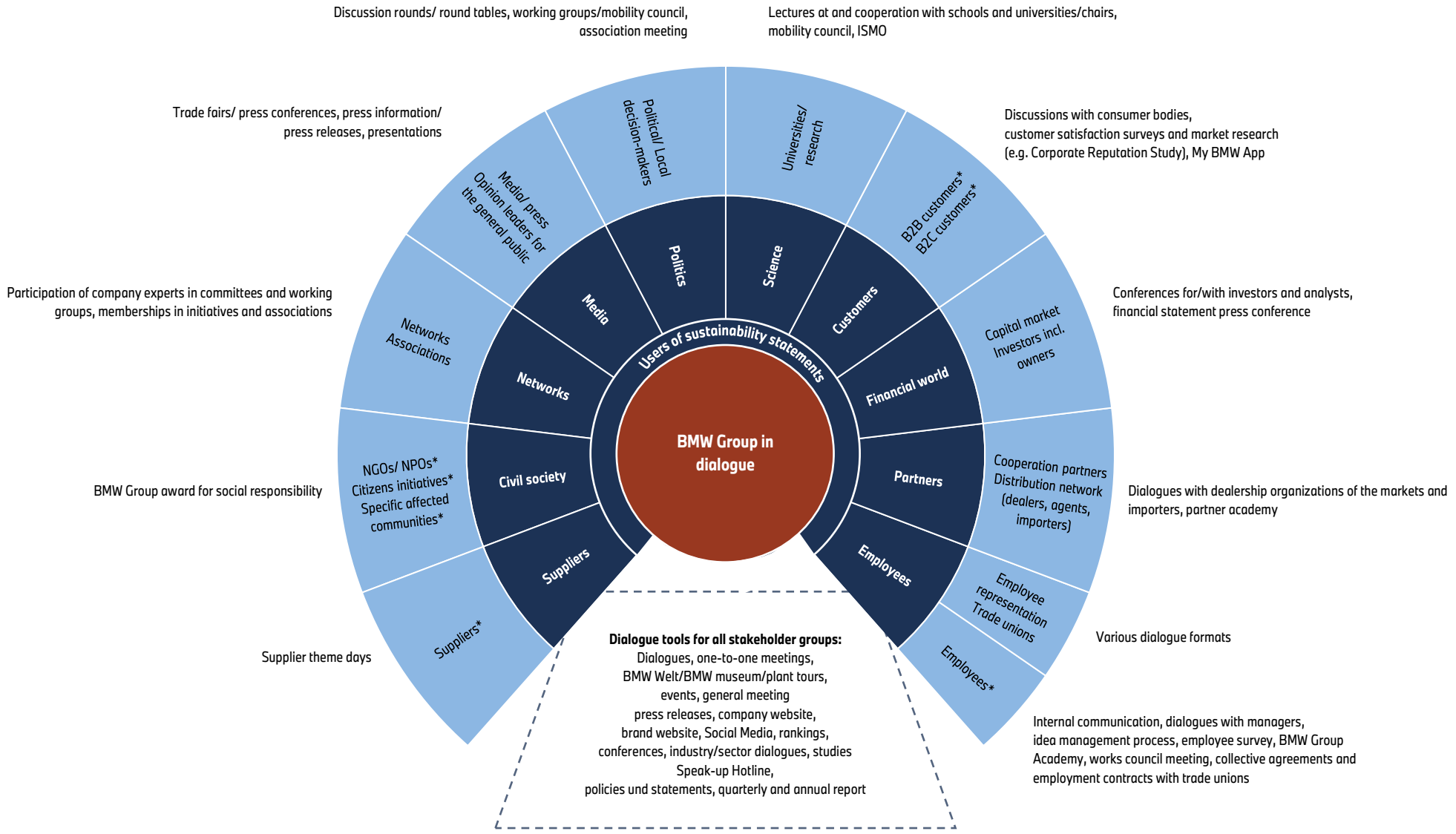
Likewise, the BMW Group works either directly with the affected communities or with their local representatives. For example, local stakeholders are closely involved in the planning of the new assembly plant for high-voltage batteries in Irlbach-Strasskirchen. Through a variety of measures, the Company has created transparency and opportunities for dialogue and has therefore attached great importance to taking the interests of local residents and communities fully into account and working together to find a solution. In addition, BMW Group locations have designated contacts who are responsible for maintaining relations with local stakeholders. They serve as the first point of contact between the Company and its neighbours. Maintaining an ongoing dialogue with civil society, affected communities and other relevant stakeholders in the supply chain is another key component in our approach to dealing with critical raw materials. The ↗ BMW Group Supplier Code of Conduct stipulates that affected (local) communities, and indigenous peoples especially, must also be taken into account and protected across the supply chain. As part of the responsible management of raw materials and with a view to mitigating social impacts, specific areas of focus have been identified that, for example, justify local involvement. To help ensure compliance with social and environmental standards, we have put due diligence processes in place, both across the organisation and in our relationships with suppliers and other business partners. The Purchasing and Supplier Network department is responsible for developing the procedures and implementing due diligence processes in the supply chain. In 2024, this responsibility was firmly embedded in our purchasing strategy and strengthened by the establishment of a dedicated department. ↗ Social and Environmental Responsibility in the Supplier Network

The BMW Group stays abreast of the latest scientific findings and, to this end, engages in a targeted dialogue with scientists about sustainability targets in a range of different formats. The International Sustainable Mobility Research Platform (ISMO) is an international research partnership established in 2024. In addition to the BMW Group, it includes four internationally renowned universities: the University of Cambridge in the UK, the Friedrich-Alexander-Universität Erlangen-Nürnberg in Germany, Harvard University in the USA, and Tsinghua University in China. The objective of the collaboration is to conduct research into sustainability and develop scientifically sound approaches that will help develop our strategy. The Board of Management of BMW AG plays an active role in the partnership and will be involved in discussing the research results twice a year from 2025. The first meeting took place in 2024. The ISMO makes a significant contribution by keeping management informed about important changes in the operating environment and supporting the development of business strategies in line with the latest scientific insights.

The BMW Group is also actively engaged in both industry-specific and cross-industry initiatives. These include the Branchendialog Automobilindustrie, the Supply Chain Sustainability Working Group of the German Association of the Automotive Industry (VDA), the Responsible Business Alliance (RBA), and Drive Sustainability. Some of these are multi-stakeholder initiatives involving companies as well as trade unions and NGOs that represent the interests of value chain workers. The BMW Group's involvement in these initiatives is ongoing. The BMW Group is involved in RBA Voices, a standardised, cross-industry grievance mechanism available for download from the Apple App Store and the Google Play Store.

All stakeholders - from customers to scientists to affected communities – have the opportunity to connect with the BMW Group through various communication channels. In addition to using the Group's main email addresses, stakeholders can report compliance-related concerns through the ↗ BMW Group Compliance Contact or the ↗ BMW Group SpeakUP Line. The BMW Group SpeakUP Line can be reached in all countries in which BMW Group employees work via local, toll-free telephone numbers in more than 30 languages. All reports received by the BMW Group through these communication channels are carefully reviewed in compliance with applicable regulations. In particular, the BMW Group observes the prohibition on penalising whistleblowers acting in good faith.

Stakeholder groups and exemplary forms of dialogue



* Affected stakeholders.

PRINCIPLES OF GOVERNANCE BY THE BOARD OF MANAGEMENT AND SUPERVISORY BOARD

BMW AG is a stock corporation (Aktiengesellschaft) within the meaning of the German Stock Corporation Act. It has an executive Board of Management and a Supervisory Board that monitors how the Company is managed by the Board of Management.

Board of Management – Duties, diversity, expertise
The Board of Management has overall responsibility for the management of BMW AG. It defines the strategy and resource framework and takes actions to implement the strategy. The Board of Management decides on product and customer-related issues of particular importance and consequence to the BMW Group, as well as on automobile product strategy. The Board of Management incorporates various sustainability matters into the decisions taken at its meetings and addresses the material impacts, risks and opportunities associated with the Company's course of business. It also monitors the key sustainability-related indicators and targets as well as department-specific sustainability activities and developments. Details are available in the ↗ Rules of Procedure of the Board of Management of BMW AG.

As at 31 December 2024, 14% of the seven members of the Board of Management were female and 86% were male based on the composition principles and taking into account the ESRS reporting obligations.

In addition to the overall responsibility of the Board of Management, each member of the Board of Management is independently responsible for the material impacts, risks and opportunities in their respective department.

To ensure that the Board of Management has the necessary level of competence and diversity, the Supervisory Board has adopted a competency and diversity policy for the composition of the Board of Management, which is also aligned with the recommendations contained in the German Corporate Governance Code (DCGK). In view of the fact that the Board of Management is a representative body of the Company, the Supervisory Board is careful to consider diversity-related issues when assessing which candidates are most suitable for a seat on the Board of Management. "Diversity" in the context of the decision-making process is understood by the Supervisory Board to encompass various complementary individual profiles and work and life experiences at both national and international level, as well as the appropriate representation of genders. In reaching its decisions, the Supervisory Board also considers the following factors:

- Board of Management members need to have a long-standing track record of management experience, ideally in a variety of professional fields. An adequate mix of different professional and management skills is sought here.
- At least two members should have international management experience.
- At least two members of the Board of Management should have a technical background.
- Collectively, the Board of Management should have extensive experience in the fields of individual mobility, development, production, sales, finances and personnel management.

The Board of Management must comprise at least one man and one woman. The Board of Management deals with the impacts, risks and opportunities arising from business development on a continuous basis. In addition to addressing reports related to the latest business developments, the Board of Management regularly discusses the current market environment, financial and non-financial risks, the Group risk strategy and the effectiveness of the risk management system and the internal control system. The Board of Management also deals with the development of the workforce, diversity, and ongoing qualification and retraining measures several times a year as part of the transformation process ↗ Just Transition - Developing expertise for the future. The Board of Management is kept up to date about ongoing compliance activities and potential risks at regular intervals via the Chief Compliance Officer's compliance reports. In addition to discussing the audit results regarding the appropriateness and effectiveness of the Compliance Management System (CMS), the Board of Management also discusses the structural and organisational development of the Group Compliance Management System (CMS) and the implementation status of corporate due diligence requirements relating to respect for human rights and associated environmental standards along the value chain. In addition, the Board of Management holds regular discussions on the processes and actions involved in implementing new regulatory requirements and ensuring compliance with external reporting requirements in the area of sustainability, including the extent to which CSRD/ESRS requirements have been implemented.

Sustainability considerations are therefore integrated into the BMW Group's corporate structures and processes in a comprehensive and holistic manner which involves decision makers at various levels. A decentralised approach is taken to integrate the Company's strategic objectives. Defined specialist functions in each of the Board departments are responsible for anchoring the targets within the respective organisational structure, measuring their achievement, and ensuring compliance with the strategy.

The strategy is translated into an annually revised, long-term corporate plan using a control loop-based planning and management system. A target system monitors their progress, and reports on the targets and performance indicators agreed for the reporting year are submitted to the Board of Management and Supervisory Board on a regular basis. The Board of Management defines the BMW Group's strategic objectives related to the sustainability topics. The Sustainability and Mobility function ensures the high level management of sustainability topics as part of the Group strategy. It identifies areas where the Company potentially needs to take action, defines the targets to be achieved, and prepares corresponding resolutions to the Board of Management. The function is also responsible for ensuring that sustainability issues and all relevant material impacts, risks and opportunities are considered in all material decisions made by the Company, including at the level of the Board of Management. This includes significant transactions. The function submits progress reports on the BMW Group's overarching sustainability targets to the Board of Management at least three times a year. The targets and measures with regard to reducing CO_2e emissions in all scopes, the circular economy, environmental and social standards and social sustainability are presented, and the strategic and operational implementation status is discussed. When targets are not met, suitable actions are discussed and approved if

necessary. In addition, the Board of Management and the Supervisory Board regularly discuss the further development of the various key topics from the sustainability strategy. The identified material impacts, risks and opportunities are also taken into consideration. Even though these discussions are informative in nature, they also include decision papers, each orientated towards current thematic developments. The results of the materiality assessment, including the material impacts, risks and opportunities, are presented to the Board of Management by the Group Reporting function for discussion. ↗ Materiality Assessment, ↗ List of material Impacts, Risks and Opportunities. Material impacts, risks and opportunities are also discussed by the Board of Management on a regular basis when updating the environmental analysis.

The Board of Management sets the organisational, structural and content-related framework for business conduct, ensures that it is dovetailed with and integrated into the Company's management and governance systems, and receives reports on their implementation. This is also true for the topics of Combating corruption and bribery and Political engagement and lobbying activities ↗ Governance Information. The Supervisory Board receives reports on business conduct as part of its monitoring activities.

In addition, the Board of Management of BMW AG has established the following committees with the participation of Board of Management members to address selected topics of particular importance in greater depth and across departments:

— The Board of Management's Digitalisation Committee (VA-D): The VA-D advises and makes cross-departmental decisions on all material issues related to improving and digitalising the BMW Group's corporate processes, and thereby makes a decisive contribution to ensuring that the Group's performance is guided by its strategy. In this context, the VA-D deals with overarching IT projects, IT platforms and IT initiatives, in addition to process-specific and digital performance levers and key performance indicators (KPIs). The VA-D also consistently addresses obstacles to transformation within the Company and defines the transformation focus, timing and resources, as well as the financial control model for platforms/data. Moreover, the VA-D is responsible for prioritising/financing innovations in the area of digitalisation as well as strategic recruiting measures and qualification programmes to ensure our employees have relevant skills.

— The Board of Management's Senior Executives Committee (VA-F): The VA-F deals with issues affecting managers of the BMW Group, either in their entirety or individually, such as the management structure, employees with particularly high levels of potential, and the appointment of senior executives (OFK). The relevant specialist functions present information about general HR-related issues and developments to the VA-F so that the future direction of the Company's personnel can be set as early as possible. In this context, the VA-F can act as a decision-making body, issue advice, make recommendations, or act in a preparatory function, depending on the circumstances.

— The Board of Management's Operations Committee (VA-O): The VA-O provides advice and makes cross-departmental decisions related to automobile product projects following confirmation by the Board of Management. In this context, the VA-O deals with the operational implementation of vehicle projects, strategic modules from the development process to the start of production/market launch, ongoing series production and further development. In addition, the VA-O monitors the objectives set for focus and quality topics for automobile product projects and shapes the procedural framework for its area of responsibility across departments.

Skills matrix Board of Management

Experience			(Access to) expertise
In relevant markets	**In relevant areas of competence**		**Sustainability**
Europe ☑	Individual mobility ☑		Climate change ☑
US ☑	Corporate strategy ☑		Pollution ☑
China ☑	Technologies ☑		Water and marine resources ☑
Other ☑	Production ☑		Biodiversity and ecosystems ☑
	Sales ☑		Circular economy and resource use ☑
	Finance ☑		Own workforce ☑
	Personnel management ☑		Workers in the value chain ☑
	Digitalisation ☑		Consumers and end-users ☑
	Supply chain ☑		Business conduct ☑
	Development ☑		

In December 2024, members of the Board of Management were surveyed for the first time on their specific sustainability skills relating to the key sustainability topics. The skills matrix for the Board of Management provides an overview of its sustainability-related expertise. This covers all sustainability topics for which material impacts, risks and opportunities were identified in the ↗ Materiality Assessment. Responsibility for completing the questionnaires lies with each individual member of the Board of Management. The Legal, Patents and Group Compliance Management department of BMW AG verifies the plausibility of the information provided by the members of the Board of Management.

If it transpires that the Board of Management does not have its own detailed expertise in certain areas, it can draw directly on the expertise and experience of the relevant departments that have knowledge of the material sustainability matters. The Board of Management is also permitted to use external resources such as training courses and experts at any time. Reviews are performed on a regular basis to ensure the availability of relevant expertise and necessary skills. If necessary, structural adjustments are made and relevant expertise is added or deepened.

The skills matrix also indicates the experience of the Board of Management that is of relevance given the BMW Group's sectors, products and geographical locations.

Supervisory Board - Composition, diversity, expertise

BMW AG's Supervisory Board is composed of ten shareholder representatives (elected by the Annual General Meeting) and ten employee representatives (elected in accordance with the German Co-Determination Act). In the event of an early departure from the Board – for example, if a member resigns – the responsible court will appoint a new member of the Supervisory Board for the remainder of the term of office on request. The Supervisory Board members representing employees comprise seven Company employees, including one senior executive staff representative, and three members elected following nomination by trade unions.

The DCGK recommends that more than half of the shareholder representatives should be independent, i.e. independent of the Company and its Board of Management, as well as of a controlling shareholder. To be independent, a member of the Supervisory Board cannot have any personal or business relationship with the Company or its Board of Management that could give rise to a material and lasting conflict of interest. Eight of the ten shareholder representatives (80%) on the Supervisory Board of BMW AG are classified as independent.

The Supervisory Board must be composed in such a way that its members collectively possess the knowledge, skills and experience required to perform its tasks in a proper manner. To this end, BMW AG's Supervisory Board passes annual resolutions specifying objectives regarding its composition, including a competency profile and a diversity policy.

- The Supervisory Board is required to include at least six independent shareholder representatives within the meaning of the recommendations of the GCGC.
- The chairs of the Supervisory Board, the Audit Committee and the Personnel Committee – which is involved in preparing decisions on Board of Management remuneration – should be independent of BMW AG and of the Board of Management. The chairperson of the Supervisory Board may not serve as the chair of the Audit Committee.
- When seeking suitably qualified individuals for the Supervisory Board whose specialist skills and leadership qualities are most likely to be an asset to the Board as a whole, consideration also needs to be given to diversity. When preparing nominations, the extent to which the work of the Supervisory Board will benefit from diverse professional and personal backgrounds (including international experience) and appropriate gender representation should be considered on a case-by-case basis. It is the joint responsibility of all those participating in the nomination and election process to ensure that qualified women are considered for Supervisory Board membership.
- If possible, the Supervisory Board should have at least four members that have international experience or specialised knowledge of one or more non-German markets important to the BMW Group.
- Furthermore, if possible, the Supervisory Board should include seven members who have in-depth knowledge and experience within the BMW Group, no more than two of whom may be former members of the Board of Management.
- Three members of the Supervisory Board should preferably have previous experience in the management or supervision of another medium-sized or large company.
- The Supervisory Board should ideally have expertise in the areas relevant to the Company, namely corporate strategy, technology, purchasing/supply chains, production/manufacturing, sales/customer needs, finance/accounting/auditing, capital markets, individual mobility, human resources/personnel management, compliance, IT/digitalisation/artificial intelligence, change management/business transformation. Each member of the Supervisory Board should have expertise in at least one of these areas.
- Three members of the Supervisory Board should preferably have expertise in the sustainability issues that are of key importance to the Company.

The gender ratio on the Supervisory Board is in line with statutory requirements. Since the Act on Equal Participation of Women and Men in Management Positions in the Private and the Public Sector ("Act on Equal Gender Participation") came into effect in 2016, a minimum of 30% of the members of the Supervisory Board of BMW AG have been female and a maximum of 70% have been male. Female members made up 30% of the Supervisory Board at the end of 2024.

BMW AG surveys the members of the Supervisory Board on an annual basis regarding their individual skills and expertise. BMW AG began surveying the members of the Supervisory Board in 2022 to determine their experience in the areas of relevance to the BMW Group on the basis of the DCGK. The results of the survey are published in the form of a matrix. This survey includes questions about expertise in the areas of environmental and social sustainability.

December 2024 marked the first time that Supervisory Board members were asked about their specific sustainability expertise in the sustainability matters of relevance to the Company within the meaning of the ESRS. The results of the survey and the experience of Supervisory Board members in relation to the sectors, products and geographical locations that are material for the BMW Group are shown in the matrix below. The sustainability-related expertise of the Supervisory Board, including access to such expertise, covers all of the sustainability topics for which material impacts, risks and opportunities were identified in the ↗ Materiality Assessment.

Responsibility for completing the questionnaires in accordance with the GCGC and ESRS lies with each individual member of the Supervisory Board. The Legal Affairs, Patents, Group Compliance Management department of BMW AG verifies the plausibility of the information provided by respondents.

The experience and expertise of the Supervisory Board members regarding key aspects of corporate policy and their expertise related to the sustainability matters of relevance to the Company are primarily derived from their professional training or academic education, their main professional roles, and management or supervisory mandates at other companies. They are also able to access expertise of this nature through training sessions, expert consultations, and specialized articles.

BMW AG provides training events for the members of the Supervisory Board on a regular basis. This training regularly covers sustainability matters. In 2023, training topics included an in-depth exploration of electromobility and hydrogen technology, an update on non-financial reporting and the EU Taxonomy, and a detailed discussion of processes for implementing carbon reduction targets in the supply chain. In 2024, the circular economy was a focus topic. During a tour of the Tiexi plant on a trip to China in June 2024, Supervisory Board members received an overview of the production footprint. The circular economy was also highlighted in a presentation by an external speaker at Tsinghua University in Beijing. A guided tour of the BMW Group's Cell Manufacturing Competence Centre in Parsdorf near Munich gave the members a deeper insight into battery production and technology. Following the election of a new Supervisory Board member, the BMW Legal Affairs, Patents, Group Compliance Management department informs the new member of the principal legal issues affecting their duties as well as corporate governance aspects. Moreover, the organisation submits various onboarding plans to introduce new members to topics that are important for the work of the Supervisory Board. The introduction to the corporate strategy provided to members of the Supervisory Board covers the strategic approach to material sustainability topics.

Skills matrix Supervisory Board

Experience			(Access to) expertise
In relevant markets	**In relevant areas of competence**		**Sustainability**
Europe ☑	Individual mobility ☑		Climate change ☑
US ☑	Corporate strategy ☑		Pollution ☑
China ☑	Technologies ☑		Water and marine resources ☑
Other ☑	Production ☑		Biodiversity and ecosystems ☑
	Sales ☑		Circular economy and resource use ☑
	Finance ☑		Own workforce ☑
	Personnel management ☑		Workers in the value chain ☑
	Digitalisation ☑		Consumers and end-users ☑
	Supply chain ☑		Business conduct ☑

Supervisory board – Duties and committees

The Supervisory Board monitors the activities of the Board of Management and advises the Board of Management on important matters relating to the management and the strategic development of the Group. Sustainability issues and their associated material impacts, risks and opportunities are of key importance to the Supervisory Board.

- At each of its meetings, the Board of Management presents the material impacts, risks and opportunities related to the latest business developments in its report on the current business situation.
- The Supervisory Board monitors significant selected material impacts, risks and opportunities of the Board of Management's plans as part of its handling of the corporate strategy, long-term corporate planning, taking into account sustainability matters, in particular environmental and social aspects and objectives, and the

planning of business development for the following financial year. The Supervisory Board addresses all strategically significant plans, transactions and measures for the Group, especially if these fundamentally change the Group's prospects for success or risk position. The results of the materiality assessment are presented to the Supervisory Board by the Member of the Board of Management responsible for Finance ↗ Materiality Assessment. The approval of the Supervisory Board is required for material changes to the corporate and product strategy as well as important transactions that are of fundamental strategic importance. Long-term corporate planning and business development planning for the upcoming financial year are submitted to the Supervisory Board on an annual basis for approval.

— In the annual risk report, the Board of Management provides the Supervisory Board with a detailed overview of the current risk situation, as well as the risk management system and risk strategy. This includes sustainability matters.

In accordance with its rules of procedure, the Supervisory Board of BMW AG has a number of committees with different duties (see in particular the ↗ Rules of Procedure of the Supervisory Board of BMW AG). Sustainability topics play an integral part in this structure.

In the 2024 financial year, the Supervisory Board had a Presiding Board and four committees, namely the Personnel Committee, the Audit Committee, the Nomination Committee and the Mediation Committee.

The Supervisory Board passed a resolution to restructure its committees and implemented the resolution on 1 January 2025. Instead of the Personnel Committee a Remuneration Committee was created, which focuses exclusively on the remuneration of the Board of Management and the Supervisory Board. The Presiding Board was transferred to a Presiding Committee, which, in addition to preparing Supervisory Board meetings, addresses non-remuneration-related personnel matters. The Remuneration Committee has seven members, strengthening both its independence and its diversity.

As the report on the activities of the Supervisory Board and its committees primarily focuses on the 2024 financial year, the following disclosures are based on the committee structure that was in place in 2024.

The committees are involved as follows in the monitoring of material impacts, risks and opportunities:

— The Presiding Board prepares the Supervisory Board meetings, assuming the subject matter to be discussed does not fall within the remit of any of the Committees. This includes preparatory work on the following topics and their associated impacts, risks and opportunities, including sustainability matters: corporate strategy, long-term corporate planning and business development planning for the following financial year; changes related to corporate governance; and the declaration of compliance with the recommendations of the DCGK in accordance with § 161 of the German Stock Corporation Act .

— The Audit Committee reviews the financial reporting and oversees the financial reporting process, including reporting on sustainability matters. It prepares the Supervisory Board's resolution relating to the Company and Group Financial Statements, and discusses the combined management report and the Sustainability Statement with the Board of Management. The Committee also reviews interim reports with the Board of Management before their publication. Moreover, the Audit Committee is responsible for overseeing the external audit. In connection with the Company's and the Group's sustainability reporting, the Audit Committee prepares the internal audit for the Supervisory Board, decides on an external audit and commissions an external auditor. The Audit Committee is responsible for monitoring the effectiveness of the internal control system, including the internal audit system and the internal Compliance Management System, as well as the internal risk management system, and is therefore deeply involved in monitoring material impacts, risks and opportunities. The Committee receives detailed reports every six months on risk management and risk strategy, the current risk situation, and the extent to which the risk cover funds have been utilised. ESG risks are included in these reports. The Chief Compliance Officer reports to the Audit Committee on compliance matters and changes to the Compliance Management System twice a year while taking the Board of Management's due diligence responsibilities into consideration. He also reports to the Supervisory Board once a year.

— The Personnel Committee prepares decisions with regard to the appointment and, where applicable, revocation of the appointment of members of the Board of Management. Its preparatory activities also extend to remuneration of the Board of Management and regular review of the remuneration system for the Board of Management in light of sustainability targets. The Personnel Committee also monitors the extent to which the targets established in this area have been achieved.

— The Nomination Committee prepares election proposals for shareholder representatives on the Supervisory Board for the Annual General Meeting while taking the objectives regarding its composition into account, as outlined in ↗ Supervisory Board - Composition, diversity, expertise.

Over the course of the 2024 financial year, the Presiding Board and the Supervisory Board addressed sustainability matters, with a particular focus on the progress being made in electromobility and the prospects for hydrogen technology and the circular economy. A report to the Presiding Board and Supervisory Board at the end of the year addressed key strategic personnel topics and the status of diversity in the Company. The Audit Committee explored the responsible use of water, along with the associated material impacts, risks and opportunities.

Every September, the Supervisory Board receives a report from the Chairman of the Board of Management and the Board of Management member responsible for Finance on the extent to which key ESG targets have been achieved. These include targets for reducing carbon emissions, the proportion of all-electric vehicles to total deliveries, the fulfilment of sustainability

requirements by suppliers, the proportion of women in management positions, and the amount of spending on employee training and development. The Audit Committee accords special attention to the audit of the non-financial statement. The achievement of material ESG targets is also discussed as part of the reporting on the annual and Group Financial Statements. These are also part of the remuneration system for the Board of Management. The Board of Management's remuneration targets for each year are set in December of the previous year. A meeting is held in March to review the extent to which the targets for the past financial year have been achieved and to pass a resolution on the Board of Management's remuneration.

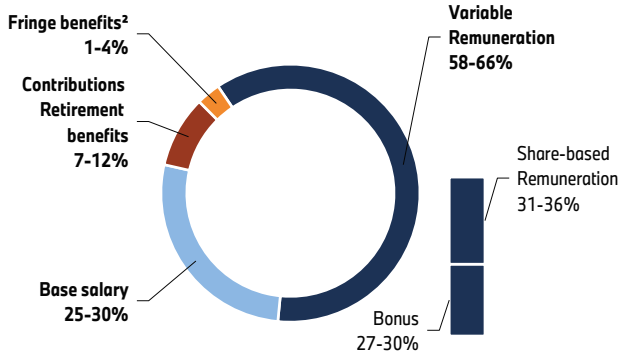
Information about the Company's Governing Constitution is provided in the ↗ Corporate Governance Statement. This is prepared by the Presiding Board and is adopted by resolution of the Supervisory Board.

REMUNERATION OF THE BOARD OF MANAGEMENT AND SUPERVISORY BOARD

Board of Management

The total remuneration provided to the members of the Board of Management consists of fixed and variable components. The fixed, non-performance-related remuneration comprises the base salary, fringe benefits and contributions to the company pension scheme. The variable remuneration consists of the bonus and the long-term share-based remuneration. Variable remuneration accounts for 58-66% of the total target remuneration. At 100% target achievement, the bonus accounts for 27-30% of the total target remuneration, while the share-based remuneration accounts for 31-36%.

Overview of total target remuneration for members of the Board of Management[1]



[1] The remuneration structure as defined in the remuneration system for total target remuneration is depicted.
[2] Excluding a possible payment to new members of the Board of Management to compensate for salary losses from a previous employment relationship and/or to cover relocation costs.

The bonus consists of an earnings component and a performance component. If 100% of the target is achieved for both the performance and the earnings component, the share of the bonus attached to each component is 50% of the individual target amount of the bonus. The earnings component of the bonus rewards the performance of the business in the vesting year, as measured by financial indicators. The performance component of the bonus rewards the achievement of certain non-financial performance criteria defined by the Supervisory Board. These criteria are divided into individual targets for the individual members of the Board of Management (departmental targets) and collective targets for the entire Board of Management (interdepartmental targets). Departmental targets account for 10% of the target amount for the performance component, with interdepartmental targets accounting for the remaining 90%. The interdepartmental targets include sustainability-related performance criteria and other non-financial criteria. With regard to the interdepartmental targets, 50% of the weighting is for sustainability-related targets, and 40% is for other non-financial targets, in each case in relation to the target amount of the performance component of the bonus. As part of the share-based remuneration as a variable long-term component of remuneration, the members of the Board of Management receive a cash payment earmarked for investment (the "personal cash investment amount"). The amount depends on the target achievement level for a financial indicator (return on capital employed (RoCE) in the Automotive Segment) and for defined non-financial indicators ("strategic focus targets") in the vesting year. If 100% of the target is achieved, the RoCE component and the strategic focus targets component each account for 50% of the individual target amount.

The remuneration system also provides for sustainability-related matters to be assessed for the purposes of the variable remuneration component. As part of the performance component of the bonus, at least 50% of the target amount is dependent on sustainability-related targets that have been defined as interdepartmental targets. These may include targets relating to resource-efficient and climate-friendly products, gender diversity, employee satisfaction and reputation. The Supervisory Board decides which indicators are used to assess performance against each criterion before the start of the financial year. Sustainability-related indicators may be related to measures such as the reduction of CO_2e emissions or further training. Performance criteria for the reporting year are environmental innovation performance (indicators: proportion of all deliveries accounted for by electrified vehicles and proportion of all deliveries accounted for by all-

electric vehicles), reputation (indicator: Corporate Reputation Index), adaptability (indicators: Sustainability index and spending on employee training and development) and attractiveness as an employer (indicator: placement in rankings). Also taken into account are leadership performance (indicator: assessment of management performance) and the achievement of diversity targets (indicator: diversity targets), as well as preventive activities in ensuring compliance (indicator: actions taken to strengthen compliance). In terms of the share-based remuneration, the Supervisory Board adopts strategic focus targets each year. Some or all of these may be related to sustainability matters. Strategic focus targets for the reporting year were the reduction of carbon fleet emissions (EU) and sales of all-electric vehicles (BEV).

The remuneration system stipulates that at least 50% of the performance component of the bonus is dependent on sustainability-related matters. In relation to the total variable target remuneration, the proportion is around 12%. Depending on the specific annual targets for the individual departmental targets of the performance component of the bonus and for the strategic focus targets of the long-term variable remuneration component, the proportion of the variable target remuneration that is dependent on sustainability-related aspects can be as high as around 41% of the variable target remuneration.

The Supervisory Board is responsible for defining and reviewing the remuneration system of the Board of Management and for determining the individual remuneration of the members of the Board of Management. It submits the remuneration system to the Annual General Meeting for approval in the event of significant changes, but at least every four years.

The Supervisory Board adopted the current remuneration system for the members of the Board of Management for financial years starting on or after 1 January 2021 and submitted it to the Annual General Meeting for approval. The Annual General Meeting approved it on 12 May 2021 with a majority of 91.60% of the valid votes cast.

The Supervisory Board set climate-related targets for the variable remuneration of the Board of Management in the 2024 financial year. These were related to the reduction of GHG emissions. Target achievement levels were determined after the end of the financial year. The climate-related targets for the performance component of the bonus were the performance criterion "environmental innovation performance" based on the indicator of the proportion of electrified and all-electric vehicles sold. The targets for the long-term variable remuneration were tied to the reduction of carbon fleet emissions in the EU and global sales of all-electric vehicles (BEV).

Climate-related remuneration accounted for around 17-18% of the total remuneration granted and owed for the 2024 financial year.

Supervisory Board
The regulation governing remuneration for the Supervisory Board is set out in § 16 of the Articles of Incorporation of BMW AG, and specifies both the remuneration system to be used and the precise framework for calculating the remuneration due to the members of the Supervisory Board.

To ensure that the Supervisory Board monitors and advises the Board of Management as an independent body, the remuneration of the Supervisory Board is structured as fixed remuneration plus an attendance fee and is not dependent on sustainability matters.

The remuneration of the Supervisory Board is determined by the Annual General Meeting. The regulation currently in effect was confirmed by the Annual General Meeting on 12 May 2021 with a majority of 99.40% of the valid votes cast.

INTERNAL CONTROL SYSTEM FOR SUSTAINABILITY REPORTING

The BMW Group's Internal Control System (ICS) covers, among other things, risks and controls relating to sustainability reporting. A general description of the ICS, including the aspects of the system related to sustainability reporting, is provided in » Internal Control System.

STATEMENT ON DUE DILIGENCE

Core elements of Due Diligence	Paragraphs in the sustainability statement
a) Embedding due diligence in governance, strategy and business model	↗ Description of material impacts, risks and opportunities and their link to strategy and business model ↗ Principles of Governance by the Board of Management and Supervisory Board ↗ Renumeration of the Board of Management and Supervisory Board
b) Engaging with affected stakeholders in all key steps of the due diligence	↗ Procedure and methodological basis for the materiality assessment ↗ Stakeholder Engagement ↗ Principles of Governance by the Board of Management and Supervisory Board
c) Identifying and assessing adverse impacts	↗ Procedure and methodological basis for the materiality assessment ↗ Climate-related impacts ↗ Impact, risks and opportunities in relation to environmental pollution ↗ Water-related impacts, risks and opportunities ↗ Description of material impacts, risks and opportunities and their link to strategy and business model
d) Taking actions to address those adverse impacts	↗ Transition plan to achieve Net-Zero emissions by 2050 ↗ Climate change mitigation and adaptation as a key part of the corporate strategy ↗ Measures for the responsible use of resources ↗ Due Diligence in the supplier network ↗ Responsible raw material management ↗ Measures to protect biodiversity ↗ Health management on a holistic basis ↗ Customer data protection
e) Tracking the effectiveness of these efforts and communicating	↗ Path to achieving the CO_2e reduction targets in 2030 ↗ Implemented actions and metrics for a holistic CO_2e reduction ↗ Preparing for Net Zero ↗ Greenhouse gas emissions along the entire value chain ↗ Use of an internal carbon price to assess vehicle projects ↗ Reduction of Environmental Pollution ↗ Due Diligence in the supplier network ↗ Health management on a holistic basis ↗ Prevention and care ↗ Qualification ↗ Dealing with the opportunities and risks associated with digitalisation

ENVIRONMENTAL INFORMATION

CO_2e EMISSIONS SCOPE 1 AND 2

0.8 million t

CO_2e EMISSIONS SCOPE 3

130.3 million t

CO_2 EMISSIONS EU NEW CAR FLEET

99.5 g/km

CLIMATE CHANGE MITIGATION AND ADAPTATION

Material impacts, risks and opportunities	Type	Stage of the value chain	Policies	Targets	Specific actions
By emitting greenhouse gas emissions worldwide through upstream processes, sourcing and procuring raw material, products and services for the production, development and offering of its own products and services (Scope 3, Upstream), the BMW Group contributes to climate change.	Negative Impact		– BMW Group Climate Strategy	– Reduce Scope 1, Scope 2 and Scope 3 emissions by at least 40 million tonnes CO_2e in 2030 compared to 2019 levels	– Production and BMW locations: energy efficiency measures and increased use of renewable energies – Supply chain: use of electricity from renewable sources* and secondary materials – Logistics: expanded innovation and infrastructure management process for logistics actions – Use phase: consistent electrification of the vehicle fleet and efficiency improvements for conventional drivetrains – Continuous increase in the use of charging electricity from CO_2e-free generation
By emitting greenhouse gas emissions worldwide through downstream processes, mainly through use of sold products (Scope 3 downstream), BMW Group contributes to climate change.	Negative Impact				
The BMW Group emits greenhouse gas emissions (GHG) worldwide through processes in own operations (Scope 1 and 2) and thus contribute to climate change.	Negative Impact				
Worldwide adaptation efforts by the BMW Group may require (disruptive) adjustments to the supply chain with negative effects on suppliers or local communities.	Negative Impact				
New or changing worldwide government regulation including carbon tax could require to adjust operations in the supply chain (increasing costs).	Risk				
Reputational risks can arise if the BMW Group fails to adhere to stakeholders expectations regarding the reduction of CO_2e emissions in the supply chain.	Risk				
Ambitiously reducing CO_2e emissions (Scope 3 downstream, e.g. by high efficient combustion engines and production of BEVs/PHEVs) can increase the market share in the customer segment of environmentally conscious buyers.	Opportunity				
Catena-X provides standardized calculation methods and exchange formats for scope 3 upstream GHG emissions. This allows the BMW Group to report comparable emissions along the actual supply chain in order to better identify reduction potentials and to define targeted reduction measures with suppliers.	Opportunity				
By offering battery electric, hydrogen and plug-in hybrid electric vehicles, the BMW Group enables the society to more environmentally friendly alternatives to traditional combustion engines (use of electricity from renewable sources implied).	Positive Impact		– Drivetrain strategy	– None	– Expansion of the drivetrain portfolio – Increase in the proportion of battery electric vehicles (BEVs) and efficiency increases in the wide range of drivetrain technologies
Risk through increased competition in the field of electrified vehicles.	Risk				
The currently very ambitious fleet legislation, which may become more stringent in some markets, can only be met with high additional marketing costs given weaker EV demand.	Risk				

Upstream material Own Operations material Downstream material

* See ↗ Glossary for a definition of electricity from renewable sources.

Climate resilience of the business model

The BMW Group actively works on improving the resilience of its business model with the aim of meeting the challenges posed by climate change. Through comprehensive consideration in Strategy and Planning, Development (products and production technologies), Purchasing (raw materials and global procurement markets), Production (locations and cooperations), Sales, Finance (profitability and liquidity) and Personnel (training), the BMW Group is able to identify and assess the short-, medium- and long-term adjustments to its business model that are required in response to climate change while taking the necessary actions in all areas of its operations. To this end, the Company regularly reviews and updates its underlying climate scenarios and assumptions in order to make the effects its own business model visible. The BMW Group's approach to assessing resilience extends to the entire value chain (own locations, supplier locations and sales locations) and is based on internal risk reporting. Corporate planning (twelve-year planning period) is updated annually and takes the risks and opportunities arising from climate change into account. The scenario analyses are performed to assess physical and transitory climate risks. Further details related to the climate risk analysis process are available in the ↗ Materiality Assessment.

The BMW Group takes steps to ensure the long-term viability of its business model by implementing operational measures, continuously updating its sustainability strategy, and following the overarching corporate strategy. Uncertainties in underlying assumptions (primarily regulatory requirements, customer expectations, technological developments, macroeconomic trends) are recorded on an ongoing basis and any adjustments are made promptly. The results of scenario analyses are incorporated into operational measures and the further development of the sustainability strategy as an integral part of the corporate strategy. Sustainability targets are integrated into corporate planning on the basis of current premises and scenarios (including International Energy Agency scenarios for energy generation, CO_2e emissions from upstream value creation). Starting with sales and volume planning, all subsequent processes are interlinked in a coordinated procedure. Simulating the possible effects of this planning makes it possible for the BMW Group to take the necessary actions at an early stage. Assumptions about technologies, customer behaviour and demand trends are taken into account as planning premises. In particular, there are remaining uncertainties in the area of customer behavior and demand. These areas are reviewed on a regular basis in order to reduce this level of uncertainty. The same applies to planned actions related to CO_2e reduction, such as further efficiency improvements or the progressive electrification of the product portfolio. These are also included as planning premises. Global market sales forecasts and the planned product and drive portfolio are taken into account as key factors. This means that the resilience analysis assesses the entire planning period based on the latest assumptions and forecasts as part of the annual planning process. Resulting actions are identified and taken into account in the financial planning process. Based on these assumptions, the BMW Group's business model is resilient to the impacts and adjustments resulting from climate change and climate change adaptation.

Climate change mitigation and adaptation as key parts of the corporate strategy

The BMW Group regards its balance of economic, ecological and social interests as the basis for its economic success. The Company has therefore anchored the material impacts, risks and opportunities related to climate change mitigation and adaptation in its corporate strategy ↗ Cornerstones of the Strategy. The strategic fields of action of electrification, digitalisation and sustainability/ circular economy are geared towards achieving the sustainability targets. As a global Company, the BMW Group is also in continuous dialogue with a large number of external stakeholders in Germany and abroad regarding aspects of climate change. This includes affected communities and indigenous peoples. Stakeholder feedback is taken into account and contributes to the continuous development of the corporate strategy ↗ Stakeholder Engagement, ↗ Social and Environmental Responsibility in the Supply Network.

The BMW Group's Strategy, including topic-specific strategies such as the sustainability strategy, is confirmed by the Board of Management. The CO_2e strategy draws on the Greenhouse Gas Protocol, science-based targets and implementation pathways, as well as all relevant regulatory changes. Progress towards achieving these targets is reviewed on a regular basis. All necessary actions are discussed in the relevant committees and by the Board of Management. These bodies also reach decisions on the relevance and effectiveness of the actions. Specific decisions, such as overarching targets for reducing CO_2e emissions and circular economy initiatives, are addressed in topic-specific meetings of the Board of Management. Strategic aspects are implemented in the respective departments such as Purchase, Development, Production, HR and Sales on the basis of defined target processes. In line with established target-setting processes and target achievement monitoring systems, targets are broken down within the organisation to the individual implementation levels. The targets are further detailed as needed with specific requirements (for example within vehicle projects and down to the component level).

Taking a coordinated approach and integrating all external and internal requirements enables the BMW Group to develop, implement and continuously update detailed guidelines and instructions based on the strategies. This approach integrates climate change mitigation and adaptation as well as energy use and efficiency. This extends from development guidelines (such as Design for Circularity) through to process specifications for procurement and CO_2e reduction requirements for the supplier network*. Internal premises are established on the basis of corresponding requirements with the aim of implementing the strategic targets.

* The BMW Group includes measures that reduce carbon emissions, such as the use of electricity from renewable sources, the use of secondary raw materials, new manufacturing processes for raw materials, and product and material innovations such as biomaterials. Accordingly, compensation measures are not included.

Company-wide requirements related to climate change adaptation are continuously developed and implemented including with the help of infrastructure planning guidelines. One example is the planning premise that new sites will be operated without the use of fossil fuels, which has been approved by the Board of Management. The implementation process is defined on the basis of relevant frameworks and guidelines, such as the Greenhouse Gas Protocol and science-based approaches for reducing CO_2e emissions. The long-term corporate planning workflow was expanded in the 2024 reporting year to include the assessment and simulation of the impact on the BMW Group's absolute CO_2e emissions. This was done to make the interactions between volume, drivetrain mix, and supply chain more transparent within planning processes, and is achieved by integrating the impact on CO_2e emissions directly into the scenarios used for volume and financial planning.

In addition to the CO_2e strategy, the BMW Group analyses the current and future regulatory requirements for emissions and drivetrain technologies as part of its long-term corporate planning. This includes detailed strategic market and drivetrain forecasts that are performed as part of volume planning. These forecasts monitor and anticipate fleet carbon emissions limits, pollutants (including brake/tyre abrasion), quotas for electrified vehicles, and bans on registration of individual drivetrain technologies. As part of the process for updating the BMW Group's long-term corporate planning, vehicle volume plans, and the drivetrain mix of the BMW Group portfolio are updated on an annual and ongoing basis. The aim is to continue reducing emissions during the use phase of vehicles while also meeting changing market requirements. The consistent enhancement of the drivetrain portfolio therefore remains one of the BMW Group's main levers for reducing carbon emissions in the use phase. ↗ Cornerstones of the Strategy

Additionally to regulatory requirements, the BMW Group also factors regional and market-specific conditions into its strategic planning. This includes, in particular, the availability and expansion of the charging infrastructure for electrified vehicles, the proportion of renewable energies in the energy mix and the availability of alternative low-carbon fuels. The analyses also include customer acceptance of different drivetrain options in different markets. Total-cost-of-ownership considerations, such as purchase incentives for electrified vehicles, vehicle taxation or the cost of the energy used to power a vehicle have a significant impact on customer acceptance. The findings are carefully assessed and incorporated into the process of designing the optimum drivetrain mix for the respective market.

The BMW Group fulfils the regulatory requirements for fleet carbon emissions in the main sales markets of the EU, USA and China while taking all of the relevant regulatory flexibilities into account, such as to the purchase of carbon credits. If regulatory carbon requirements change, the Company will determine whether the current planning needs to be adjusted as part of the annual strategic drivetrain forecast or whether additional action needs to be taken. This approach ensures that the regulatory requirements are met.

Transition plan to achieve Net Zero emissions by 2050

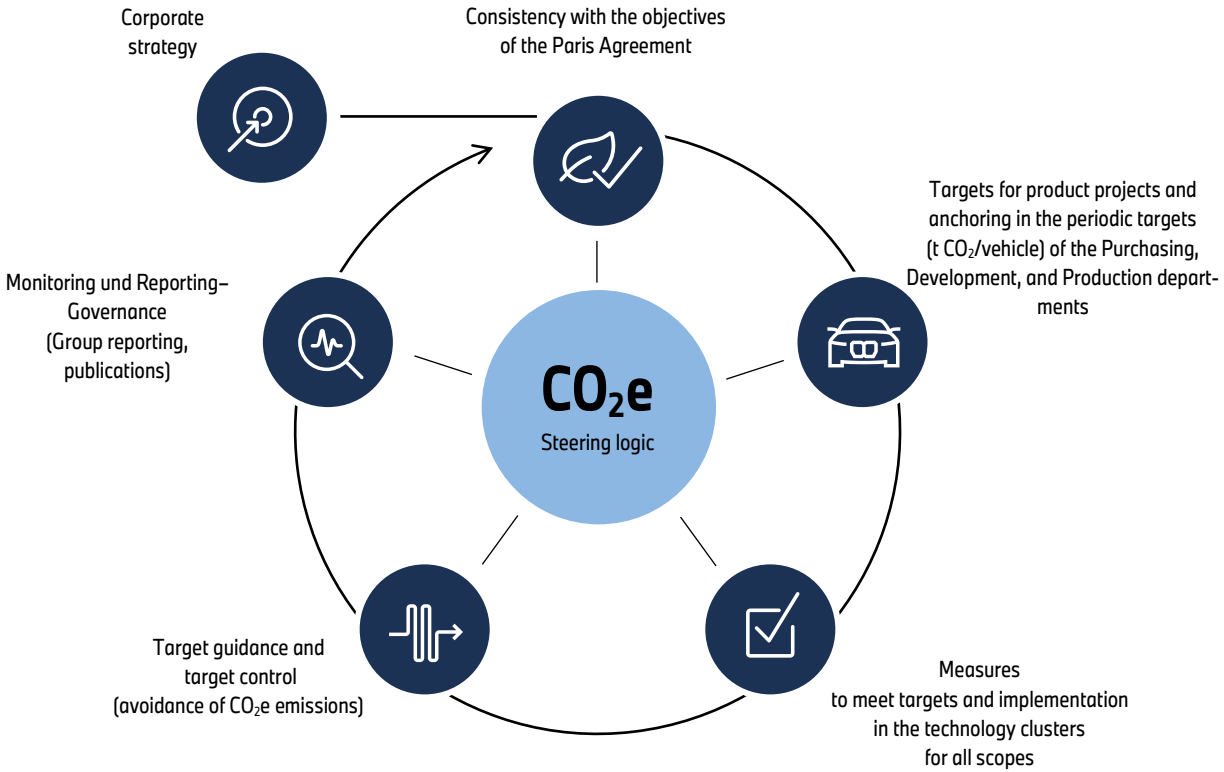
The BMW Group aims to achieve net zero CO_2e emissions across the entire value chain by latest 2050. This means that the unavoidable CO_2e emissions remaining after the reduction measures will be equivalent to a maximum of 10% of the absolute emissions in the base year 2019. The Scope 3 emissions will account for around 99% of the remaining total emissions. The remaining 1% of the emissions are Scope 1 and 2 emissions. ↗ Preparing for Net Zero. This methodology is based on recognised definitions and specifications, including the ESRS. The transition plan for climate change mitigation which will be used to achieve net zero consists initially of the CO_2e reduction targets for 2030, which also relate to the base year 2019. These near-term targets (NTT) for the target year 2030 provide the guiding framework used to define the actions needed. These targets are in line with the climate targets set out in the Paris Agreement to limit global warming.[1] From the 2024 reporting year onwards, the CO_2e targets will be converted from relative values to absolute values. By deriving guidelines for 2035, the time horizon of the target corridor will be extended.

Science-based, cross-sectoral methods were used for each scope to derive CO_2e reduction targets for 2030 in line with the approach of the Science Based Targets initiative (SBTi). Targets were assessed based on the source of the emissions according to the relevant categories of the Greenhouse Gas Protocol. Percentage-based annual CO_2e reduction targets relative to the base year 2019 were used. This is a representative base year that provides reliable and comparable values with regard to framework conditions such as sales volumes, emissions in each scope, and available technologies. By taking a systematic approach, the BMW Group ensures that the climate targets for 2030 have been developed on the basis of solid data and have taken all relevant factors into consideration. The CO_2e targets are integrated into the BMW Group's steering system.

The Company has derived a 1.5°C-aligned pathway for Scope 1 and 2[2] emissions and integrated it in the corporate strategy. The BMW Group has defined a combined target for its Scope 3 emissions (including Purchased goods and services, Logistics, and the Use phase) in the Automotive segment due to the close interdependencies between the supply chain and use phase. The targets are based on the standards of a science-based Well-Below-Two-Degree approach in accordance with SBTi. The BMW Group uses a holistic approach for this purpose that considers the CO_2e emissions of vehicles over their entire life cycle.

[1] According to ESRS E1-1-16.g, the BMW Group is not exempt from the EU Paris-aligned benchmarks, as this only applies to financial services companies.
[2] The combined Scope 1 and 2 target includes all of the categories reported. At present, sites without operational control are not included in the target. The base year 2019 also includes emissions from contract manufacturing ("insourcing"). In the base year 2019 and the target year 2030, the biogenic share of emissions is included in the figure for the category Company Vehicles (Scope 1), while the biogenic share of the average electricity mix supplied to the BMW Group is included in the Electricity/Heating/Cooling Procurement for BMW Group Locations category. Emissions under Scope 2 are included in the target using the market-based calculation.

CO_2e steering logic



At the time of target derivation for Scope 3 target, the target value for 2030 fully meets the requirements of the SBTi Well Below Two Degrees pathway, but is approximately 30% higher than these theoretical targets with reference to an ideal 1.5°C pathway according to the requirements and methodology of independent organisations. As part of the development of corridors up to 2035, the demand for an increasing acceleration of decarbonization is being increasingly taken into account.

To achieve the CO_2e targets, specific decarbonisation levers are identified, assessed, approved and implemented specifically for each scope.

The expected CO_2e emissions from the corporate planning are compared with the scope-specific targets. Measures are derived from this process to ensure that the Company's CO_2e targets are achieved by 2030 by means of annual target paths. A structured process – in which the planned emissions are continuously compared with the targets and appropriate measures are defined – makes a significant contribution to the Company meeting its climate targets as planned.

These transitional measures are an integral part of the climate strategy, which is an integral part of the BMW Group Strategy. The planned product and infrastructure measures will provide a short-term outlook for the avoided or reduced CO_2e emissions over a period of six years. The expected Scope 1, 2, and 3 emissions (Purchased goods and services, Logistics, Use phase in each case for the Automotive segment) are updated annually on the basis of volume and sales plans and long-term corporate planning. Sustainability matters of relevance to the product portfolio, such as the electrification strategy and the integration of these matters into the continuous strategic process, are presented annually as part of corporate planning, which is approved by the Board of Management and the Supervisory Board. The ongoing implementation of these processes ensures that the corporate strategy and emissions reduction targets are harmonised and can be implemented.

The BMW Group's long-term corporate planning is based on the Company's target system. In this way, the targets set out in the planning are regularly compared with the BMW Group's strategic targets. Decisions related to the implementation of sustainability targets – particularly in connection with sales planning and the product portfolio – are confirmed in specific draft proposals or by the decision making bodies of the BMW Group.

The BMW Group is drawing up a CapEx plan for capital expenditure and operating expenditure that expands Taxonomy-aligned economic activities or allows Taxonomy-eligible economic activities to become taxonomy-aligned. This plan is being drawn up on the basis of the long-term planning of the BMW Group. ↗ EU Taxonomy. The level of investment required to achieve the CO_2e targets is derived from this CapEx plan. Specific measures are also financed, such as the development of technologies that contribute directly to the implementation of the transition plan.[1]

The progress of the implementation plan, based on the measures for each scope, is reflected in the emissions reductions achieved and forms the basis for its further development.

Path to achieving the CO_2e reduction targets in 2030

The BMW Group is fully committed to the Paris Agreement and contributes to decarbonisation efforts by pursuing its own ambitious targets. To achieve this, the BMW Group promotes the reduction of CO_2e emissions throughout the whole life cycle of its products as well as the principles of the circular economy with a verifiable track record of continuous improvement – from the supply chain to production, the use phase and the recycling of its products.

The relative targets introduced in 2021 (expressed as reduction per vehicle) for Scope 1 and 2 (BMW Group locations) and Scope 3 (Purchased goods and services, Logistics, Use phase in each case for the Automotive segment) will be replaced with absolute values measured in tonnes CO_2e from reporting year 2024 onwards. The BMW Group's overall target claim remains unchanged with this adaptation and take account of growth forecasts and interaction between the scopes. No future developments, (for example changes in sales volumes or new technologies) were assumed as premises as part of the target setting process.

The BMW Group aims to reduce its CO_2e emissions by at least 40 million tonnes CO_2e compared to the 2019 base year by 2030 - from 150.1 million tonnes CO_2e to 108.6 million tonnes CO_2e. The targets are based on scientific, cross-sector methods aligned with the approach of the SBTi. The BMW Group is committed to proceeding exclusively according to scientifically recognised methods. For this reason, the BMW Group joined the SBTi and validated its relative decarbonisation targets in 2020. Ongoing revisions to the SBTi guidelines, which are expected to continue until at least the end of 2025, and interim requirements valid until then (including the mandated commitment to phase out combustion engine technology by 2035) mean that it is currently preventing the validation of the absolute targets.

The BMW Group actively incorporated stakeholder expectations into the methodology used for its reduction pathways when defining targets for a 1.5°C-aligned CO_2e reduction pathway for Scope 1 and 2 emissions, as well as the Well-Below-Two-Degrees approach for Scope 3 emissions in the Automotive segment (covering Purchased goods and services, Logistics, and the Use phase). Additionally, the fleet CO_2 regulations in the respective markets are applicable during the use phase.

Scope 3 categories are considered for both current reporting and target-setting purposes based on the requirements of the Greenhouse Gas Protocol. In addition to the absolute volume of emissions and the proportion of total emissions, the most important criterion being the extent to which the BMW Group is able to influence the emissions directly.

Based on this approach, the categories Purchased goods and services, Upstream transportation and distribution (Logistics), and Use of sold products (Use Phase) are both reported and factored into the target-setting process for the Automotive segment. These target-relevant categories account for more than 95% of all reported Scope 3 emissions. Additional reported categories (Business travelling and Employee commuting) are excluded from the target Scope because the volumes in question are relatively small (Business travelling and employee commuting) or because of the lack of direct influence by the BMW Group (End-of-Life treatment of sold products [Disposal]).

An absolute target of 0.635 million tonnes of CO_2e by 2030 has been set for direct (Scope 1) and indirect (Scope 2) emissions.[2] This is equivalent to a 46.3% reduction in emissions compared to the base year 2019 (1.182 million tonnes of CO_2e). The Scope 2 target derivation is based on the market-based method. This factors in the actual emissions of the electricity used instead of the values of regional electricity mixes. Approximately three quarters of the emissions are allocated to Scope 1 and approximately one quarter to Scope 2.

An absolute target of 108 million tonnes of CO_2e for 2030 was defined for Scope 3 emissions in the Automotive segment, based on Purchased goods and services, Logistics and the Use phase. This is equivalent to a 27.5% reduction in emissions compared to the base year 2019 (148.9 million tonnes of CO_2e).

Energy efficiency measures and the use of renewable energy in particular should contribute to achieving the targets in the own production of the BMW Group. Fossil fuels are increasingly being replaced by alternative technologies, particularly site-specific geothermal energy, renewable district heating and power-to-heat systems. At the new plant in Debrecen, Hungary, all paint line processes are powered by electricity instead of natural gas.

[1] In accordance with ESRS 1-106, significant monetary amounts related to CapEx and OpEx necessary for the implementation of current or planned measures outside the CapEx plan are not quantified for confidentiality reasons.

[2] The combined Scope 1 and 2 target includes all of the categories reported. At present, sites without operational control are not included in the target. The base year 2019 also includes emissions from contract manufacturing ("insourcing"). In the base year 2019 and the target year 2030, the biogenic share of emissions is included in the figure for the category Company Vehicles (Scope 1), while the biogenic share of the average electricity mix supplied to the BMW Group is included in the Electricity/Heating/Cooling Procurement for BMW Group Locations category. Emissions under Scope 2 are included in the target using the market-based calculation.

This significantly reduces CO_2e emissions, even if it increases electricity consumption. The plant in Debrecen sources all of its production-related electricity needs from electricity from renewable sources. These decarbonisation levers are helping the BMW Group to achieve its overall targets in a manner which is proportionate to the total volume of emissions allocated to each scope.

In the supply chain, the biggest lever for CO_2e-reducing measures is the use of electricity from renewable sources, while the second biggest lever is the use of secondary materials and raw materials from CO_2e-reduced production processes (for example steel and aluminium). Expanded innovation and infrastructure management process for logistics measures are reducing emissions related to logistics. During the use phase, the biggest lever is the electrification of the product portfolio across all brands. In addition, other drive technologies such as hydrogen are being further developed and will be gradually integrated into the product range. The BMW Group is also implementing efficiency improvements for conventional drivetrains and continuously increasing the use of electricity from CO_2e-free sources for vehicle charging.

The BMW Group expects the largest contribution to achieving the 2030 CO_2e emissions reduction target – approximately 65% in absolute terms – to come from the electrification of the vehicle fleet (automobiles), which is allocated to the Scope 3 category Use phase. The majority of the remaining reductions will be achieved by implementing measures in the supply chain and logistics.

The LCA (Life Cycle Assessment) comparison of current all-electric vehicles shows improvements that have already been realised. The next generation of battery technology in the NEUE KLASSE vehicles is expected to reduce emissions in the supply chain for the battery cell approximately by another third. By using electricity from renewable sources in selected process steps, CO_2e emissions can be reduced further over the entire life cycle. Compared to comparable vehicle concepts with an internal combustion engine, Scope 3 CO_2e emissions can be reduced by up to three quarters.

Regardless of the drivetrain technology, the decarbonisation of the supply chain in particular makes significant contributions to achieving the target. The continuously growing proportion of electric vehicles in the BMW Group's range may cause emissions in the supply chain to increase in the short to medium term. The main reason for this is the higher product carbon footprint (PCF) of the high-voltage battery compared to conventional drivetrain concepts. In the supply chain and in the component manufacturing process, the BMW Group therefore relies on electricity from renewable sources at selected stages of the process, in addition to using recycled materials and technical measures that have been developed to limit the increase in CO_2e in the supply chain. High reduction contributions result from agreements with raw material suppliers for aluminium and precious metals as well as from suppliers of high-voltage battery cells. These measures are already being implemented with the current battery generation. With the use of upcoming battery generations, these effects are to be further expanded. For example, by using materials with CO_2e-reduced manufacturing processes or higher proportions of recyclates, CO_2e emissions can be reduced by up to 80% for aluminium and up to 70% for steel. This includes the use of direct reduction processes in steel production. For other material groups such as glass and plastics, the use of electricity from renewable sources has a particularly beneficial effect on the CO_2e footprint of the supply chain.

The BMW Group takes into account the trends in key customer segments, drivetrain technologies, and forecasts for the decarbonisation of supply chains and energy generation when operationalising emission targets across all three scopes. CO_2e credits (certificates) are not factored in when these targets are set and monitored - Only actual reduction measures are counted.

The target achievement is subject to uncertainties, some of which cannot partially or cannot be completely influenced by the BMW Group. For example, future deliveries of battery electric vehicles (BEV) as a proportion of total sales may not be in line with current assumptions. The availability of appropriate infrastructure and incentives to purchase BEVs will have an impact on demand. It became clear in the reporting year that the BEV market remains fragmented worldwide. Different markets are developing at different speeds. External factors such as the removal of incentives are having a significant impact. The flexibility of the BMW Group's production network puts it in a position to react effectively to these developments. Higher overall sales volumes or a higher proportion of combustion-engine vehicles would make additional supply chain decarbonisation measures necessary in order to achieve the CO_2e targets. Geopolitical risks can also have a significant impact on the BMW Group's ability to achieve climate targets.

External market-specific developments in the supply chain may also lead to the decarbonisation of energy-intensive upstream stages in particular taking a different course than planned. Not all factors that impact decarbonisation can be directly influenced, particularly in the production of CO_2e-intensive raw materials such as steel and aluminium and the subsequent value creation stages in the supply chain. Furthermore, the ambitious forecasts of the International Energy Agency (IEA) – which are used to calculate emissions in the use phase of electrified vehicles – may be missed if, for example, the use of renewable energy does not progress quickly enough. In contrast, additional actions, such as the provision of CO_2e-free charging for customers, may result in an improvement in downstream Scope 3 emissions (Use phase). Finally, changes in legally prescribed measurement and assessment procedures may have an impact on the BMW Group's targets and their achievement.

Implemented actions and metrics for a holistic CO_2e reduction

The overarching CO_2e targets for all scopes are the basis for the specific actions that are an integral part of the corporate, product and topic-specific strategies (including Purchasing, Development, Production and Sales). Specific targets and implementation steps are derived from the overarching goals of the Company.

The actions taken to reduce emissions are identified, assessed, approved and implemented individually for each scope. Particularly as regards the own locations (Scope 1 and 2), these actions involve the gradual substitution of fossil fuels and making continuous increase in energy efficiency to reduce energy requirements. To this end, emissions related to production are primarily reduced through energy efficiency actions and the use of

renewable energies to substitute fossil fuels. ↗ Energy Efficiency and renewable Energy

In the area of own emissions (Scope 1 and 2), a reduction of around 38,000 t CO_2e was achieved compared to the previous year as a result of new measures implemented in the reporting year. The reduction from the procurement of biomethane at the Spartanburg plant (USA) and from the conversion from fossil fuel district heating to district heating from wood chips at the plant in Steyr (Austria) have made a significant contribution to this.

Scope 3 emissions in the categories Purchased goods and services, Logistics and Use phase account for the largest share of the BMW Group's total CO_2e emissions. As a result, the Company's CO_2e reduction measures are focused on these areas in particular.

The BMW Group has established the reduction of CO_2e emissions in the supply chain as a key criterion when awarding contracts to suppliers. Since 2021, the requirement to use electricity from renewable sources has applied to both our direct (tier 1) suppliers and to energy-intensive pre-production (n-tier) processes involved in the production of CO_2e-intensive components and materials. Other measures include the use of secondary materials. This represents an important contribution to the decarbonisation of the supply chain on the part of the Company. The BMW Group reviews the effectiveness of the CO_2-reducing measures in its series production annually in cooperation with a specialised external service provider. 71 suppliers were assessed in this regard in 2024. In the reporting year, verified and implemented actions reduced supply chain emissions by around 2.8 million t CO_2e. It is expected that it will be possible to reduce CO_2e emissions again in subsequent years based on measures in the supply chain. In 2024, the BMW Group started to review the implementation concepts of new suppliers with contracts that stipulate the use of electricity from renewable sources prior to series production.

Moreover the Supply Chain Programme of the NGO CDP (formerly the Carbon Disclosure Project) is used to assess the performance of the supply chain in terms of reducing CO_2e emissions. Participating suppliers are provided support with defining CO_2e reduction targets, integrating them into their business processes and reporting on the progress made on a regular basis. Associated with this is a rating from which the BMW Group derives measures for supplier development and empowerment. In 2024, 271 suppliers took part in the rating. This corresponds to 79% of the BMW Group's direct production-related purchasing volume.

The BMW Group is also starting to use nature-based materials in the production of its vehicles to reduce CO_2e emissions related to components. This includes using renewable plant-based raw materials for certain components, such as panelling elements in vehicle interiors. In future, the BMW Group intends to use renewable raw materials for the production of seat covers or interior panelling elements.

The BMW Group is making a significant contribution to further reducing CO_2e emissions in the use phase by electrifying the entire product portfolio across all automobile brands. The Group is also developing established drivetrain technologies with the aim of achieving greater efficiency (EfficientDynamics technologies) and adding new technologies to the drivetrain mix, for example hydrogen drive technology. The increased use of electricity from renewable sources for charging electrified vehicles is another area where the BMW Group has the potential to ramp up its decarbonisation performance. The BMW Group is actively involved in the expansion of the charging infrastructure and is committed to supporting this goal worldwide. The BMW Group also fosters the development and use of sustainable fuels. ↗ Innovations and Product Technologies

The BMW Group has been pursuing the aim of continuing emissions-reduced transportation within its global production and retail network since 2015. About half of the vehicles produced by the BMW Group leave its plants by rail. Electricity from renewable sources is used for some of the rail transport involved in our logistics within Germany. In addition to second-generation biofuels (for example HVO 100, produced from residual and waste materials), all-electric heavy commercial vehicles have been increasingly deployed for transporting goods at the Group's main plant in Munich since 2023. Bio LNG (bio liquefied natural gas) has also been used on the road in a number of series transport processes in Germany and the UK. Moreover, the BMW Group has been involved in the "H2Haul" research project since 2022 in addition to the "HyCET" research project, in order to gain early experience in the use of hydrogen trucks.

The implementation and financing of actions and the measurement of target achievement are all part of long-term corporate planning. Taking measures into account in the financial planning process ensures that adequate funding is available to implement them in the relevant periods.

The implementation of these CO_2e reduction measures is initially geared towards the year 2030. However, the measures extend well beyond 2030 in many areas, such as the adaptation of the product portfolio or making it possible to operate new sites without the use of fossil fuels. This also supports our aim to achieve Net Zero across the entire value chain by 2050 at the latest.

Greenhouse gas emissions along the entire value chain

Absolute CO_2e emissions are presented for the reporting year and are disclosed per scope and per relevant category ↗ CO_2e footprint. Emissions are presented and disclosed in line with the structure and requirements of the Greenhouse Gas Protocol and the relevant emission factors for each scope and category. These are reviewed as part of the annual data gathering process and updated if necessary.

In 2024, the BMW Group's CO_2e emissions, excluding biogenic CO_2 emissions, totalled 836,963 t CO_2e in Scope 1 and 2 and 130,297,238 t CO_2e in Scope 3.

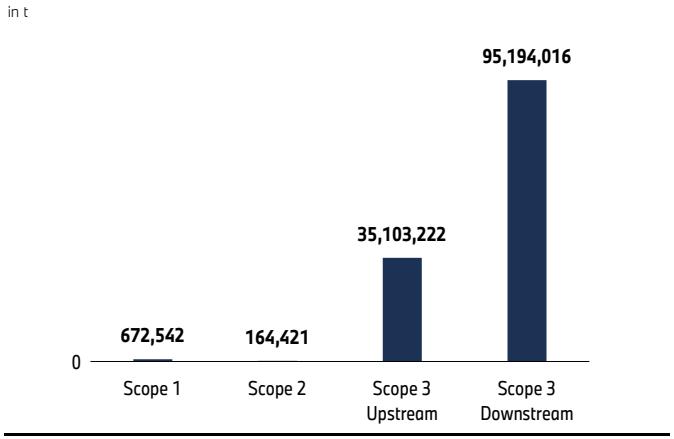
These absolute CO_2e emissions are set in relation to net sales revenue in accordance with the ESRS requirements. For the reporting year 2024, this so called ↗ Greenhouse gas intensity is 933 t CO_2e/€ million according to the market-based method and 941 t CO_2e/€ million according to the location-based method. The BMW Group expects that the targets that have been set will reduce this figure over the next few years. In the 2024 reporting year, the relative reporting metrics for CO_2e emissions from BMW Group locations (Scope 1 and 2) are 0.27 t CO_2e per vehicle produced,[1] and 13.55 t CO_2e per vehicle produced for CO_2e emissions from the supply chain.[1]

With regard to Scope 3 emissions, the assessment criteria of the Greenhouse Gas Protocol were used to determine the relevant categories. The decision of which categories to disclose was made on the basis of volumes and proportion, measurability, the ability of the BMW Group to influence the emissions volumes, and the degree of risk. ↗ Materiality of the various Scope 3 categories

Emissions in Scope 3 categories 2 (Capital goods), 3 (Fuel and energy-related activities), 5 (Waste generated in operations), 8 (Upstream leased assets), 10 (Processing of sold products), 13 (Downstream leased assets) and 15 (Investments) are not reported for reasons of materiality, as they account for around 3% of total emissions and are not significant. The BMW Group is therefore focusing on the emissions that are considered relevant in terms of the absolute volumes involved (category 1, Purchased goods and services, categories 4 and 9, Logistics, and category 11, Use of sold products) and those that can be directly or indirectly influenced by the BMW Group ↗ Materiality of the various Scope 3 categories. The significant categories included in the report cover 97% of the BMW Group's total Scope 3 emissions.

The BMW Group's greenhouse gas emissions are calculated using recognised data sources and methods. These include the specialised software LCA for Experts, which is used to analyse the value chain and calculate the Global Warming Potential (GWP) values of the Intergovernmental Panel on Climate Change (IPCC). Until reliable primary data is available, for example based on emission measurements performed in the supply chain by the suppliers themselves, values from databases are used instead of primary data (0%). These values are adjusted in certain cases using more precise secondary data, provided that measures to reduce the CO_2e emissions of relevant suppliers are verifiable.

CO_2e emissions of the BMW Group[2]

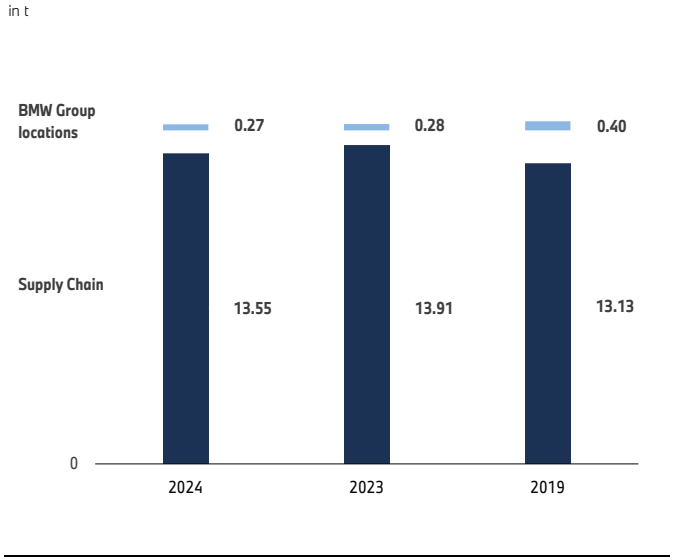


Developing generally recognised standards for the automotive industry, and ideally across industries, is a crucial step in ensuring that emissions data can be compared properly across companies.

It is currently not possible to compare this data across companies. The BMW Group has a long-term objective of developing a CO_2e accounting system based on real data. The first steps have already been taken with the Catena-X project. Information about the system boundaries (upstream and downstream value chain), information on evaluation using market- and location-based methods and the data gathering methods can be found in the ↗ CO_2e footprint and is explained in the glossary.

The metrics for the Motorcycles segment were included in the reporting metrics for Scope 3 supply chain (upstream) and the use phase (downstream) for the first time in the 2024 financial year. These values were initially collected as an extrapolation in line with the processes for the Automotive segment.

CO_2e emissions per vehicle produced (automotive)[1]



[1] Assurance level: reasonable assurance. Additional information is available in ↗ Glossary and Explanation of Key Figures.
[2] Scope 2 emissions according to the market-based method. According to the location-based method, the Scope 2 emissions amount to 1,304,971 t CO_2e. Additional information is available in ↗ Glossary and Explanation of Key Figures.

From the 2025 financial year onwards, the BMW Group's sustainability reporting will be expanded to include Scope 3 category 14 (Franchise). This category comprises the global retail network for the BMW and MINI brands (excluding own branches). The global retail network of the BMW Group's Automotive segment currently comprises around 4,800 sales locations. As the retail network is considered part of the downstream value chain, the associated activities are also included in the BMW Group's Scope 3 emissions. In tandem with the data gathering process, the preparation of CO_2e targets for the global retail network and the development of a pathway for achieving these targets began in 2024. The BMW Group plans to prepare measures by the end of 2025 that align the sales organisation's CO_2e targets with the BMW Group's overarching targets.

This ensures that emissions from significant emission sources along the entire value chain, including the sales organisation, are fully documented and reduced in a targeted manner from 2025 onwards.

In addition to absolute CO_2e emissions, the BMW Group also assesses its fleet carbon emissions limits in the use phase. Despite a slowdown in the upwards sales trend for electrified vehicles in the 2024 reporting year, the BMW Group was able to further reduce its fleet carbon emissions in the main sales markets of the EU, USA, and China by increasing the BEV share.

Within the EU[1], average fleet carbon emissions, taking into account regulatory requirements[2] and in accordance with WLTP, were 99.5 g CO_2/km[2]. This is equivalent to reducing the ↗ CO_2 emissions of the new vehicle fleet EU by a further 2.6 g compared to the previous year (2023: 102.1 g CO_2/km). In the reporting year, the BMW Group remained significantly below the legal applicable limit of approximately 130.1 g CO_2/km by 30.6 g CO_2/km. This continues the trend seen in recent decades, driven by the electrification of the vehicle fleet and the fleet-wide deployment of innovative technologies ↗ EfficientDynamics technologies.

In the US market, the BMW Group once again met the regulatory GHG fleet consumption requirements during the reporting year. This was achieved using self-generated credits as well as credits carried over from previous years. The BMW Group did not purchase any credits from other manufacturers for the reporting year. The requirements were therefore met without exception by using self-generated, existing credits. The volume-weighted ↗ CO_2 fleet carbon emissions (US market)[3] averaged 114.6 g CO_2/km[2] (model year 2023: 126.5 g CO_2/km). The increasing proportion of electric vehicles had a particularly significant effect in terms of reducing emissions.

The volume-weighted ↗ CO_2 fleet carbon emissions in China were 141.9 g CO_2/km[2] according to the WLTC test cycle (2023: 146.4 g CO_2/km WLTC). The BMW Group has also met the applicable regulatory CAFC fleet consumption requirements in that market.

The BMW Group's ↗ global fleet carbon emissions in the reporting year averaged 185.0 g CO_2e/km[2] (2023: 191.8 g CO_2e/km[4]). These metrics correspond to a decrease of 18.4% compared to the base year 2019 (2019: 226.8 g CO_2e/km[4]). As in previous years, when calculating the emissions metrics, the BMW Group takes into account volume-weighted fleet carbon emissions (including upstream emissions for fuel and electric charging) in the EU, the USA, and China and standardises them in accordance with the WLTP. With a share of more than 80% of BMW Group deliveries, these three core markets and regions form a reliable basis for calculating global average fleet carbon emissions.

The BMW Group is involved in associations and also participates independently in political debates on future requirements related to carbon legislation in individual markets. The Company supports the development of harmonised national and international regulations. Establishing comparable requirements creates a reliable and predictable framework which can make an important contribution to effectively countering the effects of climate change. We provide information on the BMW Group's most important climate policy positions and activities in our ↗ Climate Engagement Report.

Use of an internal carbon price to assess vehicle projects

An ↗ internal carbon price is used as a shadow price in the development phase of vehicle projects (automobiles) to assess the measures taken to reduce carbon emissions in the use phase.

This carbon price was determined on the basis of fleet regulations in the EU. These regulations stipulate a penalty of 95 € per gram of CO_2 for each unit sold if the target is not met. The value is converted over an assumed mileage of 200,000 km to a price of 475 € per tonne of CO_2. Vehicle projects are managed directly based on impacts in g CO_2/km while drawing on expected vehicle emissions and their impact on the BMW Group fleet.

The penalties that may be imposed are appropriate when assessing measures as they directly represent the costs that would be incurred if the targets were not met. The costs of carbon measures can therefore be directly compared to potential penalty payments and used as a basis for assessing emissions from the use phase. The BMW Group's internal carbon price is applied to 100% of Scope 3 CO_2e emissions from the use phase of the automobile sector. In the 2024 reporting year, this price was applied to 90,667,226 t CO_2e. This is equivalent to 69.1% of the total CO_2e emissions of the BMW Group.

[1] EU-27 countries including Norway and Iceland.
[2] Assurance level: reasonable assurance.
[3] Converted from g/mi to g/km for comparison purposes.
[4] The calculated emissions include upstream emissions from supplying fuel. In the current data set provided for this purpose, Sphera uses the new IEA Methane Tracker. This determined that methane flaring was significantly more frequent during crude oil production than in previous years. Due to the significant influence that this effect has on the aforementioned indicator, the previous years were re-baselined back to 2019. Excluding this effect, the previous year's value was 185.4 g CO_2e/km and the value in 2019 was 218.5 g CO_2e/km.

In the supply chain, however, the actions taken to achieve targets for each material group are managed based on the required level of carbon reduction and the necessary avoidance costs. The process is carried out annually with the involvement of the Purchasing and Supplier Network, Development and Finance departments. Similarly, the actions taken to achieve Scope 1 and 2 targets are managed based on the specific avoidance costs. A continuous coordination process ensures that requirements arising from changing conditions are reliably taken into account and that mitigation measures in the supply chain are optimised.

Internal carbon prices are not used for financial reporting purposes. They are not used when assessing the duration of use and residual value of assets, assessing the possible impairment of assets or measuring the fair value of assets acquired through corporate takeovers. However, the BMW Group's corporate planning does incorporate volume- and price-related assumptions for emission allowances under the EU Emissions Trading System (ETS). These premises are also factored into the impairment testing process for assets in the Automotive segment.

Preparing for Net Zero

The BMW Group intends to achieve Net Zero by 2050, which means reducing CO_2e emissions across all scopes within the value chain by at least 90% compared to the base year. To achieve this target at this point in time, the BMW Group focuses within the preparation of Net Zero on the decarbonization of its value chain. All emissions that cannot be technically reduced further at the point of Net Zero (maximum 10% of total base year CO_2e emissions) must be neutralised from that point onwards using permanent carbon sinks.

The BMW Group has been supporting the development of new permanent CO_2e sequestration methods since 2024 to drive the development of these carbon sinks. These efforts have included purchasing certificates from biochar projects.

The BMW Group is financing the permanent storage of initial volumes equivalent to 25,000 t of CO_2e in cooperation with partners including Atmosfair and Firstclimate. By this means, it is intended to foster the scaling of promising Carbon Dioxide Removal (CDR) technologies at an early stage in order to also prepare for the BMW Group's sub-target of neutralising a maximum 10% of its base year CO_2e emissions at the point of Net Zero by 2050 at the latest.

The BMW Group supports these projects voluntarily, which means their yields are not counted towards the Group's CO_2e targets. The projects are certified by independent institutions in line with international standards (for example CSI/EBC C-Sink) and have to meet a set of strict quality criteria as for instance permanence and additionality of the CO_2e storage effects.

CO_2e certificates cancelled in the reporting year*

	2024
Total (in t CO_2e)	25,000
Share from removal projects (in %)	100
Share from reduction projects (in %)	–
Sink-type biochar (in %)	100
Recognised quality standards CSI/C-Sink (in %)	100
Share of projects within the EU (in %)	–
Share of projects with corresponding adjustments (in %)	–
CO_2e certificates planned to be cancelled in the future (in t CO_2e)	
Until and including reporting year 2026	46,000 – 57,500

* Additional information is available in ↗ Glossary and Explanation of Key Figures.

HOLISTIC ENVIRONMENTAL MANAGEMENT WITHIN THE BMW GROUP

Protecting the environment is an important pillar of the BMW Group's sustainability strategy. The BMW Group takes action to protect the environment at every stage of the vehicle life cycle, from the supply chain through to production and the end of the use phase. The BMW Group incorporates ecological effects into its planning and activities at an early stage and assesses environmental impacts, risks and opportunities.

Within the BMW Group's global production network, energy and resource efficiency as well as the control of resource consumption have been integral parts in the environmental management system for decades. Alongside CO_2e emissions, the other indicators are energy and potable water consumption, waste for disposal, and solvent emissions. Biodiversity is also analysed for each site individually.

The environmental policy addresses the impacts, risks and opportunities identified as material at the properties of the BMW Group in the areas of water, energy and climate change ↗ List of material Impacts, Risks and Opportunities. All of the actions we take are in compliance with legislation, regulations and standards. A certified environmental management system in accordance with ISO 14001 has been implemented at all BMW Group production sites. Moreover, all the BMW Group's German plants are certified under the EMAS environmental management system. The requirements of these regulations are specified in binding specifications such as the BMW Group working instructions and guidelines, the BMW Group Management Manual (for quality, environmental protection, occupational safety, ergonomics, health management and corporate security including information protection), in process descriptions and procedural instructions, as well as in work orders and standard operating procedures. The monitoring process of the environmental policy is based on annual audits which are required in order to meet the aforementioned regulations.

By providing information and training, we promote and develop a sense of responsibility for the environment among our employees. The BMW Group's environmental policy requires and facilitates environmentally friendly conduct throughout the entire organisation. This helps our workforce to play their part in improving the environmental performance of the BMW Group. Managers act as role models and the BMW Group provides targeted training and further education in this area. Proposals and ideas for improving operational processes and improving our environmental performance are assessed internally in the "cre8" idea management programme.

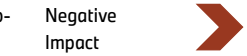
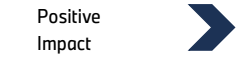
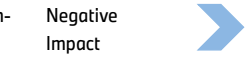
The Board of Management is responsible for the implementation of the environmental policy. Managers bear particular responsibility for implementing and living out the environmental and energy policy and motivating their employees accordingly. Environmental protection training is mandatory for managers. The delegation chain assigns operator responsibility to site management. Each facility, each building and each area is allocated to a responsible operator who is responsible for the products, processes, facilities and technical systems in their area. Environmental protection units support and advise operators and employees at each site. These units consist of the environmental management officers and the officers for waste, water protection and immission control. These individuals are responsible for making production processes as environmentally friendly as possible in line with the environmental objectives. The BMW Group uses a number of tools to help operators fulfil their responsibilities, including operator inspections, regular meetings and an emergency communication system.

At company level, the department for Strategy, Planning, Environmental protection and Energy Management advises the network of environmental protection units. This department heads up regular meetings involving the plants' environmental management officers in the Environmental Protection Steering Committee. The steering committee coordinates environmental protection activities in the area of production throughout the Group. The sites of the BMW Group also have cross-technology energy groups which are tasked with continuously optimising the energy consumption of production processes. The purpose of these groups is to minimise impacts on the environment accordingly.

The BMW Group is committed to protecting people and the environment by acting responsibly beyond the confines of its plants. It is therefore expanding its influence throughout the value chain by establishing partnerships and dialogue formats with policymakers, business partners and external partners such as customers, suppliers, contractual partners and non-governmental organisations (NGOs). As a global company, the BMW Group is in continuous dialogue with a large number of external stakeholders in Germany and abroad regarding environmental matters. These include affected communities and indigenous people. ↗ Stakeholder Engagement, ↗ Social and Environmental Responsibility in the Supplier Network

We inform the public about our environmental objectives and measures in a variety of ways. We also use events, conferences, presentations and plant tours to engage in dialogue with different target groups. Publications, brochures and environmental statements from the individual plants, the BMW Group Report and the websites of the BMW Group and its plants provide additional transparency about our activities.

ENERGY EFFICIENCY AND RENEWABLE ENERGY

Material impacts, risks and opportunities	Type	Stage of the value chain	Policies	Targets	Specific actions
Globally, the network of sales partners consumes energy - and thereby uses natural resources and contributes to climate change.	Negative Impact		– None	– None	– None
Concluding power purchase agreements support the development of more renewable energy capacity and saving resources and emissions.	Positive Impact		– Energy policy – Environmental policy ↗ Holistic Environmental Management within the BMW Group	– Reduction of energy consumption by 25% by 2030	– Energy efficiency measures to optimise production technology and building services – Replacement of old and inefficient systems with new systems that are more efficient – Development of new processes that are more efficient and more environmentally friendly – Replacement of fossil fuels with renewable energy sources
Risk of limitations in the use of certain energy sources due to regulatory restrictions, which may confine their application to specific sectors or require physical delivery. As a result of these limitations some energy sources cannot be used for emission reduction measures.	Risk				
Globally, the network of supplier locations consumes energy - and thereby uses natural resources and contributes to climate change.	Negative Impact		– BMW Group Climate Strategy ↗ Climate change mitigation and adaptation as a key part of the corporate strategy	– Reduce Scope 1, Scope 2 and Scope 3 emissions by at least 40 m tonnes CO_2e by 2030 ↗ Path to achieving the CO_2e reduction targets in 2030	– Supply chain: use of electricity from renewable sources* and secondary materials ↗ Implemented actions and metrics for a holistic CO_2e reduction
New or changing worldwide government regulations on energy use could require to adjust operations in the supply chain.	Risk				

Upstream material Own Operations material Downstream material

* See ↗ Glossary for a definition of electricity from renewable sources.

The BMW Group attaches great importance to energy consumption and energy efficiency throughout the company. Our targets and the actions we take to reduce energy consumption are ambitious. Instead of focusing exclusively on our energy costs, we give the same level of emphasis to reducing CO_2e emissions through the increased use of renewable energy sources. The Group's direct responsibility for its production processes is the starting point for these efforts. One of the criteria which we look at when awarding contracts is the use of electricity from renewable sources by direct suppliers (Tier 1 suppliers) and in energy-intensive processes of pre-production stages (N-tier suppliers) involved in the manufacture of CO_2e-intensive components and materials. Energy is a material topic for the BMW Group at all stages of the value chain. The effects of energy consumption in the supply chain and in the downstream value chain are presented separately in ↗ Climate change mitigation and adaptation as a key part of the corporate strategy.

Energy management

The BMW Group's energy management system includes a Group-wide energy policy which assigns clear roles – each with corresponding responsibilities, targets and reporting obligations – to central strategy departments, regional management units and sites at the local level. This facilitates the mitigation of the direct impacts and risks identified in relation to energy at the BMW Group's own operations. The energy management system covers structural planning, system design, the procurement of energy and technical equipment as well as the management of the property portfolio.

Energy management regulations apply to all important energy-related processes and properties throughout the BMW Group. The requirements therefore apply to all geographical areas and all locations under the operational control of the BMW Group. Overall responsibility for energy management lies with the Board of Management and extends across all organisational levels.

The BMW Group uses electricity from renewable sources at the majority of its properties, including its own photovoltaic systems (PV). Additional PV systems were installed at the plants in Berlin (Germany), Leipzig (Germany) and Rosslyn (South Africa) in 2024. The Group also began the process of getting additional photovoltaic systems set up at other locations. The BMW Group sources energy (electricity, heating, steam, and cooling) externally using direct supply contracts for regenerative energy (23%), including Power Purchase Agreements (PPAs) as well as from Energy Attribute Certificates (62%). These guarantees certify that the energy we procure comes from renewable sources.

Clear internal guidelines ensure that biomethane is procured and used in line with regulatory requirements. The BMW Group is progressively transitioning to using alternative sources for heating purposes, including biomass, geothermal energy, and power-to-heat technologies. Boreholes are being drilled for a geothermal plant at the Shenyang plant in China, while the foundations have already been laid for a wood chip heating plant at the Dingolfing (Germany) plant.

By implementing and continuously monitoring environmental and energy policies, the BMW Group can mitigate risks, such as stricter environmental regulations or rising energy prices, while improving its environmental performance.

A certified energy management system is in place for energy-intensive processes and locations to ensure the accuracy and completeness of CO_2e and energy data, as well as the effectiveness of our energy management processes. The BMW Group also uses regular reporting and mandatory internal and external audits for this purpose.

The BMW Group has signed up to a number of initiatives, highlighting its commitment to climate and environmental protection. The BMW Group adheres to the quality criteria of the RE100 standard when purchasing electricity from renewable sources. Since 2020, all of the external electricity used for production at all of the BMW Group's plants worldwide has come from renewable sources. The majority of our non-production sites are also powered by electricity from renewable sources.

We foster close relationships with stakeholders - including local businesses, politicians and all relevant internal parties - to ensure that their interests are taken into account when we implement energy- and location-specific projects. A detailed description of the strategy development process and our approach to engaging with external and internal stakeholders can be found in ↗ The BMW Group Strategy and ↗ Stakeholder Engagement.

Energy targets

The BMW Group is committed to continuously implementing energy efficiency measures. It has set itself the target of reducing its energy consumption per vehicle produced by 25% by 2030 compared to the 2016 base year.* Progress toward these energy targets is tracked in an ongoing monitoring process. Each year, energy targets for internal management are set for the following year. These are based on historical energy consumption, completed and planned measures, as well as factors like capacity and utilisation rates. The target is a relative target per unit produced, measured in megawatt hours (MWh). The energy efficiency target is directly linked to controlling absolute CO_2e emissions in the context of the BMW Group's planning processes.

The targets are established based on an analysis of the market environment combined with an assessment of technical feasibility. The analysis of technically feasible measures incorporates insights from technologic innovations.

The objective of saving energy and increasing the use of renewable energy primarily involves internal stakeholders, such as plant managers, whose opinions and interests are incorporated into the target-setting process. When it comes to using renewable energy, local stakeholders within the energy infrastructure are engaged as needed.

* Target for global vehicle production (BMW Group plants and partner plants). The efficiency target is based on internal historical data. It is specific to the Company and is not aligned with a science-based approach.

Changes in production planning, the introduction of new production plants and modifications to technical systems can have an impact on our progress towards achieving these energy targets. End-of-year forecasts are developed and monitored monthly for all targets using an automated dashboard. Progress for 2024 was on track with the original plan. This same approach is used to manage Scope 1 and Scope 2 CO_2e emissions targets.

Efficiency measures and energy mix

In 2024, the BMW Group undertook a broad range of initiatives to meet carbon and energy efficiency targets at its locations.

The measures implemented to reduce energy consumption can be summarised as follows:

- Energy efficiency measures to optimise production technology and building services
- Replacement of old and inefficient systems with new systems that are more efficient
- Development of processes that are more efficient and more environmentally friendly
- Replacement of fossil fuels with renewable energy sources

The measures implemented in these categories cover all properties under the BMW Group's operational control and all key energy-related processes. A detailed breakdown of the contributions from each category is not provided due to the measures having overlapping effects and due to external factors such as seasonal weather. Financial resources are allocated annually for energy efficiency measures so that the BMW Group can meet the 2030 energy efficiency target. Resources are made available for Scope 1 and 2 CO_2e reduction efforts on a rolling basis to align with the 1.5°C target pathway. These extensive measures underscore the BMW Group's commitment to meeting its energy targets.

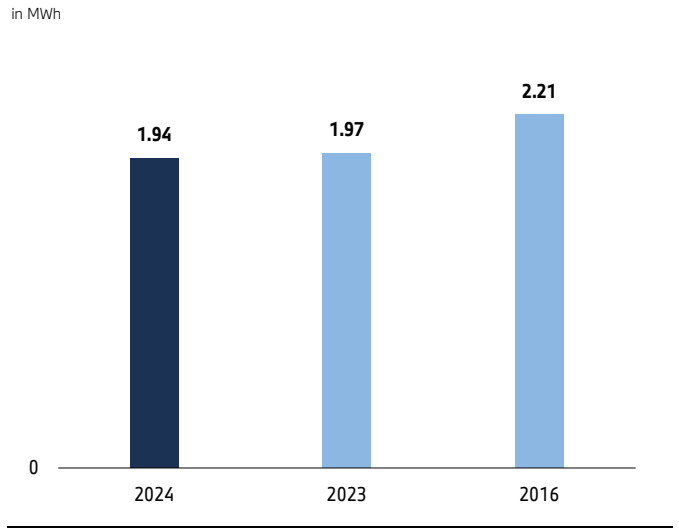
In the 2024 financial year, the BMW Group's total ↗ energy consumption amounted to 6,205,004 MWh, with 48.5% sourced from renewables. ↗ Energy consumption per vehicle produced was 1.94 MWh, lower than in the previous year (2023: 1.97 MWh).

In addition to fossil fuels and renewables, the average electricity mix supplied to the BMW Group also included 12,037 MWh from nuclear energy, which accounted for 0.2% of total energy consumption.

Additionally, some of the fuel procured by the BMW Group was used to generate 556,173 MWh of electricity in the Group's highly efficient combined heat and power plants in the reporting year.

The BMW Group's ↗ energy intensity for the 2024 financial year (measured as total energy consumption in MWh per million euros of net revenue) stood at 44.13 MWh/€ million.

Energy consumption per vehicle produced (automotive)[3]



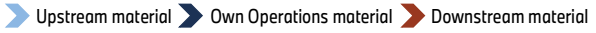
Energy consumption and mix at BMW Group locations[1]

in MWh	2024
Total energy consumption	**6,205,004**
Total fossil energy consumption	3,195,726
Fuel consumption from natural gas	2,673,521
Fuel consumption from crude oil and petroleum products	7,005
Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources[2]	515,200
Share of fossil sources in total energy consumption (in %)[2]	51.5
Total renewable energy consumption	3,009,278
Fuel consumption from renewable sources, including biomass	166,907
Consumption of self-generated non-fuel renewable energy	5,603
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources	2,836,768
Share of renewable sources in total energy consumption (in %)	48.5

[1] For more information, see ↗ Glossary and Explanation of Key Figures.
[2] In the average electricity mix supplied to the BMW Group considered here, besides fossil shares, renewable and nuclear components are also included.
[3] Additional disclosure. Assurance level of the years 2023 and 2024: reasonable assurance. Additional information is available in ↗ Glossary and Explanation of Key Figures.

REDUCTION OF ENVIRONMENTAL POLLUTION

Material impacts, risks and opportunities	Type	Stage of the value chain	Policies	Targets	Specific actions
Contamination with microplastics due to tyre wear particles.	Negative Impact		– None yet	– None yet	– Collaboration in the development of measurement methods for tyre abrasion
Local pollution of water through unplanned discharges of polluting substances (e. g. leaks) at suppliers' production sites.	Negative Impact		– Multistage due diligence process to uphold environmental and social standards in the supply chain (including the BMW Group Supplier Code of Conduct) ↗ Social and Environmental Responsibility in the Supplier Network ↗ Due Diligence in the supplier network – Process for responsible raw material management ↗ Responsible raw material management	– No targets that focus exclusively and thematically on material impacts, risks, and opportunities – Overarching targets for the procedures used to perform due diligence in the supplier network ↗ Social and Environmental Responsibility in the Supplier Network ↗ Preventive and remedial measures ↗ Complaints procedure – Analysis of the effectiveness of the processes and measures implemented ↗ Due Diligence in the supplier network – Objectives for local projects ↗ Responsible raw material management	– Commitment to initiatives – Risk analysis – Sustainability questionnaire (online assessment) – On-site assessments of supplier locations (on-site assessment) – Complaints procedure – Certification and traceability of raw materials supply chains – Implementation of local projects ↗ Social and Environmental Responsibility in the Supplier Network ↗ Due Diligence in the supplier network ↗ Risk analysis and control mechanisms ↗ Preventive and remedial measures ↗ Complaints procedure ↗ Responsible raw material management
Local pollution of soil through unplanned discharges of polluting substances (e. g. leaks) at suppliers' production sites.	Negative Impact				
Risk and financial effect due to reputational damage to BMW Group's brand value with respect to controversies in connection with pollution of water.	Risk				
Risk of supply chain shortages and delays in the BMW Group's supply chain in connection with pollution of water.	Risk				
Risk and financial effect due to reputational damage to BMW Group's brand value with respect to controversies in connection with pollution of soil.	Risk				
Risk of supply chain shortages and delays in the BMW Group's supply chain in connection with pollution of soil.	Risk				



The BMW Group has a comprehensive environmental management system at its own operations. Detailed checks and inspections are carried out during the planning and construction of new production and other sites with the aim of eliminating air, water, and soil pollution from the outset or reducing it as much as possible. Extensive measures are implemented to ensure compliance with limits. As a result, there are no significant impacts, risks or opportunities related to pollution within the BMW Group's own operations.*

The BMW Group assumes responsibility within its supply chain by monitoring processes and taking action to protect the environment. A materiality assessment identified risks and impacts in the supply chain related to soil and water. All guidelines, actions and targets for actively managing these material impacts and risks in the supply chain are part of the due diligence process for upholding environmental and social standards within the supplier network. These are elaborated in ↗ Social and Environmental Responsibility in the Supplier Network.

The BMW Group's products themselves do not present any material concerns related to air, water, or soil pollution. Further details about applicable emissions standards can be found in ↗ Consumption and Carbon Disclosures and additional information about emission technologies in ↗ Innovations and Product Technologies.

During the use phase of the BMW Group's products, tyre abrasion during driving produces microparticles which negatively impact the environment. Ongoing discussions on standardised methods for measuring tyre abrasion have yet to yield reliable definitions that accurately and comparably reflect the actual impact of vehicles. For this reason, the BMW Group has not yet established specific policies or targets aimed at reducing microparticles from tyre wear.

Until relevant thresholds are laid down, the BMW Group will be actively involved in developing measurement procedures for tyre abrasion and reducing wear levels while working closely with industry associations. An obligation to meet any future thresholds will also be included in specifications for tyre suppliers. Systems are being implemented to establish internal processes for measuring tyre wear. Tyre wear thresholds are expected to be published in 2025 in line with the Euro 7 regulations, and will most likely be mandatory for tire manufacturers from 2028 onwards. The BMW Group will review these specifications and fully comply with the resulting requirements concerning tyre abrasion values through the manufacturers and then provide the disclosures required under ESRS regarding the quantification of microplastics generated during driving.

* We have reported on volatile organic compounds (VOC) used in the production process in the past. This metric is no longer reported due to the switch to ESRS reporting and the resulting categorisation of air, water and soil pollution as immaterial in connection with our own operations. The BMW Group will continue to address this issue and monitor it internally. Information about site-specific solvent emissions will continue to be published in the environmental statements of the EMAS-certified plants.

RESPONSIBLE USE OF WATER RESOURCES

Material impacts, risks and opportunities	Type	Stage of the value chain	Policies	Targets	Specific actions
Limiting the availability of water and/or harming the ecosystem through water withdrawals within the supply chain especially in areas of high-water stress.	Negative Impact		– Multistage due diligence process to uphold environmental and social standards in the supply chain (including the BMW Group Supplier Code of Conduct) ↗ Social and Environmental Responsibility in the Supplier Network ↗ Due Diligence in the supplier network – Process for responsible raw material management ↗ Responsible raw material management	– No targets that focus exclusively and thematically on material impacts, risks and opportunities – Overarching targets for the procedures used to perform due diligence in the supplier network ↗ Social and Environmental Responsibility in the Supplier Network ↗ Preventive and remedial measures ↗ Complaints procedure – Analysis of the effectiveness of the processes and measures implemented ↗ Due Diligence in the supplier network – Objectives for local projects ↗ Responsible raw material management	– Commitment to initiatives – Risk analysis – Sustainability questionnaire (online assessment) – On-site assessments of supplier locations (on-site assessment) – Complaints procedure – Certification and traceability of raw materials supply chains – Implementation of local projects ↗ Social and Environmental Responsibility in the Supplier Network ↗ Due Diligence in the supplier network ↗ Risk analysis and control mechanisms ↗ Preventive and remedial measures ↗ Complaints procedure ↗ Responsible raw material management
Local water scarcity and threat to water supply due to high water intensity in production processes of suppliers and other preliminary products of BMW Group.	Negative Impact				
Risk and financial effect due to reputational damage to BMW Group's brand value with respect to controversies in connection with water, specifically water consumption.	Risk				
Risk and financial effect due to reputational damage to BMW Group's brand value with respect to controversies in connection with water, specifically water withdrawals.	Risk				
Risk of supply chain shortages and delays in the BMW Group's supply chain in connection with water, specifically water consumption.	Risk				
New or changing worldwide government regulations regarding water consumption could require to adjust operations and therefore increase dependencies and availability due to exclusion.	Risk		– BMW Group Water Strategy – Environmental policy ↗ Holistic Environmental Management within the BMW Group	– Reduce potable water consumption by 25% by 2030	– Use of alternative water sources – Water treatment and reuse – Innovation and technologies for reducing water use – Risk-based water strategy and monitoring

Upstream material Own Operations material Downstream material

Using water responsibly is a priority for the BMW Group. The Company uses comprehensive water management policies and advanced water-saving and treatment technologies to reduce water consumption and minimise water stress[1] along with the associated risks. The BMW Group works together with local stakeholders to ensure that it uses this valuable resource responsibly.

Using potable water economically has long been an essential component of the BMW Group's environmental management system. All of our production facilities are required to reduce water consumption and use alternative sources of water, such as rainwater. The management of and responsibilities for the BMW Group's own operations are an integral part of the BMW Group's environmental policy. ↗ Holistic Environmental Management within the BMW Group

All guidelines, actions, and targets for actively managing these material impacts and risks related to water withdrawal and water consumption in the upstream value chain are part of the due diligence process for upholding environmental and social standards within the supplier network. These are elaborated in ↗ Social and Environmental Responsibility in the Supplier Network.

Water management and water protection

Water is a critical resource in various stages of vehicle production including paint shop processes. Through the implementation of water-saving processes and innovative technologies across its global production network, the BMW Group successfully reduced water consumption per vehicle by over 30% between 2006 and 2024.

As part of its environmental policy, the Group follows a water strategy that begins with a detailed analysis of water risks. This strategy addresses the risk deemed material in the Group's own operations. The BMW Group uses the Aqueduct Atlas to identify sites in regions experiencing high or very high water stress ↗ Measures to reduce water usage. Water risks[2] such as flooding are taken into account in the site assessment process. ↗ Water-related impacts, risks and opportunities.

The BMW Group's process for selecting new production sites incorporates the responsible management of local water resources. The BMW Group takes a holistic approach to ensure that protecting water resources is a top priority from the outset. Hydrological and hydrogeological conditions are analysed during the site selection process alongside general water availability. Key considerations include groundwater depth, potential rises in groundwater and their consequences, groundwater extraction and flows, and rainwater infiltration options. The geothermal potential of the subsoil is also evaluated in this context.

Engaging in dialogue with affected residents and interest groups is an important part of the site selection process for the BMW Group. Insights gained from these discussions are carefully assessed and factored into the BMW Group's decisions. This approach helps us to identify potential impacts on communities or farmers and mitigate them ahead of time with targeted measures.

The BMW Group assesses water risks based on the potential effects of water scarcity on its entire production network. Priorities are established and long-term measures are planned on the basis of these assessments. Detailed implementation plans are created to support these measures. These plans detail the amount of investment required. Location-based monitoring provides insights that allow us to continuously adjust our measures. Assessing geographical conditions and collaborating with stakeholders are an integral part of our planning process. The BMW Group is planning to install a dry separation system in the paint shop at the Leipzig plant by 2027 to further reduce water consumption. The evaluation system we use for our sites is based on the water stress index and updated as site conditions change. This allows us to react immediately as situations emerge. Locations in areas of water stress are identified and listed in the ↗ Materiality Assessment. The production sites (excluding motorcycles) of the BMW Group are included in the target management process as part of the BMW Group's water strategy.

The BMW Group's water strategy focuses on both water consumption and water quality. Uniform standards for wastewater treatment technology apply across the Group in line with national legislation and applicable limits. In Germany, these include the Ordinance on Installations for the Handling of Substances Hazardous to Water, the Water Resources Act, the Ordinance on the Protection of Surface Waters, and the Groundwater Ordinance as implemented under the Water Framework Directive. Regular inspections are performed to ensure that these requirements are consistently met. Production sites without a connection to a public water treatment plant operate their own water treatment facilities.

[1] Water stress refers to the ratio of water availability to demand at a given location. Additional information is available in ↗ Glossary and Explanation of Key Figures.

[2] Water risk includes flooding risks (coastal and surface water) and reputational risks related to environmental and social matters and compliance with the law. Water risk assessments look at the quantity and quality of the water that is available, in addition to access to water. Additional information is available in ↗ Glossary and Explanation of Key Figures.

The BMW Group is also committed to protecting the oceans. However, as no material impacts, risks or opportunities have been identified in this area, the BMW Group is not pursuing any specific strategies or practices in order to protect marine waters. Due to the uncertainty surrounding the environmental consequences of deep sea mining, the BMW Group joined the World Wildlife Fund (WWF) and other companies in 2021 to issue a joint statement pledging not to extract raw materials from the deep sea ↗ BMW Group Biodiversity Policy. This commitment extends to the BMW Group's suppliers and their supply chains.

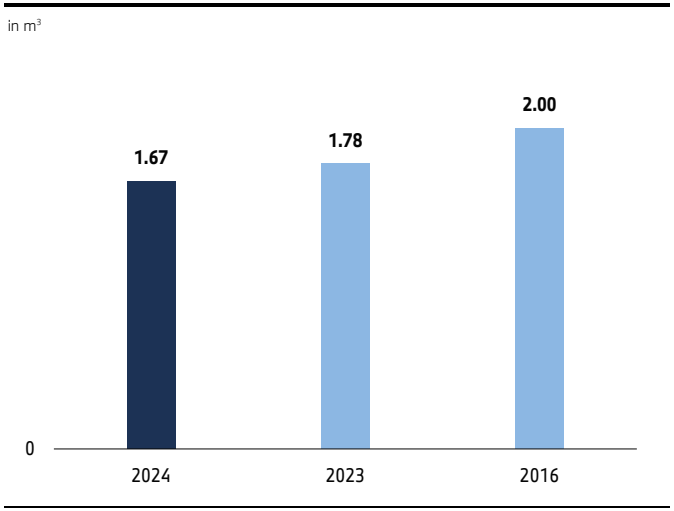
Water consumption in production reduced again

The BMW Group has set itself the target of reducing the amount of potable water used in automobile production by 25% by 2030 compared to the base year 2016.[1] In the reporting period, specific ↗ potable water consumption per vehicle in automobile production was 1.67 m³, lower than in the previous year (2023: 1.78 m³/ –6.2%). A continuous decrease in water consumption has been recorded in line with the planning of the BMW Group.

The BMW Group places great emphasis on reducing water usage, and achieves this by using the latest technologies in its water treatment and painting processes. Water-saving targets are voluntarily set for the BMW Group's own operations on the basis of technological feasibility studies. Annual site-specific targets for relative water consumption in vehicle production are defined and monitored throughout the year to assess progress; this process is particularly relevant for management and other on-site stakeholders, whose opinions and interests are incorporated into the target-setting process.

The BMW Group evaluates water stress in the areas where individual plants are located in addition to its impact on its entire production network. If existing measures have successfully alleviated water stress, these findings are integrated into broader planning and risk assessments. Water stress can thus be continuously reduced and responsible use of water resources ensured.

Potable water consumption per vehicle produced (automotive)[2]



The goal of sustainably decreasing (potable) water consumption applies across all sites within the BMW Group, regardless of their location. Targets in this area were defined on the basis of general environmental conditions and relationships rather than any specific environmental thresholds. Measures and targets incorporate water stress analyses performed with the Aqueduct Atlas on the basis of scientific insights into regional water availability.

Measures to reduce water usage

The BMW Group implements extensive measures to reduce water consumption in regions experiencing high or very high water stress, such as the use of rainwater at the Chennai (India) plant. All measures are taken to support the BMW Group's objective of reducing potable water consumption by 2030. The water consumption in stress-affected regions is also included in the metric ↗ Water consumption in water risk and stress areas. This figure comes to 3,079,270 m³ at the sites in question.

Water treatment and reuse are measures that can play a vital role in the sustainable reduction of water consumption. Across the BMW Group, the ↗ total water recycled and reused amounts to 4,778,429 m³. Modern circular systems, such as those used in paint shops, and cascading systems, which reuse process water multiple times before painting, significantly reduce freshwater consumption. The efficient handling of freshwater, wastewater treatment in paint shops and assembly wash stations, and the use of slightly contaminated greywater as industrial or process water decrease wastewater volumes notably. Insights from water treatment processes and the targeted use of innovations and technologies serve to enhance water efficiency. Cascade rinse systems are being implemented alongside water recycling systems, while painting systems are being converted from wet scrubbing to dry separation. During assembly, one of the most important measures is the recirculation of water in leak test chambers. This plays a key role in terms of the Group reducing its water consumption by 2030.

In engine production, measures such as switching to water-based cooling lubricants and washing baths, the recirculation of emulsions and washing baths, extending service life through bath maintenance, and waste water treatment systems for industrial waste water containing oil and heavy metals all contribute to the reduction of water consumption. Measures used at motorcycle production sites include closed-loop treatment systems, vacuum distillation for recycling process water, and the use of closed cooling systems and water-saving fixtures. Implementation of the measures is scheduled for target achievement by 2030.

[1] Efficiency target for vehicle production (BMW Group plants, excluding partner plants and contract manufacturing) based on internal historical data.
[2] Additional disclosure. Additional information is available in ↗ Glossary and Explanations of Key Figures.

The BMW Group moreover reduces freshwater usage in all production areas by leveraging alternative water sources, including rainwater, recycled process water, and surface water. In Chennai, India, for example, rainwater is collected during the monsoon season, which can cover up to 100% of the annual water demand. Similar alternative water use policies are planned for other BMW Group production facilities.

The BMW Group's ↗ total water consumption amounted to 5,813,743 m³ in the reporting year. The ↗ water intensity (total water consumption in m³ per million € net revenue) is currently 41.35 m³/million €. In addition, as at 31 December 2024, the BMW Group had a total amount of 455,525 m³ of ↗ stored water in systems including extinguishing water or rainwater tanks.

Water consumption*

in m³	2024
Total water consumption	5,813,743
Total water consumption in areas at water risk, including areas of high water stress	3,079,270
Total water recycled and reused	4,778,429
Total water stored	455,525
Changes in storage during the year	333,720

The implementation of the water strategy and associated objectives follows a risk-based approach that accounts for regional specificities. The BMW Group takes particular care to implement additional measures to reduce water consumption in regions experiencing high or very high water stress. These measures include the extensive use of rainwater at the Chennai plant in India and the process water-free paint shop at the San Luis Potosí production site in Mexico.

The BMW Group ensures that the water strategy and its targets are implemented by making sure that the necessary resources are properly allocated. The investment planning of the Group includes drawing up a detailed plan of all of the measures which are required and the necessary capital and operating expenses. Continuous site-specific monitoring ensures that targets are met. Close collaboration and regular communication with stakeholders provide a forum for identifying potential water risks and taking appropriate countermeasures, particularly in regions with high water stress. Water risks are also taken into account in the early stages of the process of selecting sites.

The BMW Group performs water risk analyses using tools like the Aqueduct Atlas to identify high-risk areas and derives priorities for specific actions from these analyses. This process also involves assessing the potential cost of forced downtime due to water shortages. Implementing a coordinated set of measures to conserve water and improve water quality contributes to mitigating water stress at affected sites. This approach also reduces the amount of financial risk to which the Company is exposed.

* Additional information is available in ↗ Glossary and Explanation of Key Figures.

COMMITMENT TO PROTECTING BIODIVERSITY

Material impacts, risks and opportunities	Type	Stage of the value chain	Policies	Targets	Specific actions
Usage of primary raw materials impacts nature and biodiversity in extraction areas (e. g. mining).	Negative Impact		– Biodiversity Policy – Multistage due diligence process to uphold environmental and social standards in the supply chain (including the BMW Group Supplier Code of Conduct) ↗ Social and Environmental Responsibility in the Supplier Network ↗ Due Diligence in the supplier network – Process for responsible raw material management ↗ Responsible raw material management	– No targets that focus exclusively and thematically on material impacts, risks and opportunities	– Commitment to deforestation-free procurement – Commitment to initiatives – Implementation of local projects – Multistage due diligence process to uphold environmental and social standards in the supply chain ↗ Social and Environmental Responsibility in the Supplier Network ↗ Due Diligence in the supplier network – Process for responsible raw material management ↗ Responsible raw material management
Contribution to biodiversity loss through the direct exploitation and use of invasive resource extraction methods in the supply chain (clearing, building infrastructure around (deep sea) mining and producing sites).	Negative Impact				
Risk of supply chain shortages and delays in the BMW Group's supply chain in connection with direct impact drivers of biodiversity loss, specifically direct exploitation.	Risk				
Risk and financial effect due to reputational damage to BMW Group's brand value with respect to controversies in connection with direct impact drivers of biodiversity loss, specifically direct exploitation.	Risk				
Opportunities and financial benefits from increasing the supply chain resilience with respect to direct impact drivers of biodiversity loss, specifically direct exploitation, including independence from volatile markets or prevention of potentially supply-disrupting events.	Opportunity				

 Upstream material Own Operations material Downstream material

As part of its materiality assessment, the BMW Group identifies and evaluates potential impacts, risks and opportunities related to biodiversity. The assessment did not identify any negative impacts related to land degradation, desertification, soil sealing, or endangered species.

In terms of the BMW Group's own operations, the assessment found that the BMW Group's environmental management system is effective in ensuring that no material topics were identified in direct connection with the Group's operations. An analysis* showed that the BMW Group's own operations do not have a significant negative impact on nearby protected areas.

In the supply chain, however, the extraction of raw materials was identified as a material topic. The BMW Group is currently assessing whether any risks exist in this area and what actions may be required to minimise negative impacts on biodiversity.

Great importance of intact ecosystems

The BMW Group acts in line with the aims of the EU Biodiversity Strategy and the Kunming-Montreal Global Biodiversity Framework. An internal guideline on protecting biodiversity and ecosystems informs the actions of both the BMW Group and its supply chain. This guideline refers to the material impacts, risks and opportunities that have been identified, and lays out the BMW Group's position on biodiversity. ↗ BMW Group Biodiversity Policy

The department for Sustainability and Mobility is responsible for the Group's approach to biodiversity. Implementation of the relevant topics relating to the supply chain is the responsibility of the Supply Chain Sustainability department.

Holistic approach to sustainability targets

Climate change is impacting land and marine ecosystems around the world and jeopardising the stability of natural habitats. This ultimately represents a threat to biodiversity itself. Because of this, it is vital for the BMW Group to have targets for reducing its CO_2e emissions that are both measurable and science-based, and to ensure that these targets are firmly integrated into its strategy. The BMW Group has set itself the target of significantly reducing the CO_2e emissions of its products over their entire life cycle by 2030. ↗ Climate change mitigation and adaptation as a key part of the corporate strategy

The BMW Group has defined clear targets to counteract the main causes of biodiversity loss. Particular attention is paid to climate change mitigation, conserving resources, improving water efficiency and environmental protection, and responsible land use.

A general framework related to issues like land use is provided in an internal company document on the use of renewable raw materials in product components.

The use of marine resources was not considered to be a material topic for the BMW Group. Further information on the statement against the extraction of deep sea minerals can be found in the ↗ BMW Group Biodiversity Policy.

Unlike CO_2e emissions, there is currently no standardised scale for measuring biodiversity loss. This is probably due to the fact that these factors are valued and assessed differently in different parts of the world. Furthermore, there is no standard method for adding up local impacts on biodiversity to arrive at a global impact level. This makes it more difficult to set impact-based and quantitative targets that can serve as a starting point for developing scenarios and assessing them from a business perspective, implementing actions, and finally measuring their progress.

The BMW Group believes that reducing our use of primary raw materials puts us in a position to have a positive impact by lowering our consumption of natural resources and actively contributing to the preservation of biodiversity. The circular economy strategy sets out clear principles in this area. In addition, the aim is to strengthen the supply chain with regard to secured sources of secondary raw materials and to examine the even more extensive use of secondary raw materials. For further information, see ↗ Circular Economy and Resource Use.

The BMW Group's environmental management system has the potential to influence the stability of ecosystems. Water use and resource efficiency are key topics that are addressed in ↗ Responsible Use of Water Resources and the ↗ Holistic Environmental Management within the BMW Group.

Measures to protect biodiversity

Compliance with environmental and social standards across the BMW Group's own operations and supply chain is a core element of the Group's corporate policy. The BMW Group's current measures are based on the logic of the reduction hierarchy: avoid – reduce – compensate. Priority is given to avoiding negative impacts on biodiversity and ecosystems wherever possible. The BMW Group considers compensation to mean restoration and improvement, often in the form of on-site projects. Offsetting measures are not used for biodiversity management purposes.

The BMW Group has implemented a multistage due diligence process in the supply chain to minimise risks and negative impacts. Internal guidelines and procedures, such as the BMW Group Supplier Code of Conduct, address biodiversity and include clear provisions on the handling of critical raw materials. Additional details as well as information on the monitoring process are available in ↗ Social and Environmental Responsibility in the Supplier Network and ↗ Responsible raw material management.

* Additional information is available in ↗ Glossary and Explanation of Key Figures.

As part of its commitment to deforestation-free procurement, the BMW Group adheres to EU regulations and relevant industry standards. The Company takes a clear stance against deforestation and forest degradation in its supply chains in the ↗ BMW Group Anti-Deforestation Policy. This policy addresses the extent of the BMW Group's commitment, the scope of the policy as well as due diligence and traceability measures, complaint and monitoring mechanisms, and material-specific requirements. Safeguarding measures are used in the supply chains for relevant materials such as natural rubber, leather, paper, and wood.

In addition to complying with legal requirements, the BMW Group joined the Global Platform for Sustainable Natural Rubber (GPSNR) multi-stakeholder initiative in 2019. The aim of the GPSNR is to prevent deforestation and forest degradation as a result of the cultivation of natural rubber. This commitment is set out in the BMW Group's High Level Commitment for sustainable natural rubber. The BMW Group is also part of the Leather Working Group (LWG). As a signatory to the "Deforestation Free Call to Action for Leather" of the LWG, Textile Exchange and WWF the BMW Group is committed to sourcing cowhide (including stamped parts) and components containing cowhide from supply chains that are free from deforestation and land conversion by 2030.

When selecting and assessing measures to protect biodiversity, the BMW Group consults stakeholders such as local communities and indigenous people. It takes part in initiatives like the Living Rubber natural rubber project in Indonesia to empower affected communities. In order for the BMW Group's projects in this area to be effective, it is committed to actively involving local communities in the design and subsequent implementation of on-site projects. ↗ Social and Environmental Responsibility in the Supplier Network, ↗ Stakeholder Engagement

Resilience analysis

In view of the importance of the protection of biodiversity and ecosystems, the BMW Group performs a comprehensive assessment of the resilience of its strategic and business model to physical and transitory risks associated with biodiversity. This involves a thorough evaluation of the entire value chain and meticulous analyses.

The materiality assessment served as a key indicator for identifying potential areas of action related to biodiversity. One of the key concerns identified was the extraction of raw materials. Potential short-term risks to individual stages of the supply chain are identified as part of the resilience analysis. This approach was used to assess the long-term resilience of the BMW Group's strategy and business model to these risks.

The guidelines of the Taskforce on Nature-Related Financial Disclosure (TNFD) provided the basis for the scenarios used for this purpose. Various scenarios for the year 2035 were analysed with different characteristics related to the decrease in biodiversity and market coherence. The probability of occurrence of these scenarios was very low, which is why they were not assessed in the resilience analysis. In all other scenarios, the BMW Group's business model was resilient to physical and transitory biodiversity risks. Uncertainties and factors were identified in collaboration with internal and external stakeholders to serve as the basis for the development of the scenarios.

CIRCULAR ECONOMY AND RESOURCE USE

Material impacts, risks and opportunities	Type	Stage of the value chain	Policies	Targets	Specific actions
Waste management of the increasing amounts of hazardous waste at Tier-1-Supplier sides (e.g. batteries) and incorrect disposal in the supply chain, including e.g. battery and electronics production, imposes detrimental impacts of the environment and society.	Negative Impact		– Multistage due diligence process to uphold environmental and social standards in the supply chain (including the BMW Group Supplier Code of Conduct) ↗ Social and Environmental Responsibility in the Supplier Network ↗ Due Diligence in the supplier network	– No targets that focus exclusively and thematically on material impacts, risks and opportunities – Overarching targets for the procedures used to perform due diligence in the supplier network ↗ Social and Environmental Responsibility in the Supplier Network ↗ Preventive and remedial measures ↗ Complaints procedure – Analysis of the effectiveness of the processes and measures implemented ↗ Due Diligence in the supplier network	– Commitment to initiatives – Risk analysis – Sustainability questionnaire (online assessment) – On-site assessments of supplier locations (on-site assessment) – Complaints procedure ↗ Social and Environmental Responsibility in the Supplier Network ↗ Due Diligence in the supplier network ↗ Risk analysis and control mechanisms ↗ Preventive and remedial measures ↗ Complaints procedure
Circular economy business models and products slow down the usage of natural and limited resources and reduce landscape and habitat disruption.	Positive Impact		– BMW Group Circular Economy Strategy	– None yet	– Increased share of secondary materials – Improved recyclability – Expansion of repair and reprocessing – Investments in innovative recycling technologies
New regulations could require BMW Group to design products which meet additional recyclability requirements (e.g. increased dismantling or restricting choice of certain materials) or incorporate recycled materials which may be in short supply, leading to increased product costs.	Risk				
A product made without circular principles and with high embodied Carbon footprint of materials might lead to unfavorable market access, where regulatory requirements exist (for e.g. EU battery and End of Life Vehicle regulations).	Risk				
Non-compliance regarding the usage of non-regenerable resources due to increasingly stringent regulations could lead to liabilities, penalties, fines, reputational damage or the loss of licenses and permits for BMW Group.	Risk				
Financial opportunites and competitive advantages through innovation, research and development with respect to resources inflows, including resource use.	Opportunity				
Possible policy instruments which favor use of low carbon footprint materials (carbon pricing) or favor recycled content (e.g. US IRA) could make the products eligible for financial incentives.	Opportunity				

Material impacts, risks and opportunities	Type	Stage of the value chain	Policies	Targets	Specific actions
The use of non-renewable primary raw materials impacts worldwide depletion of natural resources as well as the nature and communities at the mining location.	Negative Impact		– Process for responsible raw material management ↗ Responsible raw material management – Raw materials strategy ↗ Raw materials security and strategy – BMW Group Supplier Code of Conduct ↗ Due Diligence in the supplier network	– No targets that focus exclusively and thematically on material impacts, risks and opportunities – Overarching targets for the procedures used to perform due diligence in the supplier network ↗ Social and Environmental Responsibility in the Supplier Network ↗ Preventive and remedial measures ↗ Complaints procedure – Analysis of the effectiveness of the processes and measures implemented ↗ Due Diligence in the supplier network – Objectives for local projects ↗ Responsible raw material management	– Risk analysis – Certification and traceability of raw materials supply chains – Commitment to initiatives – Implementation of local projects ↗ Social and Environmental Responsibility in the Supplier Network ↗ Responsible raw material management – Complaints procedure ↗ Complaints procedure
Risk of supply chain shortages and delays in the BMW Group's supply chain in connection with resources inflows, including resource use.	Risk				
Risk and financial effect due to reputational damage to BMW Group's brand value with respect to controversies in connection with resources inflows, including resource use.	Risk				
Opportunities and financial benefits from increasing the supply chain resilience by direct purchasing of raw materials.	Opportunity				

Upstream material Own Operations material Downstream material

Holistic approach for the transition to a circular economy

The circular economy is one of the strategic focus areas for the BMW Group as an automobile manufacturer. Making greater use of secondary material is therefore a pillar of ↗ The BMW Group Strategy. The BMW Group is committed to reducing its use of primary materials and fostering the circular economy in order to reduce CO_2e emissions as well as the environmental and social impacts associated with the extraction and processing of primary raw materials. At the same time, dependencies on critical primary raw materials will be reduced. In addition, using secondary materials can provide economic advantages and hedge against geopolitical risks and regional restrictions by reducing our reliance on primary materials.

BMW Group vehicles are already manufactured with recycled and reused materials. Against the backdrop of volatile raw materials markets and increasing global competition for limited resources, the BMW Group is implementing further measures to increase the proportion of recycled materials that it uses and thereby promote the expansion of the circular economy. These efforts are supported by guidelines for product, material and supplier requirements. The circular economy necessitates holistic thinking – from product development to vehicle recycling.

For the BMW Group, the responsible use of raw materials is an important part of our daily activities as a manufacturing company. ↗ Responsible raw material management The material impacts, risks and opportunities associated with the use of resources arise primarily from their procurement markets, climate change mitigation targets, regulations relating to product or process requirements, and the opportunities related to a reduction in the demand for raw materials. The BMW Group considers the use of resources to be closely linked to the preservation of biodiversity, particularly when it comes to land use and pollution. ↗ Commitment to protecting Biodiversity Information on the supply chain, such as due diligence in the supplier network (including waste management), is available in ↗ Social and Environmental Responsibility in the Supplier Network.

The BMW Group's objective is to reduce its dependency on primary raw materials. The automotive industry uses a wide range of raw materials, particularly steel, aluminium and thermoplastics. Electrified vehicles use raw materials like lithium, nickel and cobalt in their batteries. The BMW Group has introduced a raw materials management system, including an annual risk analysis for critical raw materials, for the responsible procurement of raw materials. One approach is to reduce the use of critical virgin raw materials. ↗ Responsible raw material management The BMW Group's secondary raw materials usage strategy (Secondary First) is of vital significance in this context.

The waste disposal and recycling industry already recycles end-of-life vehicles, but only together with other products. A large proportion of the recycled materials obtained from these products are therefore no longer suitable for use in automotive engineering. This results in downcycling in the material cycle. To reduce the automotive industry's dependency on primary raw materials, it is therefore vitally important to improve the quality and availability of recycled materials across the board. The complex challenges posed by the limited availability of high-quality secondary materials and the need to make entire economies and businesses less dependent on the use of primary raw materials can only be met by policy makers working together with industry, raw material producers, recyclers and recycling companies.

The BMW Group's Strategy in the area of sustainability therefore has a particular focus on reducing its consumption of primary raw materials. This is mainly achieved by making increased use of secondary materials with lower CO_2e emissions and the optimisation of resource efficiency. The four strategic core elements covered below have been approved by the Board of Management.

The core elements relate to the material impacts, risks and opportunities related to resource use and the circular economy. ↗ List of material Impacts, Risks and Opportunities. The strategy has a direct impact on suppliers and recycling companies in the upstream and downstream supply chain. The underlying materiality assessment is updated annually. The progress that has been made with implementing the strategy is reviewed on a regular basis. Information about how the concerns of different stakeholder groups are taken into account can be found in ↗ Stakeholder Engagement.

Milestones along the road to the circular economy

The BMW Group has set clear decarbonisation targets for itself ↗ Climate change mitigation and adaptation as a key part of the corporate strategy. To achieve this, the BMW Group is reducing CO_2e emissions throughout the whole life cycle of its products. Increasing the use of secondary materials and implementing new processes in the production of primary raw materials, such as CO_2e-reduced steel production, are helping to achieve the BMW Group's CO_2e emission reduction targets in the supply chain as planned.

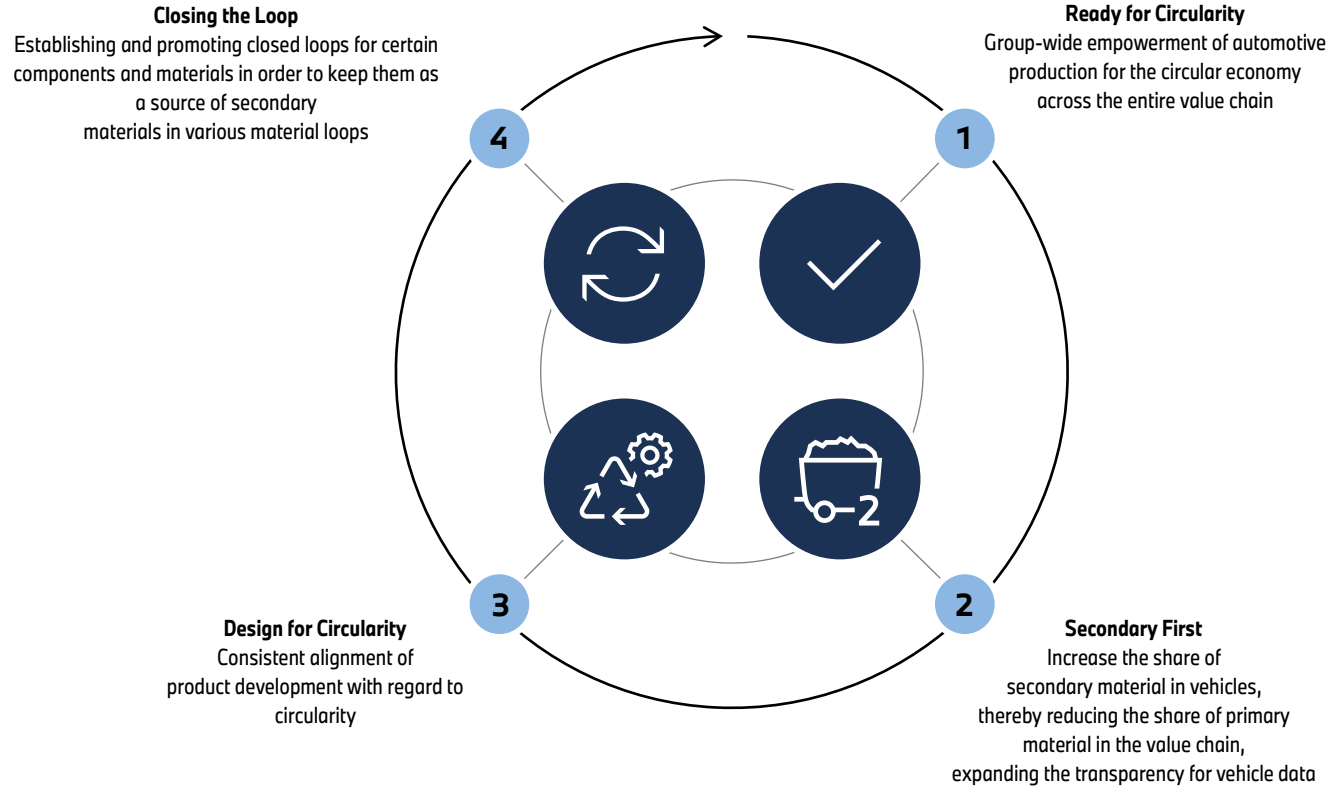
Already today, BMW Group vehicles are manufactured using recycled and reused materials to varying degrees. In line with the Secondary First approach, we aim to increase the use of secondary materials going forward, starting with the NEUE KLASSE. This approach will take both technical feasibility and market availability into account. The BMW Group is currently working on a data model and Group-wide metrics and targets that will make the use of resources even more transparent and help to close material cycles. The Group's aim is to transparently map and manage the complex relationships between market availability, internal and legal requirements as well as the material flows of secondary materials. A corresponding target is currently being defined at the Group level. Expected new legislation, such as the proposed regulation on the follow-up legislation to the current EU End-of-Life Vehicles Directive, are taken into account alongside international standards.

The effectiveness of the defined strategies and actions in relation to the material impacts, risks and opportunities associated with resource use and the circular economy is currently measured and tracked on the basis of the contribution to the CO_2e reduction target for Scope 3 emissions (according to the Greenhouse Gas Protocol). The progress made in achieving this target compared to the 2019 base year is reported in ↗ Climate change mitigation and adaptation as a key part of the corporate strategy. The BMW Group plans to make the following internal targets components of a future Group-wide target in accordance with ESRS.

Internal targets for the implementation of a circular economy will be set for future models (from the NEUE KLASSE onwards) at product level. Based on the four strategic core elements, the focus is on circular product development in accordance with Design for Circularity, in which the use of secondary raw materials (Secondary First) is implemented as a guiding principle in the development process.

At the component level, the Design for Circularity principle is being implemented by the "full Vehicle Development" corporate function in an operational concept so that it can be systematically applied in the development of new models (from the NEUE KLASSE onwards). Within the framework of selected product, material and supplier requirements, we have therefore decided to give preference to secondary materials in our future vehicles. The BMW Group has standards that define minimum requirements for the secondary material content for materials such as steel, aluminium, plastic and copper. Secondary and primary materials must meet the same high standards of quality, safety and reliability. However, the current availability of suitable secondary materials is limited due to increasing demand and the high quality standards that need to be met for automotive applications.

Key strategic elements for the transition to a circular economy



Measures for the responsible use of resources

For the BMW Group, the responsible use of resources is an essential part of our claim as a manufacturing company. See, for instance, ↗ Responsible raw material management, ↗ Responsible Use of Water Resources

The ↗ Resource inflows including process materials used to manufacture automobiles amount to 14,804,645 t. The main materials used by the BMW Group in its production processes are steel, aluminium and thermoplastics.

Water, auxiliaries and operating materials are also relevant process materials. Compared to the total volume of materials used, biological materials play a minor role in terms of overall quantity. Therefore, 0.0% of the total resource inflows are ↗ sustainably sourced biological materials. ↗ Reused and recycled secondary components, products and materials account for 37.0% (5,476,984 t). Automobiles are the main products of the BMW Group for this report. In the future, motorcycles will also be included in the reporting process. In terms of the total volume of materials used, motorcycles represent a negligibly small share.

The key actions driving the transition to a circular economy over the next years are outlined below.

The BMW Group has launched some comprehensive preparatory initiatives in line with the "Ready for Circularity" principle. These will serve as a foundation for achieving closed material loops within the Company and across its value chain. These initiatives span research and development, material procurement, supplier qualification, production, sales, the product use phase, and optimised use of materials and components at the end of a product's life cycle. These initiatives focus on continuously enhancing expertise and implementing measures related to vehicle development with the aim of increasing the use of secondary materials and promoting circular economy-friendly product design.

To advance a circular approach to product development, the BMW Group is committed to drawing up global strategies for materials and components, with a particular focus on key materials such as steel, aluminium, battery materials, and thermoplastics. The BMW Group is building up its expertise and technical capabilities in the area of high-voltage storage (HVS) system recycling. This includes planning dismantling processes, testing recycling technologies, and integrating these insights into the battery development process. To maximise resource conservation, the BMW Group is drawing up requirements for diagnosing and reusing used components, including high-voltage storage systems.

Another key initiative involves creating a data model based on digital twins, which is designed to facilitate material tracking from the end of a product's life cycle and to ensure that the circular economy is transparent. This data model will also support the verification of secondary raw materials by suppliers and the fulfilment of disclosure requirements. We expect this data model to facilitate cross-Company data exchange in the medium term.

Other examples of measures can be found at a vehicle project level. The ambitions of the BMW Group are further exemplified in the BMW i Vision Circular, which was unveiled at the IAA in 2021. This concept vehicle is mostly made from recycled or renewable raw materials. Some of the insights gained from this project are also being incorporated into the NEUE KLASSE. Beginning in 2025 for example, requirements for the proportionate use of secondary materials for battery cell materials such as cobalt, lithium and nickel will be imposed as soon as the contract is awarded. The NEUE KLASSE will also contain a higher proportion of secondary materials in other material groups such as steel and aluminium. Starting in 2023 with the BMW 5 Series, the BMW Group has disclosed the share of secondary materials in its new vehicles as part of life cycle assessments ↗ Vehicle footprint. Since 2024, the MINI Countryman has used cast wheels containing 70% secondary aluminium, measured using the mass balance method.

For the BMW Group, circularity involves a comprehensive strategic approach. The circular economy is considered in the development of products, taking into account their recyclability at the end of their use phase (Design for Circularity). This approach follows key principles that promote the use of secondary materials and make vehicles easier to dismantle and recycle.

With the "Design for Circularity" strategy, resource conservation is addressed during the vehicle development phase. This ensures that circular economy principles are embedded in the product development process from the outset. Design for Circularity also lays the groundwork for recovering high-quality secondary materials at the end of a vehicle's life. Components are designed and developed to include a defined proportion of secondary raw materials whenever possible. This approach also focuses on selecting recyclable plastic materials during the development process that facilitate a high-quality recycling process at the end of the vehicle's life. Improved dismantling concepts make it faster and more cost-effective to disassemble parts and reintegrate materials into the parts and materials cycle.

Used components need to be refurbished and materials recycled to fully close the loop. A prime example of this holistic approach is the BMW Group's remanufacturing process, where used parts are reconditioned and given a second life.

The BMW Group has held a 50% stake in the joint venture Encory GmbH since 2016. Encory provides comprehensive circular economy solutions, processes, and products in the aftersales sector. The company develops and implements logistics and consulting solutions, particularly for the collection, recycling, and refurbishment of spare parts. Whenever feasible and practical, defective parts are retrieved in select European markets (in addition to some other markets, like China) in partnership with the joint venture. All suitable parts undergo a refurbishment process before being reintroduced into the spare parts cycle as remanufactured components. Worn or damaged parts are disassembled by refurbishment partners instead of being completely replaced. Selected components are then cleaned, mechanically processed or replaced as needed, before being reassembled into a spare part. This process provides high-quality replacement parts that offer a number of advantages, such as reducing our use of valuable raw materials, cutting emissions and saving energy. reducing the environmental footprint of spare parts and helping the Group to manage resources responsibly.

The BMW Group operates its own vehicle recycling facility at the Recycling and Dismantling Centre in Lohhof near Munich (Germany) to promote best practices in vehicle recycling while continuously learning about and implementing the latest recycling technologies. Each year, thousands of vehicles are systematically dismantled and efficiently processed at this site. Most of these vehicles are pre-production vehicle models that are no longer required for testing purposes. The focus of the entire process is on identifying reusable series components and dismantling components that are suitable candidates for recycling. The disassembly process begins with deactivating restraint systems and draining fluids. Functional components used in mass-produced models are then passed on to registered retail partners, eliminating the need for disposal. During the mechanical dismantling of the remaining vehicle, materials like copper, which have a significant impact on recyclability, are separated out. Once the engine block and transmission have been removed, the rest of

the vehicle structure is pressed and shredded. This method guarantees that today's scrap becomes tomorrow's raw materials. Insights gained at the Recycling and Dismantling Centre regarding the recyclability of components and materials are already being integrated into the BMW Group's product development processes.

The BMW Group actively promotes recycling waste, including end-of-life vehicles, to keep materials in circulation for longer; this includes reusing them to produce new automobiles. In the reporting year, the materials from the vehicles (including motorcycles) taken back by the Munich Recycling and Dismantling Center were 85% in material form[1] and 95% including thermal processing[1] recycled. This corresponds to a total scrapping weight for vehicles (including motorcycles) of 7,263 t[1]. In relation to sold automobiles and motorcycles, 85%[2] of materials are recycled as stipulated by legal requirements (European End-of-Life Vehicles Directive ELV 2000/53/EC). At least 95%[1,2] of sold automobiles can be recycled (including thermal utilisation).

Together with its national sales companies and importers, the BMW Group has already organised the return of end-of-life vehicles for recycling at more than 2,800 collection points in 32 countries. Research in this area is being stepped up in terms of the technology being used, processing efficiency, and costs in order to drive forward improvements in the recycling of end-of-life vehicles. The Car2Car project focuses on the recycling of aluminium, steel, glass, copper and plastic from end-of-life vehicles. This project began in January 2023 and is expected to run until December 2025. Together with representatives of the recycling industry, raw materials processors, and the scientific community, the BMW Group is leading a project to improve the quality of secondary raw materials obtained from the recycling of end-of-life vehicles. Innovative dismantling and automated sorting processes will enable recyclable materials to be extracted to a far greater extent than previously. As part of the funding project, the BMW Group provided 433 end-of-life vehicles in 2023. In order to cover a representative range, various models out of the BMW Group's own inventories are used from different BMW Group brands with combustion engines, plug-in hybrid systems, and all-electric drivetrains.

In order to increase resource efficiency, avoid waste, and keep materials permanently and efficiently in the loop, the BMW Group is expanding its closed loops to include materials to which the Company has direct access. This includes recycled materials from production and the sales organisation. Selected materials from production and the sales organisation are returned to selected material suppliers on an ongoing basis. Production residues generated during production can be on the one hand waste that can be processed and fed back into the production cycle as well as materials not considered as waste that can be reused directly without the need for processing. This approach makes it possible to recover recyclable materials like steel or aluminium and make them available as raw materials for new production processes.

The Chinese subsidiary BMW Brilliance Automotive Ltd. established a collection and recycling network for high-voltage storage (HVS) systems in 2022 to reduce the amount of primary materials used to produce new HVS systems. Work began on implementing a network of this kind in the European Union in the reporting year. Similar networks will be gradually established over the next years in the USA and elsewhere. The BMW Group plans to use HVS materials as secondary material for the production of new HVS cells.

In addition to actions in its own operations and in the value chain, the BMW Group supports innovation within the ecosystem by investing in start-ups to test out new innovations with the aim of bringing them to the mass market. Through BMW i Ventures, the BMW Group has invested in a number of pioneering companies which focus on resource use and resource efficiency. Cyclic Materials is developing a recycling process that reintegrates rare earth elements (REEs) into manufacturing. This innovation helps reduce the environmental impact of the global energy transition, as REEs play an essential role in the production of electrified vehicles. DeepDrive has created a cost-efficient, resource-efficient dual-rotor electric motor for vehicles. This motor increases the range of vehicles, delivers high torque density, and requires fewer natural resources. Lilac Solutions is developing an ion-exchange lithium extraction technology with enhanced recovery rates, reduced impurities, and lower acid consumption. Mangrove Lithium is working on an electrochemical process for producing high-purity, battery-grade lithium hydroxide more cost-effectively. Our Next Energy is designing batteries with improved range and lower production costs.

The BMW Group is also investing in research and innovation projects to implement closed material cycles for certain product groups. The Circular Republic initiative, formed by the organisation UnternehmerTUM and the BMW Group in 2023, focuses on the transfer of knowledge between the world of science and companies to promote the circular economy. During the reporting year, the BMW Group continued to promote various formats and joint projects.

The BMW Group also focuses on the reparability of its manufactured products. During the product development phase, the BMW Group already places a strong emphasis on ensuring its products can be repaired and that the components in its vehicles can be disassembled in a non-destructive manner.

[1] Additional disclosure, based on SASB ↗ SASB Index.
[2] The percentages relate to the legal minimum requirements. In practice, higher recycling/recovery rates are also possible due to differences between vehicle versions and/or recycling/recovery processes.

Extensive repair manuals and documentation are made available to all specialist workshops. The BMW Group provides a benchmark catalogue which can be used to categorise damage. This provides guidance on whether and how repairs can be conducted, including the tools required. This catalogue can be used in combination with a visual inspection or measurement technology. A comprehensive vehicle diagnostic system can be used to pinpoint the cause of issues in connected electronic and electrical components. This makes it possible to get vehicles back on the road by replacing individual parts. Specialised spare parts for motorcycles (such as pistons and connecting rods) are provided to simplify complex repairs and significantly reduce repair times.

The ease with which products can be repaired also has an impact on their ↗ expected durability. According to the BMW Group's end-of-life vehicle statistics, the average age of automobiles voluntarily returned to recycling centres is around 21.5 years. The industry average is around 18 years, according to an analysis by the German Federal Environment Agency.

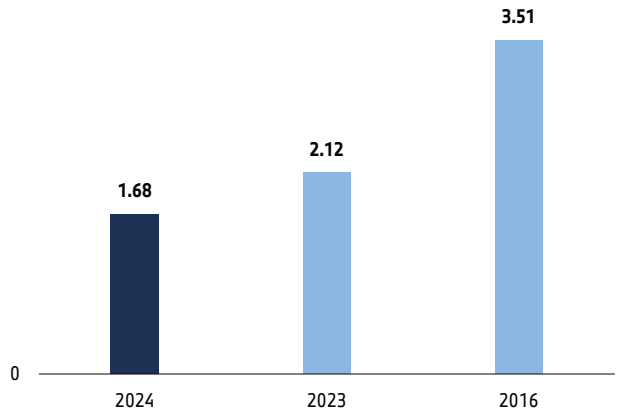
The longevity of the vehicles produced is based on a number of pillars, which are described below:

In order to maximise the useful life of its products, the BMW Group offers protection against the cost of unexpected repairs, such as the BMW 2+1 warranty for 36 months and other warranty services. BMW customers in Europe benefit from the fact that defects can be fixed under warranty at the original retail partner, or any other BMW Group recognised partner in the service network. In addition to the statutory warranty obligations, the BMW Group has given customers worldwide the right to have defects rectified in the event of corrosion within twelve years of the start of the quality period since 2004. The BMW Group also attaches particular importance to ensuring the long-term availability of spare parts to keep customers' cars on the road and make sure that they retain their value over a long period of time. The BMW Group currently offers several hundred thousand different spare parts for automobiles and motorbikes. In addition, Condition Based Services (CBS) uses sensors and special algorithms to monitor the condition of every BMW Group car. Depending on the customer's driving profile, the service life of maintenance components can thus be optimally utilised.

Effective waste management

Waste management is part of the BMW Group's holistic approach to a circular economy and the environmental management system at its own production sites. Reducing the amount of waste for disposal per vehicle produced is an objective of the BMW Group's environmental policy. The BMW Group intends to reduce the amount of waste for disposal per vehicle produced by 25% by 2030 compared to the base year 2016. No material impacts, risks or opportunities related to this topic have been identified for our own operations. The relevant disclosures are therefore provided in addition to ESRS on the basis of SASB, ↗ SASB Index.

Waste for disposal per vehicle produced (automotive)[1,2]



In the reporting period, a total of 868,084 t of the waste generated in production was recycled or recovered (2023: 922,554 t)[1]. Of the total volume of waste, 91.7%[1] (800,582 t) was recycled (material recovery) and 7.7%[1] (67,502 t) was thermally recovered. ↗ The amount of waste for disposal per vehicle produced fell significantly by –20.8% year on year to 1.68 kg (2023: 2.12 kg).[1]

Waste generated by production[1,2]

in t	2024
Total waste	872,976
Waste for recovery	868,084
Share of material recovery (in %)	91.7
Share of thermal recovery (in %)	7.7
Waste for disposal	4,892
Share of disposed waste (in %)	0.6

The BMW Group is also committed to the responsible use of resources within the supply chain. Established processes and actions help to minimise the material impacts identified here. All relevant policies, actions and targets for mitigating and managing impacts identified as material in the upstream value chain are identified as part of the due diligence process for upholding environmental and social standards within the supplier network. ↗ Social and Environmental Responsibility in the Supplier Network

[1] Additional disclosure, based on SASB ↗ SASB Index.
[2] Additional information is available in ↗ Glossary and Explanation of Key Figures.

EU TAXONOMY

Within the framework of the implementation of the European Green Deal and the Action Plan "Financing Sustainable Growth", the EU Taxonomy is a cornerstone of the EU's aspiration to become climate neutral by 2050. It aims to channel investment towards activities that are required to achieve climate neutrality.

The EU Taxonomy is a classification system that defines economic activities as environmentally sustainable based on fulfilment of predetermined technical assessment criteria.

An economic activity can only be classified as sustainable if it substantially contributes to one of the following six environmental objectives:

I. Climate change mitigation
II. Climate change adaptation
III. Sustainable use and protection of water and marine resources
IV. Transition to a circular economy
V. Pollution prevention and control
VI. Protection and restoration of biodiversity and ecosystems

Moreover, no other environmental objective may be significantly harmed during performance of the activity and the company must observe minimum safeguards, among them compliance with human rights. Since the 2022 reporting year, the BMW Group has reported on the Taxonomy-eligible and Taxonomy-aligned proportion of its revenues, capital expenditure and operating expenditure for Environmental Objectives I and II.[1] Following the publication of the Delegated Regulation 2023/2486, the BMW Group reported the proportion of Taxonomy-eligible revenue for Environmental Objective IV (Transition to a Circular Economy) for the first time in the previous year. No economic activities of relevance for the BMW Group have been defined for the other environmental objectives. The BMW Group will be required to report on Taxonomy alignment for all relevant environmental objectives from reporting year 2024 onwards.

Our holistic understanding of sustainability

The BMW Group supports the overarching goal of the EU Taxonomy to promote the private financing of environmentally sustainable economic activities in order to make Europe the world's first climate-neutral continent by 2050. The BMW Group aims to achieve net zero carbon emissions across the entire value chain[2] (Scope 1, 2 and 3) by no later than 2050. ↗ Transition plan to achieve Net Zero emissions by 2050

The BMW Group developed a holistic approach for this purpose that looks at the CO_2e emissions of vehicles over their entire life cycle. The CO_2e targets are integrated into the BMW Group's control system.

Due to the continuously growing proportion of all-electric vehicles in the BMW Group's range, emissions in the supply chain will increase in the short to medium term. The main reason for this is the higher product carbon footprint of the high-voltage battery compared to conventional drivetrain concepts. In the manufacturing process, the BMW Group therefore relies on electricity from renewable sources[3], recycled materials and technical measures that have been developed to limit the increase in CO_2e in the supply chain.

However, for the economic activities that are relevant to the BMW Group, the EU Taxonomy focuses exclusively on reducing carbon emissions during the use phase that are attributable to low-emission (until 2025) and emission-free drivetrain systems. Indirect carbon emissions, for instance those produced when generating charging current or during the energy-intensive production of high-voltage batteries, are not taken into account in the context of these economic activities. Moreover, the EU Taxonomy only reflects the impact of decarbonisation measures on in-house production to the extent that they serve to manufacture Taxonomy-aligned products or to the extent that they are explicitly included in the description of an activity. Increasing the energy efficiency of paint-shop processes, for example, reduces carbon emissions in in-house production, even if a purely combustion-engine vehicle is painted. In light of the BMW Group's previously defined economic activities, its sustainability efforts in this regard are not, or are only partially, taken into account in the EU Taxonomy. ↗ Climate Change Mitigation and Adaption

[1] The definition of the three performance indicators and their differentiation from IFRS can be found in the glossary ↗ Glossary and Explanation of Key Figures.
[2] In this context the entire value chain is to be understood as Scope 1 and 2 as well as the Scope 3 categories (categories 1, 4 and 11 for the Automotive Segment) applicable to the BMW Group in accordance with the Greenhouse Gas Protocol.
[3] See ↗ Glossary for definition of electricity from renewable sources.

Explanatory comments on reporting procedures

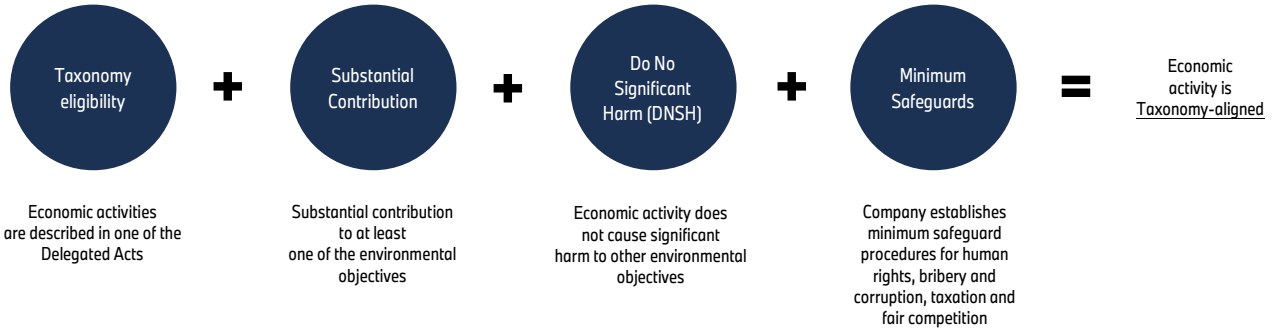
An economic activity is to be seen as Taxonomy-eligible if it is described in the Delegated Acts relating to one of the six environmental objectives, regardless of whether that economic activity meets the technical screening criteria stipulated in those Delegated Acts. Following an analysis, the BMW Group's business activities can be summarised under the following economic activities*:

Overview of economic activities

Economic activities	Code(s)	Description	Environmental objectives	Reporting 2024	Comments
Manufacture of low carbon technologies for transport	CCM 3.3, CCA 3.3	The production of automobiles and motorcycles, excluding - the sale of parts and components, such as after-sales business excluding the provision of repair services, - the supply of components for production to third parties	I „Climate change mitigation" II „Climate change adaptation"	Taxonomy alignment	Contribution to Environmental objectives II is subsumed under Environmental objective I
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5, CCA 6.5	The acquisition, financing, lease and operation of automobiles and motorcycles, excluding banking and insurance services performed by our non-automotive Financial Services segment	I „Climate change mitigation" II „Climate change adaptation"	Taxonomy alignment	Contribution to Environmental objectives II is subsumed under Environmental objective I
Sale of second-hand goods	CE 5.4	Sale of used third-party brand cars purchased by the BMW Group from external parties and resold to external third parties at the end of the lease agreement	IV „Transition to a circular economy"	Taxonomy alignment	

In contrast to the previous year, economic activity CE 5.4 only includes the sale of used third-party brand automobiles that are purchased by the BMW Group from third parties and resold to external third parties at the end of the lease agreement. The sale of lease returns from BMW Group brands, on the other hand, is reported under CCM 6.5. While all lease and financing activities are still reported under CCM 6.5 in their entirety, this change draws a clear distinction between the remarketing of BMW Group brand vehicles on the one hand (CCM 6.5) and the sale or trade of second-hand automobiles on the other (CE 5.4).

Explanatory comments on reporting procedures



* The additional economic activities specified in Delegated Regulation (EU) 2022/1214 of 9 March 2022 (in particular with regard to nuclear energy and gaseous fossil fuels) are not relevant to the BMW Group.

In order to determine the Taxonomy alignment of economic activities CCM 3.3, CCM 6.5 and CE 5.4 in the reporting year, they must be reviewed against the technical screening criteria relevant to them:

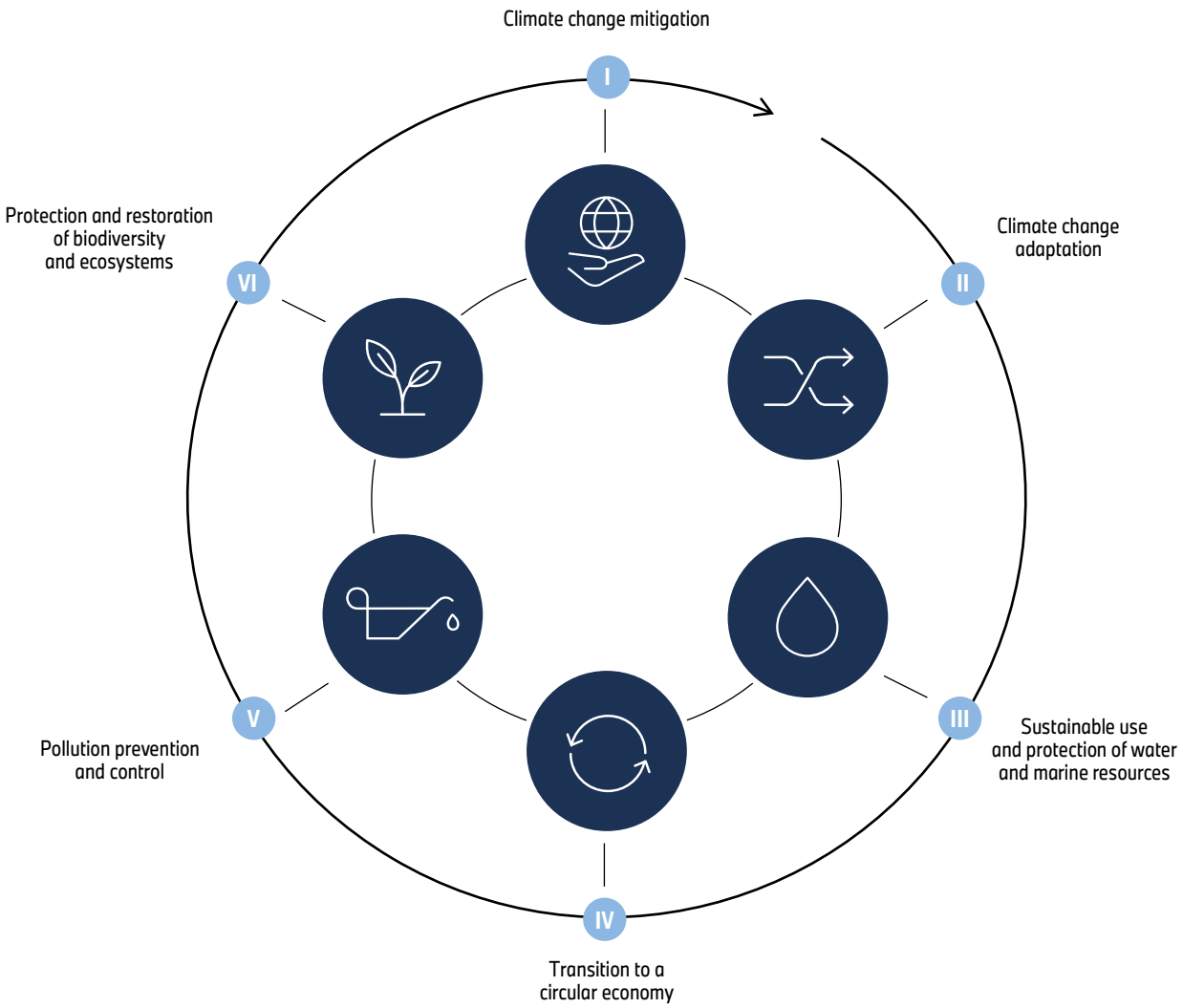
5. Substantial contribution to fulfilment of the environmental objectives "Climate change mitigation" and "Climate change adaptation" based on the specific carbon emissions (CO_2e) for the respective vehicles for economic activities CCM 3.3 and CCM 6.5
6. Substantial contribution to the fulfilment of the environmental objective "Transition to a circular economy" based on the specific requirements for the vehicles under consideration ("Substantial contribution") for economic activity CE 5.4
7. Do no significant harm ("DNSH") to other environmental objectives based on the specific requirements for each relevant economic activity

It must also be ensured that the BMW Group has established minimum safeguards.

Substantial contribution

The BMW Group has reviewed its contribution to the environmental objectives "Climate change mitigation", "Climate change adaptation" and "Transition to a circular economy" for the reporting year. Economic activity CCM 3.3 and economic activity CCM 6.5 both make a substantial contribution to Environmental Objective I "Climate change mitigation" due to the manufacture as well as financing and leasing of low-emission (PHEVs <50g CO_2/km WLTP by 2025) and zero-emissions vehicles (BEVs and motorcycles with 0g CO_2/km). Economic activity CCM 3.3 and economic activity CCM 6.5 as undertaken by the BMW Group are also described under Environmental Objective II "Climate change adaptation". There are, however, no identifiable values that can be separated from Environmental Objective I "Climate change mitigation".

Environmental objectives of EU Taxonomy



In order to identify the specific carbon emissions of PHEV that are not determined in line with Regulation (EU) 2019/631 (among others USA and China), assumptions were made based on the worst-case value for that vehicle model, even though these emissions may have been lower in reality.

Economic activity CE 5.4 makes a substantial contribution to the environmental objective "Transition to a circular economy". Only trading with used third-party brand automobiles will be reported under CE 5.4 from the 2024 reporting year onwards.

Do no significant harm

It is not possible to fully verify compliance with the DNSH criteria for economic activity CE 5.4 due to a lack of data on tyre categories and WLTP emissions values for third-party brands. As a result, no Taxonomy-aligned share can be reported for economic activity CE 5.4. For this reason, economic activity CE 5.4 is not included in the following analysis of the DNSH criteria.

Compliance with the DNSH criteria was reviewed in the reporting year for the five additional environmental objectives, based in each case on the specific requirements specifically for economic activity CCM 3.3 "Manufacture of low carbon technologies for transport" and economic activity CCM 6.5 "Transport by motorbikes, passenger cars and light commercial vehicles".

The vehicle portfolio for economic activity CCM 6.5 includes BMW Group vehicles and vehicles from other manufacturers (third-party products). As no data are available regarding the relevant attributes of these third-party products, it is not currently possible to make a comprehensive assessment in relation to the DNSH criteria. For this reason, these third-party products are not currently reported as Taxonomy-aligned.

Climate change adaptation

A robust climate risk and vulnerability assessment is required for both economic activity CCM 3.3 and economic activity CCM 6.5 to determine that they do not cause significant harm to Environmental Objective II. To satisfy this requirement, the physical climate risks at all major BMW Group production sites are considered and an assessment of any damage that may occur as a result of climate change is carried out. We use long-term climate scenarios* running up to 2035 and 2050 for this purpose. Moreover, we consider potential natural hazards at all of our direct supplier locations in order to adequately take supply risks into account when selecting and evaluating suppliers. Adaptive solutions to mitigate risks are drawn up and implemented as appropriate based on the results of this risk analysis and in consultation with site representatives. Additional information is available in ↗ Procedure and methodological basis for climate-related risks and opportunities, ↗ Physical climate risks, ↗ Transitory climate risks and opportunities.

The DNSH requirements for Environmental Objective II are fulfilled for economic activities CCM 3.3 and CCM 6.5.

Sustainable use and protection of water and marine resources and protection and restoration of biodiversity and ecosystems

In order to establish that no significant harm is caused to Environmental Objectives III and VI, it is necessary to perform a comprehensive risk analysis that looks at the preservation and protection of environmental, water and marine resources for economic activity CCM 3.3 (in both cases, not relevant for economic activity CCM 6.5).

In this context, the BMW Group carries out environmental impact assessments in accordance with Directive 2011/92/EU during the construction of new and expansion of existing sites within the EU that also take account of water and biodiversity. At locations outside the EU, the BMW Group carries out an environmental impact assessment based on EU requirements. Moreover, a certified environmental management system pursuant to ISO 14001 has been implemented at all BMW Group production sites and all local statutory requirements are observed. ↗ Holistic environmental Management within the BMW Group

The DNSH requirements for Environmental Objectives III and VI are fulfilled for economic activity CCM 3.3.

Transition to a circular economy

The requirements for both economic activities of the BMW Group to do no significant harm to Environmental Objective IV differ for each stage of the value chain. We fulfil these requirements during the manufacturing process for BMW Group vehicles (economic activity CCM 3.3) by, for example, using secondary raw materials in our products, designing products to facilitate their recycling, managing waste at our production sites in a way that prioritises recycling over disposal, and systematically registering substances of concern along the entire supply chain. With regard to the utilisation phase and recycling of BMW Group vehicles (economic activity CCM 6.5), we have set up appropriate processes to comply with recycling requirements and established measures for managing waste during maintenance and at the end of the life cycle. All these criteria also form part of our comprehensive approach to the ↗ Circular Economy and Resource Use.

The DNSH requirements for Environmental Objective IV are fulfilled for economic activities CCM 3.3 and CCM 6.5.

* SSP1-1.9, SSP2-4.5, SSP5-8.5.

Pollution prevention and control

The requirements to do no significant harm to Environmental Objective V differ considerably for economic activity CCM 3.3 and economic activity CCM 6.5.

With regard to economic activity CCM 3.3, the BMW Group has established corresponding processes which aim to monitor and ensure legal compliance with any prohibitions and limits relating to the use of chemical substances at the vehicle level. With regard to the extended requirements for hazardous substances that fulfil the criteria of any of the classes or categories specified in Article 57 of the REACH Regulation (EC) 1907/2006 in accordance with the CLP Regulation (EC) 1272/2008 and which constitute at least 0.1% of the mass of the final product, the BMW Group has initialised a process to assess the extent to which these substances can be replaced with suitable alternatives.

Firstly, the points of the supply chain at which these substances are used were identified and assessed in a further step against the background of the state of the art and taking business, regulatory and technical concerns into account. If the use of these hazardous substances cannot be avoided, the BMW Group uses them under controlled conditions in accordance with hazardous material regulations. However, it is not possible to meet all criteria to do no significant harm to Environmental Objective V in the case of economic activity CCM 6.5. Current PHEV models with air pollutant emissions under 50 g CO_2/km WLTP offered by the BMW Group and other manufacturers may make a substantial contribution as defined by the EU Taxonomy. However, manufacturer specifications for air pollutant emissions in real driving conditions (real driving emissions [RDE]) can only be reduced for selected models to 80% of the limit as required by the EU Taxonomy with reference to Table 2 in the Annex to the Clean Vehicles Directive, due to potentially extreme driving situations. The vast majority of PHEVs in the vehicle portfolio for economic activity CCM 6.5 must therefore be considered not Taxonomy-aligned.

For the remaining PHEV and BEV models in the BMW Group's vehicle portfolio, further deductions have to be made for individual models in the context of economic activity CCM 6.5 in light of the requirements for rolling resistance coefficients for tyres and in particular the external rolling noise of tyres. Owing to the limited availability of data, the eligibility of the models concerned is calculated in a simplified manner based on the tyres approved for these models, weighted by their purchase volumes and take rates.

The DNSH requirements for Environmental Objective V are fulfilled for economic activity CCM 3.3; however, not all are fulfilled for economic activity CCM 6.5, due to the RDE and tyre label requirements described.

Minimum safeguards

Additionally, companies that carry out economic activities as defined by the EU Taxonomy are required to establish minimum safeguards. They require the implementation of processes to ensure compliance with due diligence obligations both within an organisation and in stages of the upstream and downstream value chain that have been outsourced. Specifically, this refers to compliance with human rights and regulations on bribery, corruption, taxation and fair competition. In its ↗ Policy statement on respect for human rights and corresponding environmental standards, the BMW Group has, among other things, committed to compliance with the following standards for minimum safeguards as defined in Article 18 of the Taxonomy Regulation: Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights and the Ten Principles of the UN Global Compact, which we signed back in 2001. ↗ Purchasing and Supplier Network, ↗ Compliance

The minimum safeguard requirements are met.

EU Taxonomy performance indicators

Please refer to the remarks in the glossary for the definition and calculation of the Taxonomy-specific performance indicators revenues, capital expenditure and operating expenditure and their differentiation from IFRS. ↗ Glossary and Explanation of Key Figures

The proportion of total revenues, capital expenditure and operating expenditure relating to eligible and non-eligible economic activities are shown in each case as an aggregate percentage for the BMW Group. All Taxonomy-eligible revenues, capital expenditure and operating expenditure for economic activities CCM 3.3 and CCM 6.5 are disclosed under Environmental Objective I "Climate change mitigation", given that there are no identifiable values for Environmental Objective II "climate change adaptation" that can be separated from Environmental Objective I "Climate change mitigation". This approach avoids double counting of revenues, capital expenditure and operating expenditure when determining the KPI in the numerator across multiple economic activities.

In the case of capital expenditure and operating expenditure, all Taxonomy-eligible expenditure is allocated to the two economic activities CCM 3.3 and CCM 6.5. There is no independent Taxonomy-eligible capital expenditure and operating expenditure for economic activity CE 5.4.

In most cases, values from financial data were allocated directly to the economic activities for all three performance indicators, based for example on the drivetrain or the vehicle model. In the remaining cases, an allocation mechanism was used for each economic activity and each performance indicator. For Taxonomy-eligible and Taxonomy-aligned capital expenditure for economic activity CCM 3.3, the allocator is based on long-term Taxonomy-aligned revenues generated from the Automotive and Motorcycles segments:

— Allocator for economic activity CCM 3.3: Proportion (BEV + PHEV [<50g CO_2]) x Automotive segment revenues (2025–2030)*

* PHEV volumes are only taken into account in the allocator until reporting year 2025 inclusive.

The allocator is based on detailed long-term corporate planning for the next six years, as approved each year by the Board of Management and Supervisory Board. This formula is used for capital expenditure on property, plant and equipment (including right-of-use assets from lessee relationships), intangible assets and expenditure on research and development for economic activity CCM 3.3. For operating expenditure, the allocator is only applied to non-capitalised development costs.

For other operating expenditure (non-capitalised right-of-use assets (lessee), maintenance/repair expenses) relating to economic activity CCM 3.3, the formula is based on the Taxonomy-aligned revenues generated from the Automotive and Motorcycles segments in the reporting period.

For Taxonomy-eligible and Taxonomy-aligned capital expenditure for economic activity CCM 6.5, the allocator is based on the Taxonomy-aligned financing volume for new customers in the current financial year:

— Allocator for economic activity CCM 6.5: DNSH alignment factor x BEV proportion x financing volume attributable to new customer contracts (2024)

It refers to capital expenditure on leased products.

Further increase in Taxonomy-aligned capital expenditure and operating expenditure in the 2024 reporting year

The following overview tables summarise the performance indicators revenues, capital expenditure and operating expenditure from Taxonomy-eligible and Taxonomy-aligned economic activities of the BMW Group. Regardless of the Taxonomy requirements, the BMW Group regularly and comprehensively addresses risks arising from climate change and their potential impact on its locations and supply chains. ↗ Climate change adaptation, ↗ Climate Change Mitigation and Adaptation

— **BMW Group perspective**

Both performance indicators - capital expenditure and operating expenditure - continued to grow year on year at the BMW Group level. This reflects the BMW Group's increased investment in sustainable products and plant infrastructure as part of the ongoing electrification process. The Taxonomy-aligned proportion of capital expenditure was 29.1%, which was 3.1% higher than in 2023 (€ 10,687 million). Taxonomy-aligned capital expenditure as a proportion of the BMW Group's total capital expenditure is impacted significantly by additions related to leased products. Consequently, an examination of the proportion of Taxonomy-aligned capital expenditure at the BMW Group level does not reflect the huge investment in sustainable economic activities and products. Operating expenditure incurred for Taxonomy-aligned economic activities amounted to € 2,146 million, corresponding to over 32% of Taxonomy-eligible operating expenditure (2023: 31%).

The Taxonomy-aligned proportion of the BMW Group's revenues fell slightly in 2024. They amounted to € 20,819 million (2023: € 23,690 million), corresponding to 14.6% of total Group revenues and a decrease on the previous year of about half a percentage point. This was mainly driven by changes in the pricing structure of the Taxonomy-aligned BEV portfolio and negative elimination effects between the Automotive segment and the Financial Services segment. ↗ Voluntary additional information on the Taxonomy-aligned share per economic activity

— **Economic activity CCM 3.3, "Manufacture of low-carbon technologies for transport"**

The Taxonomy-aligned share of revenues generated by the Automotive and Motorcycles segments corresponded to 13.4% (economic activity CCM 3.3 "Manufacture of low-carbon technologies for transport") of total Group revenues (2023: 15.0%). As a percentage of third-party revenues of the two segments, the Taxonomy-aligned share equaled to 20.3% (2023: 22.1%). ↗ Course of Business and Segments

The Taxonomy-aligned proportion of capital expenditure fell slightly by just under 2 percentage points to 20.9% (2023: 22.7%). This is due to the disproportionate increase in total capital expenditure relative to capital expenditure in the Automotive and Motorcycles segments. Looking only at the Taxonomy-aligned additions to intangible assets and property, plant and equipment in the context of additions recorded by the Automotive and Motorcycles segments, however, the proportion of Taxonomy-aligned capital expenditure went up by a percentage point to 61.5%. ↗ Voluntary additional information on the Taxonomy-aligned share per economic activity

— **Economic activity CCM 6.5, "Transport by motorbikes, passenger cars and light commercial vehicles"**

The Taxonomy-aligned shares for the three performance indicators are at a low single-digit level for the Financial Services segment, but are on an upwards trajectory. This is due to the fact that there is a time lag before the effects of the vehicle fleet electrification ramp-up impact the financing and leasing lines of business. A further reason is the varied, stricter DNSH requirements for economic activity CCM 6.5, in particular those relating to Environmental Objective V "Pollution prevention and control", which lead to the exclusion of almost all PHEV and a significant restriction in the recognition of BEV (for details see section ↗ Do no significant harm). Third-party brands are not included in the vehicle portfolio in the reporting on Taxonomy alignment for economic activity CCM 6.5. A lack of available data regarding the tyre categories or WLTP emission values of third-party products makes it impossible to review compliance with the DNSH criteria in full.

The Taxonomy-aligned proportion of capital expenditure in the Financial Services segment rose by almost 250% on the previous year to 8.2% (€ 3,006 million). Based on total capital expenditure in the Financial Services segment, the Taxonomy-aligned proportion more than doubled to 12.4%. Taxonomy-aligned revenues increased more than four-fold year on year to € 1,742 million.

— **Economic activity CE 5.4, "Sale of second-hand goods"**
As stipulated by Delegated Regulation 2023/2486, the BMW Group is reporting on the Taxonomy-aligned proportion of revenues for economic activity CE 5.4 for the first time. This economic activity includes revenues from the sale of used third-party brand passenger cars after their intended use by clients in the Financial Services segment, but does not include revenues from the sale of used third-party brand motorcycles. Around 1.2% of total revenues are Taxonomy-eligible in reporting year 2024 (2023[1]: 1.1%). The Taxonomy-aligned share is zero due to a lack of data concerning the DNSH criteria.

As the overview tables from Delegated Regulation (EU) 2023/2486 do not provide a detailed picture of the BMW Group's business model per economic activity, the following table provides detailed information about the three performance indicators as regards Taxonomy alignment, reported separately for economic activities CCM 3.3, CCM 6.5 and CCM 5.4.

Voluntary additional information on the Taxonomy-aligned share per economic activity

	2024 in € million	2024 in € million	2024 in %	2023[5] in %
Revenues[2]	**by activity**	**of which Taxonomy-aligned**	**Proportion**	Proportion
Manufacture of low carbon technologies for transport (CCM 3.3)	94,079	19,077	20.3	22.1
Transport by motorbikes, passenger cars and light commercial vehicles (CCM 6.5)	32,116	1,742	5.4	1.1
Sale of second-hand goods (CE 5.4)	1,775	n/a	n/a	n/a
Taxonomy-non-eligible revenues	14,409	n/a	n/a	n/a
Total revenues BMW Group	**142,379**	**20,819**	**14.6**	**15.2**
Capital expenditure[3]	**by activity**	**of which Taxonomy-aligned**	**Proportion**	Proportion
Manufacture of low carbon technologies for transport (CCM 3.3)	12,480	7,680	61.5	60.4
Transport by motorbikes, passenger cars and light commercial vehicles (CCM 6.5)	24,198	3,006	12.4	5.4
Taxonomy-non-eligible capital expenditure	87	n/a	n/a	n/a
Total CapEx BMW Group	**36,765**	**10,687**	**29.1**	**26.0**
Operating expediture[4]	**by activity**	**of which Taxonomy-aligned**	**Proportion**	Proportion
Manufacture of low carbon technologies for transport (CCM 3.3)	6,331	2,125	33.6	32.2
Transport by motorbikes, passenger cars and light commercial vehicles (CCM 6.5)	305	21	6.9	4.2
Total OpEx BMW Group[3]	**6,636**	**2,146**	**32.3**	**31.1**

[1] Prior-year figures for revenues related to CE 5.4 are adjusted due to a change in the calculation basis.
[2] Taxonomy-aligned share calculated with denominator as third-party revenue from Taxonomy-eligible values of the respective economic activity.
[3] Taxonomy-aligned share calculated with the Taxonomy-eligible value of the respective economic activity as denominator. See ↗ note [20] to the Group Financial Statements for details on the BMW Group's capital expenditure.
[4] Only includes the operating expenditure defined in the EU Taxonomy.
[5] Prior-year figures for revenues related to CE 5.4 and CCM 6.5 adjusted due to change in the calculation basis.

Contextual KPI information related to Taxonomy-aligned economic activities

in € million	2024	2023
Revenues		
Sales of products, related goods and revenue of service contracts	19,077	23,340
Revenues related to financial services	1,742	350
Total	**20,819**	**23,690**
Capital expenditure		
Economic activity CCM 3.3		
Property, plant and equipment*	5,668	5,391
Development costs	2,012	1,516
Leased products	–	–
Total	**7,680**	**6,907**
Economic activity CCM 6.5		
Property, plant and equipment*	2	1
Development costs	–	–
Leased products	3,005	1,018
Total	3,006	1,018
Total	**10,687**	**7,926**
Operating expenditure		
Economic activity CCM 3.3		
Development costs – not capitalised	1,915	1,843
Right-of-use assets (lessee) – not capitalised	18	17
Maintenance/repair expenses	192	191
Total	**2,125**	**2,051**
Economic activity CCM 6.5		
Development costs – not capitalised	18	9
Right-of-use assets (lessee) – not capitalised	–	–
Maintenance/repair expenses	3	2
Total	**21**	**11**
Total	**2,146**	**2,062**

Revenues for economy activity CCM 3.3 include small amounts from Taxonomy-aligned activities related to the BMW Group's company car programme. These company cars are generally transferred to the BMW Group's external sales programme within twelve months after a short period of in-house use.

* Including intangible assets and right-of-use assets from lessee relationships.

CapEx plan for Environmental Objective I "Climate change mitigation"

A CapEx plan is required to be drawn up for capital expenditure and operating expenditure that expand Taxonomy-aligned economic activities or allow Taxonomy-eligible economic activities to become Taxonomy-aligned. This plan has been approved by the Board of Management of BMW AG and covers a seven-year period (2024–2030). The CapEx plan covers capital expenditure and operating expenditure for the reporting year and planned capital expenditure and operating expenditure (only non-capitalised development costs) for 2024–2030 for economic activities CCM 3.3 and CCM 6.5. The selected future period corresponds to the detailed long-term corporate planning of the BMW Group and contains various investment measures with different implementation times (e.g. electrification of the vehicle fleet, model revisions, structural investments in production sites). The CapEx plan earmarks € 73,451 million for economic activity CCM 3.3 and € 25,324 million for economic activity CCM 6.5. The increase in Taxonomy-aligned capital expenditure and operating expenditure as compared to the previous year's plan can largely be attributed to generally higher capital expenditure and operating expenditure associated with electrification until the end of the decade.

CapEx plan for expansion of or transformation into Taxonomy-aligned economic activities

in € million		**2024**	2023
	Code(s)	2024–2030	2023–2029
Economic activities			
Manufacture of low carbon technologies for transport	CCM 3.3	73,451	68,473
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	25,324	24,847
Total		**98,775**	**93,320**

Revenues

Financial year 2024		2024		Substantial contribution criteria						DNSH criteria ("Does not significantly harm")							2023		
	Code(s)[1]	Revenues	Proportion of Revenues[3]	Climate change mitigation	Climate change adaption	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaption	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Proportion of Taxonomy aligned (A.1) or eligible (A.2) revenues[4]	Category enabling activity	Category transitional activity
Economic activities		in € million	in %	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N	Y;N	Y;N	Y;N	Y;N	Y;N	Y;N	in %	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture of low carbon technologies for transport	CCM 3.3; CCA 3.3	19,077	13.4	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	15.0	E	
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5; CCA 6.5	1,742	1.2	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.2		T
Revenues of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**20,819**	**14.6**	**14.6%**	**0%**	**0%**	**0%**	**0%**	**0%**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**15.2**		
Of which enabling		**19,077**	**13.4**	**13.4%**	**0%**	**0%**	**0%**	**0%**	**0%**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**15.0**	**E**	
Of which transitional		**142**	**0.1**	**0.1%**						**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**0.0**		**T**
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Manufacture of low carbon technologies for transport	CCM 3.3; CCA 3.3	75,002	52.7	EL	EL	N/EL	N/EL	N/EL	N/EL								55.9		
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5; CCA 6.5	30,374	21.3	EL	EL	N/EL	N/EL	N/EL	N/EL								19.7		
Sale of second-hand goods[2]	CE 5.4	1,775	1.2	N/EL	N/EL	N/EL	N/EL	EL	N/EL								1.1		
Revenues of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**107,151**	**75.3**														**76.7**		
A. Revenues of Taxonomy-eligible activities (A.1+A.2)		**127,970**	**89.9**														**91.9**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Revenues of Taxonomy-non-eligible activities		**14,409**	**10.1**																
Total		**142,380**	**100.0**																

[1] With reference to Annex II of Delegated Regulation (EU) of 27 June 2023 (EU 2023/2486).
[2] No Taxonomy-aligned value can be determined for economic activity CE 5.4 due to it not being possible to track whether all relevant DNSH criteria (pollution) have been met.
[3] Taxonomy-aligned share of revenues per economic activity is 20.3% for CCM 3.3 and 5.4% for CCM 6.5, see ↗ Voluntary additional information on Taxonomy-aligned share per economic activity.
[4] Previous year's value for CCM 6.5 and CE 5.4 adjusted due to CE 5.4 being restricted to third-party brands.

Capital expenditure

Financial year 2024		2024		Substantial contribution criteria						DNSH criteria ("Does not significantly harm")							2023		
	Code(s)[1]	CapEx	Proportion of CapEx[2]	Climate change mitigation	Climate change adaption	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaption	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Proportion of Taxonomy aligned (A.1) or eligible (A.2) CapEx	Category enabling activity	Category transitional activity
Economic activities		in € million	in %	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N	Y;N	Y;N	Y;N	Y;N	Y;N	Y;N	in %	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture of low carbon technologies for transport	CCM 3.3; CCA 3.3	7,680	20.9	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	22.7	E	
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5; CCA 6.5	3,006	8.2	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	3.3		T
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**10,687**	**29.1**	**29.1%**	**0%**	**0%**	**0%**	**0%**	**0%**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**26.0**		
Of which enabling		**7,680**	**20.9**	**20.9%**	**0%**	**0%**	**0%**	**0%**	**0%**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**22.7**	**E**	
Of which transitional		**354**	**1.0**	**1.0%**						**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**0.6**		**T**
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Manufacture of low carbon technologies for transport	CCM 3.3; CCA 3.3	4,800	13.1	EL	EL	N/EL	N/EL	N/EL	N/EL								14.9		
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5; CCA 6.5	21,192	57.6	EL	EL	N/EL	N/EL	N/EL	N/EL								58.9		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**25,991**	**70.7**														**73.7**		
A. CapEx of Taxonomy-eligible activities (A.1+A.2)		**36,678**	**99.8**														**99.8**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities		**87**	**0.2**																
Total		**36,765**	**100.0**																

[1] With reference to Annex II of Delegated Regulation (EU) of 27 June 2023 (EU 2023/2486).
[2] Taxonomy-aligned share of capital expenditure per economic activity is 61.5% for CCM 3.3 and 12.4% for CCM 6.5, ↗ Voluntary additional information on Taxonomy-aligned share per economic activity.

Operating expenditure

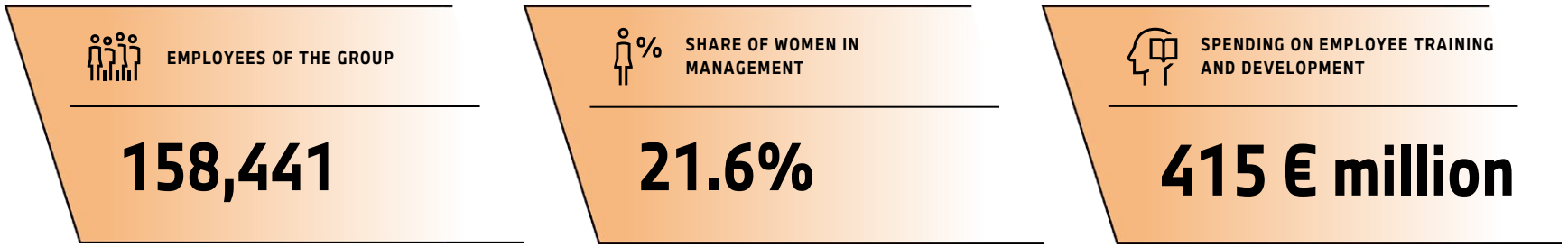
Financial year 2024		2024		Substantial contribution criteria						DNSH criteria ("Does not significantly harm")							2023		
	Code(s)[1]	OpEx	Proportion of OpEx[2]	Climate change mitigation	Climate change adaption	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaption	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Proportion of Taxonomy aligned (A.1) or eligible (A.2) OpEx	Category enabling activity	Category transitional activity
Economic activities		in € million	in %	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N	Y;N	Y;N	Y;N	Y;N	Y;N	Y;N	in %	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture of low carbon technologies for transport	CCM 3.3; CCA 3.3	2,125	32.0	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	30.9	E	
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5; CCA 6.5	21	0.3	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.2		T
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**2,146**	**32.3**	**32.3%**	**0%**	**0%**	**0%**	**0%**	**0%**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**31.1**		
Of which enabling		**2,125**	**32.0**	**32.0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**30.9**	**E**	
Of which transitional		**0**	**0.0**	**0%**						**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**0.0**		**T**
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Manufacture of low carbon technologies for transport	CCM 3.3; CCA 3.3	4,206	63.4	EL	EL	N/EL	N/EL	N/EL	N/EL								65.1		
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5; CCA 6.5	284	4.3	EL	EL	N/EL	N/EL	N/EL	N/EL								3.8		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**4,490**	**67.7**														**68.9**		
A. OpEx of Taxonomy-eligible activities (A.1+A.2)		**6,636**	**100.0**														**100.0**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities		**0**	**0.0**																
Total		**6,636**	**100.0**																

[1] With reference to Annex II of Delegated Regulation (EU) of 27 June 2023 (EU 2023/2486).
[2] Taxonomy-aligned share of operating expenditure per economic activity is 33.6% for CCM 3.3 and 6.9% for CCM 6.5, ↗ Voluntary additional information on Taxonomy-aligned share per economic activity.

Nuclear and fossil gas-related activities

	Nuclear energy-related activities	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No
	Fossil gas-related activities	
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	No
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No

SOCIAL INFORMATION



SOCIAL RESPONSIBILITY

As a global company, the BMW Group takes social responsibility. This includes, in particular, adherence with environmental and social standards along the entire value chain. The BMW Group works in close cooperation with the General Works Council to uphold fair working conditions and respect for human rights, not only for our own employees, but also by suppliers and other business partners, such as sales partners. The BMW Group pursues a holistic approach in this regard. In addition to committing itself to meeting high social standards, it also takes action to enable that these are met along the entire value chain. In this way, the BMW Group assumes responsibility in areas beyond its own operations. As a global premium manufacturer of automobiles and motorcycles with a multinational workforce on all continents, the BMW Group has close ties with the societies in which it operates. There, the Company also enters into local long-term voluntary social commitments.

Encouraging employees and ensuring their development is a core aspect of the BMW Group's social responsibility. The Company fosters a forward-looking and inclusive working environment that offers individual training and further education opportunities ↗ Own Workforce.

Information about the multistage due diligence process regarding respect for human rights in the supplier network can be found in ↗ Social and Environmental Responsibility in the Supplier Network.

High-quality products and transparent behaviour are of central importance to the BMW Group. The BMW Group focuses on meeting the needs of its customers and providing them with a unique experience. More information about this can be found at ↗ Consumers and End-Users.

Basis for action

The BMW Group is committed to respecting human rights and the associated environmental standards. This applies not only to our own business activities, but also to our relationships with suppliers and other business partners. The BMW Group uses clearly defined responsibilities and targeted actions to safeguard these fundamental rights. In 2005, the BMW Group reaffirmed its position in a joint declaration on human rights and working conditions, which was signed by the Board of Management and employee representatives. Multistage due diligence processes enable that internationally recognised standards are met. In addition to country-specific requirements, the BMW Group takes the following international standards into account in particular:

- International Bill of Human Rights, consisting of the United Nations Universal Declaration of Human Rights, as well as the International Covenant on Civil and Political Rights (ICCPR) and the International Covenant on Economic, Social and Cultural Rights (ICESCR)
- UN Guiding Principles on Business and Human Rights
- International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work
- ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration) and ILO Convention 169
- Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Companies and the,
- Ten Principles of the UN Global Compact.

The Human Rights Officer assumes an overarching management role within the BMW Group. In this role, the Human Rights Officer monitors the implementation of the risk management measures provided for in the German Supply Chain Due Diligence Act. The Human Rights Officer liaises closely with the relevant departments and reports directly to the Board of Management on a regular basis as well as on an ad hoc basis. Within the BMW Group, the Compliance function is responsible for the overarching concept to ensure compliance with human rights and the associated environmental standards. In addition, the Compliance function coordinates the due diligence processes not only within its own business area, but also with other business partners, such as the dealership organisations. The BMW Group's Compliance Management System (CMS) provides the organisational framework for adhering to the significant requirements. » Compliance and notification systems

In addition to the international standards, the ↗ BMW Group Code on Human Rights and Working Conditions applies to our own business operations as well as our suppliers and other business partners. The respective responsible units (such as BMW Group departments or companies) and business partners are responsible for complying with human rights due diligence obligations.

Within the BMW Group, managers are responsible for implementing this Code and the ↗ BMW Group Code of Conduct in their own areas. They are obliged to inform employees about the content and significance of the Codes, in addition to advising them and supporting them with the application of the Codes' principles in their daily work. Every employee must ensure that they are in compliance with the requirements related to human rights and working conditions and make sure that their professional conduct is in alignment with those principles. The BMW Group has established taking social responsibility as a prerequisite for prospective business partners. Human rights-related and environmental due diligence obligations are incorporated into dealership and agency contracts for example.

The BMW Group takes measures for prevention, control and remediation on a risk-based and ad hoc basis. It uses a catalogue of measures, questionnaires and an interlinked set of training courses, contractual agreements, certifications and inspections for this purpose. If actual or imminent violations of human rights and/or related environmental standards are identified, the BMW Group takes remedial action to prevent, end or minimise them. The purpose of the control measures is to thoroughly investigate risks and indications and to check whether actual infringements have occurred.

The issue of child labour is addressed by the BMW Group's Group-wide policies. According to this, child's development must not be hindered by undertaking any kind of work that keeps them from receiving an education Their dignity must be respected and their health and safety protected. In accordance with ILO Core Labor Standards and national legislation, we adhere to minimum employment ages and categorically reject child labour. This applies in particular to the worst forms of child labour for children and young people under the age of 18, practices akin to slavery, or activities that are dangerous or immoral. We therefore verify whether applicants and employees have reached the minimum age for employment, for example, as well as determining which tasks may be performed by those under the age of 18.

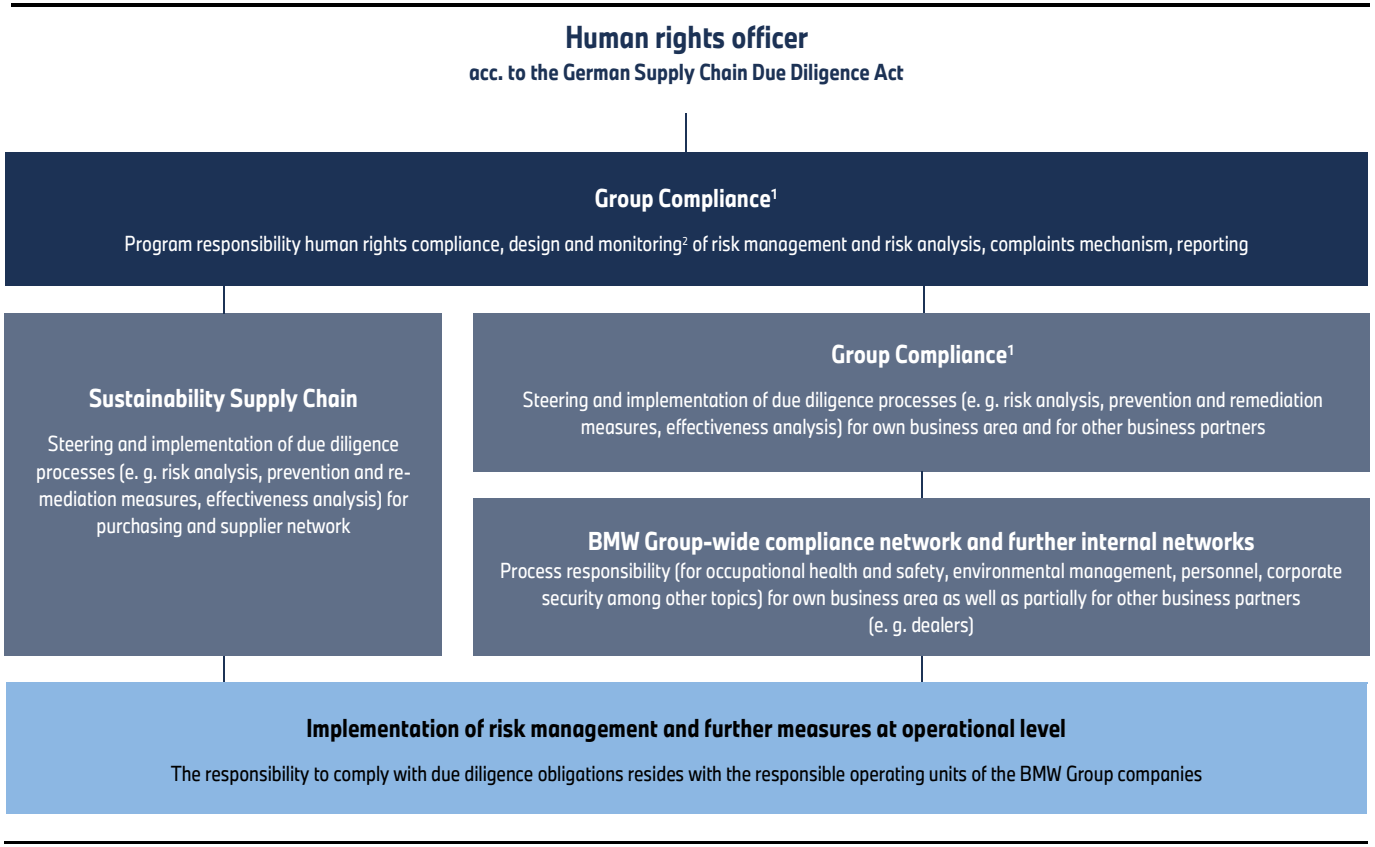
In line with the ILO Core Labour Standards, the BMW Group also does not tolerate forced or compulsory labour of any kind. In accordance with ILO Core Labor Standards, we strongly oppose the use of forced or unlawful compulsory labour in our business activities, from the very beginning of the supply chain. This also includes all forms of modern slavery and human trafficking. All employment contracts with the BMW Group or with enterprises and suppliers commissioned by it must always be concluded on a voluntary basis. All employment relationships may be terminated by both parties, subject to reasonable or statutory notice.

There are no activities at the BMW Group for which a risk of forced or child labour has been identified.

The BMW Group has established an appropriate complaints mechanism as an integral part of its due diligence processes. This enables the Company to effectively prevent human rights and environmental violations and take immediate remedial action. The complaints mechanism includes various whistleblower systems, such as the ↗ BMW Group SpeakUP Line. Employees with questions or concerns relating to compliance can discuss these matters with their managers or relevant Compliance functions.

All ↗ Compliance incident reporting channels are published on the BMW Group website and are available to all internal and external persons, provided the underlying issue is related to the Company. Reported cases are checked and remedial action is taken promptly if necessary. In the reporting year, no customer-related reports of human rights violations were received through the established channels.

Risk management and responsibilities



[1] Department program design, prevention.
[2] Performing duties for the Human Rights Officer.

OWN WORKFORCE

Material impacts, risks and opportunities	Type	Stage of the value chain	Policies	Targets	Specific actions
Workplace accidents resulting in physical injury reduce an employee's ability to live a fulfilling life, or may in worst cases be fatal.	Negative impact		– BMW Group-wide health and safety management – Occupational safety along the value chain	– None	– Prevention and care through hazard and stress analyses – Qualification measures, quality audits and certification of the occupational health and safety management system – Holistic health management system with access to in-house health services
Emplaced preventive measures through health standards and offerings for the employees (e.g. sports offerings, health check-up) can improve the health and safety of the employees.	Positive impact				
Secure employment for own workers provides financial stability, contributing to mental health and well-being to employees worldwide.	Positive impact		– Long-term strategic human resources planning – Integrative Just Transition Approach	– Employer attractiveness	– Measures derived from the long-term strategic human resources planning, for example the use of different employment types – Use of working time accounts at all production sites where this is legally possible
Promoting social dialogue can foster satisfaction and cooperation among workers globally, as it provides employees with a platform and mechanism to voice their concerns and share their ideas.	Positive impact		– Change process of the BMW Group – Employee representatives and collective bargaining	– None	– Central opportunities to participate and regular dialogue between employees and the Company – Measurement of the organisation's performance using the High Performance Organisation Index as part of a biennial employee survey – Up to two meetings per year between the BMW EURO Works Council and corporate management. Employee representatives from production sites outside Europe are also invited to attend.

Material impacts, risks and opportunities	Type	Stage of the value chain	Policies	Targets	Specific actions
Training and skill development of employees worldwide enhances qualification, allows for professional growth and continued employability.	Positive impact		– Integrative Just Transition approach – Performance and career development assessment processes	– Investment in vocational training and further education	– Comprehensive training measures determined using a system-supported Training Needs Analysis process – Qualification and development of managers based on the Leadership Competency Model – BMW Group development programmes to retain top talent at an early stage
Diversity measures (in the dimensions gender, age and experience, cultural background, sexual orientation and identity, physical and mental ability) lead to a more diverse and inclusive work place and more integration worldwide.	Positive impact		– Strategically integrated diversity management – Protection against discrimination – BMW AG's general operating and inclusion agreement	– Share of women in management positions	– Training and awareness-raising measures to ensure a prejudice-free working environment – Points of contact for employees with concerns about diversity and inclusion – Employee engagement and networking in Employee Resource Groups
Increasing the proportion of women, particularly in management positions and including more women in networking activities, trainings, and mentoring programs in the own workforce are important measures to promote diversity and inclusion within the company.	Positive impact		– Gender distribution at management level – Competitive and performance-related pay	– Share of women in management positions	– Early identification and development of female high-potential candidates – Regular review of remuneration structures, gender equal pay factored into salary rounds and variable payments

Upstream material Own Operations material Downstream material

Own workforce characteristics

The BMW Group's own workforce can be divided into two categories in accordance with the ESRS S1 standard: BMW Group employees (ESRS S1-6) and non-employees (ESRS S1-7).

BMW Group employees include all persons with temporary or permanent employment contracts with the BMW Group on 31 December of the reporting year. The total figure does not include employees in inactive early retirement phase, women on maternity leave, employees who are absent for reasons including sabbaticals, parental or family care leave, long-term illnesses, military service or accompanying their partner abroad, other BMW Group employees and temporary agency workers.

Using temporary employees contributes to the Company's flexibility and responsiveness in a volatile market environment. In addition to being assigned to specific projects, they also help to balance out fluctuations and utilisation peaks.

In addition to its own employees, the BMW Group also has non-employees within the meaning of ESRS S1-7. These are mainly temporary agency workers. The use of temporary agency workers provides the Company with the flexibility needed to react to short-term peaks in capacity utilisation, market or model-specific fluctuations, unforeseeable economic changes and structural and project-related issues.

The BMW Group defines temporary agency work in accordance with the ILO Declaration on Fundamental Principles concerning temporary agency work: an employee is hired by a temporary employment agency and then hired out to perform their work under the supervision and direction of the user company. There is considered to be no employment relationship between the temporary agency worker and the user company, although there could be legal obligations of the user company towards the temporary agency worker, especially with respect to health and safety. The relevant labour contract is of limited or unspecified duration with no guarantee of continuation. The user company pays fees to the agency, and the agency pays the wages. The Company complies with the locally applicable legal requirements, such as the German Temporary Employment Act, as well as internal agreements with employee representatives that regulate the use of temporary agency workers.

The entire workforce of the BMW Group, including non-employees, was considered equally in the materiality assessment. All employee groups were covered through the involvement of different stakeholder groups, including the Works Council ↗ Stakeholder Engagement. In addition, impacts resulting from the various areas of activity, production and indirect employment were taken into account.

Employees by contract type and gender[1]

in headcount	2024
Total number of employees[2]	**158,441**
Number of permanent employees	**145,846**
Male	117,156
Female	28,649
Other	–
Not disclosed	41
Number of temporary employees	**12,595**
Male	10,161
Female	2,431
Other	–
Not disclosed	3
Number of non-guaranteed hours employees[3]	**–**
Male	–
Female	–
Other	–
Not disclosed	–

Employees by geographical areas and country[1,4]

in headcount	2024
Total number of employees[2]	**158,441**
Europe	107,408
thereof Germany	89,490
America	17,639
Asia	29,932
thereof China	27,330
Africa	3,165
Oceania	297

[1] Assurance level: reasonable assurance.
[2] Compared to the ↗ Key Performance Indicator, in accordance with ESRS only consolidated companies are included. The Joint Operation Spotlight, on the other hand, is included proportionally.
[3] In addition to the temporary and permanent contract types, non-guaranteed hours employees are also reported in accordance with ESRS. This type of contract is not used by the BMW Group ↗ Glossary and Explanation of Key Figures.
[4] Disclosed for each country in which the Company has at least 50 employees that account for at least 10% of the Company's total number of employees.

Employees by contract type and geographical areas 2024[1]

in headcount	Europe	America	Asia	Africa	Oceania	Total
Total number of employees	**107,408**	**17,639**	**29,932**	**3,165**	**297**	**158,441**
Number of permanent employees	105,952	17,634	20,008	1,960	292	145,846
Number of temporary employees	1,456	5	9,924	1,205	5	12,595
Number of non-guaranteed hours employees	–	–	–	–	–	–

Overview of targets related to social sustainability

Targets and key figures in the area of social sustainability are defined as part of the HR-related strategy and integrated into BMW Group's target system. Both the inclusion of new key figures and adjustments to existing ones are decided by the Board of Management. The degree of target achievement is reviewed as part of the target management process and discussed on a regular basis by the Board of Management and then presented to the joint Supervisory Board[2]. The annual review of target achievement ensures that the annual interim targets and the strategic targets for 2025 (and 2030 in future) are achieved.

Three strategic topics in the area of social sustainability have been derived from the target management process:

- Employer attractiveness ↗ Attractive employment conditions
- Investment in vocational training and further development ↗ Just Transition - Developing expertise for the future
- Increasing the share of women in management positions ↗ Breakdown by age and gender.

For the implementation of different target scenarios, a multi-year assessment is carried out to analyse the impacts on the BMW Group's employee structure. This includes assessing the share of women in management positions in order to ensure equality in terms of development opportunities. The strategic target for the share of women in management positions is calculated in a multi-year simulation on the basis of the gender distribution in the workforce and the functional levels, as well as employees who join or leave.

Employer attractiveness and secure employment

Attractive employment conditions

The BMW Group is one of the most attractive employers worldwide. Several factors ensure this: challenging work, individual development and organisational opportunities for employees, performance-related pay with attractive fringe benefits and a modern working environment.

Ensuring that the BMW Group is an attractive employer is a core objective of the Group's HR strategy. The BMW Group has set itself the target[3] of being among the Top 3 each year in a clearly defined competitive environment in Germany. Its target groups include pupils, specialists, academic professionals and students in the fields of economics, engineering and IT. The target reflects our positive image in relevant target groups based on rankings. In order to maintain its attractiveness as an employer at a high level, the BMW Group continuously analyses and adapts its recruitment strategies for hard-to-fill positions and other areas. This includes the local recruitment of talent and personnel allocation in regions with available qualified workers. This approach ensures the availability of the necessary skills and ensures the competitiveness of the BMW Group despite the shortage of skilled labour.

In 2024, the Trendence employer ranking system once again named the BMW Group the most attractive employer across all target groups within the defined competitive environment. The Company also secured the top position in multiple target groups including, for the thirteenth consecutive year, the no. 1 spot among academic professionals. The BMW Group also monitors employer attractiveness in individual markets on an international basis in order to recognise trends at an early stage. Due to the extremely varied international tool and provider landscape and the specificity of market requirements, the target applies exclusively to Germany. The underlying methodology is defined by the Trendence Institute for Germany; there are no plans to change the target.

The BMW Group's attractiveness as an employer is also reflected in its low level of employee turnover worldwide:

Employee turnover rate[1]

	2024
Employees, who have left the undertaking during the reporting period (in headcount)	6,439
Attrition rate (in %)	4.1

[1] Assurance level: reasonable assurance.
[2] A joint supervisory board is a supervisory board which is composed of an equal number of shareholder representatives (e.g. shareholders) and employee representatives.
[3] Absolute metric according to ESRS.

Long-term and strategic personnel planning
The BMW Group's long-term personnel planning forecasts personnel requirements for the next six years. This planning is updated annually on the basis of the Company's forecast performance. The impacts of the identified staffing requirements on new hires and leavers must be analysed in order to develop suitable measures. The BMW Group duly involves the relevant interest groups in the structured and long-term process, in line with country-specific and statutory conditions. This makes it possible to identify restructuring requirements at an early stage and to organise them responsibly.

The Board of Management monitors the progress of personnel measures on a regular basis as part of the personnel management process during the year. A comparison is made between the personnel planning and the current or forecast number of employees for each Board of Management division at the end of the year so that measures can be implemented if necessary. The personnel requirements for each location are determined as part of the annual planning processes. The Company utilises working time accounts at its production sites where this is legally possible. These provide a flexible tool for adapting the amount of work based on operational requirements and ensuring that employees receive a consistent salary even if capacity utilisation levels fluctuate.

Collective bargaining coverage and social dialogue

Central participation opportunities
The employees of the BMW Group are among the most important stakeholder groups, and are actively involved in shaping the future direction of the Company ↗ Stakeholder Engagement. Every two years, the BMW Group performs a company-wide employee survey to measure the general mood in the workforce and the performance of the organisation on the basis of the High Performance Organisation Index (HPO-I). The next survey is planned for 2025.

The HPO-I indicator reflects the BMW Group's performance and future viability and is an important key indicator for the long-term management of the BMW Group. The questions are reviewed before each employee survey and adapted to the current corporate and HR-related strategy as needed in order to take into account relevant new topics. In addition to collecting key indicators, the employee survey aims to stimulate continuous dialogue. Each manager receives a summarised result for their area, provided at least six responses have been received. Managers are required to discuss the outcomes with their employees and identify improvements and concrete measures for organisational development. The BMW Group's change management team supports managers in this with various workshop formats and guidelines. In addition, the most recent employee surveys included questions on the assessment of the quality of the follow-up to the previous survey. Employees were asked whether they had been informed about the outcomes and whether measures had been identified and implemented. These outcomes are presented to the Board of Management and discussed. Changes in the perceived effectiveness of the follow-up process can be assessed by comparing the relevant responses with the previous survey.

Another important opportunity for employees to get involved is the idea management system, which is a valuable source of improvements for the BMW Group and emphasises the lived culture of collaboration. Employees can suggest improvements also outside the direct scope of their task. Awards are given for ideas which have positive impacts on the efficiency or sustainability of the BMW Group. Numerous ideas were submitted in the reporting year. A noteworthy number of these were successfully implemented and brought significant benefits to the BMW Group. The proposals that were submitted focused on ideas with positive sustainability effects in particular.

The "HR Business and Talent Development" division is responsible for defining the strategic alignment in the areas of processes and change management. The HR departments at the respective locations are responsible for implementing and realising proposals, with the specific measures varying from location to location.

Involvement of employees in change processes
The BMW Group is continuously developing on the basis of its Corporate Development Framework (CDF). Our employees are a central influencing factor within this Framework. According to the CDF, affected employees and interest groups must be informed, empowered, involved and communicated with throughout change processes. The first step in the BMW Group's established change process is to actively involve the affected interest groups. Depending on the project and its contextual parameters, the employee representation, if present at the site, is also involved as an important stakeholder.

The BMW Group involves its workforce both directly and indirectly through employee representatives. The involvement of employee representatives provides an important impetus for decision-making processes as part of dialogue or negotiation processes, which are taken into account in accordance with the applicable legal requirements. The nature and frequency of this involvement depends on the local legal standards. The HR department provides opportunities for involvement on an ad hoc, ongoing or regular basis in the form of information, consultation or co-determination. The level of the organisational units to be included depends on whether a change project is implemented locally or across locations. Another factor is whether the Company's own employees are informed on a central or local basis. Cross-location initiatives are communicated with the involvement of the responsible central departments. At a European level, up to two meetings per year are held between the BMW EURO Works Council and corporate management. Workers' representatives from production sites outside Europe are also invited to attend. In addition to indirect involvement, employees can address their concerns directly with their manager or HR department. The BMW Group promotes regular dialogue between employees and the Company, particularly at locations where employees do not have representation.

The "Corporate Human Resources" division is responsible for representing human resources policy interests vis-à-vis employee representatives. It defines the strategic and conceptual framework for labour, collective bargaining and social regulations, which are then implemented locally. The "HR Business and Talent Development" division manages operational HR-related activities in Germany and at the international locations via the HR regions and the HR network. Financial and human resources are made available in accordance with the applicable legal requirements. The BMW Group uses a number of different formats to keep its employees updated, such as Company meetings in Germany, communication via the intranet, email and town hall meetings. The most suitable channel is selected based on the nature of the information involved ↗ Stakeholder Engagement.

Operational collaboration model

The BMW Group recognises the right of all employees to representation and to conduct collective bargaining in order to negotiate working conditions. Around 78%[1] of employees in the BMW Group are covered by collective bargaining agreements. The corporate culture of the BMW Group is characterised by trusting and constructive cooperation with the relevant employee representatives. Even during discussions, the common goal remains to maintain a strong cooperative relationship for the benefit of the Company and its employees. Employees are neither favoured nor disadvantaged on the basis of their membership or non-membership of a trade union or a body that represents employees. The BMW Group respects the right to freedom of association and collective bargaining.

The BMW EURO Works Council has been in place since 1995. It was established on the basis of an agreement reached with employee representatives. Group management communicates with this Council on a regular basis so that the interests of employees are effectively represented at the European level. The BMW EURO Works Council serves as a central platform for dialogue between employee representatives and Group management. This body makes it possible to discuss topics of pan-European relevance and develop solutions together. Through this institutionalised cooperation, the BMW Group ensures that the interests of employees are taken into account in decision-making processes at the Group level. The workplace representation metric only looks at employees who are employed in a country in the European Economic Area (EEA) and in which the number of employees is significant. For the BMW Group, this is only Germany in the year under review:

Percentage of employees in European Economic Area (EEA) countries covered by employee representation

	Collective Bargaining Coverage[2]		Social Dialogue
Coverage rate in %	Employees - EEA (for countries with >50 employees representing >10% total employees)	Employees - Non-EEA (estimates for regions with >50 employees representing >10% total employees)	Workplace Representation (EEA only) (for countries with >50 employees representing >10% total employees)
0-19%	–	–	–
20-39%	–	–	–
40-59%	–	–	–
60-79%	–	–	–
80-100%	–	–	Germany

The BMW Group is committed to maintaining the satisfaction and performance of its employees at all times in the context of social dialogue. Good operational collaboration at eye level is a fundamental principle of the BMW Group's corporate policy. This is demonstrated by the percentage of employees covered by collective bargaining agreements and by the regular interaction with the BMW EURO Works Council. In addition, a wide range of participation opportunities are offered worldwide so that the interests of the workforce are incorporated into the BMW Group's decision-making processes.

In 2024, work stoppages lasted a total of 0[1] days. The number of days idle for 2024 was 0[1].

[1] Additional disclosure, based on SASB ↗ SASB Index.
[2] The ESRS table does not contain any information on collective bargaining coverage, due to non-materiality.

Competency development and performance management

Just Transition - Developing competencies for the future

Technological progress and the transformation of the automotive industry constantly require the acquisition of new skills and expertise, especially in the future-oriented fields of electrics and electronics, electromobility, digitalisation with a focus on artificial intelligence and agile working methods. The BMW Group proactively addresses the resulting challenges for the employment structure through targeted development and transformation of competencies. As part of an integrative and Just Transition approach, the BMW Group is actively shaping a socially responsible transformation process for its employees. The vocational training for young people and the continuous development of all employees are fundamental beliefs at BMW Group. High-quality vocational training and further education is the foundation for a successful transition to electrified, digital and circular mobility. The BMW Group considers qualification to be the key to its ability to innovate and compete. It also opens up opportunities for employees in a changing world of work.

The BMW Group specifically develops the individual skills of its employees through future-oriented vocational training and further education offerings to ensure that they maintain a high level of performance and employability over the long term. Besides the professional qualification the personal development also has a key role to play in this regard. During the reporting period, the BMW Group provided in-depth training centred around developing the digital skills of its employees, this mainly focused on generative artificial intelligence, further training in the field of high-voltage technology for NEUE KLASSE battery systems and training for the new direct sales model of the MINI brand in Europe ↗ The BMW Group Strategy. The BMW Group continues to drive electromobility forward. This approach is creating new jobs, such as those at the new plant Debrecen in Hungary. Employment will also be created at existing locations and through the establishment of additional production sites for batteries in Germany and abroad in the coming years.

The BMW Group uses a system-supported process called Training Needs Analysis to assess training requirements. It helps employees to identify their training needs together with their managers. This ensures that employees are provided with targeted training to address future requirements in the respective functions. Based on the required competencies, the identified needs are matched with specific training. The Training Needs Analysis takes place on a regular basis and supports the targeted development of skills in the workforce.

In 2024, the extensive training measures provided amounted to an average of 20.2 hours per employee. The effectiveness of the training measures is assessed using final tests and other methods. Evaluations provided by the participants also help to keep the quality of the training courses at a high level.

The BMW Group has committed itself to investing an amount in the mid three-digit million range per year in vocational training and further education for all employee groups worldwide. In 2024, these investments totalled € 415.5 million. Expenditure on vocational training and further education includes the centralised and decentralised expenses incurred by the BMW Group.

Leadership qualification

The development and training of leaders is of central importance at BMW Group - especially in light of the transformation of the automotive industry. This aspect plays a key role for successful corporate management. The training programme for leaders is based on the BMW Group's understanding of leadership and the BMW Group Leadership Competency Model, which forms the basis for the BMW Group requirements and expectations of leadership. A wide range of training and networking opportunities are provided for leaders, in addition to special workshop formats for management teams.

In future, the leadership qualification framework will be even more modular, flexible and international in order to meet the growing need for networking, globalisation and high performance.

Attract and develop talent

In addition to an extensive range of training opportunities, the BMW Group uses special development programmes to retain top talent at an early stage. Participants in the ProMotion doctoral programme write their dissertation in collaboration with the BMW Group. The globally orientated Traineeship AcceleratiON is aimed specifically at young people with leadership potential and prepares them for the key roles of the future. As part of the student support programme Fastlane, the BMW Group supports students of STEM subjects during their master's degree studies. They also have extensive opportunities to enhance their expertise.

Vocational training, further education and future talents programmes fall under the "HR Services, Recruiting, Qualification" division. The HR departments at the respective locations are responsible for implementing these programmes locally, and, if necessary, carry out additional individual and local training measures.

Performance management

Every year, the BMW Group applies various performance and career assessment processes based on defined conditions and criteria. These are used on a regular and systematic basis to assess and develop the performance and potential of our employees. Depending on the specific process and the perspective role, both professional performance as well as leadership and social skills are assessed. The outcomes of these assessments play a vital role in staff development and can have an impact on remuneration. The aim of these processes is to strengthen the performance and future viability of the BMW Group. The Company pursues a holistic, Company-wide approach that combines performance assessment and talent development while also incorporating regional differences. In the 2024 financial year, 81.3% of the workforce took part in annual assessment processes.

Percentage of employees that participated in regular performance and career development reviews

in %	2024
Percentage of total employees	81.3
Percentage of male employees	81.4
Percentage of female employees	81.2
Percentage of other employees	–
Percentage of not disclosed employees	13.6

Health and occupational safety

Health management on a holistic basis

The BMW Group attaches great importance to its employees being healthy and performing at a high level. The variety of tasks at the Company's sites places extensive demands on occupational safety, which is controlled by the "Working Environment, Group Safety, Group Data Protection" division. Every department is responsible for compliance with the standards. The central functions provide these departments with support to assist with health management and occupational safety measures. Corresponding measures are implemented at the individual locations based on internal specifications, although local adjustments are possible. The BMW Group is committed to complying with the respective national occupational safety laws worldwide. In Germany, health services are managed on a centralised basis. Outside of Germany, this is the responsibility of the individual locations and is regulated in accordance with the applicable legal provisions. The medical staff is made up of both BMW Group employees and employees of external service providers.

The BMW Group has launched the "Health Initiative" based on global HR processes to prevent illness and maintain employee performance. First aid is organised at the locations in accordance with local regulations. In the absence of specific requirements, the BMW Group applies German standards; these stipulate a first aider quota of 10% in production areas and 5% in administrative areas. It is important to the BMW Group that all employees have access to the Group's own healthcare services. The BMW Group's medical professionals offer personalised advice on preventive measures and assist with designing the working environment to promote and maintain the health and performance of employees in the long term.

Prevention and care

The BMW Group's international health management project groups are staffed by medical specialists and health experts. Their knowledge and experience provide valuable input for preventive measures. During the reporting year, our preventive measures focused on heart health. Health talks and dialogue formats with experts were held in bilingual livestreams. Topics such as exercise, heart-healthy eating and the handling of indulgences were covered in depth. Blood pressure measurements, resuscitation exercises and healthy eating days were organised to raise awareness of the factors that influence heart health. These activities were adapted internationally to reflect local circumstances and needs.

The BMW Group focuses on low-threshold preventive measures to raise employee awareness of the importance of a healthy lifestyle. All available internal channels of communication are used. Action days, dialogue events and training courses are held on a regular basis to provide employees with information about and raise their awareness of relevant health issues. The preventive measures also focus on reducing the number of musculoskeletal disorders that can be caused by a lack of exercise as well as metabolic disorders that can be caused by an unbalanced diet. The reach and impact of these measures are analysed via participation rates. Specific preventive actions are also evaluated in order to review and optimise their efficiency to the extent permitted by data protection regulations.

The BMW Group conducts comprehensive risk and stress analyses in order to identify potential risks in both production and office workplaces at an early stage. The aim is to take appropriate protective measures to prevent the health of employees being negatively impacted. Technical solutions take priority. All occupational accidents are carefully documented. Analyses are performed to identify the root cause of accidents. Findings are taken from incidents of this kind and incorporated into the existing risk and stress analyses with the intention of further improving preventive strategies and taking effective measures. Information about these accidents is exchanged within the occupational safety network. This exchange plays a vital role in preventing similar accidents at other sites and ensuring that the BMW Group makes continuous improvements in occupational health and safety on a BMW Group-wide basis.

One example of the initiatives being used to promote safety at work is the global "Watch your path!" campaign, which will run until 2025. Analysis of accident black spots has shown that a significant number of accidents are related to walking, climbing stairs and cycling. The purpose of the "Watch your path!" campaign is to raise awareness of these activities and provide information on how to take precautions in order to reduce the number of accidents. The BMW Group analyses the campaign's effectiveness by comparing the latest accident figures to the initial metrics from the beginning of the campaign. This process not only measures the success of the campaign but also helps us to identify and implement further improvements when needed.

Qualification

The BMW Group uses a comprehensive, multi-layered programme to ensure that high-quality health services are available. Internal training and development initiatives keep medical specialists and occupational health assistants up to date with the latest medical advancements. Annual quality audits are conducted in accordance with ISO 9001 to assess this ongoing professional development. Emergency and rescue paramedics also participate in external training courses to enhance their skills and expand their knowledge. Individual locations are responsible for complying with country-specific statutory training requirements. They organise training courses with local service providers and are responsible for issuing certificates to document adherence to training requirements. Monthly meetings are held to cover key health topics through monthly discussions at a national and international level. Annual workshops bring together medical specialists and health managers to share their experiences, deepen their expertise, and contribute to keeping healthcare services at a high level.

As part of its training initiatives, the BMW Group provides occupational health and safety training for employees at all locations. Occupational safety trainings are assessed in consultation with experts in occupational safety and ergonomics. The seminar curriculum is drawn up in close collaboration with safety specialists, the Health Management department and the BMW Group Academy. Continuous training is provided for safety specialists based on the current state of the art as well as emerging specialist areas.

Occupational health and safety management

The BMW Group evaluates its international occupational health and safety strategy on a regular basis, making adjustments as needed. Suitable measures are developed, implemented and reviewed based on the defined vision. The BMW Group follows the globally recognised ISO 45001 standard for occupational health and safety. Occupational health and safety management systems are in place at all production sites and certified in accordance with this standard or OHRIS*, which is based on ISO 45001. This means that 100% of BMW Group employees, other BMW Group employees and temporary agency workers in the BMW Group work at a location that has an occupational health and safety management system. Employer and employee representatives work together at nearly all locations to bring about a continuous improvement in health and safety standards.

The BMW Group has established standards on various occupational safety topics to guide the implementation of safety measures. Regular assessments of methods and tools used in occupational health and safety ensure that internal requirements are improved on a continuous basis. Employee representatives are actively involved in this process and, where appropriate, with representatives for employees with severe disabilities and the HR department. The BMW Group conducts annual internal audits to ensure the quality of its processes. These audits verify compliance with occupational health and safety standards, and ensure that legal health and safety requirements are complied with. Audits and certifications of sites are conducted by external service providers. All necessary audits were again successfully carried out in 2024. The outcomes and the resulting measures are made available to all BMW Group sites. This is done to ensure consistently high safety standards across the BMW Group.

Accident frequency

The BMW Group has found no evidence of systemic or widespread physical injuries resulting from occupational accidents. Occupational accidents refer to work-related accidents as specified by ESRS. All occupational accidents were isolated individual incidents. In 2024, the accident frequency rate of the BMW Group stood at 2.7, with 891 occupational accidents.

Number of work-related accidents and accident frequency rate

	2024
Total number of work-related accidents	**891**
Employees and other BMW Group employees	502
Temporary agency workers	389

	2024
Total rate of work-related accidents	**2.7**
Employees and other BMW Group employees	1.8
Temporary agency workers	7.7

There were in total 2 fatal accidents in the reporting year 2024. These involved two employees of external companies working on BMW Group premises.

There were 0 reported fatalities due to work-related ill health during the 2024 reporting year.

Number of fatalities from work-related injuries/accidents and other work-related ill health

	2024
Total number with fatalaties	**2**
Employees and other BMW Group employees	–
Non-employees	–
Workers working on the undertaking's site	2

Occupational safety along the value chain

The BMW Group regulates cooperation with contractual partners on safety-related aspects at the sites by way of a separate contractor declaration. At major BMW Group construction sites, all external workers of partner companies receive safety briefings from BMW Group experts. The contractor is responsible for providing safety instructions in the case of smaller orders. The department responsible for placing the order monitors compliance with the occupational health and safety regulations, supported by the relevant occupational health and safety department. Suppliers to the BMW Group are obligated to comply with internationally recognised occupational health and safety requirements via the BMW Group Supplier Code of Conduct, which is an integral part of the Purchasing Terms and Conditions.

* Occupational Health and Risk Management System

Comprehensive preventive measures in occupational health and safety

The BMW Group prioritises comprehensive preventive measures in the field of occupational health and safety. By consistently implementing occupational safety measures such as ISO 45001 certification, extensive training programmes, and the "Health Initiative", we ensure that the frequency of workplace accidents and health risks is minimised for our employees. These occupational safety measures are part of a continuous improvement process, the effectiveness of which is reflected in a low accident frequency rate.

Diversity, equity and inclusion

Promoting diversity

The BMW Group considers a working environment which ensures that all employees are appreciated, included and free from prejudice to be a fundamental element of an open and inclusive corporate policy and the basis for successful collaboration. Discrimination has no place in the corporate culture of the BMW Group. Every individual is entitled to a workplace that is free from discrimination, preferential treatment or harassment based on characteristics such as their gender identity, skin colour, religion, nationality, political or other beliefs, ethnicity, disability, age or sexual orientation. This principle extends to other characteristics which are protected under local laws, including national minority status or former military affiliation (veteran status).

The aim of our strategic approach to diversity management is to anchor the importance of diversity in the conduct of our employees. The BMW Group actively fosters a culture of appreciation using initiatives to raise awareness about respectful interaction. One such initiative is the BMW Group-wide training programme combating workplace discrimination, which is mandatory for all employees in Germany. During the reporting year, the BMW Group's engagement with regard to sexual orientation and identity was externally analysed. This took place within the framework of our membership with "PROUT AT WORK", a foundation and consultancy in Germany focusing on LGBTIQ+[1] issues in the workplace, aimed at promoting equal opportunities for individuals within the queer community. This analysis led to concrete actions, including the development of a transition guide. This guide helps our employees, HR specialists and managers to navigate issues related to gender identity. Additionally, a guideline regarding collaboration with Employee Resource Groups (ERGs) was developed. As in the previous year, international Diversity Days were held by the BMW Group in 2024. These involved a number of events throughout the year, including panel discussions, workshops and hands-on activities held throughout the year, including events for International Women's Day, the International Day of Cultural Diversity and the International Day of Persons with Disabilities.

BMW Group employees play a key role in fostering diversity, equity and inclusion within the Company. Employees can get involved in ERGs to further these efforts. These groups include family and women's networks at numerous locations as well as the BMW Group PRIDE association. This association advocates for the interests of the LGBTIQ+ community. The spirit of cooperation and dialogue with the internal networks provides the BMW Group with important impetus and support for the further development of its commitment. Continuous communication on our various channels contributes significantly to the success of our diversity management approach. In addition to the percentage of female managers, we measure this success with a number of indicators as well as participation in training courses and events and the associated feedback. We draw further conclusions from the outcomes of our employee survey and participation in competitions.

In the reporting year, we continued to work on measures that were adopted as part of the revised version of our general operating and inclusion agreement for employees with disabilities. This included expanding the policy of training centres for the deaf at BMW AG production sites. Individuals with severe disabilities 5.7%[2] of the workforce of BMW AG, in excess of the minimum threshold stipulated in the German Social Code. The inclusion agreement also sets out requirements for dealing with and promoting employees with severe disabilities, including the right to an accessible working environment. Corresponding guidelines are in place throughout the BMW Group.

At the beginning of each year, global measures are planned and priority topics are defined under the various aspects of diversity. Finally, the results are reviewed at the end of the year; these then form the basis for planning initiatives and measures for the following year. There are several people whom employees can contact regarding matters concerning diversity, equity and inclusion. These include managers, the responsible departments, HR, the Works Council and the representatives of severely disabled employees. In addition, the ↗ BMW Group SpeakUP Line offers a point of contact available in more than 30 languages. All incoming cases are reviewed and processed. Appropriate action, including disciplinary measures, is taken where necessary. Employees in Germany also have access to the Zero Tolerance hotline, a free, anonymous and professional advice centre, which provides support on issues such as discrimination, bullying and sexual harassment in the workplace.

The BMW Group is not currently engaged in any court or arbitration proceedings in connection with cases of discrimination and related remedial action, which, in the Company's estimation, could have a material effect on its financial position.

[1] Abbreviation commonly used internationally for lesbian, gay, bisexual, trans*, inter* and queer.
[2] The share of employees with severe disabilities is based on the statutory requirements in accordance with the German Social Code (SGB IX).

The "HR Business and Talent Development" division is responsible for defining the strategic alignment in the areas of diversity, equity and inclusion. Together with the HR departments at the individual locations, the unit manages and implements the corresponding measures. Departments at the locations are responsible for implementation and develop additional programmes tailored to local needs where required. The HR, Compliance and Legal departments are responsible for ensuring adherence to the principle of non-discrimination.

Breakdown by age and gender

The Company is committed to increasing the number of women in management positions. In this context, initiatives such as the "Women Rising" programme are key when it comes to the early identification and development of talented individuals. Awareness among managers and employees that diversity and a balanced gender ratio contribute to the Company's success is the basis for achieving our gender goals. That is why there is a particular focus on actively communicating this topic and showcasing positive role models. In addition, cooperation with our international networks helps to raise awareness among our employees. Another focus for 2024 involved promoting cultural diversity and collaboration across mixed age groups. With the aid of in-depth analyses, measures were devised to enhance the integration of international BMW Group employees within BMW AG. Language plays a crucial role in this regard. Also, the need for optimisation in the field of multi-generational management was examined in detail and recommendations for action were drawn up to promote cooperation and facilitate the transfer of knowledge between the individual generations.

We regularly have the effectiveness of our activities evaluated by external organisations. The results show that the BMW Group's position in the Women's Career Index has consistently improved from year to year, with the Company ranking third in 2024. The Supervisory Board adopts composition targets once a year for the Board of Management and Supervisory Board. These targets incorporate a diversity policy.

The BMW Group is also aware of the need to achieve a high percentage of women in its future talents programmes. The aim is to ensure that the share of women in the total workforce and in management functions continues to rise in the future. Although more male applicants apply for apprenticeships in technical occupations, there has been a steady increase in the share of women in management positions in technical professions. The BMW Group's goal[1] is to achieve a 22% share of women in management positions by 2025 and to work towards attaining a 23-25% corridor by 2030. There are two main goals behind increasing the share of women in management positions:

— Increasing performance via diverse teams

— Unlocking women's earning potential.

In doing so, the Company also fulfils legal requirements.

The target indicator is determined on the basis of a comparison with competitors, developments in previous years, planned staffing ratios and the percentage of women in STEM subjects. The HR department reviews the progress achieved and reports regularly to the Board of Management and the Supervisory Board, and also within the scope of long-term corporate planning and at the annual meeting of Works Council representatives. No adjustments to these objectives are planned at present.

Number of employees by gender[2]

in headcount	2024
Total number of employees	**158,441**
Male	127,317
Female	31,080
Other	–
Not disclosed	44

Gender distribution at management level[2]

	2024	
	in headcount	in %
Number of employees at management level	**12,755**	**100.0**
Male	10,003	78.4
Female	2,752	21.6
Other	–	–
Not disclosed	–	–

The distribution of employees by age group[2]

	2024	
	in headcount	in %
Total number of employees	**158,441**	**100.0**
Employees under 30 years	23,213	14.7
Employees between 30 and 50 years	99,954	63.0
Employees over 50 years	35,274	22.3

[1] Joint Operation Spotlight Automotive Ltd. is not included in the target.
[2] Assurance level: reasonable assurance.

Equal opportunities and equal pay for equal work

At the BMW Group, equal opportunities are also reflected in our remuneration system, which applies irrespective of a person's sex, gender identity, skin colour, religion, national origin, social background, political or other beliefs, ethnic origin, age, sexual orientation or disability. Gender-equal pay plays a key role, specifically with regard to salary development and variable payments. Regular comparisons of women's and men's pay are an integral part of this. The objective of the review is to ensure that the remuneration structures result in fair pay. Uniform principles form the basis for a fair and balanced remuneration system throughout the Company. In terms of total remuneration, we aim to ensure that our employees earn above median for the relevant labour market. To ensure this, we participate in remuneration studies each year on a worldwide basis. Uniform principles provide the basis for a fair and balanced remuneration system worldwide. In addition, at all BMW Group locations, the level of performance and the results achieved by employees are an important factor in determining their remuneration. The Company remunerates employees for their individual and collective performance in accordance with local labour laws. The measures referred to above to ensure gender-equal pay are applied on an ongoing basis.

In the reporting year, the Company determined an unadjusted ↗ Gender Pay Gap for the first time. This takes into account total direct remuneration plus key benefits. The gender pay gap in the reporting year stood at –10.9%. The gender pay gap in favour of female employees of the BMW Group is largely due to structural effects. As an automobile manufacturer, a large share of the BMW Group's employees work in production, where a disproportionately large percentage of the workforce is male. Given that wage levels are lower in production than for example for administrative or development roles, female employees benefit from an advantage when it comes to pay.

SOCIAL AND ENVIRONMENTAL RESPONSIBILITY IN THE SUPPLIER NETWORK

Material impacts, risks and opportunities	Type	Stage of the value chain	Policies	Targets	Specific actions
Inadequate working time impacts workers' income, well-being and living conditions at tier-1 supplier locations.	Negative impact		– Multistage due diligence process to uphold environmental and social standards in the supply chain BMW Group Supplier Code of Conduct	– No targets that focus exclusively and thematically on material impacts, risks and opportunities – Overarching targets for the procedures used to perform due diligence in the supplier network – Analysis of the effectiveness of the processes and measures implemented	– Commitment to initiatives – Risk analysis – Sustainability questionnaire (online assessment) – On-site assessments of supplier locations (on-site assessment) – Complaints procedure
The non-existence of works councils and consultation impacts workers rights at tier-1 suppliers - especially when supplier locations are based in countries where such rights may be restricted in law and/or practice.	Negative impact				
Workplace accidents at tier-1 supplier locations resulting in physical injury reduces an employee ability to live a fulfilling life, or may in worst cases be fatal.	Negative impact				
The tier-1 suppliers' workplace conditions (incl. exposure to hazardous substances and excessive noise), may contribute to the development of chronic diseases and impairments among employees worldwide, e. g. inadequate ergonomic considerations in the workstations.	Negative impact				
Lack of free choice of employment affects living and working conditions of workers at Tier-1 supplier locations worldwide.	Negative impact				
Violence, harassment (incl. inhumane treatment) and discrimination at the workplace affect the living and working conditions for employees at supplier locations (tier-1).	Negative impact				
The non-existence of works councils and consultation impacts workers rights at n-tier suppliers - especially when supplier locations are based in countries where such rights may be restricted in law and/or practice.	Negative impact		– Process for the responsible management of raw materials – Raw materials strategy » Raw materials security and strategy – BMW Group Supplier Code of Conduct	– No targets that focus exclusively and thematically on material impacts, risks and opportunities – Overarching targets for the procedures used to perform due diligence in the supplier network – Analysis of the effectiveness of the processes and measures implemented – Objectives for local projects	– Risk analysis – Reduction of critical virgin raw materials ↗ Circular Economy and Resource Use – Certification and traceability of raw materials supply chains – Commitment to initiatives – Implementation of local projects – Complaints procedure
Workplace accidents at n-tier supplier locations (exploitation of raw materials) resulting in physical injury reduces an employee ability to live a fulfilling life, or may in worst cases be fatal.	Negative impact				
The n-tier suppliers' workplace conditions (incl. exposure to hazardous substances and excessive noise), may contribute to the development of chronic diseases and impairments among employees worldwide, e. g. inadequate ergonomic considerations in the workstations.	Negative impact				
Lack of free choice of employment affects living and working conditions of workers at n-tier supplier locations worldwide.	Negative impact				
The use of child labour at n-tier supplier locations deprives children of education and a normal childhood, perpetuates poverty and inequality, and increases the likelihood of physical and emotional abuse.	Negative impact				

Material impacts, risks and opportunities	Type	Stage of the value chain	Policies	Targets	Specific actions
Providing training and capacity building impact the skills and capabilities of the workers at suppliers' locations.	Positive impact		– Multistage due diligence process to uphold environmental and social standards in the supply chain – BMW Group Supplier Code of Conduct	– No targets that focus exclusively and thematically on material impacts, risks and opportunities – Analysis of the effectiveness of the processes and measures implemented – Objectives for local projects	– Training programme – Implementation of local projects
Risk of supply chain shortages and delays in the BMW Group's supply chain in connection with working conditions, specifically working time.	Risk		– Multistage due diligence process to uphold environmental and social standards in the supply chain – Process for responsible raw material management – Raw materials strategy » Raw materials security and strategy – BMW Group Supplier Code of Conduct	– No targets that focus exclusively and thematically on material impacts, risks and opportunities – Overarching targets for the procedures used to perform due diligence in the supplier network – Analysis of the effectiveness of the processes and measures implemented – Objectives for local projects	– Commitment to initiatives – Risk analysis – Sustainability questionnaire (online assessment) – On-site assessments of supplier locations (on-site assessment) – Complaints procedure – Reduction of critical virgin raw materials ↗ Circular Economy and Resource Use – Certification and traceability of raw materials supply chains – Implementation of local projects
Risk and financial effect due to reputational damage to BMW Group's brand value with respect to controversies in connection with working conditions, specifically working time.	Risk				
Risk of supply chain shortages and delays in the BMW Group's supply chain in connection with working conditions, specifically health and safety.	Risk				
Risk and financial effect due to reputational damage to BMW Group's brand value with respect to controversies in connection with working conditions, specifically health and safety.	Risk				
Risk of supply chain shortages and delays in the BMW Group's supply chain in connection with other work-related rights, specifically forced labour.	Risk				
Risk and financial effect due to reputational damage to BMW Group's brand value with respect to controversies in connection with other work-related rights, specifically forced labour.	Risk				
Risk of supply chain shortages and delays in the BMW Group's supply chain in connection with working conditions, specifically freedom of association, including the existence of work councils.	Risk				
Risk and financial effect due to reputational damage to BMW Group's brand value with respect to controversies in connection with working conditions, specifically freedom of association, including the existence of work councils.	Risk				

Upstream material Own Operations material Downstream material

Compliance with environmental and social standards is a key principle in the BMW Group's purchasing and supplier network. This includes, in particular, respect for human rights and, in this connection, compliance with environmental standards and the principles of business ethics. Particular emphasis is placed on the responsible procurement of raw materials. The circular economy also makes a significant contribution to environmental and human rights issues given that it reduces, among other things, the need for virgin raw materials. ↗ Circular Economy and Resource Use

In the upstream value chain, the workforce employed by the BMW Group's suppliers could potentially be affected by material negative impacts. This does not only affect the workforce in the production plants of direct suppliers, but also people who work in the extraction and processing of raw materials. In most cases, actual significant negative social or environmental impacts are the result of individual incidents. They are identified either via the BMW Group's control mechanisms, such as on-site assessments, or via various grievance mechanisms for reporting potential violations. The material risks for the BMW Group depend on the negative impacts identified. Negative impacts may result in risks of shortages or delays in the supply chain or in damage to the BMW Group's reputation.

The BMW Group has a multistage due diligence process in place that covers a range of topics related to environmental and social standards in the supply chain. Among other things, it takes into account the material impacts and risks in such areas as working conditions, equal treatment and opportunities for all, as well as other work-related rights. Environmental aspects such as pollution of water and soil, water, resource use and waste are also included. ↗ List of material Impacts, Risks and Opportunities

The BMW Group maintains a holistic overview of environmental and social standards within its supplier network, without narrowing its focus on any specific issue. For this reason, the procedures followed to perform due diligence in the supplier network are connected with overarching targets. The targets apply to the current financial year and are generally reviewed on a quarterly basis. They also have a direct impact on the remuneration of the Board of Management and senior executives and are determined using a comprehensive internal consultation process. Due consideration is also given to the concerns of external stakeholders. This applies in equal measure to all of the targets for environmental and social standards in the supply chain shown in the following. There are no specific targets relating exclusively to material sustainability topics, which is why no detailed information is presented in this regard.

The Purchasing and Supplier Network division is responsible for developing and implementing due diligence processes within the supply chain. When integrating corporate due diligence into business processes, the BMW Group relies as far as possible on standardised procedures developed by industry-wide or cross-sector initiatives. The company is committed to the view that compliance with environmental and social standards in complex and dynamic supplier networks can, as a rule, only be guaranteed by means of standardisation and concerted action. It is for this reason that the BMW Group is involved in a number of industry-wide and cross-sector initiatives. These include the Sector dialogue (Branchendialog Automobilindustrie), the Supply Chain Sustainability Working Group of the German Association of the Automotive Industry (VDA), the Responsible Business Alliance (RBA), and Drive Sustainability. Some of these are multi-stakeholder initiatives involving companies such as the BMW Group as well as trade unions and NGOs which represent the interests of workers in the value chain. The BMW Group is committed to this on an ongoing, active and permanent basis.

The ↗ Due Diligence process for environmental and social standards in the supplier network is presented in detail on the BMW Group Website.

Due Diligence in the supplier network

A multistage due diligence process firmly embeds responsibility for environmental and social standards in the supply chain within all relevant areas of the BMW Group. Environmental and social standards have been, amongst others, integrated as mandatory criteria to be observed during decision-making in the development of components, commodity strategies, procurement processes, supplier development and the target management process.

The BMW Group sources components, materials and other services from a large number of manufacturing and distribution sites worldwide. The related social and environmental due diligence requirements are specified as minimum requirements for suppliers in the ↗ BMW Group Supplier Code of Conduct. The "BMW Group International Terms and Conditions for the Purchase of Production Materials and Automotive Components" (IPC) apply to suppliers of production material and vehicle components. The General Terms and Conditions for Indirect Purchasing (GTC) apply to suppliers of non-production-related material.

Upon conclusion of the contract, suppliers who have a direct business relationship with the BMW Group (direct suppliers) undertake, on the basis of the BMW Group Supplier Code of Conduct, to ensure that the stipulated human rights and environmental requirements are met and that these requirements are also extended to suppliers who do not have a direct business relationship with the BMW Group (indirect suppliers).

The BMW Group Supplier Code of Conduct is based, among other things, on the following external frameworks and guidelines and incorporates relevant requirements from them:

- the German Supply Chain Due Diligence Act (Lieferkettensorgfaltspflichtengesetz [LkSG])
- the International Bill of Human Rights, comprising the United Nations (UN) Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights (ICCPR) and the International Covenant on Economic, Social and Cultural Rights (ICESCR)

— The UN Guiding Principles on Business and Human Rights
— The International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work
— The ILO's Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration) and ILO Standard 169
— Guidelines for Multinational Companies issued by the Organisation for Economic Cooperation and Development (OECD)
— The Ten Principles of the UN Global Compact

The BMW Group Supplier Code of Conduct contains clear provisions on responsible business practices, environmental responsibility, social responsibility and the use of critical raw materials. The "Social Responsibility" section of the BMW Group Supplier Code of Conduct deals extensively with working conditions and human rights. This includes, among other things, the issues of child and forced labour, slavery and human trafficking. Freedom of association and the right to collective bargaining, protection against discrimination, and the right to health and safety in the workplace are also discussed at length. The section on environmental responsibility focuses on the reduction of air, water and soil pollution, and addresses the topics of decarbonisation, resource conservation and the circular economy. This includes lowering the consumption of energy, water and raw materials. The section also covers measures to protect biodiversity and the responsible handling of hazardous materials and waste. This includes, among other things, the application of the Minamata Convention, the Stockholm Convention, the Basel Convention and the REACH Regulation, in addition to other laws and provisions on the handling of hazardous materials, chemicals and substances.

Standardised procedures are embedded in the procurement process. These include the industry-wide sustainability questionnaire developed by the Drive Sustainability initiative (online assessment) and risk-based audits at supplier locations (onsite assessments) in accordance with the standards of the Responsible Business Alliance (RBA) and the Responsible Supply Chain Initiative (RSCI). These procedures enable that expectations regarding human rights and the environment are considered when direct suppliers are selected.

A comprehensive analysis of the effectiveness of the due diligence procedures in the supplier network was developed in accordance with the requirements of the German Supply Chain Due Diligence Act (LkSG). It includes a functionality assessment and a performance assessment, conducted regularly and refined on an ongoing basis. The functionality assessment focuses on due diligence instruments and procedures in the supply chain, such as risk analysis, the complaints procedure, and preventive and remedial measures. It can be used to identify weaknesses in the process. The findings of the analysis are incorporated into an ongoing enhancement process. The performance assessment focuses in particular on preventive and remedial measures. The results and conclusions make it possible to implement targeted measures to enhance the due diligence process effectively.

Risk analysis and control mechanisms

The BMW Group consistently monitors and assesses the sustainability risks in its supplier network in business relationships at both potential and active supplier locations. It uses a range of internal and external data sources, both its own and those commonly used in the industry, to identify and assess abstract environmental and human rights risks. These include country- and commodity-specific indicators, as well as media analyses at the Group and location levels. The findings of the standardised online and on-site assessments form the basis for a specific risk analysis of direct suppliers, which is carried out annually and when circumstances require it. The inspections of supplier sites are generally carried out by external third parties or, to supplement quality assurance, by BMW Group's sustainability experts.

The online and on-site assessments are also used to establish if the supplier is complying with the standards set out in the BMW Group Supplier Code of Conduct. By signing a contract, direct suppliers undertake to implement, expand or continue to implement the necessary preventive or remedial measures, as well as control measures such as ISO certifications (ISO 14001 and ISO 45001), within a specified period. Depending on the risk, the requirements are to be extended to their suppliers. The extent of the preventive measures is based on the potential risks, the nature and scope of the business activity and the size of the supplier. These measures are queried, validated and evaluated as part of the procurement process using the Drive Sustainability online assessment. The aim is to minimise potential risks or to eliminate any deficiencies. In the reporting year, 12,078 supplier sites were assessed using the online assessment. If deviations from the BMW Group's requirements are identified, the Purchasing department agrees preventive measures with the supplier and monitors their prompt implementation. In the reporting year, 79% of the suppliers of production-related material implemented the specified preventive measures at the time of awarding. In the reporting year, a further 17% of the suppliers of production-related materials had agreed on specified preventive measures at the time of awarding. Suppliers of production-related goods and services are required to successfully implement the measures up to the start of production. As part of the internal target management system, the implementation status of the externally validated prevention measures is measured in the year in which production starts.

The BMW Group has put additional control mechanisms in place for direct suppliers in high-risk regions or high-risk commodities. Key instruments in this respect are on-site assessments of environmental and social standards at supplier locations using industry-wide or cross-industry assessment programmes, such as the Validated Audit Programme (VAP) provided by the RBA and the Responsible Supply RSCI. In the reporting year, the Company inspected a total of 132 active and potential supplier sites. On-site assessments also include interviews with the workforce at the supplier sites being inspected to identify actual or potential impacts.

Preventive and remedial measures
Remedial or preventive measures are taken where risks or actual or potential impacts are identified at direct suppliers and, when circumstances require it, at indirect suppliers. These measures form an integral part of our processes ↗ Risk analysis and control mechanisms. They apply across all topics relating to due diligence on environmental and social standards in the BMW Group supply chain and are based on the requirements laid down by the LkSG. The measures are not limited to individual issue-specific content.

In order to achieve positive impacts preventively, the BMW Group provides mandatory training for its own purchasing staff on a needs basis. The BMW Group also provides voluntary training for purchasing staff, process partners and suppliers on the topic of sustainability in the supply chain. In addition, training documentation is reviewed by the direct suppliers for their own field of business. The training courses explain how environmental and social standards are interrelated and clearly communicate the BMW Group's expectations and due diligence measures. Participants in the training programme are made aware of the importance of due diligence in the supply chain and learn how to identify and minimise risks. The BMW Group provides specific training both as part of a comprehensive skills development programme and in special seminars for suppliers, such as a certified training course on the topic of sustainability. Moreover, suppliers can access industry-wide training programmes run by initiatives such as the RBA, in which the BMW Group is involved. These training programmes are integrated into the process of conducting on-site assessments at supplier sites as, among other things, an additional measure to increase their effectiveness.

Where risks or actual or potential impacts are identified during on-site assessments, individual measures are put in place to prevent or minimise them. This approach is a standard part of the follow-up to the assessments. In these cases, the supplier draws up an action plan to remedy the findings. The BMW Group monitors the implementation of the measures in cooperation with the RBA and the RSCI. Suppliers are provided with training to support their efforts. If the findings are categorised as severe, the effectiveness of the agreed measures is verified in an on-site closure assessment.

The BMW Group has set itself the goal that all direct supplier sites that have completed an on-site assessment shall meet locally applicable statutory requirements for sustainability as well as international human rights standards (BMW Group minimum requirements). In 2024, 22 of the 28 closure assessments carried out found that all violations of the BMW Group's minimum requirements (priority non-conformities) identified in the initial assessments had been remedied. In 6 cases, the closure assessment performed was not yet able to confirm that the agreed measures had been implemented successfully. In these cases, the BMW Group and suppliers jointly agreed on measures again, some of which were already completed during the reporting year. A further inspection in the form of another on-site assessment has either been planned or already successfully carried out in all of the cases. Two cases dating from 2023, where the closure assessment initially was not able to confirm that the measures had been implemented, have since been resolved by the suppliers. The effectiveness of the remedial measures was confirmed in further on-site assessments conducted in mid-2024.

Complaints procedure
The BMW Group's objective is to protect its business operations from negative impacts related to human rights and the environment, and to correct any substantiated (verified) evidence of environmental or human rights violations in the upstream supply chain by arranging remedial measures.

To this end, both our own and existing standardised instruments were established, some of which the BMW Group helped to develop. The instruments are accessible to employees, suppliers and other third parties alike. For more on the BMW Group Compliance organisation's notification system, see » Compliance and notification systems.

In addition to established internal grievance mechanisms, the BMW Group continuously monitors and tests new applications developed by external organisations, such as the RBA. These can be added to the existing complaints system as needed. In addition, the BMW Group has been involved in a working group of the sector dialogue (Branchendialog Automobilindustrie) on establishing a Company-wide complaints mechanism in Mexico and, since 2024, in piloting it. Information on the reporting channels available can be found on the BMW Group website and elsewhere. In the case of Company-wide channels, communication also takes place via the relevant initiatives. All notifications received are checked and documented and processed using a Group-wide electronic case management system. In the reporting year, 22 notifications of potential violations of the sustainability principles in the supply chain were received through the reporting channels. Of these, 16 were resolved in the reporting year, with none of the reports turning out to be justified. If the notifications are substantiated, we work with the supplier to initiate suitable remedial and preventive measures. A target date is agreed by which time the implementation of each measure is to be completed. The measures undertaken are evaluated after the deadline has passed.

If a supplier refuses to implement the necessary remedial measures, an adjustment may be made to the supply chain. If necessary, the business relationship will be suspended temporarily while efforts are made to mitigate the risk. A termination of the business relationship will only be considered if no other effective means are available and the Company is unable to further leverage its ability to exert influence. The BMW Group strives to avoid this scenario by carefully selecting suppliers and providing them with the skills and support they need to further improve their own performance with regard to sustainability. In addition, the Company plays an active role in cross-sector initiatives to address systemic issues in a sustainable manner. In the reporting year, no existing supplier relationship was terminated due to severe sustainability violations.

Responsible raw material management

For the BMW Group, the responsible procurement of raw materials is the result of a holistic approach that takes economic, environmental and social aspects into account. Annual risk analyses of the BMW Group's raw materials portfolio form the basis for raw material-specific preventive and remedial measures to reduce environmental and human rights risks. One approach is to reduce the use of critical virgin raw materials. In this context, the BMW Group's secondary raw materials strategy, which aims to increase the share of secondary raw materials, is paramount. ↗ Circular Economy and Resource Use

Supply chain mapping forms the basis for analysing risks at indirect suppliers. Therefore, the Company works continuously to increase transparency throughout its supply chain, making use of external databases, among other things. In addition, the conditions for certifying raw material supply chains are undergoing continuous development.

The BMW Group focuses on close cooperation with its partners in its supplier network and is continually involved in specific raw material and cross-commodity initiatives and projects, such as the Initiative for Responsible Mining Assurance (IRMA), the Responsible Minerals Initiative (RMI), the Towards Sustainable Mining (TSM) Initiative and the Aluminium Stewardship Initiative (ASI). The objective of this collaboration is to create a uniform international basis for the certification of raw material production and processing and to increase the acceptance and adoption of recognised standards. This is intended to accelerate their implementation along the supply chain. Maintaining an ongoing dialogue with civil society and other relevant stakeholders in the supply chain as part of these initiatives and projects is a key component in dealing with critical raw materials. These initiatives are multi-stakeholder efforts in which all relevant parties work together to achieve improved environmental and social standards within the industry. The views of NGOs and affected population groups are taken into account in the decision-making processes.

With regard to what are known as ↗ Conflict minerals (tin, tantalum, tungsten and gold (3TG), the BMW Group regularly uses RMI tools. This enables to trace raw materials back to the smelter.

Moreover, for selected raw materials the BMW Group is committed to the principle of "empowerment before withdrawal". Local projects are run in collaboration with project partners and local stakeholders and maybe run for several years. Currently, this concerns the raw materials cobalt, lithium, mica and natural rubber. These projects aim to achieve specific goals, and their success is measured using performance indicators.

↗ Further information and raw material profiles are available on the BMW Group website. For an overview of the raw materials strategy, see » Raw materials security and strategy.

Sustainability assessment of relevant supplier locations[1]

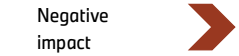
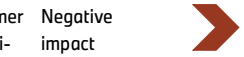
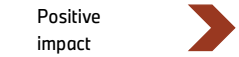
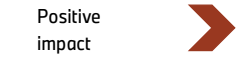
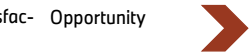
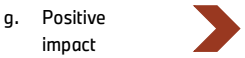
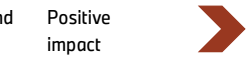
	2024
Number of assessed supplier sites	12,078
Proportion of suppliers of production-related material with implemented preventive measures at the time of awarding	79
Proportion of suppliers of production-related material with agreed preventive measures at the time of awarding	17

Notifications of potential violations in the supply chain

	2024
Number of notifications of potential violations of our sustainability principles received through our reporting channels	22
of which number of notifications that were clarified during the reporting year[2]	16
of which number of justified notifications that were clarified during the reporting year	–

[1] Basis: industry-specific sustainability questionnaire (online assessment).
[2] All notifications are processed until they are fully resolved, if necessary over several financial years. Six notifications received in 2024 were still at the internal processing stage at the end of the financial year and had not yet been fully resolved. Similarly, six notifications from previous years that had not yet been resolved by the end of the 2023 financial year were still being processed in 2024. Three of these notifications were resolved in 2024 and were proven unjustified. The remaining notifications will continue to be processed in the next financial year.

CONSUMERS AND END-USERS

Material impacts, risks and opportunities	Type	Stage of the value chain	Policies	Targets	Specific actions
The IT infrastructure used in the BMW Group could negatively impact personal data security, e.g., through fraudulent use of personal data.	Negative impact		– Systems-based incident management as part of the information security management system (ISMS) – Policies for the safe handling of customer data in IT	– Securing departmental IT – Data protection projects on the rights of data subjects	– Strengthening customers' personal responsibility in relation to their personal data – Launch of the Passkey procedure – Synchronised and automated implementation of data subject rights
By not providing transparency about data privacy practices (such as data collection, storage, use of customer data) and how consumers can protect their data, customers could be prevented from making informed decisions and protecting their sensitive data.	Negative impact				
Reputational risk in case of incidents concerning personal data security of consumers and end-users.	Risk				
Access to information allows consumers to make informed decisions about products and services – both in terms of performance and durability of products as well as for proper handling, such as environmental impacts during the use phase and end-of-life.	Positive impact		– Customer experience at the core of the customer, brand and sales system (sales strategy framework)	– Customer orientation (increasing customer satisfaction)	– Training for employees in direct contact with customers – Review and optimisation of processes and responsibilities
Information related to health & safety ensures that consumers can properly follow product and service instructions to safeguard their wellbeing.	Positive impact		– Customer experience at the core of the customer, brand and sales system (sales strategy framework)	– Customer orientation (increasing customer satisfaction)	– Enhanced transparency via the vehicle footprint – Owner's manual and safety booklet
Increase of satisfaction, loyalty, and trust of existing customers through well informed decisions and satisfaction with their purchase.	Opportunity				
The BMW Group's product portfolio can contribute to reduce risks to the health and safety of end-users, e. g. through security systems for drivers and other road users.	Positive impact		– Corporate quality ensures that the highest quality and safety standards are met	– All BMW Group products and services are required to meet the highest standards in terms of quality and safety – Adressing 100% of complaints regarding safety-related deficiencies within one year	– Implementation of product quality and product safety standards – Management of hazardous materials to exclude problematic substances as early as during the vehicle design stage – Sensitising and empowering customers to drive safely
BMW Group has a positive impact on health and safety of children when important security information and installations guidelines are made available to the public.	Positive impact				
Reputational risk in the event of of regular or extremely harmful accidents and risks caused by BMW Group products and services.	Risk				

Upstream material Own Operations material Downstream material

Customer orientation

Characteristics of consumers and end-users

ESRS S4 relates to a company's consumers and end-users. The BMW Group defines these stakeholders as all those who choose its products and services. In the materiality assessment, all consumers and end-users were considered on an equal footing, in line with this definition. No differentiation was made between specific groups of people.

At the BMW Group, consumers and end-users comprise, among others, customers purchasing new and used vehicles of all brands, products from the Financial Services segment or digital services such as ConnectedDrive. The Company makes a distinction between customers purchasing new vehicles for private or business use (corporate sales, B2B). Private customers purchase a vehicle for their own personal use in their own name and for their own account through purchase, financing or leasing. By contrast, business customers purchase, finance or lease vehicles on behalf of and for the account of their businesses.

As a global company, the BMW Group bears a social responsibility across the entire value chain. This also includes ensuring that fair working conditions and human rights are upheld in the sales organisation. ↗ Social Responsibility

The BMW Group always focuses on the customer

The BMW Group's consistent focus on the customer is the basis for its endeavour to create the best customer experience for the mobility of tomorrow. The BMW Group is entering the next era of individual mobility with its NEUE KLASSE in 2025. The NEUE KLASSE is an expression of the Company's transformation within the strategic areas of focus: electromobility, digitalisation and circularity.

With the Customer, Brands and Sales (CBS) system adopted in 2021, the BMW Group is making customer experience the focus of its marketing and sales activities. Key elements here include the seamless linking of digital and physical contact points, as well as addressing customers directly with a clear focus on their needs through the consistent development of processes, systems and structures ↗ Access to information. Within the Company, the CBS Strategy, Sales Management, Digitalisation department is responsible for implementing the sales strategy. The relevant departments are responsible for implementing the measures.

Analysing market trends and brand perception

To identify customer perceptions and needs in relation to the Company, brands and products and design, specialist departments focus on monitoring and analysing market trends and the changing dynamics of environmental conditions. The corporate strategy unit is ultimately responsible for market research.

In addition, surveys are regularly conducted among new car buyers with regard to the product portfolio of the BMW Group's brands. The perception of the individual brands BMW, MINI, BMW Motorrad and Rolls-Royce among buyers and potential buyers of premium and luxury vehicles is surveyed and analysed in detail on a regular basis. The gained customer insights are integrated in brand and marketing strategies. These play a key role in how we address our target groups, design our advertising and our communications. In addition, these findings are taken into account in specific strategies for sales, product design and communication. All of this plays a major role in ensuring that the BMW Group is closely aligned with customer needs. Furthermore, feedback from the general public and experts is incorporated into the process.

Ensuring customer satisfaction

Customer satisfaction and enthusiasm are at the core of the customer relationship and form the basis for the long-term economic success of the BMW Group and, consequently, the profitability of the Company.

The Corporate Quality department continually collects and analyses data to ensure a high level of customer satisfaction. Surveys that collect feedback on product, sales and after-sales service provide in-depth insights into the customer experience. Feedback on the BMW, MINI and BMW Motorrad brands and the services provided is systematically collected after a purchase as part of customer satisfaction surveys. Customers can submit their responses over a period of several weeks via a variety of touchpoints in sales and service processes. In addition, customers are also asked about how they are using their vehicle and how satisfied they are with it in the first few months after taking delivery of a new vehicle.

The results of the surveys contribute directly to further improving processes. Together with the relevant departments, a catalogue of measures is drawn up based on a detailed analysis of feedback from customers. This may include the following points:

- Training for employees in direct contact with customers, both within the company and the sales organisation
- Review and optimisation of processes and responsibilities

To measure its success, the Company refers to a specific indicator in its core markets each year. The survey includes feedback from customers who interacted with BMW Group sales and service operations during the period of the survey. The insights gained are used to optimise processes and the product, sales and service experience for customers.

Definition and implementation of sales targets at the BMW Group

Strategic sales targets are defined as part of the overall Company-wide strategy process. This provides for the permanent and long-term monitoring of the variables and the management of the measures geared towards achieving our ambitious goals. In this context, the Board of Management decides each year on the continuation of existing targets and the adoption of new ones, or any necessary adjustments. Once approved by the Supervisory Board, the results are integrated into the corporate target system. These targets are converted into specific requirements for the individual departments. This ensures that the implementation of the targets is closely monitored and that success in achieving them can be measured specifically. ↗ Performance Indicators and Performance Management

The customer focus performance component (product and customer service quality) was once again set as a non-financial target for the Board of Management in the reporting year. Customer satisfaction serves as a performance indicator.

As part of the overall target management process, the Company reviews the progress made in achieving targets over the course of the year. The results, including any necessary adjustment measures, are reported regularly to the Board of Management and the Supervisory Board.

Access to information

Solutions-focused customer service

The BMW Group provides numerous ways for customers to contact the Company. The Customer Interaction Centre (CIC), which can be contacted over the phone, by email or letter and, in an increasing number of countries, via a chat function, receives customer concerns. These concerns are handled by CIC agents who go through mandatory training to ensure a high standard of quality. ↗ BMW Group Code of Conduct

Once the CIC receives a customer request, the first step involves a CIC employee logging and categorising it. For product-related queries, vehicle data is recorded once the person has identified themselves. Standardised intake processes ensure that they are dealt with quickly and in a solutions-focused manner. At the end of the process, customers are invited to assess how well the issue was resolved. CICs operate on behalf of local companies. This ensures that specific national or regional regulations relating to standards, systems and partner contracts are taken into account.

Other means of contact can be used beyond the CICs. For example, customers may reach out to the Company's global network of retail and service partners for direct and personal support. The My BMW and MINI apps also provide assistance. Furthermore, external social media channels operated by the BMW Group provide customers and other interested parties with the opportunity to express their request.

Access to quality information

The BMW Group provides extensive documentation to ensure the safe use and operation of its products and services, as well as information on the broad range of options offered by (digital) services. Subject areas range from product and data safety to how to operate the product, health and safety, and information on accessories and components. The documents are available both in printed form, for example owner's manuals and safety booklets, and digitally, accessible via the vehicle or the Driver's Guide app.

Following the launch of the new all-electric MINI Cooper* in November 2023, the safety booklet will replace the printed owner's manual in all markets where the legal requirements are met.

Ongoing optimisation of access to information

During the reporting period, the BMW Group took additional steps to maintain and ensure the high quality of the processing of inquiries regarding products and services for its customers across all touchpoints. To this end, a project focusing on optimising all aspects of the customer experience, processes, digitalisation and customer care structures holistically was set up in the sales organisation.

In addition, the "Customer Channels, Digital Commerce, Connected Company" unit was established as part of a strategic realignment of the "CBS Management, Sales Strategy and Digitalisation" department. The aim is to further enhance the provision of information to customers. By combining content and channels in such a targeted way, we can ensure that customers have access to consistent, reliable and accurate information across all touchpoints. In doing so, the needs of all customers are addressed equally.

Making sustainability transparent

In its communications on sustainability, the BMW Group focuses on openness and transparency, which are backed up by targeted measures and processes. This is also in response to greater expectations within society with regard to the environmental credentials of products and services, and tighter legal requirements.

To this end, the company has extended the disclosure of sustainability information on product level. The vehicle footprint provides a summary of key vehicle data, including information on fuel/energy consumption, CO_2e emissions over the entire life cycle of the vehicle, the use of secondary materials, and important social sustainability factors. The vehicle footprint has been available for numerous new BMW and MINI models at launch since it was introduced in 2023.

BMW and MINI customers can also use the My BMW and MINI apps to obtain access to detailed personal driving and efficiency statistics, which can help them to analyse their driving behaviour and their fuel consumption.

* ↗ Consumption and Carbon Disclosures.

Data security and data protection

Customer data protection

A relationship with our customers built on trust is of great importance to the BMW Group. In accordance with applicable laws, priority is given to protecting privacy, maintaining confidentiality and ensuring the integrity of personal data.

Within the Company, the Group Data Protection department performs the role of data protection officer, who is responsible for coordinating the global data protection network. To ensure that personal data is processed in compliance with the law, their core tasks include monitoring compliance with all data protection laws. The department also provides training for employees.

In addition, the Group Data Protection department advises on new projects, reviews compliance with data protection requirements and conducts process audits. In this capacity, it acts independently and without being subject to outside or hierarchical direction. It works closely together with the relevant data protection authorities, especially when it comes to clarifying fundamental data protection issues arising out of the growing connectivity of vehicles.

Dealing with the opportunities and risks associated with digitalisation

Advancing digitalisation and automation are opening up a wealth of opportunities. Areas where artificial intelligence is applied, for example in self-driving cars, the optimisation of production processes or personalised customer experiences, offer great potential, but also entail risks, such as risks to data privacy and the threat of cyberattacks ↗ Risks and Opportunities.

It is for this reason that the BMW Group continually develops its processes and systems. Identified data protection risks that may have both systemic and individual impacts are dealt with immediately. In the reporting year, the following measures, among others, were implemented or expanded to ensure data quality and to increase data security:

- The consolidation and revision of customer profiles helps to ensure data consistency and accuracy.
- The CIC and the local data protection officers help customers to take responsibility for how they manage their own data.
- The launch of the Passkey procedure is a new, even safer way to register for online services.
- A system-wide approach has been implemented for a synchronised and automated exercise of data subjects' rights in accordance with the General Data Protection Regulation (GDPR).

Furthermore, specific data protection guidelines have been defined for digital communication channels, such as the BMW and MINI websites and the My BMW and MINI apps. Among other things, they include requirements on app development, define terms such as "personal data" and provide specific instructions on the secure handling of customer data.

Organisation of and approach to preventing the misuse of data

Personal data obtained through contact with customers is collected, processed and used in accordance with data protection laws. The BMW Group collects data related to vehicles-, customers- and customer groups that could be linked to specific individuals using a combination of different identifiers. To prevent this and any possible negative repercussions for customers, the Company implements various measures, from anonymisation to solutions such as Privacy by Design.

In addition, all systems are regularly checked for compliance with the latest IT security standards. Specialised teams of experts systematically search for potential weak points. New findings are integrated into the development of mandatory safety standards.

The BMW Group uses the term "customer trust" to denote trust that data is processed correctly and securely, which is the cornerstone of a sustainable business relationship. A systematic approach to incident management is essential in order to prevent, detect and resolve possible incidents involving customer data. Incident management is an integral part of the information security management system (ISMS) and operates worldwide in cooperation with the Customer Data Delegates (CDDs). The CDD role is firmly established within the sales companies, financial services companies and corresponding central divisions.

The global CDD network ensures that tasks are carried out systematically and to a consistently high standard. The following ongoing measures and targets are being implemented and are due to run until 2026:

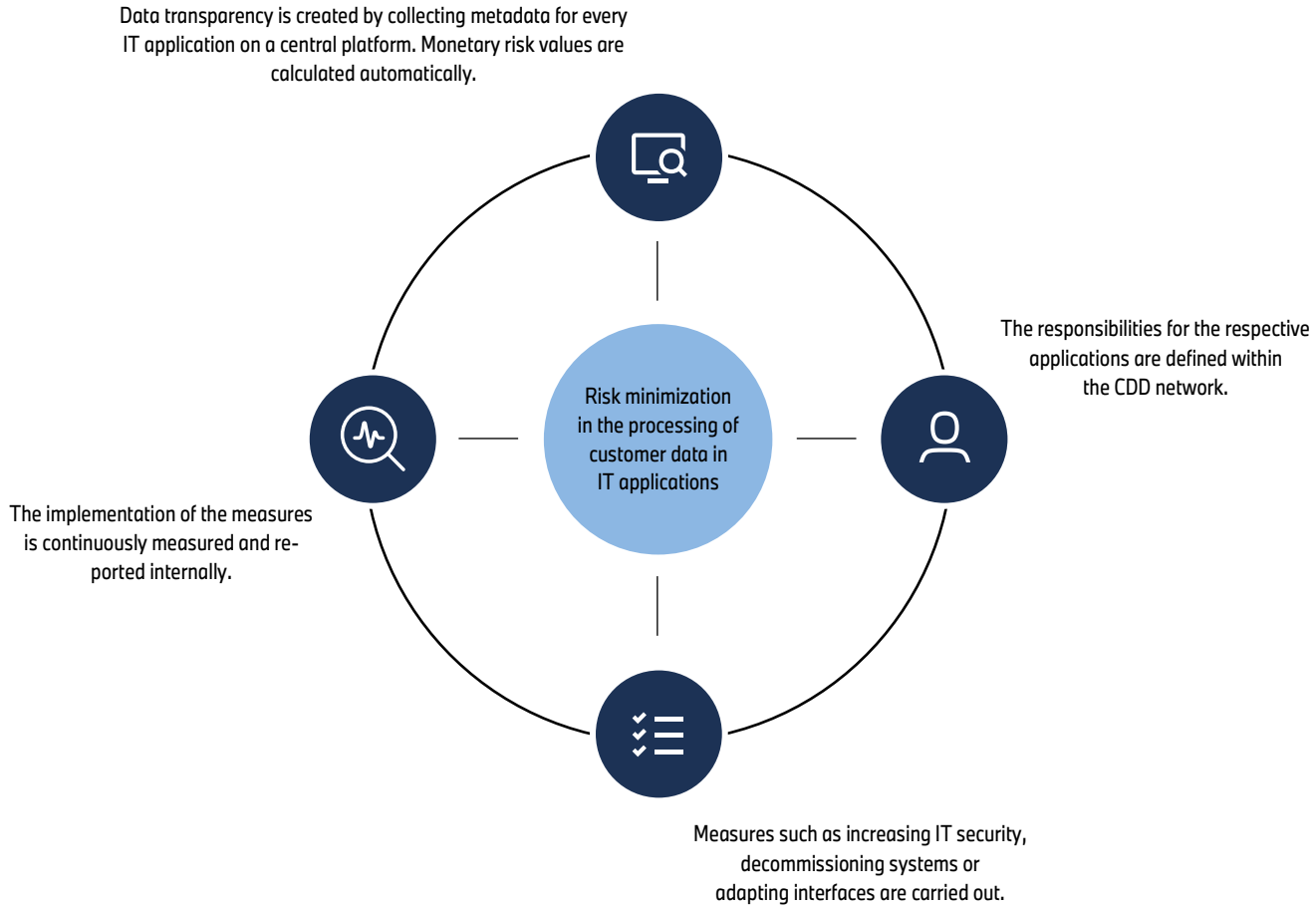
- internal auditing of sales companies
- setting up of project teams to secure departmental IT
- data protection projects on the rights of data subjects
- regular global and regional CDD workshops

With the aim of minimising risks when customer data is processed in various IT applications, the BMW Group takes a structured approach that gives equal consideration to all customer groups.

The goal of minimising the Company risk associated with a customer data breach is set out in the target management process which applies throughout the organisation. Responsibility for this lies with the CDDs. Those with functional responsibility in the business and IT departments are also involved.

In the unlikely event of a customer experiencing a negative impact, a structured incident response process is activated. Group Data Privacy Protection, the subsidiary in question and the corresponding CIC are involved in this process. Together they investigate the incident and take steps to resolve it.

Structured approach to minimizing risks when processing customer data



Protecting vehicle data

The BMW Group is responsible for protecting any vehicle data transmitted. This includes the secure transmission and processing of such data by BMW Group contractors. BMW Group automobiles use internet connections or private networks to connect to the ConnectedDrive backend or third-party services. A special gateway controls access to the internet in accordance with the extended vehicle approach, which is based on the ISO 20078 standard. This approach ensures compliance with data protection and data security requirements at a high level, while also fulfilling legal cybersecurity requirements, such as the UN R155 regulation.

As part of the CarData service offering, customers purchasing BMW, MINI and Rolls-Royce automobiles are provided with full transparency and control over how their data is shared with third parties. CarData meets the requirements of the EU General Data Protection Regulation (EU GDPR) with regard to the right to access information and data portability, while also providing a basis for meeting the requirements of the Data Act in 2025. The roll-out of this service in Europe in 2017 and in the USA in 2020 is testament to the BMW Group's commitment to complying with country-specific data protection regulations. The California Consumer Privacy Act (CCPA) that applies in the USA is another example of this.

Health and safety

Product quality and product safety standards

All BMW Group products and services are required to meet the highest standards in terms of quality and safety, People's safety has top priority, right from the vehicle development stage. The Corporate Strategy unit bears overall strategic responsibility for product quality. Responsibility for the vehicle safety strategy lies with the development for the entire vehicle. The relevant departments are responsible for implementing the measures.

Optimum chassis tuning, highly effective braking systems and stable passenger compartments are of key importance in this regard. In addition, the vehicles are equipped with the latest safety systems for active and passive driving safety, which both reduce the risk of accidents occurring – for example, through collision warning or lane departure warning systems – and mitigate the consequences of an accident, for example via airbags or seat belts. To this end, the responsible Company departments continuously monitor the latest research findings on health and safety and take them into account in the requirements for vehicle development.

Safety concepts for BMW Group vehicles

To protect occupants and other road users, the new vehicle models meet stringent internal safety standards and comply with statutory requirements. The latest findings from in-house research into accidents and product monitoring, involvement in national and international research projects, and analyses of external accident databases are fed into the development process. The growing demands of international consumer protection organisations, such as the New Car Assessment Programmes (NCAP) worldwide, constitute an important element and are also taken into account. With this in mind, our security concepts are designed to be broadly applicable and consider, among other things, factors such as height, build and gender. In addition, all BMW Group automobiles worldwide have been equipped with an automatic emergency braking system since the roll-out of the most recent generation of on-board electrical systems.

In particular, child protection requires specific criteria to be applied in vehicle design. This is how the Company ensures that its vehicles are compatible with all commonly available types of child car seats. In addition, the safety of children is considered both in terms of vehicle occupants and as road users. To this end, crash tests are conducted for different age groups. Our automatic emergency braking system is designed with children in mind, especially in challenging driving situations. The implementation of these safety criteria is monitored as part of the internal target and reporting system.

In the reporting year, the BMW Group again scored highly in independent tests conducted by consumer organisations. Following top ratings in Europe, the USA and Korea, the BMW 5 Series has now also been awarded by the Chinese C-NCAP and C-IASI programmes[1]. The new MINI Countryman and the BMW X2 were both awarded five stars by Euro NCAP and named "Top Safety Pick" by the Insurance Institute for Highway Safety (IIHS) in the USA. The BMW X5 achieved a Top SafetyPick+.

Percentage of vehicle models[2] rated by NCAP programmes with an overall five star safety rating[3]

in %	2024
European New Car Assessment Programme (Euro NCAP)	85.0
China New Car Assessment Programme (C-NCAP)	100.0
U.S. National Highway Traffic Safety Administration's (NHTSA) New Car Assessment Programme (NCAP)	33.0
Korean New Car Assessment Programme (KNCAP)	100.0

In 2024, the Company performed safety- and compliance-related technical operations that affected approximately 12.2 million vehicles[3].

All of these operations were voluntary and carried out in close coordination with the authorities. The BMW Group works according to the principle of prevention. To avoid technical operations of this type going forward, the BMW Group has also developed a comprehensive programme that has been in place since 2023. The Company works continuously to further improve the safety of its vehicles.

Safeguarding quality standards

The problem management process is another component of the quality strategy. It comprises all the elements required to identify, process and resolve technical problems in a sustainable manner, all the way from development and production to use by the customer.

The logging of complaints regarding safety-related defects fulfils a legal requirement. This involves the use of defined sensors that collect and evaluate data relevant to products in series production. The problem management process ensures that irregularities are identified reliably, forwarded for processing and that the solution is followed up. The BMW Group has set itself the goal to address 100% of these complaints within one year.

This indicator has been published since the 2022 financial year and is compiled on an annual basis. The reference period is 1 December of the previous year to 30 November of the reporting year. The target has not changed since the indicator was established, and the target has been met every year. In the reporting year 2024, 100% of the safety and compliance-related problems were passed on to the responsible departments for resolution.

In addition, the problem management process is continually monitored using other internal metrics, with any weak points being identified and optimised.

Raising awareness of safe driving

The BMW Group is committed to road safety and, in this context, offers a range of driver training courses. The options range from the standard BMW Safety Training course to the compact half-day Safety Compact programme and a tailored course for people with disabilities. Each of these offerings aims to improve driving skills, boost self-confidence behind the wheel and, as a result, increase the safety of all road users.

[1] China Insurance Automotive Safety Index.
[2] Vehicle models that were listed in the BMW Group portfolio at the end of the 2024 reporting year.
[3] Additional disclosure, based on SASB ↗ SASB Index.

Exclusion of problematic substances

All substances used by the BMW Group are in compliance with national and European laws. In addition, compliance with statutory prohibitions and limits on the use of chemical substances is monitored. Substitutes are sought for hazardous substances that are categorised as being of very high concern in accordance with Articles 57 and 59 of the REACH Regulation, provided they are used with a proportion exceeding 0.1% by mass in a mixture in the production processes, while taking factors such as economic and technical requirements into account. If such substances cannot be avoided, they are used under controlled conditions and in strict compliance with hazardous substance regulations.

To the extent possible, the BMW Group excludes the use of problematic substances right from the vehicle design stage and sets out corresponding stipulations for its suppliers. Guidance is provided in the form of the ↗ Global Automotive Declarable Substance List (GADSL).

Furthermore, the Company is committed to reducing exposure to emissions inside the vehicle to a minimum. All BMW, MINI and Rolls-Royce brand Automobiles are equipped as standard with interior air filters for pollutants and particles. Since 2020, the BMW Group has been using interior air filters equipped with nanofibre technology that not only trap fine dust, but also certain microbial particles and allergens.

Given that vulnerable people react particularly sensitively, the statutory requirements for potentially hazardous substances include children in particular. Therefore, complying with threshold values also regularly comprises the protection of children's health.

GOVERNANCE INFORMATION

COMBATING CORRUPTION AND BRIBERY

Material impacts, risks and opportunities	Type	Stage of the value chain	Policies	Targets	Specific actions
Having a clear selection and communication of core values and beliefs for employees (e. g. the BMW Group Code of Conduct) and trainings in place avoids negative environmental and social behaviour and strengthens the individual sense of responsibility of the employees, especially with regard to corruption prevention.	Positive Impact		– BMW Group Compliance Management System (CMS) » Compliance Management System (CMS)	– Rate of completion of the mandatory "Compliance Essentials" web-based training course	– Internal compliance regulations – Internal communications activities and case-by-case consultation by Compliance – Regular monitoring, including reporting to management

Upstream material Own Operations material Downstream material

Preventing, detecting and combating corruption and bribery
The BMW Group's corporate culture is based on values and fundamental beliefs, founded on trust, mutual respect and tolerance. The Code of Conduct transposes the BMW Group's corporate values into essential guiding principles for all employees. This boosts employees' sense of individual responsibility. In this context, they are also supported by a Compliance organisation and a regulatory framework to ensure that the Company acts within the law at all organisational levels. The CMS comprises measures to combat corruption and bribery, thereby reinforcing a culture of integrity and compliance. In particular, it helps to reduce sanction and liability risks, as well as risks arising from other (non-)financial disadvantages such as reputational risks. Clear assignment of roles and responsibilities is also essential.

The CMS applies to all affiliated companies in which the BMW Group holds a majority interest of more than 50%, in particular fully consolidated affiliated companies of the BMW Group, whereby BBA maintains its own CMS with the same level of effectiveness as the Group's CMS. Non-controlling interests and 50:50 joint ventures are not part of the BMW Group's compliance organisation and are not covered by the CMS. These companies are required to set up and implement their own adequate and effective compliance programmes, by taking a risk-based approach, and to report on these to the BMW Group. This also applies to joint operation Spotlight Automotive Ltd. In exercising the rights as a shareholder of non-controlling interests with strategic relevance, BMW AG seeks to ensure effective compliance (ongoing development of a risk-adequate CMS and its proper implementation). As a shareholder, BMW AG receives reports on CMS-related topics and information as required. Further information on the CMS can be found in the Compliance section. » Compliance Management System (CMS), » Compliance as a corporate function

The central Group Compliance function sets out the basic structure of the CMS, including the anti-corruption compliance programme. The key components of the programme include a specific and Company-wide risk analysis, instructions containing specific guidance on how to act in situations where there is a risk of corruption, training courses, communications and case-by-case consultations. In addition, employees are provided with support in day-to-day situations via IT systems. Regular monitoring is also carried out to ensure compliance with requirements.

The BMW Group has set up a notification system to handle queries and notifications on compliance-related issues, including corruption and bribery. For more information on the notification system, please refer to the Compliance section. » Compliance and notification systems

As part of the Detect function of central Group Compliance, compliance investigations are conducted on an ad hoc or non-ad hoc basis and where necessary, action measures are derived. Any infringements are immediately remedied, with an emphasis on reducing the risk of repeat offences as far as possible. Where infringements can be traced to an individual, that person will be appropriately sanctioned, in accordance with the processes defined for this purpose. This applies to all areas covered by the CMS, including combating corruption. For information on the monitoring and control mechanisms of the CMS, see the Compliance section. » CMS monitoring and controls

Avoiding conflicts of interest in compliance investigations
Compliance investigations are generally performed by the local Compliance functions in consultation with central Group Compliance, provided the issues are not of a Company-wide nature and there are no indications of conflicts of interest on the part of the local function. Compliance investigations with a company-wide impact are performed by Group Compliance. Should any suspicion arise in connection with the central Group Compliance function, Group Corporate Audit assumes responsibility for investigating the matter. This means that the committee conducting the investigation is kept separate from the line management involved.

Reporting on compliance investigations
The Board of Management, the Supervisory Board and the auditor are informed annually of the number of notifications of compliance infringements, the number of audits conducted and the results of these audits within the scope of compliance reporting. In addition, more detailed half-yearly reports are prepared on the basis of materiality criteria.

Communicating internal regulations
New or amended principles and instructions are published on the intranet and communicated directly to all managers, who are requested to distribute the information within their respective areas of responsibility. Recently published internal regulations have a direct impact on the Prevent pillar of the CMS and, as a result, increase the likelihood that employees will act within the law. In addition, separate communication measures are implemented within the Company when there are compliance-specific modifications to principles and instructions (including newsletters, communication formats and events to raise awareness among employees).

In its internal regulations on anti-corruption, the BMW Group takes into account the standards established by the United Nations Convention against Corruption (UNCAC).

Training on governance matters
The key issues of combating corruption and bribery, as well as the compliance aspects related to lobbying, form part of the web-based Compliance Essentials training course, which the defined group of employees is required to complete every two years. The training course also covers information on notification systems, including points of contact for information providers and the BMW Group SpeakUp Line.

Scope of training on anti-corruption
The 30-minute Compliance Basics online training course primarily teaches the basics of corruption prevention using explanatory case studies and test questions. Information on the prohibition of corruption and bribery, including the prohibition of bribery of public officials and the prohibition of bribery and corruptibility in business dealings (active and passive), is presented using specific examples.

Training rate of high-risk functions in relation to anti-corruption
With regard to corruption and bribery, from the BMW Group's perspective, those employees who are involved in indirect activities are potentially particularly relevant from a risk perspective. Indirect activities include activities that do not primarily serve the manufacture of products. However, the group of people affected also includes senior employees from the direct areas, such as "Meister" (master craftsmen).

The BMW Group strives to maintain a training rate of at least 95% at all times. This target is particularly relevant for the Prevent pillar of the CMS because it aims to raise awareness among a large number of employees. The overarching goal in this context is to combat corruption and bribery in accordance with applicable national and international standards (e.g. UN Conventions). Only central Group Compliance was involved in setting the target. Compliance helps employees to meet the target using internal communications activities. Training and communication measures play a crucial role in preventing corruption. Furthermore, the training rate is regularly reported to management. Managers are responsible for monitoring the completion of required training by their employees and are supported in this task by an IT escalation process. The percentage of valid training certificates for functions involving risk at the reporting date 11 December 2024 stood at 97%.

Scope of anti-corruption training for the Board of Management and Supervisory Board
The members of the Board of Management of BMW AG also complete the web-based Compliance Essentials training course.

In the reporting year, the members of the Supervisory Board of BMW AG received training in the form of a written document on the subject of anti-corruption and bribery. The relevant content of the training, including the question-and-answer format, was also the subject of a presentation given to the members of the Supervisory Board by the Chief Compliance Officer as part of routine reporting.

POLITICAL INVOLVEMENT AND LOBBYING ACTIVITIES

Material impacts, risks and opportunities	Type	Stage of the value chain	Policies	Targets	Specific actions
Participation in political decision-making in an extensive manner leads to reputational damage and negative publicity.	Risk		– The BMW Group's approach to representing its interests	– Targets and effectiveness are not measured because lobbying activities are dependent on external factors.	– Disclosure of the BMW Group's positions and lobbying activities – Compliance aspects related to lobbying as part of the required web-based Compliance Essentials training course.

Upstream material Own Operations material Downstream material

Supervision of lobbying activities
The BMW Group's lobbying activities are coordinated in committees. The documents are fully recorded and made available using the BMW Group's internal committee management system.

If new regulatory requirements and legislative proposals are communicated to the BMW Group via external networks (e.g. by industry associations or ministries) they are initially assessed and the relevant assumptions are prepared together with internal departments. The assumptions and lobbying positions which form part of the BMW Group's involvement in discussions within associations are presented and adopted by the relevant committees.

Internal requirements are also derived from the BMW Group's positions and must be implemented by the BMW Group's business entities.

The BMW Group's approach to representing its interests
The BMW Group's strategy is developed from an analysis of the global megatrends that are crucial to the transformation of the automotive industry. As a global company with a complex value chain, the business activities of the BMW Group impinge on the interests of a range of stakeholders. Against this backdrop, the BMW Group maintains a continuous dialogue with its stakeholders and factors their different perspectives into its decision-making process. In doing so, the relevant regulatory framework is taken into account. The BMW Group is also increasing the transparency of its decision-making processes by communicating its BMW Group Strategy and positions on political, regulatory and social issues. At the BMW Group, the Corporate and Governmental Affairs department is responsible for understanding the values and aims of the people around us, managing relationships and communicating with relevant stakeholders. The governmental affairs structures within the BMW Group are an integral component of this department and are responsible for its relationships with political stakeholders. Given that lobbying activities are dependent on external factors, the BMW Group approach to the representation of its interests does not include the measurement of targets and effectiveness. Relevant measures include the disclosure of the BMW Group's positions and lobbying activities, as well as raising the awareness of employees via the required web-based Compliance Essentials training course. The purpose and content of lobbying activities are described in the eight defined core segments. ↗ Training on governance matters, ↗ Training rate of high-risk functions in relation to anti-corruption

BMW Group positions and lobbying activities
Sector-specific advisory opinions from companies can exert a constructive influence on political decisions from the BMW Group's perspective and contribute to sustainable and effective legislation. It is with this in mind that the BMW Group actively engages in discussions on key strategic topics such as climate change mitigation, the circular economy, reducing its CO_2e footprint as part of its efforts to meet the climate targets set out in the Paris Agreement, and transparent supply chain management. Involvement in political decision-making processes carries with it the risk of negative media coverage and a resulting loss of reputation. For this reason, the BMW Group engages in transparent dialogue and provides comprehensive information on its political positions on its website and in relevant transparency registers. ↗ Transparency register entries, ↗ Advocacy

Lobbying activities are related to and influence the material risks, opportunities and impacts. Examples of how the main impacts, risks and opportunities interact with lobbying activities are provided in the descriptions of the core segments. ↗ List of material Impacts, Risks and Opportunities

Drivetrain policy
The BMW Group is calling for a revision of the EU legislation on fleet-wide emissions targets from 2035 onwards. The aim is to include all available drive technologies as possible solutions. Besides battery-powered electric vehicles, these include plug-in hybrids, fuel cell vehicles and vehicles with internal combustion engines. This is to be viewed within the context of the identified risk of increasing competition in the market for electrified vehicles. The increased use of renewable fuels (electricity-based fuels and advanced second- and third-generation biofuels) such as HVO100 is an effective way to reduce carbon emissions from existing and new vehicles with internal combustion engines. The BMW Group puts forward these proposals to the government ministries of the Federal Republic of Germany and at the

European level. From the BMW Group's perspective, switching to emission-free mobility calls for a holistic framework. An approach that is open to technology with a diverse range of low- and zero-emission drive options will also ensure that the Company is strategically resilient. Focusing on a single technology, with its individual limitations, creates geopolitical dependencies and could lead to bottlenecks, for example, in critical raw materials, which could delay the transition to electromobility.

Climate and energy policy
In the transport sector, a swift transition to electromobility in new vehicles is an important prerequisite on the road to achieving climate neutrality. The BMW Group is also pursuing a clear course of reducing CO_2e emissions holistically and across the entire value chain of its vehicles, and is committed to meeting the climate targets set out in the Paris Agreement. In this context, the BMW Group is in dialogue with the German Bundestag and the German government with the aim to reduce CO_2e emissions from the implementation of the Renewable Energy Directive III (RED III) in Germany. The measures are intended to help reduce CO_2e in the energy sector (including electricity, hydrogen and combustion fuels) and achieve an effective reduction in overall sector emissions. To reduce the CO_2e footprint of energy-intensive materials, setting national and multinational CO_2e limits and corresponding trading systems, for example, could serve as key instruments for achieving a long-term decarbonisation goal across all industries.

Furthermore, the BMW Group is committed to reliable recording of CO_2e footprints based on real data and supports the ongoing international scientific and political discussions on effective carbon accounting. The Catena-X automotive data space is developing standardised global calculation methods and exchange formats for CO_2e emissions. This is in keeping with the opportunity defined for the BMW Group to report comparable emissions along the actual supply chain in order to better identify areas with potential for reduction and to work with suppliers to define targeted reduction measures.

Based on its strategic focus on the circular economy, the BMW Group is committed to an efficient legal framework for the circular economy. The goal is to ensure high-quality recycling of end-of-life vehicles and the supply of suitable recycled materials for use in new vehicles. In this context, the BMW Group is not convinced of the merits of statutory requirements governing the use of recycled material or inefficient dismantling regulations. The circular economy needs to help boost competitiveness. For this reason, the focus needs to be on innovating the automation of recycling technologies. The BMW Group operates its own Recycling and Dismantling centre (RDC) near Munich for this purpose. Experience gained here in vehicle recycling is passed on directly to the development team. In addition, a number of projects are under way to promote the use of recycled materials in vehicles. The BMW Group puts forward these proposals to the government ministries of the Federal Republic of Germany and at the European level.

Urban mobility
The increase in urban population is not only causing a housing shortage, but also traffic congestion. As a result, many cities and municipalities have introduced individual regulations and, to an increasing extent, bans as a means of controlling traffic.

The BMW Group's goal is to work with cities and local authorities to develop and implement joint solutions that address the issue of increasing traffic volumes and related emissions. For example, the BMW Group has regularly piloted a number of projects with its partner city Rotterdam that increase the electrified driving range of plug-in vehicles, thereby reducing their CO_2e emissions. The BMW eDrive Zones project has now been rolled out in more than 150 cities. There is a great deal of potential to be found in partnerships between cities, mobility service providers and vehicle manufacturers. In this context, the focus is on two key areas: measures to boost electromobility, such as the installation and expansion of charging infrastructure or the creation of eDrive zones where plug-in hybrids automatically switch to electric drive, and traffic management measures to maintain traffic flow.

With regard to the German Act on Electromobility Infrastructure in Buildings (GEIG), the BMW Group is committed to a more ambitious transposition in Germany of the EU requirements on equipping car parks with charging points. The availability of sufficient charging infrastructure at home, work, when shopping and around public facilities is the basis for ramping up electromobility.

Geopolitics, trade and industrial policy
The BMW Group is committed to cooperating with political stakeholders at the global level to promote free trade and unrestricted market access. This includes, among other things, dialogue with associations, NGOs and suppliers.

In addition, the BMW Group maintains a dialogue with legislators (e.g. governments, opposition parties, various parliamentary groups) to fulfil its global responsibility. In this context, the BMW Group is particularly committed to the reduction of tariffs and non-tariff barriers to trade as a means of utilising the benefits of international partnerships and interlinked value chains. This provides the Company with financial opportunities and competitive advantages through innovation, research and development.

In the EU's anti-subsidy proceedings against China, the BMW Group is calling for an open and rules-based trading system that ensures a level playing field for domestic and foreign companies. With this in mind, the BMW Group maintains a dialogue with the European Commission, EU Member States, political groups in the European Parliament and industry associations.

Digital policy
Digitalisation affects all areas of the mobility sector. We continuously offer our customers new ways to experience digital services and automated driving features. However, advances in digital technology have implications for our products: not only do they create more possibilities, but also challenges, such as in the area of cyber security, due to the increased connectivity of vehicles.

In this context, the establishment of uniform global standards and a statutory framework (e.g. EU Data Act, China cross-border data transfer) is a key priority. This helps to offset, among other things, risk to the Company's reputation in the event of incidents affecting the security of consumers' or end-users' personal data. The BMW Group continues to engage with relevant authorities in the EU, the corresponding Directorate General and the European Parliament, and China, in particular with the relevant administrative authority CAC and the free trade zones Lin-gang and Daxing.

These standards should be flexible and agile enough not to impair innovation and to fully exploit the advantages provided by digital progress. In this context, compliance with the respective vehicle registration policies and the relevant cyber security regulations must be ensured at all times.

The BMW Group is also in discussions with the German Federal Ministry of Transport and Digital Infrastructure (BMDV) regarding the law on establishing a national data trustee. This concerns access rights and the management of consent within a data trustee model that would supplement the EU Data Act.

Human resources and social policy

The BMW Group offers its employees a secure and attractive place to work as well as extensive personal development and professional training opportunities. Among other things, this has a positive impact on the skills and expertise of its workforce. At the same time, we are working with political stakeholders to update social and labour policy and adapt it to the way we work today.

In a letter addressed to members of the German parliament and the German government, the BMW Group has called for a fundamental overhaul of working time legislation to bring it into line with EU laws. In specific terms, this would involve creating greater flexibility in working hours by switching to a maximum weekly limit and making adjustments to break times. A potential regulation on recording working hours should take into account current Company practice and utilise the existing scope for manoeuvre.

Political contributions

The BMW Group made political contributions to the following recipient groups in the reporting year:

— Dialogue events: Sponsoring of political events for collaboration and exchange purposes

— Collaborations: Sponsoring with reciprocal business (for advertising purposes) or lectures by representatives of the BMW Group

The following table summarises significant political contributions made in the reporting year.

Significant political contributions by recipient group

	2024		
		by recipient group	
in €	All recipients	Dialog events / events	Cooperations
Europe	344,966	158,966	186,000
thereof Germany	327,261	141,261	186,000
Americas	273,155	69,798	203,357
thereof USA	268,514	65,157	203,357
Asia	15,136	15,136	–
thereof China	–	–	–
Total	**633,257**		

Any political contributions made by the BMW Foundation Herbert Quandt (BFHQ) are not included in the figures stated above. Due to its close ties to the BMW Group, BFHQ was also incorporated into the key performance indicators. As a result, BFHQ did not make any political contributions for the BMW Group in 2024. Any political contributions made by the BFHQ are independent of the BMW Group and are made solely in pursuit of the interests of the BFHQ, and without consideration of any interests of the BMW Group.

Positions in public administration

There were no changes to the Board of Management in the 2024 reporting year. As a result, no members were appointed to the Board of Management who held a comparable position in a public administration (including regulatory authorities) in the two years prior to their appointment. In the 2024 financial year, a member was appointed to the Supervisory Board as part of the employee representative elections. This member has held a comparable position in public administration since the 2023 financial year.

Transparency register entries

The BMW Group is listed in the EU Transparency Register and in the equivalent registers of the EU Member States listed below.

Entries in the EU Transparency Register and in equivalent registers of the Member States

	Register name	Identification number in the register
BMW AG	EU Transparency Register	7193977808-18
	Lobby register for the representation of interests vis-à-vis the German Bundestag and the Federal Government	R002370
	Bavarian lobby register	DEBYLT007F
BMW Motoren GmbH	Lobbying and interest representation register	LIVR-01130
BMW Automotive (Ireland) Ltd.	Register of Lobbying maintained by the Standards in Public Office Commission	1373
BMW France S.A.	Register of Lobbying maintained by HAUTE AUTORITÉ POUR LA TRANSPARENCE DE LA VIE PUBLIQUE (HATVP)	5HABRCXV, ZV92LP1H, YVIKRQAH, PVXASO43, UVPUF1GH, GVTU7903, EVJFE0PH, LV1DGNI3, BHOB62A3, 0VE7PMF3, Y3GQAMLH, DHMZCMYV, Y3KG6M5V, 0V2ARJJV, LV1C6E0V, C34BL90V, Q36SB5KV

OTHER ESG INFORMATION

OTHER ENVIRONMENTAL INFORMATION

CO_2e footprint[1]

in t CO_2e	2024	2023	Base year: 2019	Deviation to previous year in %	2025	2030	2050	Annual % of target/base year
Total emissions (market-based)[2]	**131,134,201**	**–**	**mainly guided**	**–**	**–**	**mainly guided**	**–**	**–**
Total emissions (location-based)	**132,274,751**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
SCOPE 1: DIRECT GREENHOUSE GAS EMISSIONS								
Total emissions[2]	**672,542**	**–**	**mainly guided**	**–**	**–**	**mainly guided**	**–**	**–**
BMW Group locations[2]	572,972	–	mainly guided	–	–	mainly guided	–	–
Company vehicles[2, 3]	95,087	–	mainly guided	–	–	mainly guided	–	–
Company-owned airplanes[2]	4,482	–	mainly guided	–	–	mainly guided	–	–
Percentage of Scope 1 GHG emissions from regulated ETS (in %)	53.5	–	–	–	–	–	–	–
SCOPE 2: INDIRECT GREENHOUSE GAS EMISSIONS								
Total emissions (market-based)[2]	**164,421**	**–**	**mainly guided**	**–**	**–**	**mainly guided**	**–**	**–**
Electricity/heating/cooling purchased by BMW Group locations (market-based)[2, 4]	150,508	–	mainly guided	–	–	mainly guided	–	–
Electricity purchased for company vehicles (BEV) (market-based)[2, 3, 4]	13,913	–	mainly guided	–	–	mainly guided	–	–
Entries in the EU Transparency Register	**1,304,971**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
SCOPE 1 + SCOPE 2 (MARKET-BASED): REDUCTION TARGETS DERIVATION[5]								
Total emissions scope 1+2	**836,963**	**–**		**–**				
non-reduction-targeted scopes	– 35,490	–		–				
share of biogenic emissions	8,324	–		–				
Reduction path targeted scopes	**809,797[6]**	**–**	**1,182,000**	**–**	**–**	**635,000**	**–**	**4.2**

[1] For more information, see ↗ Glossary and Explanation of Key Figures.
[2] The marked categories are to a significant extent included in the reduction target.
[3] Emissions from company vehicles (Scope 1 and 2) are also included on a pro-rata basis under Employee commuting and Use of sold products (Use phase). A distinction in the systems is currently not possible.
[4] Emissions from company vehicles (Scope 2) are also included on a pro-rata basis under the electricity/heat/cooling purchased by BMW Group locations. A distinction in the systems is currently not possible.
[5] The combined Scope 1 and 2 target includes all of the categories reported. At present, sites without operational control are not included in the target. The base year 2019 also includes emissions from contract manufacturing ("insourcing"). In the base year 2019 and the target year 2030, the biogenic share of emissions of the category Company vehicles (Scope 1), as well as of the average electricity mix supplied to the BMW Group in the category electricity/heat/cooling purchased by BMW Group locations is included. Emissions under Scope 2 are included in the target using the market-based calculation.
[6] Assurance level: reasonable assurance.

CO_2e footprint[1]

in t CO_2e	2024	2023	Base year: 2019	Deviation to previous year in %	2025	2030	2050	Annual % of target / base year
SCOPE 3: INDIRECT GREENHOUSE GAS EMISSIONS								
Total emissions[2]	**130,297,238**	**–**	**mainly guided**	**–**	**–**	**mainly guided**	**–**	**–**
Purchased goods and services[2, 3]	31,892,268	–	mainly guided	–	–	mainly guided	–	–
Capital goods	–	–	–	–	–	–	–	–
Fuel and energy-related Activities (not included in Scope 1 or Scope 2)	–	–	–	–	–	–	–	–
Upstream transportation and distribution [Logistics][2, 4]	2,931,346	–	mainly guided	–	–	mainly guided	–	–
Waste generated in operations	–	–	–	–	–	–	–	–
Business travelling	96,775	–	–	–	–	–	–	–
Employee commuting [Employees' commuter traffic][5]	182,833	–	–	–	–	–	–	–
Upstream leased assets	–	–	–	–	–	–	–	–
Downstream transportation	–	–	–	–	–	–	–	–
Processing of sold products	–	–	–	–	–	–	–	–
Use of sold products [Use phase][2, 5]	93,652,616	–	mainly guided	–	–	mainly guided	–	–
End-of-life treatment of sold products [Disposal][3]	1,541,400	–	–	–	–	–	–	–
Downstream leased assets	–	–	–	–	–	–	–	–
Franchises	–	–	–	–	–	–	–	–
Investments	–	–	–	–	–	–	–	–
SCOPE 3: REDUCTION TARGETS DERIVATION[6]								
Total emissions scope 3	**130,297,238**	**–**		**–**				
non-reduction-targeted scopes	– 5,337,394	–		–				
share of biogenic emissions	99,229	–		–				
Reduction path targeted scopes	**125,059,073[7]**	**–**	**148,900,000**	**–**	**–**	**108,000,000**	**–**	**2.5**

[1] For more information, see ↗ Glossary and Explanation of Key Figures.
[2] The marked categories are to a significant extent included in the reduction target.
[3] Energy consumption (lower calorific value) of the purchased goods and services category and the end-of-life treatment of sold products [disposal] category are determined based on life cycle assessments of representative vehicles of the product lines in accordance with ISO 14040/44: 120 TWh in the purchased goods and services category and 1.01 TWh in the end-of-life treatment of sold products [disposal] category.
[4] Includes the downstream transportation category in accordance with the Greenhouse Gas Protocol.
[5] Emissions from company vehicles (Scope 1 and 2) are also included on a pro rata basis under Employee commuting and Use of sold products [Use phase]. A distinction in the systems is currently not possible.
[6] At present, only the emissions from the automotive core segment are being targeted. The Scope 3 target includes the categories Purchased goods and services, Upstream transport and distribution (Logistics), and Use of sold products (Use phase). In the base year 2019 and the target year 2030, the biogenic share of emissions is included in the figure for the Purchased goods and services category.
[7] Assurance level: reasonable assurance.

Scope 3 categories are assessed for both current reporting and target-setting purposes in accordance with the guidelines of the Greenhouse Gas Protocol. Besides the absolute volume and share in total emissions, the most important criterion is the extent to which they can be influenced directly. Based on this approach, the categories "Purchased goods and services", "Upstream transport and distribution [Logistics]", and "Use of sold products [Use phase]" are both reported and factored into the target-setting process. In the target Scope, we therefore achieve coverage of more than 95% of all Scope 3 emissions. Additional reported categories are excluded from the reduction target because the volumes in question are relatively small (Business travelling and Employee commuting) or because the BMW Group is limited in terms of how much it can influence them directly (End-of-Life treatment of sold products [Disposal]).

Biogenic emissions[1]

in t CO_2	2024
Total biogenic emissions	**4,624,896**
Scope 1	42,959
Scope 2 (market-based)[2]	21,942
Scope 3	4,559,995

[1] For additional information, see ↗ Glossary and Explanation of Key Figures.
[2] The biogenic Scope 2 emissions (location-based) amount to 187,517 t CO^2e.

Materiality of the various Scope 3 categories

Scope 3 categories	Assessment	Reason for significance	Reporting 2024
Purchased goods and services	Significant	Significant share of Scope 3 emissions, measurable and influenceable	Reporting
Capital goods	Not significant	Minor share of Scope 3 emissions	No reporting
Fuel and energy-related activities (not included in Scope 1 or Scope 2)	Not significant	Minor share of Scope 3 emissions	No reporting
Upstream transportation and distribution [Logistics]	Not significant	Minor share of Scope 3 emissions, but can be directly influenced	Reporting
Waste generated in operations	Not significant	Minor share of Scope 3 emissions	No reporting
Business travelling	Not significant	Minor share of Scope 3 emissions, but can be directly influenced	Reporting
Employee commuting [Employees' commuter traffic]	Not significant	Minor share of Scope 3 emissions, but can be directly influenced	Reporting
Upstream leased assets	Not significant	Minor share of Scope 3 emissions	No stand-alone reporting, leased infrastructure is recognised within the emissions reported under BMW Group locations (Scope 1) or Electricity/heating/cooling purchased by BMW Group locations (Scope 2)
Downstream transportation	Not significant	Minor share of Scope 3 emissions, but can be directly influenced	Subsumed under Upstream transportation and distribution [Logistics]
Processing of sold products	Not significant	Minor share of Scope 3 emissions	No reporting
Use of sold products [Use phase]	Significant	Significant share of Scope 3 emissions, measurable and influenceable	Reporting
End-of-life treatment of sold products [Disposal]	Not significant	Minor share of Scope 3 emissions, but can be directly influenced	Reporting
Downstream leased assets	Not significant	Minor share of Scope 3 emissions	No stand-alone reporting. Emissions from the use of vehicles for which BMW Group is a lessor as part of its Financial Services business are allocated in full to Use of sold products [Use phase]
Franchises	Not significant	Minor share of Scope 3 emissions, but can be indirectly influenced	No stand-alone reporting; reporting planned from reporting year 2025 onwards
Investments	Not significant	Minor share of Scope 3 emissions	No reporting

GLOSSARY AND EXPLANATION OF KEY FIGURES

Where the data compiled has been validated by a second external party other than the auditor, this is indicated separately. In all other respects, it can be assumed that the metrics have not been validated by any other external body.

ENVIRONMENTAL INFORMATION

A

Absolute weight of products, technical and biological materials
The metric comprises the total weight of the resource inflows to the BMW Group for the production of automobiles in the reporting period. The resource inflows contain the sum of the total weight of the vehicles produced, the supplies used in in-house production and other related process materials, as well as reused production residues, the freshwater required along with reused or recycled water.

Data from BMW Group plants and in-house production are used to determine the quantity of other related process materials, reused production residues and water (freshwater and reused/recycled water).

The total weight of the vehicles produced is calculated on the basis of the average values, adjusted for the number of units, of representative BMW Group automobiles. The average values are derived from the average total material tonnage for each vehicle group. The material tonnage is determined on the basis of real IMDS (International Material Data System) data and extrapolated to the vehicle fleet (BMW Group automobile production volume).

The collection of additional related process materials, which are required for the manufacturing process but do not form part of the final product, is done by recording the relevant production waste generated during BMW Group's automobile production. This category comprises, among other things, metal cuttings, plastic film, wood, paper and glass, as well as relevant process materials that accrue during production. The relevant waste categories are determined from weighted and systemically recorded data for waste documentation. The auxiliaries and operating materials data are gathered directly in BMW Group plants in Germany and Austria. An average is calculated based on these data and the BMW Group automobiles produced, and extrapolated to the other plants with product-relevant production (automobile and component production) worldwide.

The water share of the metric comprises total consumption of potable water, groundwater, surface water and rainwater, as well as reused or recycled water. This does not include water that is returned to the environment, reused on site or reused off site during the reporting period.

The data on production waste and water, as well as the data for the extrapolation of auxiliaries and operating materials reported in the metric is derived from production sites that are certified according to the Eco Management and Audit Scheme (EMAS), ISO 14001 and partly ISO 50001.

The unit of the metric is products and material tonnes [t]. The metric is composed of the resource inflows stated above and reported as a total mass in tonnes [t].

B

Beyond Value Chain Mitigation
Beyond Value Chain Mitigation (BVCM) refers to all measures that a company takes in addition to its own value chain's Science Based Targets (SBTs) to reduce emissions outside its value chain. This includes activities that avoid or reduce greenhouse gas emissions as well as those that remove greenhouse gases from the atmosphere and store them. The BMW Group supports these initiatives voluntarily without taking them into account in the calculation of the BMW Group's CO_2e reduction targets.

BVCM is strongly recommended by the Science Based Targets initiative (SBTi) to validated companies in addition to CO_2e reduction in their own value chain. One example of BVCM is the purchasing of CO_2e-sink certificates on the voluntary carbon market. Criteria such as additionality, permanence, and certification by independent institutions following international standards (e.g. CSI/C-Sink) contribute to the quality of the certificates employed, and thus also to the impact of our commitment outside our internal value chain.

In addition, it is important to the BMW Group that the projects benefit society in accordance with the United Nations Sustainable Development Goals (UN SDGs). These include, for example, initiatives and projects that result in generating income for the relevant target groups from new jobs created by the projects or that revitalise depleted soils.

Biochar
Biochar is a carbon-rich material obtained from the pyrolysis of (waste) biomass in the absence of oxygen. The process stabilizes the carbon over the long term and produces a versatile product. Biochar is added to soil to improve its quality and for water retention. It is also used to reduce erosion. Its porous structure provides a habitat for beneficial microorganisms, improving soil health and contributing to carbon removal and sustainable agriculture efforts.

Biogenic CO_2 emissions (Scope 1 to Scope 3)
Renewable fuels such as biogas, biomethane or wood are considered as carbon neutral. In the case of wood, for example, the carbon released during combustion is previously absorbed from the surrounding air and bound in lignin. Biogenic CO_2 is therefore part of a continuous cycle and does not contribute to any net increase in greenhouse gas emissions. It is only the equivalents released during combustion (e.g. N_2O, soot, etc.) that contribute to an increase.

The unit of the metrics is tonnes of CO_2 [t CO_2]. The BMW Group reports biogenic emissions separately from CO_2e emissions in a stand-alone balance sheet.

Bundled instruments
For the BMW Group, bundling means the purchasing of Energy Attribute Certificates (e.g. guarantees of origin) and physical electricity from the same power plant. This includes, among other things, so-called power purchase agreements (PPAs).

C

Cancellation of CO_2e certificates outside the undertaking's value chain in the reporting year by removal type, per type of recognised quality standard, as well as contractually planned cancellations in the future
The metrics represent the amount of t CO_2e permanently removed from the atmosphere and stored in the reporting year, which are achieved by biochar projects, the operation of which is co-financed by the BMW Group to the amount of purchased credits. These projects are operated by external partners ("Beyond Value Chain" – outside the BMW Group value chain). As proof serve the CO_2e certificates in t CO_2e generated by the BMW Group financing in the projects respectively their cancellation statements. The quantity of CO_2e certificates generated by the projects is calculated and certified using the assumptions and methodologies of the independent CSI C-Sink CO_2e standard, and confirmed annually by means of re-certifications by independent third-party auditors. In this context, only the proportion of the highly permanent PAC (Persistent Aromatic Carbon) fraction of the financed biochar yields is counted.

The share of CO_2e-negative emissions generated, which are removed and stored within the EU, is also shown, along with the share of projects that include corresponding adjustments (currently not relevant for the biochar projects financed because they are not included in NDCs [Nationally Determined Contributions]). Furthermore, the currently planned quantity of cancellation statements of CO_2e sink project results will be reported until 2026.

CO_2e certificate
A transferable or tradeable instrument that represents the reduction of one tonne of CO_2e emissions or the removal of one tonne of CO_2e from the atmosphere, which is issued and verified in accordance with recognised quality standards.

CO_2 equivalents/CO_2e
CO_2e represents an order of magnitude for standardising the climate impact of different greenhouse gases (GHG). This is necessary because the individual gases (for example, methane or nitrous oxide [laughing gas]) do not all contribute equally to the greenhouse effect. In addition, the expert committee at the United Nations (Intergovernmental Panel on Climate Change, IPCC) has defined "global warming potential" (GWP). This is an index used to express warming impact compared with CO_2 so that all GHGs are aggregated. For example, over a period of 100 years, methane has 28 times the impact of CO_2, while for nitrous oxide the impact is 265 times higher. CO_2e is measured in terms of weight (tonnes).

CO_2e emissions from BMW Group locations (Scope 1 and 2) per vehicle produced (automotive)
This metric is derived from the direct and indirect CO_2e emissions of BMW Group plants relating to the number of automobiles produced in the reporting year. The CO_2e emissions result from energy consumption in the BMW Group plants (excluding partner plants, contract manufacturing and Spotlight Automotive Ltd.), as well as non-manufacturing sites over which the BMW Group has operational control, excluding supplies to third parties. Electricity from on-site renewable generation, Power Purchase Agreements for electricity from renewable* sources and Energy Attribute Certificates (e.g. guarantees of origin) are all taken into account. Emissions are divided by the total number of vehicles produced (BMW Group production sites, excluding motorcycles, contract manufacturing and Spotlight Automotive Ltd.). Solvent emissions (VOC) are not considered in the calculation.

The emissions data shown in the metric is derived from production sites that are certified according to the Eco Management and Audit Scheme (EMAS), ISO 14001 and partly ISO 50001. Mainly the emissions factors of the VDA (most current valid version) are used to calculate CO_2e emissions. These are based on the latest GWP values in accordance with IPCC AR6. For district heating and cooling, local factors are occasionally applied instead of country-specific factors to account for regional differences. The Scope 2 emissions are considered with the market-based method.

The unit of the metric is tonnes of CO_2 equivalent [t CO_2e] per vehicle produced.

* See ↗ Glossary for a definition of electricity from renewable sources.

CO_2e emissions from the supply chain including transport logistics (Scope 3 upstream) per vehicle produced (automotive)
The total Scope 3 emissions of the automobile fleet determined in ↗ Scope 3: CO_2e emissions of purchased goods and services are added to the upstream transport emissions of the automobile fleet from ↗ Scope 3: CO_2e emissions from upstream transportation and distribution [Logistics] and divided by the number of automobiles produced in the reporting year. Motorcycles and aftersales products, nor their related transport logistics (e.g. spare parts or merchandise items), nor products purchased by the BMW Group that are not components or raw materials for BMW Group automobile production (e.g. parts for motorsport vehicles) are not included.

The unit of the metric is tonnes of CO_2 equivalent [t CO_2e] per vehicle produced.

CO_2 emissions of the new vehicle fleet in China (Scope 3 downstream, tank-to-wheel)
The average carbon emissions of a manufacturer's fleet (use phase) are calculated on the basis of the volume-weighted average of CO_2 emissions across all new vehicles produced in China and imported into China during the reporting period. The basis for this are the individual vehicle-specific CO_2 emissions in the calendar year, which are determined using the WLTC type approval procedure (Worldwide Harmonised Test Cycle under China-specific test conditions). The carbon emissions metric for the BMW Group fleet calculated internally, includes legally permitted offsetting of off-cycle technology, NEV multiplier and a phase-in.

On the Chinese market, manufacturers receive positive credits for an overachievement of regulatory CAFC (Corporate Average Fuel Consumption) fleet limits. Failure to remain below the regulatory limits results in debits. In addition, manufacturers receive positive credits for meeting or an overachievement of the ZEV quota specifications (Zero Emissions Vehicle quota). At the end of a calendar year, a positive CAFC/ZEV credit balance must be achieved in order to meet regulatory requirements. As CAFC/ZEV credits are valid for three years on the Chinese market, a short-term failure to meet fleet limit targets in one year can be compensated by an overachievement in a previous year. Moreover, it is possible to purchase credits from other manufacturers.

The metric is calculated based on GB 27999-2019 (Fuel Consumption Evaluation Methods and Targets for Passenger Cars).

This metric is a preliminary internal calculation.

The unit of the metric is grams of CO_2 [g CO_2e] per kilometre driven (after conversion from L/100km to CO_2 g/km).

CO_2 emissions of the new vehicle fleet in the EU (Scope 3 downstream, tank-to-wheel)
The average CO_2 emissions of the BMW Group fleet (use phase) are calculated on the basis of the volume-weighted average of CO_2 emissions across all vehicles newly registered during the reporting period. The calculation is based on all newly registered vehicles of a given manufacturer in the EU, including Norway and Iceland, during the calendar year, and the individual vehicle-specific CO_2 emissions determined using the WLTP type test procedure.

Average CO_2 fleet emissions within the EU (including Norway and Iceland) are required to be reported in accordance with the new Worldwide Harmonized Light Vehicles Test Procedure (WLTP) type test cycle as of 2021. This metric has been used by the EU Commission as the basis for calculating CO_2 fleet emissions since 2021.

The CO_2 emissions metric for the BMW Group fleet calculated internally, includes legally permitted offsetting of eco-innovations of minor significance.

Disclosure in accordance with the provisions of EU Directive 2019/631, Article 7, in particular (1).

The metric is a preliminary internal calculation with a potential variation of +/– 0.5 g CO_2/km, as official registration figures from the authorities are not available for all EU member states. Figures officially published by the EU Commission are not expected to be available until November of the following year. Prior-year figures have not been adjusted retrospectively.

The unit of the metric is grams of CO_2 [g CO_2] per kilometre driven.

CO_2 emissions of the new vehicle fleet in the US (Scope 3 downstream, tank-to-wheel)
The average carbon emissions of a manufacturer's fleet (use phase) are calculated on the basis of the volume-weighted average of carbon emissions across all new vehicles produced in the US model year period. The basis for this is the number of vehicles produced and delivered for sale by the manufacturer in the US market and the individual vehicle-specific carbon emissions, which are determined according to the US combined type approval procedure. The CO_2 emissions metric for the BMW Group fleet calculated internally includes the legally permitted offsetting of off-cycle technology, Advanced Technology Credits (BEV, PHEV), and efficient air-conditioning systems.

In the US market, manufacturers receive positive credits for an overachievement of regulatory GHG fleet limits. Failure to remain below the regulatory limits results in debits. At the end of a model year, a positive GHG credit balance must be achieved in order to meet regulatory requirements. As GHG credits are valid for five years on the US market, a short-term failure to meet fleet limit targets in one year can be compensated by an overachievement in a previous year. Moreover, it is possible to purchase credits from other manufacturers.

The metric is calculated according to the EPA-420-F-21-060 (Environmental Protection Agency: Revised 2023 and Later Model Year Light-Duty Vehicle Greenhouse Gas Emissions Standards).

This metric is a preliminary internal calculation.

The unit of the metric is grams of CO_2 [g CO_2] per kilometre driven (after conversion from miles to kilometres).

CO_2e emissions of the new vehicle fleet worldwide (Scope 3 downstream, well-to-wheel)
This metric documents the progress made by the BMW Group in its strategic objective of reducing CO_2e emissions during the use phase including upstream emissions (drivetrain energy supply) by an average rate of at least 50% per kilometre driven by 2030 (base year 2019). For the purpose of calculating this metric, volume-weighted average fleet CO_2e emissions are calculated for the EU core markets (27 EU countries including Norway, Iceland, Switzerland and UK) (driving cycle: Worldwide Harmonized Light Vehicles Test Procedure; (WLTP) basis: vehicle registrations), USA (driving cycle: United States Combined; basis: production volume) and China (driving cycle: Worldwide Harmonized Test Cycle (WLTC), subject to China-specific framework conditions for testing; basis: import or local production volumes), in each case prior to deduction of legally permitted credit factors (e.g. supercredits and eco-innovations) and standardised in line with the WLTP (European driving cycle). These core markets account for more than 80% of the BMW Group's sales. The calculated metrics are increased by 10% to account for possible discrepancies between cycle values and real emissions, as required by the SBTi. In line with the well-to-wheel approach, the upstream emissions of the energy sources are included in the metric. The corresponding emissions factors provided by Sphera are used to calculate the upstream chain of fuel production (database version 2024.2, IPCC AR6, kg CO_2e/kg fuel). To reflect the CO_2e emissions resulting from the production of electricity in the respective core markets, the BMW Group uses the energy report published by the International Energy Agency (IEA; reference basis: previous year, g CO_2/kWh) as a basis.

This covers the entire impact chain behind vehicle motion, i.e. from the extraction and provision of fuels to their conversion into drivetrain energy. This approach also includes the environmental impacts associated with the generation of fuel and electricity.

The data collection method is based on the requirements of the Greenhouse Gas Protocol (Scope 3 Calculation Guidance Version 1.0, 2013).

The unit of the metric is grams of CO_2 equivalent [g CO_2e] per kilometre driven.

CO_2e reduction in the supply chain (Scope 3 upstream)
The metric expresses the absolute quantity of CO_2e emissions that were saved during the reporting year as a result of measures taken to reduce CO_2e emissions in the supply chain of the automobiles produced.

The saved CO_2e emissions reductions are derived from the sum of the measures taken to reduce CO_2e in the supply chain that were agreed upon with suppliers and demonstrably executed during the reporting year, for example, by using electricity from renewable sources and secondary materials. Agreements with suppliers of raw materials for aluminium and precious metals, as well as suppliers of high-voltage batteries, led to substantial reductions.

The calculation is based on the same principles, methods and parameters applied in ↗ Scope 3: CO_2e emissions from purchased goods and services.

In the first step, the CO_2e emissions generated by these components are calculated using the "LCA for Experts" database (secondary database for life cycle analysis (LCA) provided by Sphera) without taking measures to reduce CO_2e into account (secondary data). In the second step, the calculation of CO_2e emissions is repeated including measures that have been directly agreed with suppliers. The difference between the two calculations yields the CO_2e emissions saved.

This metric is calculated on the basis of all goods ordered for the BMW Group and partner plants for which measures have been agreed with suppliers. To be eligible for recognition, it must also be possible to map the measures methodically in the calculation models used in the calculation of metrics. In 2024, the categories are: use of electricity from renewable sources in manufacturing and the extraction of raw materials, as well as the use of secondary materials.

An external service provider commissioned by the BMW Group conducts the verification of measures at affected suppliers and their subcontractors at the impacted manufacturing sites. A defined method is used to ensure that the contractually agreed measures to reduce CO_2e emissions are implemented unambiguously and without duplication in the reporting year. There are some limitations regarding the clear and non-repetitive allocation of material flows with secondary raw materials. Due to the lack of regulatory provisions, there is currently neither a requirement for the recording and documentation of material flows for secondary materials across the supply chain (for example on

delivery notes), nor is there a government-operated/regulatory registry similar to that for Energy Attributes Certificates (e.g. guarantees of origin) that facilitates the distinct allocation of secondary materials to specific customers without duplication. Therefore, the secondary material quota is confirmed using system extracts from the relevant suppliers' Enterprise Resource Planning systems, along with details and evidence of secondary material procurement through mass balances. Furthermore, written confirmation is obtained from suppliers and upstream suppliers in the value chain to clearly attribute secondary materials to BMW Group products, preventing any possibility of double-counting with other customers.

The unit of the metric is tonnes of CO_2 equivalent [t CO_2e].

D

Durability (expected product lifetime)
This non-financial metric is defined as the average expected service life of vehicles, expressed as the average age of a vehicle. The age of the vehicle is determined on the basis of the data provided by our end-of-life vehicle take-back points in the German market for BMW Group vehicles taken back, excluding motorcycles.

The vehicles recorded for the metric are those that have reached the end of their useful life due to their age and irreparable condition, or that have been taken back because of irreparable damage resulting from an accident.

The date of first registration, the time of return and the number of vehicles taken back in a reporting year are used to calculate the average vehicle age. The calculated age of all vehicles (difference between return and first registration date) is added up and divided by the total number of vehicles taken back. The data is based on information provided by partners in the end-of-life take-back network for BMW Group vehicles in Germany. The data originate from BMW Group take-back partners, representing around 10% of all dismantling companies licensed in Germany. This is primary data. The partners provide the data once a year. The metric is hence collected once every calendar year and relates to the year prior to the reporting year.

Furthermore, the industry average vehicle age in Germany is stated based on data supplied by the German Federal Environment Agency (Umweltbundesamt) (data as per 2021).

The unit of the metric is age indicated in years.

E

Energy consumption and mix
The metric results from the energy consumption generated by BMW Group plants, in vehicle production, motorcycle and component production as well as other BMW Group non-manufacturing sites (e.g. research centres, sales centres, office buildings). Partner plants and contract manufacturing are not included because they are not consolidated financially. Starting in 2024, the energy consumption of third parties on BMW production sites will also be measured. This includes the energy consumed by third parties on the site, provided production equipment is not owned by the BMW Group, the employees work for third parties and the equipment is either in a separate building or in a clearly separated area within a building. This also includes energy consumed by third parties on the site while construction work is being completed for future production up to the point when risk is transferred to the BMW Group.

The metric shows the energy consumption per energy source for the entire BMW Group, including the supply of third parties at BMW Group locations. Total energy consumption consists of the fuel consumption from natural gas and petroleum products, as well as the consumption of purchased or acquired electricity, heat, steam or cooling derived from fossil sources. In addition, renewable fuels, including wood fuel, landfill gas, biomethane and the consumption of purchased heat, steam and cooling from renewable sources, plus electricity from renewable sources, are included. The electricity from renewable sources is generated by the company itself via photovoltaic installations, or sourced from power purchase agreements (PPA) and Energy Attributes Certificates (e.g. guarantees of origin). The BMW Group generally calculates the share of electricity from renewable sources conservatively, i.e. shares of renewable power generation in the electricity mix are not used for the calculation. Electricity from cogeneration plants is counted as natural gas consumption.

Some of the electricity in the energy mix supplied to the BMW Group may be sourced from nuclear power plants. From the 2024 reporting year onwards, the corresponding percentages will be derived from the statistical data for each country. These are provided worldwide by the Association of the Automotive Industry (VDA). The BMW Group uses the currently valid version.

The metric also includes the non-manufacturing sites over which the BMW Group has exclusive financial control. Energy consumption for the sites is extrapolated based on the gross floor area (GFA) and the type of use. The extrapolation is based on an evaluation of the non-manufacturing sites for which primary data are recorded. The extrapolated consumption metrics are then added to the consumption of purchased electricity, heat, steam or cooling from fossil sources. All other sites are recorded on the basis of meter data or invoice values.

The data from production sites included in the metric is certified by the Eco Management and Audit Scheme (EMAS), ISO 14001 and partly ISO 50001. Some of the non-manufacturing sites included in the metric are certified.

All energy values stated in the report are based on the lower calorific value. The BMW Group uses the currently valid version of the conversion factors issued by the German Federal Office for Economic Affairs and Export Control (BAFA).

The unit of the metric is megawatt hours (MWh).

Energy consumption per vehicle produced (automotive)
This metric is calculated based on the energy consumed by the BMW Group in the production of its automobiles, including component manufacturing (excluding partner plants, contract manufacturing and Spotlight Automotive Ltd.), in relation to the number of vehicles produced (excluding motorcycles, contract manufacturing and Spotlight Automotive Ltd.) in the reporting year.

The energy data shown in the metric is derived from production sites that are certified according to the Eco Management and Audit Scheme (EMAS), ISO 14001 and partly ISO 50001.

The energy values shown in the metric are based on the higher calorific value.

The unit of the metric is megawatt hours (MWh) per vehicle produced.

Energy intensity associated with activities in high climate impact sectors
The BMW Group operates in NACE sectors C29.10 and C30.91. This includes the manufacture of motor vehicles and their engines, as well as the manufacture of motorcycles. As a vehicle manufacturer and provider of leasing services, our business activities therefore lie exclusively in climate-intensive sectors. In terms of the energy intensity metric, the total ↗ Energy consumption is included in the metric. The denominator is based on BMW Group net revenues ↗ note [7]. These net revenues are adjusted by an item related to the Financial Services segment's third-party business. Since the energy consumption associated with the production of vehicles sold under other brands is not included in the numerator of this metric, related revenues are deducted from the denominator.

The unit of the metric is megawatt hours per euro [MWh/€].

EU Taxonomy – capital expenditure (CapEx)
Capital expenditure is calculated on the basis of IAS 16.73(e)(i) and (iii) for property, plant and equipment, IAS 38.118(e)(i) for intangible assets and IFRS 16.53(h) for leases. In accordance with the definition of capital expenditure provided in Annex I of the Commission Delegated Regulation (EU) 2021/2178 and taking into account the adjustments made by Delegated Regulation (EU) 2023/2486, the KPI figure used for EU Taxonomy purposes comprises additions to intangible assets, in particular capitalised development costs, additions to property, plant and equipment as well as right-of-use assets in accordance with IFRS 16, and leased-out products. Capital expenditure relating to the sale of parts to external third parties or the delivery of parts to cooperation partners are not taken into account.

EU Taxonomy – operating expenditure (OpEx)
Operational expenditure only comprises non-capitalised development costs, maintenance and refurbishment costs for buildings, repairs to property, plant and equipment, relevant IT costs in the Financial Services segment, non-capitalised expenses relating to short-term lease contracts, expenditure for low value assets, and purely variable remuneration. The KPI figure calculated for Taxonomy purposes is not used by the BMW Group for financial reporting purposes.

EU Taxonomy – revenues
Revenues are calculated in accordance with Article 2(5) of Directive 2013/34/EU. Revenues comprise the income and earnings reported in accordance with IAS 1.82(a). Revenues relating to the sale of parts and components (e. g. after-sales business excluding the provision of repair services) and the supply of production components to third parties, insurance premiums, and interest income on deposit-taking and credit business and from the end-of-lease business with motorcycles as third-party brands were not included, as these economic activities are not classified as Taxonomy-eligible.

G

Greenhouse gas intensity (market- and location-based)
The greenhouse gas intensity is calculated based on the total greenhouse gas emissions of the BMW Group in tonnes of CO_2e ↗ Scope 1 to Scope 3: CO_2e emissions (total) (market- and location-based). The denominator is based on BMW Group net revenues ↗ note [7]. These net revenues are adjusted by an item related to the Financial Services segment's third-party business. Since the emissions associated with the production of vehicles sold under other brands are not included in the numerator of this metric, related revenues are deducted from the denominator.

The unit of the metric is CO_2 equivalent per euro [CO_2/€].

I

Internal CO_2 price
The BMW Group calculates a CO_2 price as a shadow price, which is applied by the Research and Development department for evaluation purposes in connection with decisions on vehicle projects (Scope 3 downstream, Category 11 – use phase in accordance with the Greenhouse Gas Protocol). The CO_2 price is based on the carbon emissions limit set by the EU fleet regulations.

The EU fleet regulations set a value in euros per g of CO_2 emitted over the target for each unit sold. Multiplying this by the average mileage of 200,000 km, as used in the life cycle analysis in accordance with the assumptions of the Association of the Automotive Industry (VDA), yields the internal CO_2 price for the BMW Group.

A regular review (at least once a year) is carried out with regard to the revision of the European fleet regulations or, when needed, depending on potential amendments to the underlying regulatory system, by the Group Controlling and Emissions and Sustainability Strategy units.

The unit of the metric is euro per tonne CO_2 [€/t CO_2].

L

Location-based method
A method to quantify Scope 2 CO_2e emissions based on average energy generation emissions factors for defined geographic locations, including local, subnational, or national boundaries (Greenhouse Gas Protocol, Scope 2 Emissions Guidance, Glossary, 2015).

M

Market-based method
A method to quantify the Scope 2 CO_2e emissions based on CO_2e emissions emitted by the generators from which the reporter contractually purchases electricity ↗ bundled with contractual instruments, or contractual instruments ↗ unbundled (Greenhouse Gas Protocol, Scope 2 Emissions Guidance, Glossary, 2015).

Material
Material is a collective term for substances and mixtures of substances that are intended for the manufacture of products. This can include both ↗ raw materials and more highly processed substances and mixtures of substances. A differentiation is made between ↗ primary and ↗ secondary materials.

N

Net Zero
Reduction of Scope 1, 2 and 3 emissions (based on the science-based principles [SBTi]) to a residual level that corresponds with achieving Net Zero emissions at global or sectoral level in recognised 1.5°C scenarios or sectoral pathways. This means a reduction in CO_2e emissions in the value chain of at least 90% from the base year, while simultaneously neutralising a maximum of 10% of the (residual) emissions through the use of permanent CO_2e sinks by the net zero target date and beyond.

Number and area of sites in or near protected areas or key biodiversity areas
Number and area of sites owned, leased, or managed by the BMW Group that are located in or near protected areas (PA) or key biodiversity areas (KBA) and on which the business activities of the BMW Group have a material negative impact.

The metric is compiled by essentially performing two analytical steps:

— Identifying BMW Group sites that are located in or near protected areas or key biodiversity areas
— Assessment of the identified sites in terms of negative impacts on biodiversity-sensitive areas

The proximity of BMW Group sites to protected areas is determined using the platform Integrated Biodiversity Assessment Tool (IBAT). IBAT was developed as a standard by the UN Environment World Conservation Monitoring Centre and draws on the three most important global biodiversity datasets: the World Database on Protected Areas (WDPA), Key Biodiversity Areas and the Red List of Threatened Species by the International Union for Conservation of Nature (IUCN).

In the analysis, a distance of 1 km to protected areas is used as a reference. This distance reference makes it possible to assess local environmental impacts on neighbouring protected areas, such as direct exploitation of natural resources, local pollution from air pollutants, noise or input into the soil, as well as loss and fragmentation of habitats. Within this radius, localised adverse effects on the environment can be recorded and assessed in a plausible manner.

For all sites identified by the IBAT tool analysis as being near a protected area or key biodiversity area, the second step is to identify and assess the potential impacts of the BMW Group's sites on biodiversity-sensitive areas. To this end, the potential impacts on protected areas are initially determined using the ENCORE (Exploring Natural Capital Opportunities, Risks and Exposure) methodology developed by Global Canopy, UNEP FI (United Nations Environment Programme – Finance Initiative) and UNEP-WCMC (United Nations Environment Programme – Word Conservation Monitoring Centre). A detailed analysis is carried out for all identified sites that could have a significant potential impact. These analyses are conducted manually by experts and take into account both the characteristics of the affected protected areas and the business activities at the sites under investigation (e.g. differentiating between production, development, logistics or office sites).

Limitation to this approach is the assumption of regular operation in the respective business activity. Disasters or other unforeseeable and irregular events are not taken into account in the assessment.

As a result, the metric shows the BMW Group sites that are located in or near biodiversity-sensitive areas, insofar as a material negative impact on this biodiversity is identified.

The units of the two sub-elements of the metric are number (of sites) and hectares (total area of the sites).

Number of suppliers participating in CDP
CDP (formerly known as the Carbon Disclosure Project) is a non-governmental organisation that runs a global disclosure system to encourage companies, investors, cities, states and regions to disclose their (harmful) environmental impact. CDP collects data from participating organisations once a year using modular questionnaires and evaluates them in a rating format. The BMW Group encourages its suppliers to participate in the CDP rating, inviting in particular its top-selling direct suppliers of production-related materials, as well as well-known logistics service providers and suppliers of non-production-related materials to participate each year. The focus is on suppliers that generate more than €30 million in revenues with the BMW Group. The BMW Group uses the rating to derive measures for supplier development and qualification. The metric comprises the number of direct suppliers to the BMW Group that submitted assessable responses after being invited by the BMW Group to do so via the CDP platform.

The metric does not include any information on the supply chain of the Chinese joint operation Spotlight Automotive Ltd. as the BMW Group does not have this information for the reporting year. The BMW Group supports Spotlight Automotive Ltd. with the implementation and further development of management approaches and reporting structures on due diligence obligations in the supply chain.

Number of suppliers with verified measures
This metric comprises all suppliers whose CO_2e emissions-reducing measures were reviewed and positively verified during the reporting year. For corporations, all production sites of a supplier are summarised and not counted individually. An external service provider commissioned by the BMW Group is responsible for reviewing the implementation of the agreed measures at the suppliers' production sites. A defined method is used to check

that the contractually agreed measures to reduce CO_2e emissions are implemented clearly and without duplication in the reporting year. The successfully verified emissions-reducing measures form the basis for calculation of the metric ↗ CO_2e reduction in the supply chain (Scope 3 upstream).

The metric includes no information on the supply chain of Spotlight Automotive Ltd. as the BMW Group does not have this information for the reporting year. The BMW Group supports Spotlight Automotive Ltd. with the implementation and further development of management approaches and reporting structures on due diligence obligations in the supply chain.

P

Percentage share of biological materials which are sustainably sourced
The metric includes the biological materials used in the BMW Group's automobile production that were sustainably sourced. The metric is compiled based on primary data.

Biological materials are defined in accordance with the German Ordinance on the Deposit of Biological Material (BioMatHintV) and the German Patent Act (PatG): "For the purposes of this Ordinance, 'biological material' means any material containing genetic information and capable of reproducing itself or being reproduced in a biological system".

When assessing the criteria for sustainable sourcing, the BMW Group is guided by the standards of the International Social and Environmental Accreditation and Labelling (ISEAL) Alliance. At present, suppliers can provide proof of certification by the Forest Stewardship Council (FSC) and the Leather Working Group (LWG). Only those quantities of biological materials for which an accepted certificate is provided are considered. The BMW Group understands the cascading principle to mean a strategy for using raw materials or products made from them in consecutive steps over time, and to use them for as long, as frequently and as efficiently as possible, and only when the materials can no longer be recycled, to use them for energy recovery.

The unit of the metric is percentage weight [%] and describes the relative content of the sustainably sourced biological materials in the total mass [t] of the BMW Group's resource inflows in the reporting period. The metric denominator is ↗ Absolute weight of products, technical and biological materials.

Potable water consumption per vehicle produced (automotive)
Efficiency metric calculated from the potable water consumption measured for automobile production (BMW Group plants, excluding partner plants, contract manufacturing and Spotlight Automotive Ltd.) divided by the number of vehicles produced (BMW Group plants and partner plants, excluding contract manufacturing and Spotlight Automotive Ltd.). Potable water consumption refers to water purchased from external water suppliers. If a BMW Group site does not purchase water from an external supplier, the primary source of supply is counted as potable water. This method of measurement applies to the BMW Group plants in San Luis Potosí (Mexico) and Araquari (Brazil) where groundwater is the main source of supply.

The data shown in the metric is derived from production sites that are certified according to the Eco Management and Audit Scheme (EMAS), ISO 14001 and partly ISO 50001.

The unit of the metric is cubic metres [m^3] per vehicle produced.

Primary material
Primary material is a collective term for substances and mixtures of substances that are intended for the manufacture of products and are used in a production process for the first time. This can include both ↗ primary raw materials and more highly processed substances and mixtures of substances.

Primary raw materials
Primary raw materials are substances sourced directly from nature.

Q

Quantity of CO_2e emissions covered by an internal carbon pricing system (Scope 1, 2 and 3) and share of total emissions per scope
As described in ↗ internal CO_2 price, Scope 3 Category 11 use phase emissions, in accordance with the Greenhouse Gas Protocol, are affected by the internal CO_2 price. This is limited to the Automotive segment only. The pro-rata emissions are calculated as a share of the total emissions and expressed as a percentage.

The unit of the metric is tonnes of CO_2 equivalent [t CO_2e] (for the quantities) and percent [%] (for the share of total emissions).

R

Rates of recyclable content in the products (vehicles)
This metric reports the share of recyclable content in relation to the entire vehicle programme (for all BMW Group vehicles worldwide, including motorcycles).

Furthermore, the recyclable share is reported as an additional disclosure based on SASB, TR-AU-440b.3 for BMW Group automobiles in accordance with the statutory requirements laid down in the EU Directive on End-of-Life Vehicles (ELV 2000/53/EC). These percentages are based on vehicle weight. These metrics apply to the individual product/type approval scopes.

The quotas are verified as part of the European type approval (certification authority: Société Nationale de Certification et d'Homologation (S.N.C.H), Luxcontrol S.A.)/Chinese type approval (certification authority: Ministry of Industry and Information Technology (MIIT), Certification and Accreditation Administration of China (CNCA)) in accordance with ISO 22628 and can also be assumed to apply technically to all vehicles worldwide (BMW Group automobiles). The consideration of the calculated vehicles involves what is referred to as the "worst case" vehicle for the corresponding type approval. This means that vehicles within the same type approval may also have higher recycling/recovery rates, for example, if they contain more metal due to larger

engines and/or transmissions. For BMW motorcycles, ISO 22628 certification has been demonstrated for five types of motorcycles. It can also be assumed that the quotas are met for the remaining motorcycle models.

The unit of the metric is percent [%]. The percentages relate to the minimum required by law. In practice, higher recycling/recovery rates are also possible due to differences between vehicle versions and/or recycling/recovery processes.

Raw materials
A raw material describes an unprocessed or processed substance that is used as an input for the manufacture of materials or intermediates or finished products. A differentiation is made between ↗ primary and ↗ secondary raw materials. The term "raw material" includes substances of a mineral and organic nature. It is to be distinguished from ↗ resources and materials.

Resources/natural resources
The term refers to natural resources that occur in nature and can be exploited for economic or consumption purposes. The definition excludes financial or human resources. Depending on the context, the term "resource" also contains ↗ material, ↗ raw materials or, for example, "air", "water" or "soil".

S

Scope 1 to Scope 3: CO_2e emissions (total)
CO_2e emissions generated by a company are categorised into different scopes. The Greenhouse Gas Protocol, a partnership between the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD), distinguishes between Scope 1, Scope 2 and Scope 3 emissions, based on their various sources. Whereas direct emissions (Scope 1) are generated within a company through the combustion of fossil fuels, Scope 2 refers to the indirect emissions caused by the consumption of electricity and heat from externally generated sources of energy. Additional indirect (Scope 3) emissions are generated in the upstream and downstream stages of the value chain, for instance in the supply chain (upstream) and in the use of products and services. More details on the different categories reported by the BMW Group within the individual scopes are provided below.

The unit of the metric is tonnes of CO_2 equivalent [t CO_2e]. Biogenic emissions are reported separately.

Scope 1: CO_2e emissions (total)
Scope 1 emissions are generated directly within a company, for example, through the combustion of fossil fuels. The different categories reported by the BMW Group are described in more detail below.

The unit of the metric is tonnes of CO_2 equivalent [t CO_2e]. Biogenic emissions are reported separately.

Scope 1: CO_2e emissions from BMW Group locations
The metric includes all direct emissions from BMW Group locations that result from the combustion of a variety of fossil fuels at all BMW Group locations.

In addition, the metric includes emissions from the operation of test benches and the resulting CO_2e from destroyed volatile organic compounds (VOC). These are produced, for example, by the post-combustion of solvent residues in the painting process.

The CO_2e emissions are calculated mainly by using the emissions factors of the VDA (most current valid version). These are based on the latest GWP values in accordance with IPCC AR6, which take into account the composition of the various sources of energy specific to each country. Renewable fuels such as wood are considered carbon neutral, because its CO_2 content is absorbed from the surrounding air and bound in lignin. However, they are reported together with their equivalents (e.g. N_2O, soot). Biogenic CO_2 emissions from bio-based fuels are reported separately.

The data from production sites included in the metric is certified by the Eco Management and Audit Scheme (EMAS), ISO 14001 and partly ISO 50001. Some of the non-manufacturing sites included in the metric are certified.

The unit of the metric is tonnes of CO_2 equivalent [t CO_2e]. The emissions factors [t/MWh] are applied to energy consumption [MWh].

Scope 1: CO_2e emissions from Company vehicles
The metric includes all direct emissions from the BMW Group's vehicle fleet expressed in tonnes of CO_2e.

The vehicle fleet includes personally and non-personally assigned company and multi-purpose vehicles. Personally assigned vehicles may be used for business and personal purposes.

The metric is calculated based on consumption for all markets where fleet consumption data can be obtained (#1 consumption-based method). If consumption-based data cannot be obtained for a market, the calculation is based on the mileage-based method (#2).

When calculating CO_2e emissions, the consumption-based method is the most accurate because there is a direct correlation between consumption and emissions.

#1 Consumption-based method

The data is sourced from aggregated fuel receipts (such as fuel card data reports) and filling station data.

The following data is calculated over the period of a reporting year:

— Fuel quantities and types (diesel, petrol) including the unit of measurement (e.g. litres)

— Emissions factors for the relevant fuels including the unit of measurement (e.g. CO_2e kg/litre).

The calculation formula used in the consumption-based method per country is:

CO_2e emissions = Σ (quantity of fuel consumed x emissions factor for the respective fuel)

#2 Mileage-based method

The mileage-based method consists of compiling activity data (i.e. kilometres driven per vehicle type) multiplied by fuel consumption factors (as a rule, the country-specific standard values by vehicle type) and emissions factors for fuel types.

The data is sourced from fleet management systems and records (such as Excel tables).

The following data is calculated over the period of a reporting year:

— Total distance driven by each vehicle in the reporting year, including unit of measurement (e.g. kilometres, miles)

— The specific vehicle type, including VINs

— Vehicle-specific fuel consumption factor as per WLTP, WLTC, US EPA, etc. (e.g. litre/100 km)

— Emissions factors for the relevant fuels including the unit of measurement (e.g. CO_2e kg/litre)

The calculation formula used in the consumption-based method per country is:

CO_2e emissions = Σ (distance driven by the respective vehicle type x fuel consumption specific to the vehicle and country x emissions factor for the respective fuel)

The data for the respective countries resulting from calculation methods #1 and #2 is ultimately added up to yield the total reported Scope 1 CO_2e emissions.

The metric includes all BMW Group Company vehicles and multipurpose vehicle emissions. Data is collected from all BMW Group plants and its twelve major markets. Emissions are preferably calculated based on tank refills. This is the case for the plants and/or markets in Australia, Austria, Brazil, France, Germany, Hungary, India, Japan, Mexico, South Africa, Thailand and the UK. In the remaining cases, they are determined based on kilometres driven. If the data was not complete at the time it was compiled or did not cover the entire period, the metrics are extrapolated for the country or legal entity in question. The data compiled cover approximately 97% of all BMW Group employees. The metric is extrapolated based on the number of employees in order to factor in the entire BMW Group.

Emissions from company vehicles are also included on a pro rata basis under ↗ Scope 3: CO_2e emissions from employee commuting [Employees' commuter traffic] and ↗ Scope 3: CO_2e emissions from use of sold products [Use phase]. A distinction in the systems is currently not possible. Due to the system used, refuelling of Company vehicles include both business and private trips, with the exception of refuelling paid for by employees themselves.

The VDA's emissions factors for diesel and petrol (most current valid version) are used to determine the CO_2e emissions. The VDA factors are based on the latest GWP values in accordance with IPCC AR6. The values are used globally for all regions. Biogenic emissions are reported separately.

The unit of the metric is tonnes of CO_2 equivalent [t CO_2e].

Scope 1: CO_2e emissions from Company-owned planes
The metric includes the emissions generated by Company-owned planes on the basis of all flights operated worldwide.

Emissions from business travel undertaken on scheduled or chartered flights are not included in the metric, rather, they are reported under ↗ Scope 3: CO_2 e emissions from business travelling.

Only those emissions that are generated directly as a result of operating the respective aircraft itself in the air and on the ground (turbine and auxiliary turbine) are taken into account.

Emissions generated by external factors (e.g. the potential use of a ground power unit or aircraft tug) are not taken into account.

Fuel consumption, which forms the basis for calculating emissions, is calculated using "Method B" as defined in Commission Implementing Regulation (EU) 2018/2066 of 19 December 2018 on the monitoring and reporting of greenhouse gas emissions pursuant to Directive 2003/87/EC of the European Parliament and of the Council and amending Commission Regulation (EU) No 601/2012 in the version dated 1 July 2024, which is defined as follows:

Actual fuel consumption for each flight [t] = Amount of fuel remaining in aircraft tanks at block-on at the end of the previous flight [t] + Fuel uplift for the flight [t] – Amount of fuel contained in tanks at block-on at the end of the flight [t]

Fuels with biogenic content (sustainable aviation fuel [SAF]) are treated in accordance with the DEHSt guidance on the use of fuel mixtures with a biogenic content. The BMW Group applies the simplified approach for reporting as set out in Section 6.4.2 of the January 2024 version of the Guidelines for Aircraft Operators. At present, the BMW Group is not aware of any suppliers of sustainable aviation fuel that are in a position to provide the necessary documentation for the required acceptance by the German Federal Ministry of Food and Agriculture's NABISY system.

Given the intention to not only report CO_2 emissions, but also to take into account the impact of other greenhouse gases which are produced through the combustion of kerosene, a combined emissions factor for 2024 published by the UK Department for Energy Security and Net Zero will be applied as of the 2024 reporting year. These factors are based on the GWP values over a 100-year time horizon stated in the IPCC's Fifth Assessment Report (AR5).

Other effects that are not based on the reported CO_2e emissions, such as condensation trails, are currently still subject to great uncertainty in terms of their evaluation and calculation and, as a result, are not included in the calculations for the metric. The European Union Aviation Safety Agency (EASA) has been tasked by the European Commission to establish the Aviation Non-CO_2 Experts Network (ANCEN). The network's inaugural conference was held between 11 and 13 June 2024. Once results and a defined calculation method for these non-CO_2e emissions effects are available at the European level, the results will be included in the calculation of this metric. See also the ↗ Announcement by EASA.

It should be noted that the metric defined in this context (unit: CO_2e) deviates from the emissions to be calculated for the

respective Emissions Trading System (e.g. EU-ETS, SWISS-ETS, UK-ETS). These are determined in accordance with the clearly defined requirements of the relevant authorities.

The unit of the metric is tonnes of CO_2 equivalent [t CO_2e].

Scope 2: CO_2e emissions (total)
Scope 2 emissions relate to the indirect emissions from externally purchased electricity, heating and cooling. The BMW Group distinguishes between two categories, which are described in more detail below. The values are calculated using both the ↗ Market- and ↗ Location-based method.

The unit of the metric is tonnes of CO_2 equivalent [t CO_2e]. Biogenic emissions are reported separately.

Scope 2: CO_2e emissions from electricity/heating/cooling purchased by BMW Group locations
The metric includes all indirect emissions from purchased electricity, heat and cooling at all BMW Group locations. For non-production sites over which BMW Group does not have operational control, it is assumed that non-renewable energy is used exclusively.

This metric also includes partly the ↗ Scope 2: CO_2e emissions from Company vehicles from charging at BMW Group locations. A distinction in the systems is currently not possible at some locations.

As with Scope 1, country-specific emissions factors, primarily VDA factors (most current valid version), are used to calculate CO_2e emissions in each country. The VDA factors are based on the latest GWP values in accordance with IPCC AR6. In district heating and cooling, local factors are occasionally applied instead of country-specific factors to account for regional differences. Biogenic emissions are reported separately.

The data from production sites included in the metric is certified by the Eco Management and Audit Scheme (EMAS), ISO 14001 and partly ISO 50001. Some of the non-manufacturing sites included in the indicator are certified.

The unit of the metric is tonnes of CO_2 equivalent [t CO_2e]. The emissions factors [t/MWh] are applied to energy consumption [MWh].

Scope 2: CO_2e emissions from Company vehicles
The metric includes indirect emissions (consumption of electricity) from the BMW Group's vehicle fleet expressed in tonnes of CO_2e.

The vehicle fleet includes personally and non-personally assigned Company and multi-purpose vehicles. Personally assigned vehicles may be used for business and personal purposes.

The metric is calculated based on consumption for all markets where fleet consumption data can be obtained (#1 consumption-based method). If consumption-based data cannot be obtained for a market, the calculation is based on the mileage-based method (#2).

When calculating CO_2e emissions, the consumption-based method is the most accurate because there is a direct correlation between consumption and emissions.

#1 Consumption-based method

Electricity consumption is made up of the @work charging options (charging stations at BMW Group locations), @public (charging at public charging stations) and @home (charging at employees' homes). Consumption is relevant if the BMW Group pays for it. Where a charging type relies on verified electricity from renewable sources (as per the requirements under E1-5-AR32j), the quantities are not included in the calculation of the metric. Consequently, a conservative approach is taken in respect of the classification of the consumption of electricity from renewable sources. The data are sourced from aggregated fuel receipts (such as fuel card data reports) and charging system data and meter readings.

The following data is calculated over the period of a reporting year:

— Available charging options within a country/legal entity: @work, @public and @home

— Information on whether the charging type relies on electricity from renewable sources (in accordance with local and BMW Group requirements and taking into account ESRS criteria)

— Quantity of electricity consumed (broken down by charging option) in kWh

— Emissions factors for electricity in the relevant country (expressed in t CO_2e/MWh)

Calculation formula for the consumption-based method per country:

Carbon emissions = Σ (quantity of energy consumed (kWh) x country-specific emissions factor for electricity (t CO_2e/MWh))

#2 Mileage-based method

The mileage-based method consists of compiling activity data (i.e. kilometres driven by vehicle type) multiplied by energy consumption factors (standard factors by vehicle type) and the country-specific emissions factors for electricity.

The country- and vehicle-specific energy consumption factor must be specified by the respective market, stating the source (e.g. WLTP weighted combined).

The data is sourced from fleet management systems, fleet management records (such as Excel tables) and meter readings, receipts and fuel card reports for electricity from renewable sources.

The following data is calculated over the period of a reporting year:

- Total distance driven by each vehicle in the reporting year, including unit of measurement (e.g. kilometres, miles)
- The specific vehicle type, including VINs
- Vehicle-specific energy consumption factor including unit of measurement (e.g. kWh/100 km or km/kWh)
- Emissions factors for electricity in the relevant country (expressed in t CO_2e/MWh)

Calculation formula for the mileage-based method per country:

CO_2e emissions = Σ (distance driven by the respective vehicle type x vehicle-specific energy consumption factor) x country-specific emissions factor for electricity (t CO_2e/MWh)

The data for the respective countries resulting from calculation methods #1 and #2 is ultimately added up to yield the total reported CO_2e emissions.

Includes all BMW Group Company vehicles and multi-purpose vehicle emissions. Data is collected from all BMW Group plants and its twelve major markets. Emissions are preferably calculated on the basis of tank refills. This is the case for the plants and/or markets in Austria, France, Germany, India, Japan, South Africa and the UK. In the remaining cases, they are determined based on kilometres driven. If the data was not complete at the time it was compiled or did not cover the entire period, the metrics are extrapolated for the country or legal entity in question. The data compiled cover approximately 97% of all BMW Group employees. The metric is extrapolated based on the number of employees in order to factor in the entire BMW Group.

Emissions from Company vehicles are also partly included under ↗ Scope 3: CO_2e emissions from employee commuting [Employees' commuter traffic], ↗ Scope 3: CO_2e emissions from use of sold products [Use phase] and ↗ Scope 2: CO_2e emissions from electricity/heating/cooling purchased by BMW Group locations. A distinction in the systems is currently not possible. For system-related reasons, the charging of Company vehicles includes both business and private trips, except charging paid for by employees themselves.

The main basis for determining CO_2e emissions is the VDA's emissions factors (most current valid version). The VDA factors are based on the latest GWP values in accordance with IPCC AR6. Biogenic emissions are reported separately.

The unit of the metric is tonnes of CO_2 equivalent [t CO_2e].

Scope 3: CO_2e emissions (total)
Scope 3 emissions are generated in the upstream and downstream stages of the value chain. For details of the BMW Group's main categories in accordance with the Greenhouse Gas Protocol, see ↗ Materiality of the various Scope 3 categories.

Each of the reported categories is described in more detail below.

The unit of the metric is tonnes of CO_2 equivalent [t CO_2e]. Biogenic emissions are reported separately.

Scope 3: CO_2e emissions from purchased goods and services
The metric describes the absolute quantity of CO_2e emissions related to the production of purchased goods and services which are emitted during the production of BMW Group vehicles (automobiles and motorcycles). It therefore reflects Scope 3 Category 1 of the Greenhouse Gas Protocol. The following are currently not considered in this category: racing vehicles and aftersales products, as well as purchased IT cloud services and engineering or development services.

A specific methodology has been developed for the BMW Group to determine CO_2e supply chain emissions. Due to the absence of supplier-specific CO_2e values across the entire supply chain, a model based on industry averages and, where available, supplier-specific data is used. This method draws upon components of ISO 14040/44 and follows common practice in preparing life cycle analyses (LCA). However, it should be noted that this approach may not be directly comparable with methods or values employed by other companies. Due to the absence of data, various estimates, assumptions and average values are used to determine the metric. The aim is to improve the model quality for calculating the metrics over the reporting years by increasing transparency in the supply chains and by expanding the model details, while maintaining a consistent methodology.

The methodology outlined in the following is used to calculate the emissions data for BMW Group automobiles. Emissions data for motorcycles produced by BMW Group is determined using a simplified calculation.

BMW Group automobiles: the initial calculation of the supply chain CO_2e emissions for a representative selection of vehicles is based on their bill of materials. This selection reflects the range of vehicle classes (from premium compact to luxury) and drive models (petrol, diesel, PHEV and BEV) produced during the period under review. The bill of materials is configured in such a way that it already contains engine and drive variants, along with optional equipment.

For the representative vehicles, the CO_2e emissions of all installed components are calculated on the basis of their material composition and related processing steps. In each case, up to around 60,000 individual entries are evaluated per vehicle. The CO_2e value of the relevant vehicle is calculated by adding up these contributions.

For the vast majority of vehicle models produced that are not included in the representative vehicles, there is no individual CO_2e calculation available on a bill of materials basis. A modular scaling calculation method has been developed to include these in the overall result: the bill of materials of the representative vehicles is divided into sections (modules) according to functional criteria, and these are assessed in terms of their total CO_2e emissions. Vehicle derivatives that have not yet been evaluated can now be custom built using these basic components, with the components selected being determined by the specific technical features of the target vehicles, including engine type, all-wheel drive or body style. Components that do not fit are scaled from existing ones. The scaling techniques are based on calculations as well as on expert evaluations. This encompasses the scaling of detailed bodywork calculations ranging from sedans to touring models with identical engine specifications.

For example, a calculation would be available for a BMW 520i as a vehicle evaluated on a bill of materials basis, but not for a BMW 520i Touring in this instance. To ensure that the latter is accurately represented, the calculated CO_2e emissions for components such as the drivetrain, wheels and seats remain unchanged, while the body values are multiplied by a scaling factor when calculating the touring model. The methodology outlined above draws on the established LCA for Experts database from Sphera to ascertain CO_2e factors for energy, raw materials and manufacturing processes. In this process, the current datasets are consistently used, starting with the 2023 reporting year. The most recent Sphera database, which takes into account GWP factors in accordance with IPCC (AR6), is used for 2024. Data from 2019 is used to calculate CO_2e emissions retrospectively from 2019 until the release of the datasets at the end of February 2023.

The CO_2e emissions of supply chains vary across different regions of the world. Therefore, for reasons of simplicity, the production sites of the vehicles are allocated to one of three regions: Europe, Asia or the USA. Then the emissions are calculated for the entire vehicle supply chain using the Sphera datasets that are valid for that region. The design of the BMW Group calculation method both facilitates and requires the use of a large number of different materials, for which the secondary data of the emissions factors must be provided for the calculation. This data is not equally available for all regions of the world. The approach taken by the BMW Group in this context involves closing gaps in the required secondary data by means of scaling using VDA material classes. The emission-intensive battery cells and catalytic converter coating are specifically calculated based on their actual production region, irrespective of the vehicle's manufacturing location.

Given the significant impact of battery cell production on the vehicles' total CO_2e emissions, a detailed calculation model is used to assess the cells. In addition to the actual assembly sites of the battery cells, the material compositions and related production processes, it also accounts for the unique characteristics of the cell chemistry (anode and cathode) as well as the emissions associated with supplier-specific energy consumption.

This approach gives each vehicle (automobile) built during the period under review its specific CO_2e base value for supply chain emissions (hereinafter referred to as the base value). The total fleet value of CO_2e supply chain emissions is calculated by adding up the CO_2e contributions of all automobiles produced in the reporting year.

Since the method described is based primarily on the use of secondary data – i.e. industry average values – individually agreed on CO_2e-reducing measures must be deducted from the fleet base value in a subsequent process step. The calculation of the total quantities of CO_2e emissions saved is described in the metric ↗ CO_2e reduction in the supply chain (Scope 3 upstream). Therefore, the metric is derived from the base value described above, minus the ↗ CO_2e reduction in the supply chain (Scope 3 upstream).

BMW motorcycles: the share of supply chain emissions attributed to the motorcycle fleet is calculated using a simplified method. In this case, a representative motorcycle (or scooter) is selected for each family of vehicles (with the same drivetrain: inline or boxer, electric drive); the supply chain emissions are then assessed for this derivative.

This also involves analysing the bill of materials at the component level, with a focus on the materials used and the associated manufacturing processes. Secondary data from "LCA for Experts" (Sphera) is used here. This method draws upon components of ISO 14040/44 and follows common practice in preparing life cycle analyses (LCA). When scaling the emissions to the entire motorcycle fleet, the CO_2e values obtained for the supply chain of the assessed vehicle are scaled to all other derivatives of the same family using the vehicle mass. This value is then multiplied by the total number of vehicles (motorcycles) produced in the reporting year.

This estimation method for motorcycles does not work by scaling component elements and as a result is unable to model differentiations within the individual vehicle families in as much detail as is the case in the calculation for automobiles. CO_2e-reducing measures are not currently verified by motorcycle suppliers independently and are therefore also not accounted for in ↗ CO_2e reduction in the supply chain (Scope 3 upstream).

The unit of the metric is tonnes of CO_2 equivalent [t CO_2e]. Biogenic emissions are reported separately.

Scope 3: CO_2e emissions from upstream transportation and distribution [Logistics]

The metric comprises the CO_2e emissions generated by transport logistics, which include inbound (production supply), outbound (vehicle distribution) and customer support (spare parts).

All modes of transport used within the BMW Group transport network for BMW Group automobiles and motorcycles up to the sales organisation are taken into account:

- Road
- Rail
- Sea
- Inland waterway
- Air freight

In accordance with Scope 3 of the Greenhouse Gas Protocol, transport emissions fall under Categories 4 ("Upstream transportation and distribution") and 9 ("Downstream transportation and distribution"). Only the definition of Category 4 applies to the BMW Group's transport logistics because the BMW Group bears the transport costs up to the point of sale. Emissions after the point of sale are reported in Scope 3 under Category 11 in the use phase because it is usually from this point onwards that the automobile or motorcycle is put into operation by the customer. Emissions from the BMW Group's own warehouses and distribution centres are reported in Scopes 1 and 2.

The distance-based method (in accordance with the Greenhouse Gas Protocol) is used to calculate the CO_2e emissions of transport logistics. First, the transport performance is calculated (weight multiplied by distance) in tonne-kilometres [tkm]. The relevant weight in tonnes [t] comprises the gross weight (component/motorcycle weight including packaging and shipping material) for inbound, customer support (spare parts) and motorcycle outbound, while the vehicle mass is used for automobile outbound. Distance is the distance travelled in kilometres [km]. In the second step, the transport volume is multiplied by specific

emissions factors in grams of CO_2e per tonne-kilometre [g CO_2e/tkm], depending on the technology used in the means of transport and the carrier. The emissions factors used account for the entire chain of emissions (well-to-wheel). This means they include all greenhouse gas emissions generated over the entire life cycle, from production and transport of the fuel/energy (well-to-tank) to combustion of the fuel/use of the energy (tank-to-wheel).

When it comes to specific emissions factors, the BMW Group draws on primary data from logistics service providers wherever possible. In case no primary data is available, the specific emissions factors are modelled in line with ISO 14083 and IPCC AR6. The main sources of information are GLEC (Global Logistics Emissions Council) Framework (reporting year 2024: GLEC V3.1) and shipping company-specific emissions data by CleanCargo (reporting year 2024: published in October 2024). In this context, "modelled" means that the default values defined in the GLEC framework are converted using parameters specific to the BMW Group (e.g. load factors for sea, freight and road transportation). Standardised reference values (default values) only need to be applied in individual cases.

For the calculation of CO_2e emissions in inbound logistics, all transport flows of component parts for automobile (BMW, MINI and Rolls Royce) and motorcycle manufacturing are considered. This includes transportation from the Tier 1 supplier's shipping location to the receipt of goods at the BMW Group production plants worldwide, including partner plants and excluding contract manufacturing sites. For this purpose, supported by internal IT applications, the billing and movement data are entered. Due to a time lag in the technical availability of data as of the reporting date, correction factors are applied based on historical data from previous years for certain transactions in the calendar months of November and December. The relevant CO_2e emissions are calculated for each individual transport flow in line with the methodology described, and an average derivative-specific inbound CO_2e value is assigned to each vehicle produced, depending on the production site and drivetrain variant.

The transport flows of new vehicles from the production sites to warehouses and to points of sale worldwide are considered for outbound automobile emissions. In this case, too, the billing and movement data are recorded supported by internal IT applications. The associated CO_2e emissions for each vehicle produced are calculated using the methodology described above. An average derivative-specific outbound CO_2e value is calculated for each plant-market combination.

A simplified procedure is used to calculate motorcycle outbound emissions in the 2024 reporting year. This involves calculating a volume-weighted average weight including packaging and then identifying the sales markets, which together account for 80% of the retail volume. The main transport routes are analysed, the corresponding distances travelled are determined and motorcycle-specific emissions factors are modelled for these markets. The CO_2e emissions calculated on this basis are added up and extrapolated to 100% by applying the retail volume. The transport flows of transported new vehicles from the production plants, including manufacturing sites, via warehouses to points of sale worldwide are taken into account in a similar way to automobile outbound emissions.

The calculation of customer support (spare parts) emissions considers the billing and movement data of transport flows for automobile (BMW, MINI, Rolls-Royce) and motorcycle spare parts from the receipt of goods to markets worldwide. Due to time lags and technical issues related to the availability of data as of the reporting date, correction factors are applied for certain amounts for the calendar months of November and December based on historical data from previous years and industry averages. The corresponding CO_2e emissions are calculated for each transport flow in accordance with the methodology described and presented together with inbound and outbound data in the Group Report.

The unit of the metric is tonnes of CO_2 equivalent [t CO_2e]. Biogenic emissions are reported separately.

Scope 3: CO_2e emissions of business travelling

The metric includes all BMW Group business travel. Business travel using BMW Group-owned planes, Company vehicles and privately owned vehicles is not included in the metric. The metric reflects Scope 3 Category 6 of the Greenhouse Gas Protocol.

The CO_2e emissions generated by business travel are calculated based on real activity data relating to destinations, distances and the means of transport used. The flight data are based on the number of tickets sold per route booked at contract-based travel agencies. Where flight route distances are not provided by individual markets, these are calculated manually based on the point of departure and the destination. To calculate CO_2e emissions, the flight routes are divided into short-haul or long-haul flights in economy, premium economy, business or first class. Business travel with rental cars is based on data from all bookings made with BMW Group accounts with car rental companies and include distance, fuel and vehicle class. The travel agencies also provide distance data for rail travel. Exception: rail journeys undertaken on Deutsche Bahn AG trains in Germany are carbon neutral because energy from 100% renewable sources is used for long-distance and electrified commuter trains, and indirect emissions and emissions from diesel transaction in commuter trains are offset by Deutsche Bahn AG. This means that these rail journeys are included in the calculation as having zero emissions.

The calculation is made using the emissions factors published by the UK Department for Environment, Food and Rural Affairs (DEFRA). These factors are based on the GWP values over a 100-year time horizon stated in the IPCC's Fifth Assessment Report (AR5). The calculation is carried out in the same way as the metric in ↗ Scope 1: CO_2e emissions from Company-owned planes, without the inclusion of radiative forcing. Biogenic emissions are reported separately.

The unit of the metric is tonnes of CO_2 equivalent [t CO_2e].

Scope 3: CO_2e Emissions of employee commuting [Employees' commuter traffic]
The metric includes the CO_2e emissions generated by BMW Group employees commuting to work. The metric reflects Scope 3 Category 7 of the Greenhouse Gas Protocol.

BMW Group employees are all persons with temporary or permanent employment contracts at the BMW Group as at 31 December of the reporting year. This does not include employees in the inactive early retirement phase, women on maternity leave, temporary agency workers and employees who are absent for reasons including sabbaticals, parental or family care leave, long-term sick leave, military service, or accompanying their partner abroad and other BMW Group employees (apprentices, dual students, interns, authors of theses, post-graduate students, scholarship holders, assistants, working students and (journalist) trainees). Commuting refers to the journey from home to the primary place of work and back. Only direct emissions generated during commuting are included; emissions resulting from the production of the means of transport are not accounted for.

A differentiation is made between the following modes of transport: (1) motorised private transport (automobile, motorcycle), (2) Company shuttle bus, (3) bicycle and pedestrian traffic and (4) public transport.

For technical reasons, the emissions generated from the use of Company cars for commuting purposes are included in this metric as well as in ↗ Scope 1: CO_2e emissions from Company vehicles and ↗ Scope 2: CO_2e emissions from Company vehicles. The metric does not include journeys between BMW Group locations or business travel.

The data is calculated using real activity data for over 85% of employees. The remaining 15% is extrapolated based on the total number of employees.

For each location, the CO_2e emissions resulting from employee commuting are calculated based on the number of employees, the absence rate, the take-up of mobile working, the number of production days and the average distance between the primary place of work and home address. The distance is calculated per employee. Residential location data at the postcode level is available and is taken as a basis for the calculation. The average per capita values for the respective sites are used in subsequent calculations. The average distance per mode of transport was calculated separately for each site. The distance travelled by Company shuttle buses is calculated in kilometres.

To calculate the metric, a usage factor is attributed to each carrier, known as the modal split, on a site-specific basis. This indicates the percentage of employees who use a particular means of transport. The data for the usage factor is collected by external providers via surveys or provided by the BMW Group's plants and non-manufacturing sites (in-house mobility departments) based on their own data. The data is further validated by comparing it with the use of parking spaces, the number of employees with subsidised season tickets for public transport, the registration of Company shuttle buses and the number of bicycle parking spaces available. The automobile occupancy rate ranges between 1.05 and 1.1 people per vehicle. The figure is measured directly (by counting) at some sites and estimated on the basis of comparative figures at others.

Three different values are used to calculate CO_2e emissions:

- VDA's emissions factors (most current valid version) based on the most recent GWP values for emissions related to work shuttle buses in accordance with IPCC AR6. The calculation is based on kilograms of CO_2e per litre of fuel
- Emissions factors as per the TREMOD report published by the German Environment Agency (Umweltbundesamt), based on IPCC AR5 for personal vehicles. The calculation is based on CO_2e per kilometre
- Values calculated in-house at BMW Group based on the VDV 2019 statistics on public transport emissions. The calculation is based on CO_2e per passenger kilometre

The values are applied globally for all regions.

The kilometre distance is multiplied by the usage factor for each mode of transport and subsequently by the allocated emissions factor and the number of employees per location. The sum adds up to the total CO_2e emissions resulting from employee commuting. Biogenic emissions are reported separately.

The unit of the metric is tonnes of CO_2 equivalent [t CO_2e].

Scope 3: CO_2e emissions from use of sold products [Use phase]
The metric describes the absolute quantity of CO_2e emissions calculated for the use phase of BMW Group vehicles (automobiles and motorcycles) delivered in the reporting year. The absolute emissions in the use phase are based on the average CO_2e emissions by the global new vehicle fleet, including upstream emissions (Scope 3 downstream, well-to-wheel, see ↗ CO_2e emissions of the new vehicle fleet worldwide (Scope 3 downstream, well-to-wheel). The metric reflects Scope 3 Category 11 of the Greenhouse Gas Protocol.

The total value in t CO_2e is the result of multiplying the average CO_2e emissions per km for the EU, US and Chinese markets by the number of BMW Group vehicles delivered worldwide in the reporting period and an assumed average mileage over the entire life cycle (Automotive segment: 200,000 km, as per VDA 900-100; Motorcycles segment: 40,000 - 100,000 km depending on the model, based on statistical analyses). These core markets account for more than 80% of the BMW Group's sales. The actual values may differ from the calculated values depending on individual use and location.

This metric records the use phase emissions of all units sold in the reporting period over their entire expected life cycle.

In addition to the emissions generated during the use of the vehicles (tank-to-wheel), the emissions generated during provision of the required drive energy (well-to-tank) are also taken into account.

A detailed description of the global average CO_2e emissions per kilometre of a new BMW Group car can be found at ↗ CO_2e emissions of the new vehicle fleet worldwide (Scope 3 downstream, well-to-wheel). The calculation of the average value is based on the regulatory consumption values of the vehicles delivered in the major core regions (EU, USA, China). BMW Motorrad uses certified

consumption values according to the Worldwide Harmonized Motorcycle Test Cycle (WMTC).

A factor of 10% is added to these values in order to reflect deviations in customer driving behaviour compared to the statutory reference cycles and thus meet the SBTi specification. This is how the tank-to-wheel emissions are calculated. In line with the well-to-wheel approach, the upstream emissions of the energy sources are included in the metric. The corresponding emissions factors from the company Sphera are used to calculate the upstream chain of fuel production (database version 2024.2, IPCC AR6, kg CO_2e/kg fuel). To calculate the CO_2 emissions resulting from electricity production in the respective markets, the BMW Group uses the energy report published by the International Energy Agency (IEA) (reference basis: previous year, g CO_2/kWh) as a basis.

This covers the entire impact chain behind vehicle motion, i.e. from the extraction and provision of fuels to their conversion into drivetrain energy. This approach also includes the environmental impacts associated with the generation of fuel and electricity.

The data collection method is based on the requirements of the Greenhouse Gas Protocol (Scope 3 Calculation Guidance Version 1.0, 2013). Biogenic emissions are reported separately.

The CO_2e emissions of ↗ Scope 1: CO_2e emissions from Company vehicles and ↗ Scope 2: CO_2e emissions from Company vehicles are also partly included in this metric. A distinction in the systems is currently not possible.

The unit of the metric is tonnes of CO_2 equivalent [t CO_2e].

Scope 3: CO_2e emissions from end-of-life treatment of sold products [Disposal]
The metric describes the absolute amount of CO_2e emissions from the end-of-life treatment of sold products [disposal] (Scope 3 downstream). The metric reflects Scope 3 Category 12 of the Greenhouse Gas Protocol.

The CO_2e emissions from recycling in tonnes of CO_2e are based on TÜV-certified life cycle assessments of vehicles that are representative of the overall fleet. These were carried out at the respective start of production between 2019 and 2024 (according to ISO 14040/44) and form the basis for deriving the metric by scaling to the production volume for the entire fleet.

Representative vehicles (automobiles and motorcycles) of the vehicle variants produced in the reporting year are used for the metric. The calculation is carried out via the established "LCA for Experts" database provided by Sphera (taking into account, among other things, the climate-impacting gases CO_2, CH_4, N_2O, SF_6, NF_3) in the database version available at the respective accounting dates between 2018 and 2024 and in accordance with IPCC AR5 and IPCC AR6. The modelling is based on conventional procedures specified in the End-of-Life Vehicles Directive (ELV Directive), covering draining and dismantling procedures. Additionally, it includes the separation of metals during shredding and the use of energy from the shredder's light fraction, which comprises non-metallic components. The average values for the emissions generated by the disposal of existing vehicle types are used and multiplied by the number of vehicles produced per vehicle type. The calculation provides both the CO_2e emissions and the energy consumption associated with the processes.

The unit of the metric is tonnes of CO_2 equivalent [t CO_2e] for emissions and gigawatt hours [GWh] for energy consumption.

Secondary material
Secondary material is a collective term for substances and mixtures of substances that are intended for the manufacture of products and are obtained from waste or production residues. Secondary material can be used as a substitute for ↗ primary raw materials. This can include both ↗ secondary raw materials and more highly processed substances and mixtures of substances.

Secondary raw materials
A secondary raw material is a raw material or material obtained from waste or production residues. Secondary raw materials can be used as a substitute for ↗ primary raw materials.

Share of coverage of production-related purchasing volume from suppliers participating in CDP
The metric describes the degree of coverage of the production-related purchasing volume of all reporting CDP suppliers of the production-related purchasing volume of the BMW Group within the reporting period. The metric is calculated based on the share of the purchasing volume of suppliers in the data set provided by CDP (formerly Carbon Disclosure Project) in the BMW sales volumes derived from the purchasing system.

The metric does not include any information on the supply chain of the Chinese joint operation Spotlight Automotive Ltd. as the BMW Group does not have this information for the reporting year. The BMW Group supports Spotlight Automotive Ltd. with the implementation and further development of management approaches and reporting structures on due diligence obligations in the supply chain.

The unit of the metric is percent [%].

T

Total volume of recycled and reused water
This metric includes water and wastewater (treated or untreated) that has been reused more than once to reduce the water demand before it is discharged beyond the boundaries of the Company sites or shared plants.

This may be within the same process (recycled) or another process within the same plant (owned or shared with other companies) or another plant within the organisation (reused). Cooling and hot water circuits are not included. This metric relates to water (recycled and reused) from the BMW Group's automobile production, the BMW Group's motorcycle production and the BMW Group's non-production sites. The volume of water is recorded using meters or extrapolated from the data sheets of the respective plants.

The unit of the metric is cubic metres [m^3].

Total water stored and changes in storage
The metric comprises the total volume of water stored as well as the changes in the storage volume at all production sites (including automobile and motorcycle production) and non-production sites.

The metric relates both to the size of the storage volume and to any changes in it. All storage tanks with a minimum volume of 100 m^3 and a storage time of > 1 day are taken into account. The storage capacities are derived from data sheets and measurements and then totalled across all storage systems. Changes in volume are obtained by totalling all water inflows and consumption throughout the reporting year. These are either measured or otherwise extrapolated based on the measurements carried out in the plants or technologies.

The unit of the metric is cubic metres [m^3].

U

Unbundled instruments
For the BMW Group, unbundling means the separate and independent purchase of Energy Attributes Certificates and actual physical quantities of electricity. The Energy Attributes Certificates may originate from generation plants and suppliers different from the physical electricity quantities.

W

Waste (total quantity, breakdown and shares)
This metric includes the total quantity of waste generated by production, along with a breakdown of the types and percentages. It includes waste from the production of automobiles, motorcycles and components at BMW Group plants, excluding partner plants and contract manufacturing. Waste resulting from structural changes is not taken into account.

The metric includes the following information: (1) total waste, (2) waste for recovery (including both material and thermal recycling), (3) share of material recovery in the total quantity, (4) share of thermal recovery in the total quantity, (5) waste for disposal, (6) share of disposed waste in the total quantity.

The data shown in the metric is derived from production sites that are certified according to the Eco Management and Audit Scheme (EMAS), ISO 14001 and partly ISO 50001. The waste quantities are determined from weighed and systematically recorded data for waste documentation. Quantities from the new plant in Debrecen (Hungary) are currently not included due to the fact that production has not yet started.

The unit of the metrics are tonnes [t] (for quantities) and percent [%] (for shares). The metrics are additional disclosures based on SASB, TR-AU-440b.1 (1, 3, 4) and calculated based on SASB, TR-AU-440b.1 (2, 5, 6).

Waste for disposal per vehicle produced (automotive)
The metric is calculated from the waste for disposal generated by automobile production (BMW Group plants, excluding partner plants, contract manufacturing and Spotlight Automotive Ltd.) divided by the number of vehicles produced (BMW Group plants and partner plants, excluding contract manufacturing and Spotlight Automotive Ltd.).

The data shown in the metric is derived from production sites that are certified according to the Eco Management and Audit Scheme (EMAS), ISO 14001 and partly ISO 50001. The waste quantities are determined from weighed and systematically recorded data for waste documentation.

The unit of the metric is kilograms [kg] per vehicle produced. The metric is an additional disclosure calculated based on SASB, TR-AU-440b.1 and the number of vehicles produced.

Water consumption (total)
The metric includes water consumption at all production plants (automobiles and motorcycles) and non-manufacturing sites, including test tracks, office buildings and branches of the BMW Group.

The metric measures the amount of water that enters the Company's (or plant's) sites during the reporting period and is not discharged into bodies of water or transferred to third parties. Total consumption includes the consumption of potable water, groundwater, surface water and rainwater. This does not include water released back into the environment or returned to third parties during the reporting period.

In general, the water in question is freshwater. This corresponds to groundwater and surface water with an average annual salinity of < 0.5% (limit mentioned in Annex II of the Water Framework Directive).

All water that is below the saturation zone and in direct contact with the ground or subsoil is referred to as groundwater. By contrast, surface water refers to inland waters, except groundwater, as well as transitional and coastal waters. With regard to the

chemical status, territorial waters are also included by way of exception.

Meters record water consumption at production plants and at some non-manufacturing sites. The water consumption of the remaining sites is extrapolated based on the number of BMW Group employees, other BMW Group employees and temporary agency workers and, in the case of the branches, also on the basis of the number of passes through car washes, which is determined by the sales figures and the number of services. This is based on an average freshwater consumption of 20 litres per employee per working day. A consumption of 50 litres per car washing pass is estimated based on a car wash with circulation. Furthermore, the metric is corrected by a value which results from the average water consumption of all sites for which exact measurement values are available. Since personal water consumption in particular varies greatly between countries, water consumption at international locations is adjusted for a country-specific factor.

The underlying average consumption per employee per day for German locations is based on the German Federal Ministry for Sustainable Building (BNB) and the Federal Statistical Office. The average consumption of car washes with circulation corresponds to BMU/LAGA regulations for wastewater containing mineral oil.

The data from production sites included in the metric is certified by the Eco Management and Audit Scheme (EMAS), ISO14001 and partly ISO 50001. Some of the non-manufacturing sites included in the metric are certified. Quantities from the new plant in Debrecen (Hungary) are currently not included due to the fact that production has not yet started.

The unit of the metric is cubic metres [m^3].

Water consumption in areas affected by water risks or water stress

The metric includes the total consumption of freshwater at the production sites (automobiles and motorcycles) and test tracks of sites located in areas with high or very high water stress or high or very high water risk.

Water stress measures the ratio of total water demand of the available renewable surface and groundwater resources in a region.

If the ratio of water demand to renewable water supplies is below 10%, this is referred to as low water stress. Other categories are low-medium (10-20%), medium-high (20-40%), high (40-80%) and extremely high (>80%). The metric includes all production plants and test tracks in areas with a water stress level of more than 40%. Other non-manufacturing sites are below the materiality threshold and are therefore not taken into account.

In terms of water risk, in addition to water stress, flood risks as well as regulatory and reputational risks are considered on the basis of the ESG risk defined in the Aqueduct Atlas and RepRisk. The ESG Risk Index measures the extent to which a country is exposed to potential financial, reputational and compliance risks related to environmental, social and governance (ESG) issues that could jeopardise the quantity, quality and access to water. The index values are relative to the highest index achieved in a particular country in the previous two years. The higher the value, the higher the risk. Risk classes vary from low (<25%) to low-medium (25-50%), medium-high (50-60%), high (60-75%) and extremely high (>75%), with only the last two categories being relevant for the metric.

The flood risk refers to river and coastal flooding. The risk is determined by the hazard (flooding due to river overflow), the extent to which the population is exposed to the risk, and vulnerability. The index indicates the percentage of the population that is expected to be affected by flooding. Existing flood defences are also taken into account. In contrast to reputational risk, the risk is not determined for the entire country, rather at the regional level. The index for flood risk is calculated on the basis of the hazard (river flooding), the exposure (population in the floodplain) and the actual risk of the risk occurring, taking into account existing flood protection measures, where appropriate. Extreme but infrequent flood years are averaged with more frequent, less severe flood years. The calculation for flood risk in coastal areas is similar, though on a different scale.

The assessment thresholds for flood risks are as follows:

Assessment thresholds for flood risks

	River flooding	Coastal flooding
Low	< 1/1.000	< 9/1.000.000
Low-Medium	1 to 2/1.000	9/1.000.000 to 7/100.000
Medium-High	2 to 6/1.000	7/100.000 to 3/10.000
High	6/1.000 to 1/100	2/10.000 to 2/1.000
Extremely high	> 1/100	> 2/1.000

The unit of the metric is cubic metres [m^3].

Water intensity

The water intensity is calculated based on the BMW Group's total water consumption in m^3 ↗ Water consumption (total). The denominator is based on BMW Group net revenues ↗ note [7]. These net revenues are adjusted by an item related to the Financial Services segment's third-party business. Since water consumption associated with the production of vehicles sold under other brands is not included in the numerator of this metric, related revenues are deducted from the denominator.

The unit of the metric is cubic metres per euro [m^3/€].

Weight and percentage of secondary reused or recycled components, products, and materials

The metric comprises the weight [t] and the percentage [%] of reused and recycled secondary components, products and materials of the resource inflows for the BMW Group's automobile production in the reporting period.

The following definition is applied in accordance with DIN EN ISO 14021 to determine the quantities that are reused and recycled.

Reused material is defined in DIN EN ISO 14021:2021-10 as "reutilisation of materials such as rework, regrind or scrap generated in a process and capable of being reclaimed within the same process that generated it". It includes materials that accrue as

production residue in the production process and are not declared as waste.

Recycled material is defined in DIN EN ISO 14021:2021-10 as "material that has been reprocessed from recovered [reclaimed] material by means of a manufacturing process and made into a final product or into a component for incorporation into a product". Only pre-consumer and post-consumer materials shall be considered as recycled content according to DIN EN ISO 14021:2021-10. The material is declared as waste in these material streams.

The metric describes the percentages of recycled and reused materials, that is contained in the BMW Group's automobile production. It is composed of the total quantity of recycled material, as well as the quantities of recycled auxiliaries and operating materials used in the in-house production of supplies, other associated process ma-terials and recycled water, as well as the quantity of reused materi-als and reused water in in-house production, which are required in automobile production in the reporting period.

To determine the recycled material required for automobile production in the reporting period, an allocation is carried out to ascertain whether recyclate values are available for the components, products and materials. This allocation is based on several data sources. Primary data from the suppliers is used where available. If not, material-specific data sets taken from the Sphera database (based on average industrial values) are used. Material-specific data sets are allocated according to the material classification. The recyclate value is assumed to be zero if no data is available from suppliers or the Sphera database. The calculation is performed in accordance with DIN EN ISO14021*.

To calculate the quantity of recycled and reused materials, the quantities are extrapolated across the entire fleet based on the vehicle groups used to calculate the vehicle weight (BMW Group automobile production volume).

Since there is no information available on the percentage of recycled materials contained in the auxiliaries and operating materials, a recyclate value of zero is assumed for these quantities. A recycled material content based on average industrial values can be counted for the other process materials from the BMW Group's automobile production.

The material reused in in-house production is recorded and reported by the sites with in-house production. Where there is no data on reuses material in in-house production, the value is assumed to be zero.

The categories of reused material and recycled material are allocated in accordance with the definitions set out above and there is no overlap, thus eliminating double counting.

The volume of reused or recycled water is recorded using meters or extrapolated from the data sheets of the respective plants. This metric records water and wastewater (treated or untreated) that has been used more than once to reduce the water demand before it is discharged beyond the boundaries of the Company site or shared plants. This may be within the same process (recycled) or another process within the same plant (owned or shared with other companies) or another plant within the organisation (reused).

The categories of reused water and recycled water are allocated in accordance with the definitions set out above and there is no overlap, thus eliminating double counting.

The unit of the metric is the total mass [t] of the BMW Group's secondary reused and recycled components, products and materials in the reporting period. Furthermore, the percentage value is stated: the unit of the metric is the percentage weight [%] and describes the relative content of secondary reused and recycled components, products and materials in total mass [t] of the BMW Group's resource inflows in the reporting period. The metric denominator is ↗ Absolute weight of products, technical and biological materials.

Weight of materials recovered at the recycling and dismantling centre

Weight of materials recovered at end of life, in tonnes: this metric is calculated for vehicles (automobiles and motorcycles) taken back and dismantled at the BMW Group's recycling and dismantling centre (RDZ) in Munich (Germany) (as required by law in Germany). Almost all of these vehicles have been used by the Company, for example, as prototypes or pre-production vehicles.

When the vehicle arrives at the RDZ, a decision is made as to which parts can be reused and which need to be recycled (including the catalytic converter, high-voltage battery, etc.). The parts that can be reused are weighed during the loading process and then sold externally via selected retail partners. These parts form the first component of the metric. The second component is the metal waste (ferrous and non-ferrous metals) removed from the automobiles, which is recycled rather than sold. The material is weighed at the Munich (Germany) plant before the automobiles are shredded. This is not included in the metal waste resulting from production at the Munich (Germany) site. Some of the remaining waste is recycled (e.g. plastics) and included in the metric.

This metric is an additional disclosure based on SASB, TR-AU-440b.2.

The unit of the metric is tonnes [t] and/or percent [%]. The percentages relate to the minimum required by law. In practice, higher recycling/recovery rates are also possible due to differences between vehicle versions and/or recycling/recovery processes.

* DIN EN ISO 14021:2021-10. Environmental labels and declarations - Self-declared environmental claims (Type II environmental labelling) (ISO 14021:2016 + Amd 1:2021); German version EN ISO 14021:2016 + A1:2021.

Well-to-wheel
The well-to-wheel method takes into account the entire impact chain behind vehicle motion – from the generation and supply of drivetrain power to its conversion into energy. This approach also includes the environmental impacts associated with the generation of fuel and electricity. For example, the BMW Group uses the current energy report from the International Energy Agency (IEA) (reference basis: previous year) as the basis for calculating emissions from electrified vehicles (provision of electrical energy). The approach can be divided into the following two components:

The well-to-tank method takes into account the carbon emissions from the supply chain as well as the upstream fuel supply from the oil well or the energy generation source. As such, this approach considers the causal chain that arises until the energy is supplied to the vehicle, but does not include the vehicle itself.

By contrast, the tank-to-wheel method takes into account the chain of effects from the absorption of energy consumed (fuel, electricity) to its conversion into kinetic energy by the vehicle. As such, this approach considers the impact chain that arises during the use of the vehicle.

SOCIAL INFORMATION

A

Accident frequency rate
↗ Number and rate of recordable work-related accidents

Apprentices
People who complete a multi-year vocational training programme at a BMW Group company that includes practical and theoretical stages.

Assistants
People with a temporary contract at a BMW Group company working as temporary assistants for a contractually agreed, limited number of hours.

Authors of theses
Persons with a temporary contract who are writing a student research project at a BMW Group company during their study. This can also be a final-year thesis.

Average number of hours of training and further education per employee
The average number of hours of training and further education per employee is calculated on the basis of the total number of training hours in the reporting year in relation to the average number of employees in each month of the BMW Group in the reporting year. The training hours taken into account include all training and qualification measures carried out, including e-learning.

B

BMW Group employees
The definition of BMW Group employees includes the number of all persons with temporary or permanent employment contracts at the BMW Group as at 31 December of the reporting year. The figure does not include employees in the inactive early retirement phase, women on maternity leave, employees who are absent for reasons including sabbaticals, parental or family care leave, long-term sick leave, military service or accompanying their partner abroad, other BMW Group employees and temporary agency workers.

BMW Safety Compact Training
In half a day, the BMW Safety Compact Training course gives customers the confidence they need to enjoy everyday driving. Under the guidance of experienced instructors, the course enables customers to feel more confident in handling their Automobile.

BMW Safety Training
BMW Safety Training helps customers to react calmly in unexpected situations and to continue driving in a relaxed manner. Experienced instructors guide participants through various exercises in emergency and targeted braking, dynamic lane changes, and understeering and oversteering.

C

CarData
CarData is an IT platform providing vehicle data to both private and business customers, in particular to fulfil the requirements of the GDPR (General Data Protection Regulation) and, in the future, the EU Data Act. In this context, the BMW Group does not pursue any business models that go beyond the legal requirements ↗ CarData.

Customer data breach
A customer data breach is an incident in which unauthorised third parties gain access to sensitive customer data, or that data is compromised or stolen.

Customer Data Delegate (CDD)
The Customer Data Delegate (CDD) is a central role within the BMW Group that is responsible for the management and protection of customer data. The CDD acts as a point of contact for all topics related to customer data governance and ensures that measures for the secure and legally compliant handling of customer data are implemented in the respective organisational department.

Customer Interaction Centre (CIC)
A Customer Interaction Centre (CIC) serves as a central point of contact for customer interaction and support for the BMW Group. It enables the Company to coordinate and process customer requests via various contact options, such as by telephone, email or chat.

Customer Trust
Customer Trust is a central component of the BMW Group's corporate culture and forms the basis for long-term customer relationships by ensuring security, reliability and integrity in interactions ↗ BMW Group Code of Conduct.

D

Direct suppliers (Tier 1 suppliers)
Suppliers of products or services whose delivery is necessary for the manufacture of our products and provision of our services, and who maintain a direct contractual relationship with entities of the BMW Group for the delivery and/or provision of services.

Distribution of employees by age group
The distribution of employees by age group in percentage terms is calculated as the number of employees in the respective age group in relation to the total number of employees as at 31 December of the reporting year.

Dual study students
People with a temporary contract who are combining a degree programme with practical training/internships at a BMW Group company.

E

Employees accompanying partners abroad
Family members/partners who accompany their partner on an international assignment if the family member/partner is also employed by the BMW Group.

Employees by contract type and gender
The number of employees by contract type and gender is recorded as at 31 December of the reporting year. Gender identities are defined in line with the ESRS. In addition to the temporary and permanent contract types, non-guaranteed hours employees are also reported in accordance with ESRS. This type of contract is not used by the BMW Group.

Employees by contract type and geographical area
The number of employees by contract type and geographical area is recorded in terms of the number of individuals as at 31 December of the reporting year. In addition to the temporary and permanent contract types, non-guaranteed hours employees are also reported in accordance with ESRS. This type of contract is not used by the BMW Group. The breakdown by geographical area is based on the division into six continents as defined by the United Nations.

Employees by geographical area and country
The number of employees is recorded as at 31 December of the reporting year. The breakdown by geographical area is based on the division into six continents as defined by the United Nations. Countries in which the headcount is at least 50 employees, representing at least 10% of the Company's total number of employees, are reported separately. For the BMW Group, these are Germany and China in the reporting year.

Employees covered by collective bargaining agreements
This metric is an additional disclosure based on SASB, TR-AU-310a.1. The percentage of employees covered by collective bargaining agreements is calculated as the ratio of the number of employees covered by collective bargaining agreements to the number of employees as at 31 December of the reporting year.

Employees in the inactive early retirement phase
BMW Group employees who take advantage of the option of retirement via the Company's partial retirement working arrangement and are in the phase of the scheme in which they no longer work for the BMW Group.

Expatriates
Expatriates are employees who are temporarily sent by the BMW Group to another country to fulfil a task there. These employees establish their primary residence in the destination country. The foreign assignment is usually limited in time, after which the employee returns to the original place of work.

G

Gender distribution at the management level in number and percentage
The gender distribution in management positions in percent is calculated on the basis of the sum of employees in management positions for each gender identity in relation to the total number of employees in management positions as at 31 December of the reporting year. Gender identities are defined in line with the ESRS. In the BMW Group, management positions are those at hierarchical functional levels I to IV below the Board of Management.

Gender pay gap
According to the ESRS, the unadjusted gender pay gap between female and male employees is calculated on the basis of average gross hourly pay level. This is calculated on the basis of the sum of the gross annual income as stated in the employee's payslip (including bonus payments, commissions, additional non-recurring payments), Company car as a benefit, employer's contribution to the Company pension and health insurance, divided by the annual paid working hours less unpaid absences, on average for all male and female BMW Group employees. Expatriates are not taken into account.

The unadjusted gender pay gap is first calculated locally for each company or location using the following formula:

$$\text{Gender Pay Gap} = \frac{\text{Average gross hourly pay level of male employees} - \text{Average gross hourly pay level of female employees}}{\text{Average gross hourly pay level of male employees}} \times 100$$

To determine the total BMW Group gap, the weighted average of the location gaps is calculated based on the number of male and female employees as at 31 December of the reporting year. This approach takes into account a fair consideration of different wage levels and avoids annual volatility due to exchange rate changes or varying purchasing power adjustments in countries with high inflation.

I

Identifiers
Identifiers are specific characteristics or data points that are used to clearly identify a person or object and distinguish them from others. In data processing, identifiers can take various forms, such as names, telephone numbers or e-mail addresses.

Incident management
↗ Incident response procedure

Incident response procedure
The BMW Group's incident response procedure is a structured approach to identifying, assessing and responding to security incidents in order to minimise potential damage and ensure the integrity of IT systems.

Indirect suppliers (N-tier suppliers)
Suppliers who do not maintain a direct contractual relationship with entities of the BMW Group, but whose deliverables are also necessary for the manufacture of our products and provision of our services.

Information Security Management System (ISMS)
The BMW Group's information security management system (ISMS) is a comprehensive framework. Its objective is to protect the confidentiality, integrity and availability of information within the Company. It is based on the international ISO/IEC 27001 standard and integrates specific requirements and best practices from the automotive industry to meet the increasing threats and regulatory requirements.

Interns
Persons who complete a mandatory or voluntary internship at the BMW Group as part of their studies. They are usually enrolled at a university.

Investment in vocational training and further education
This key figure comprises all costs incurred in the BMW Group currency in the reporting year for vocational training within the subsidiaries of the BMW Group (excluding Spotlight Automotive Ltd). This extends to personnel costs for trainers and apprentices as well as other costs and investments related to vocational training. The investments in further training are calculated for all consolidated subsidiaries of the BMW Group. This includes preparation and implementation costs, opportunity costs and investments made in order to provide such further education. These costs also include notional depreciation, measured on the basis of inventory lists. The target is defined as absolute in accordance with ESRS.

J

Journalist trainee
People with a temporary contract at a BMW Group company who have recently completed a university degree (usually in communications or politics) and have two years of practical experience in the field of corporate communications and politics.

N

Non-guaranteed hours employees
In addition to temporary and permanent contracts, metrics in the tables on BMW Group employees also show non-guaranteed hours employees in accordance with ESRS. This type of contract is not used by the BMW Group. According to ESRS S1-6, non-guaranteed hours employees are employed by the company without a guarantee of a minimum or fixed number of working hours. The employee may need to make themselves available for work as required, but the company is not contractually obliged to offer the employee a minimum or fixed number of working hours per day, week, or month. This category includes for example casual employees, employees with zero-hour contracts and on-call workers.

Number and rate of recordable work-related accidents
The accident frequency rate is calculated based on the total number of accidents in the reporting year per million hours worked. Accidents are only included in the total if they result in at least one day of absence. This includes work-related accidents in the employee's own household (accidents in the home office). Accidents that occur on the way to or from work are not included. The analysis covers accidents involving BMW Group employees, other BMW Group employees and temporary agency workers. Occupational accidents refer to work-related accidents as specified by ESRS.

The metric includes Spotlight Automotive Ltd. with a share of 100%.

Number of closure assessments (in which the mitigation of non-conformities was confirmed)
This metric refers to the closure assessments carried out at BMW Group supplier locations that are directly linked to a previous initial on-site assessment. For all findings categorised as serious during an initial assessment (for details see ↗ Number of supplier assessments), the effectiveness of the agreed measures is reviewed on-site as part of a closure assessment. This metric considers the total number of closure assessments carried out in the reporting year and the subset of these for which it was possible to confirm that the agreed measures had been successfully implemented by the supplier location.

The metric is based on GRI 308-2 and 414-2.

The metric includes no information on the supply chain of the Chinese joint operation Spotlight Automotive Ltd., as the BMW Group does not have this information for the reporting year. The BMW Group supports Spotlight Automotive Ltd. with the implementation and further development of management approaches and reporting structures on due diligence obligations in the supply chain.

Number of employees who have left the BMW Group and rate of employee turnover
The turnover rate is based on the number of employees leaving the Company in the reporting year in relation to the average number of employees in each month (annual value as a percentage). Reasons for leaving include, in particular, resignations by employees and dismissals by employers, resignations by mutual agreement (including ↗ Employees in the inactive early retirement phase) and natural turnover due to retirement or death.

Number of fatalities as a result of work-related injuries/accidents and work-related ill health
This metric covers all occupational accidents resulting in fatalities suffered by BMW Group employees and other BMW Group employees, temporary agency workers and external workers working on BMW Group's sites. Occupational accidents refer to work-related accidents as specified by ESRS. This includes deaths due to work-related accidents in the employee's own household (accidents in the home office). Deaths that occur on the way to or from work are not included. An accident is defined as a temporary event caused by an external influence that results in injury, damage to health or death. Only accidents that occur on BMW Group premises, or in the home office while performing an activity in the interest of the employer which result in death, are counted. The BMW Group's "communication instruction" and its health and safety policy ensure that the relevant people are informed in the event of an accident resulting in death. This includes the occupational health and safety management officer as the responsible point of contact.

Deaths resulting from work-related illnesses are included in this figure. They include fatal health disorders for which a company has been held responsible and successfully sued following a final court ruling. This presupposes that an official investigation has shown that the fatal illness or death is causally linked to the Company's working conditions.

The metric includes Spotlight Automotive Ltd. with a share of 100%.

Number of (justified) notifications that could be clarified during the reporting year
This metric is a subset of the reported information in ↗ Number of notifications of potential sustainability violations in the supply chain. The metric includes all cases that were opened and closed during the reporting year.

The metric consists of two sub-indicators:

— #1: Number of indications of potential violations that could be clarified during the reporting year

— #2: Number of justified notifications that were clarified during the reporting year

Clarified means that the internal investigation has been finalised and the case is closed in the case management system. A case can be closed if the investigation has revealed that a case is unjustified or, if the identified violation has been shown to be justified, it has already been remedied. Both scenarios lead to an integration of the cases into sub-indicator #1.

The subset of cases that can be assigned to the latter scenario are also included in sub-indicator #2. The BMW Group carries out a plausibility check to process the information received. If a case turns out to be justified, a plan for elimination of the identified deficit is developed together with the supplier. Finally, the conclusion of these cases is preceded by an individual assessment by the BMW Group of the successful implementation of measures by the supplier concerned. After the measures have been implemented, the case is closed, archived, and documented in the case management system. The definition of justified cases is based, among other things, on the German Supply Chain Due Diligence Act (LkSG) and the criteria for appropriateness defined therein (severity, ability to influence, probability of occurrence).

The metric is based on GRI 308-2 and 414-2.

The metric includes no information on the supply chain of the Chinese joint operation Spotlight Automotive Ltd., as the BMW Group does not have this information for the reporting year. The BMW Group supports Spotlight Automotive Ltd. with the implementation and further development of management approaches and reporting structures on due diligence obligations in the supply chain.

Number of notifications of potential sustainability violations in the supply chain
This metric includes the number of notifications of potential violations of our sustainability principles in the supply chain that have been received through the BMW Group reporting channels. It includes all notifications on suppliers along the entire supply chain of all entities of BMW Group that were entered into the Group-wide electronic case management system during the financial year. The reference date for the period cut-off is therefore the date on which a case was entered into the system.

The metric includes all personal notifications. Personal notifications are usually made through the following sources: BMW Group SpeakUp Line, BMW Group Compliance Contact, local Compliance Offices, Ombuds Office, BMW Group Human Rights Contact Supply Chain, RBA Voices Complaint Mechanism, internal and external letters to the Board of Management/executives, as well as other personal notifications to BMW Group units and departments.

In addition, non-personal notifications, for example from media reports, are entered into the case management system and are thus included in the metric, provided that they are substantiated following an initial review.

The metric is based on GRI 308-2 and 414-2.

The metric includes no information on the supply chain of the Chinese joint operation Spotlight Automotive Ltd., as the BMW Group does not have this information for the reporting year. The BMW Group supports Spotlight Automotive Ltd. with the implementation and further development of management approaches and reporting structures on due diligence obligations in the supply chain.

Number of supplier assessments
This metric includes the total number of on-site assessments carried out at BMW Group supplier sites with a start date within the reporting year. This includes on-site assessments of direct suppliers and their surrounding facilities such as dormitories, canteens and warehouses. Remote assessments and certification audits such as ISO 14001, ISO 45001, ISO 50001 and similar, which have been paid for by the supplier, are not included in this metric. The number of assessments refers to initial assessments (first assessments) and follow-up assessments (assessments shortly before the certification expires). Closure assessments (second assessments after initial auditing for successful completion of certification), which are directly linked to an initial assessment to provide evidence of corrective action for possible deviations, are not included in the metric. The on-site assessments are largely carried out in accordance with the standards of RBA-VAP (Validated Assessment Program of the Responsible Business Alliance) and VDA-RSCI (Responsible Supply Chain Initiative of the German Association of the Automotive Industry). These assessments are carried out on behalf of the BMW Group by external audit companies approved by the standard setter, such as TÜV Rheinland, Intertek, SGS, Elevate, DNV, etc., in accordance with the requirements of the standards mentioned and, in addition, by BMW Group sustainability experts for quality assurance purposes. The number and results of the assessments are documented in a database of the standard-setting organisations and transmitted to the IT systems of the BMW Group via an interface.

The metric is based on GRI 308-1, 308-2, 414-1 and 414-2.

The metric includes no information on the supply chain of the Chinese joint operation Spotlight Automotive Ltd., as the BMW Group does not have this information for the reporting year. The BMW Group supports Spotlight Automotive Ltd. with the implementation and further development of management approaches and reporting structures on due diligence obligations in the supply chain.

Number of supplier locations assessed with self-assessment questionnaire
The metric includes all sustainability questionnaires completed by supplier locations (also referred to below as the online assessment) that the BMW Group obtained and evaluated during the reporting year. Both active and potential (new) supplier locations from all purchasing areas of the BMW Group are taken into account.

The online assessments, which are based on the Drive Sustainability initiative's industry-wide sustainability questionnaire, are used as part of the awarding process. This is required for the purchase of production-related material with a contract value of more than €2 million. A risk-based analysis is carried out for non-production-related purchasing processes, which currently includes all orders that are potentially exposed to a risk based on the abstract risk analysis, and which have a master agreement volume of over €2 million or an individual agreement volume of over €10 million.

This metric only includes online assessments that were fully completed by the supplier location, validated by an external service provider and sent to the BMW Group for assessment via an interface. Each supplier location is counted based on its site-specific online assessment, regardless of the number of times its assessment was revised during the reporting year. This metric primarily refers to all new questionnaires requested by the BMW Group within the reporting year. Since the right to view a questionnaire on the external service provider's platform can only be purchased for a period of twelve months, any questionnaires that are still required during the reporting year are also added to the newly requested questionnaires.

The basis for the calculation of the total number of online assessments in the reporting year are the monthly overviews of the external service provider's invoices, which are provided on its platform.

The metric is based on GRI 308-1, 308-2, 414-1 and 414-2.

The indicator includes no information on the supply chain of the Chinese joint operation Spotlight Automotive Ltd., as the BMW Group does not have this information for the reporting year. The BMW Group supports Spotlight Automotive Ltd. with the implementation and further development of management approaches and reporting structures on due diligence obligations in the supply chain.

Number of supplier relationships terminated due to severe sustainability violations
This metric refers to all supplier relationships that were terminated in the reporting year due to severe sustainability violations. Only supplier locations with a clearly defined supplier ID that were escalated due to severe sustainability violations and that resulted in a suspension or temporary suspension of the respective supplier relationship are counted. This includes cases in which the sustainability violations were identified and escalated prior to the reporting year, but in which termination of the supplier relationship was only initiated during the reporting year. Escalation can, for example, be initiated on an event-driven basis in the case of incidents with legitimate criticality (predefined "escalation criteria" based, among other things, on the German Supply Chain Due Diligence Act, LkSG), which are handled as part of the supplier escalation process (ESPRO). This process is standardised across the entire BMW Group and includes sustainability-related criteria.

The metric is based on GRI 308-2 and 414-2.

The metric includes no information on the supply chain of the Chinese joint operation Spotlight Automotive Ltd., as the BMW Group does not have this information for the reporting year. The BMW Group supports Spotlight Automotive Ltd. with the implementation and further development of management approaches and reporting structures on due diligence obligations in the supply chain.

Number of vehicles recalled
This metric is an additional disclosure based on SASB, TR-AU-250a.3. The metric represents the total number of vehicles recalled due to safety- and compliance-related technical measures.

Number of work stoppages
This metric is an additional disclosure based on SASB, TR-AU-310a.2. The BMW Group discloses the number of work stoppages (strikes and lockouts) that affected more than 1,000 employees and lasted an entire shift or longer. The length of a shift varies depending on the type of shift and location, but usually covers the daily working hours of a full-time employee. If a trigger (e.g. a collective agreement negotiation) leads to several events at different times, this is evaluated as one work stoppage based on the same cause.

O

Other BMW Group employees
This includes apprentices, dual students, interns, authors of theses, post-graduate students, scholarship holders, assistants, working students and (journalist) trainees.

P

Parental leave
Parental leave is a period of absence from work granted to an employee of the BMW Group before and/or after the birth of a child or in the case of adoption, usually on the basis of national legal regulations.

People on long-term sick leave
BMW Group employees who are absent due to illness for an extended period of time. According to the country-specific definitions, the employee is no longer counted as an employee of the BMW Group, but is expected to return to work after recovery.

Percentage of all employees who have participated in regular performance and career development reviews
The percentage of employees who have received an annual performance and career development assessment is calculated by dividing the number of annual performance and career development assessments conducted by the number of employees as at 31 December of the reporting year. The calculation broken down by gender is calculated in the same way. Gender identities are defined in line with the ESRS. Only the regular annual performance and career development assessment agreed with management and carried out by 31 December of the reporting year is counted. Every employee who has been employed by the BMW Group for at least six months during the assessment period and is present when this process is applied in the respective BMW Group company is entitled to it. If an individual has received two assessments, for example due to a change of position or an extraordinary interim assessment, only one per employee is taken into account. In the international environment, team assessments rather than individual assessments are common in the production sector. These are not included in the indicator.

Percentage of employees in the European Economic Area (EEA) covered by employee representation
The percentage is calculated as the number of employees who have employee representation, divided by the number of all employees as at 31 December of the reporting year. Only employees who work in a country in the European Economic Area (EEA) are considered. Reporting covers those EEA countries in which BMW Group has significant employment, defined as at least 50 employees by head count representing at least 10% of its total number of employees.

Percentage of employees who are covered by an occupational health and safety management system
All BMW Group locations have an occupational health and safety management system that is based on the globally applicable ISO 45001 standard and the internal regulations of the BMW Group's occupational health and safety policy. Occupational health and safety management systems are in place at all production sites and certified in accordance with this standard or OHRIS, which is based on ISO 45001. This means that 100% of BMW Group employees, other BMW Group employees and temporary agency workers in the BMW Group work at a location that has an occupational health and safety management system.

The metric includes Spotlight Automotive Ltd. with a share of 100%.

Percentage of safety and compliance problems investigated
This metric is an additional disclosure based on SASB, TR-AU-250a.2 (2). The percentage of investigated safety and compliance problems covers all technical problems in BMW Group vehicles that are recorded as safety and/or compliance-relevant in the internal problem management process. The data are recorded by defined sensors that continuously analyse relevant data from vehicles in series production and report any anomalies. The number of problems that were processed in the reporting year is compared with the total number of problems recorded in the reporting year.

Percentage of vehicle models rated by NCAP programmes with an overall safety rating of 5 stars by region
The metric is an additional figure based on SASB, TR-AU-250a.1. The BMW Group reports the percentage of vehicle models by region that have received an overall safety rating of 5 stars from NCAP programmes. The BMW Group focuses its reporting on Europe, China, the USA and Korea. The percentage is calculated as the number of vehicle models rated by an NCAP programme with an overall rating of 5 stars divided by the total number of vehicle models rated by an NCAP programme. The New Car Assessment Programmes (NCAP) are assessments of the safety level of a vehicle model by independent consumer protection organisations. The ratings shown are valid until the end of the reporting year. The report lists models that will be produced until the end of the reporting year.

Postgraduate students
People with a temporary contract at a BMW Group company who are studying at a university and are working on their dissertation.

Privacy by Design
Privacy by Design is a concept that aims to integrate data protection and privacy into the development of products, services and business processes from the very beginning. It is based on the assumption that data protection should not be seen as an afterthought, but as a fundamental element that must be built into all phases of the life cycle of a system or application.

R

Raw materials supplier
A raw materials supplier is an economic operator in the raw material supply chain.

Raw materials supply chain
All activities and processes in the raw material value chain up to the point at which a raw material is used as input to produce materials, intermediate or final products.

S

Sabbatical
BMW Group employees who use the option to take an employee-financed leave of absence for a specified period of time.

Scholarship holders
Persons with a temporary contract at a BMW Group company who either regularly gain practical experience in the same BMW Group company during their studies or who are completing a trainee programme.

Share of employees with severe disabilities at BMW AG
The share of severely disabled employees is a special feature of German legislation in accordance with Volume IX of the German Social Code (SGB IX) and is to be determined for BMW AG with all its German company locations and units.

In accordance with legal requirements, the share of severely disabled employees is calculated from the ratio of the total number of jobs at BMW AG to the number of mandatory jobs filled and is expressed as a percentage. According to § 154 SGB IX, companies with more than 20 jobs must staff at least 5% of them with severely disabled persons or persons with equivalent status. People with a degree of disability of at least 50% are considered severely disabled.

Further information on the calculation can be found in the German legislation according to SGB IX. Exceptions to the total and compulsory jobs defined in SGB IX can be viewed at the employment agency.

Share of suppliers of production-related material with implemented or agreed preventive measures at the time of awarding
The metric consists of two sub-indicators:

— #1: Share of suppliers of production-related materials (direct suppliers) who had already implemented preventive measures at the time of awarding in the respective reporting year

— #2: Share of suppliers of production-related materials (direct suppliers) with whom agreements on preventive measures have been made in the respective reporting year

By signing a contract with the BMW Group, direct suppliers undertake to implement, expand or continue the necessary preventive or remediation and control measures by an agreed target date. The measures, which are queried, validated and evaluated as part of the procurement process using the Drive Sustainability online assessment, serve to minimise potential risks or to eliminate any deficiencies. For more details on the online assessment, see the metric ↗ Number of supplier locations assessed with self-assessment questionnaire.

This online assessment, which is validated by an external service provider, is assessed in the BMW Group system with regard to the minimum requirements defined by the BMW Group for supplier sites along the entire global value chain. The metric is based on supplier sites that were awarded a contract in the reporting year. Each supplier's site is only counted once, regardless of the number of times its online assessment was revised during the reporting year.

If all measures that fulfil the minimum requirements of the BMW Group have already been taken at a supplier site, the status is set to "green" and it is included in sub-indicator #1.

If a supplier site and the purchasing department have agreed on a date for implementing the necessary preventive measures as part of the awarding process, the status is set to "yellow" and included in sub-indicator #2.

The metric is based on GRI 308-1, 308-2, 414-1 and 414-2.

The metric includes no information on the supply chain of the Chinese joint operation Spotlight Automotive Ltd., as the BMW Group does not have this information for the reporting year. The BMW Group supports Spotlight Automotive Ltd. with the implementation and further development of management approaches and reporting structures on due diligence obligations in the supply chain.

Share of women in management positions
The BMW Group's strategic goal for women in management positions is both an absolute and a relative target according to ESRS and is calculated in line with ↗ Gender distribution at the management level in number and percentage.

T

Temporary agency workers
Temporary agency work is where a worker is employed by a temporary work agency, and then hired out to perform his/her work at and under the supervision and direction of the user company. There is considered to be no employment relationship between the temporary agency worker and the user company, although there could be legal obligations of the user company towards the temporary agency worker, especially with respect to health and safety. The relevant labour contract is of limited or unspecified duration with no guarantee of continuation. The user company pays fees to the agency, and the agency pays the wages.

Total number of days idle
This metric is an additional disclosure based on SASB, TR-AU-310a.2. The BMW Group reports on the total number of idle days resulting from work stoppages (including strikes and lockouts). This metric is calculated by multiplying the number of employees affected by each work interruption by the duration of the respective interruption in days, and then adding up these results.

Turnover rate
↗ Number of employees who have left the BMW Group and rate of employee turnover

W

Women on maternity leave
Maternity leave is a period of leave from work granted to an employee of the BMW Group before and/or after the birth of a child or in the case of adoption, usually on the basis of national legal regulations.

Working students
People with a temporary contract working at a BMW Group company during their studies for a contractually agreed, limited number of hours.

GOVERNANCE INFORMATION

P

Political contributions
In addition to financial benefits, political contributions include benefits in kind. The conversion of the respective benefit in kind is carried out as part of an equivalency calculation under the responsibility of the department providing the benefit and, if applicable, the responsible divisional controlling department. The Purchasing division is also included above a materiality threshold of € 20,000.

Political contributions are recorded by means of a Group-wide IT-supported enquiry. The feedback is analysed by the responsible office, checked for plausibility, and broken down by type of recipient. The reported metric includes all contributions above a materiality threshold of € 2,000 per recipient.

The BMW Group made political contributions to the following recipient groups in the reporting year:

— Dialogue events: sponsoring of political events for collaboration and exchange purposes

— Collaborations: sponsoring of reciprocal businesses (for advertising purposes) or lectures by representatives of the BMW Group

T

Training rate of high-risk functions in relation to anti-corruption
The 30-minute Compliance Essentials online training course primarily teaches the basics of corruption prevention using explanatory case studies and test questions. Information on the prohibition of corruption and bribery, including the prohibition of bribery of public officials and the prohibition of bribery and corruptibility in business dealings (active and passive), is presented using specific examples.

With regard to corruption and bribery, from the BMW Group's perspective, those employees who are engaged in indirect activities are potentially particularly relevant from a risk perspective. Indirect activities include activities that do not primarily serve the manufacture of products. However, the group of people affected also includes senior employees from the direct areas, such as supervisors or "Meister" (master craftsmen). The rate is calculated on the basis of the number of persons with a valid training certificate in relation to the number of persons assigned to complete the training.

LIST OF MATERIAL IMPACTS, RISKS AND OPPORTUNITIES

Topic	Material impacts, risks and opportunities	Type	Time horizon*	Stage of the value chain	ESRS/ Entity specific disclosures (ESD)	Sub-sub-topic
E1	By emitting greenhouse gas emissions worldwide through upstream processes, sourcing and procuring raw material, products and services for the production, development and offering of its own products and services (Scope 3, Upstream), the BMW Group contributes to climate change.	Negative Impact	Short term		ESRS/ESD	Climate change mitigation
E1	The BMW Group emits greenhouse gas emissions (GHG) worldwide through processes in own operations (Scope 1 and 2) and thus contribute to climate change.	Negative Impact	Short term		ESRS/ESD	Climate change mitigation
E1	By emitting greenhouse gas emissions worldwide through downstream processes, mainly through use of sold products (Scope 3 downstream), BMW Group contributes to climate change.	Negative Impact	Short term		ESRS	Climate change mitigation
E1	Worldwide adaptation efforts by the BMW Group may require (disruptive) adjustments to the supply chain with negative effects on suppliers or local communities.	Negative Impact	Short term		ESRS	Climate change mitigation
E1	Globally, the network of sales partners consumes energy - and thereby uses natural resources and contributes to climate change.	Negative Impact	Mid term		ESRS	Energy
E1	Globally, the network of supplier locations consumes energy - and thereby uses natural resources and contributes to climate change.	Negative Impact	Short term		ESRS/ESD	Energy
E1	By offering battery electric, hydrogen and plug-in hybrid electric vehicles, the BMW Group enables the society to more environmentally friendly alternatives to traditional combustion engines (use of electricity from renewable sources implied).	Positive Impact	Short term		ESRS	Climate change mitigation
E1	Concluding power purchase agreements support the development of more renewable energy capacity and saving resources and emissions.	Positive Impact	Mid term		ESRS	Energy
E1	Risk through increased competition in the field of electrified vehicles.	Risk	Short term		ESRS	Climate change mitigation
E1	New or changing worldwide government regulation including carbon tax could require to adjust operations in the supply chain (increasing costs).	Risk	Mid term		ESRS	Climate change mitigation
E1	Reputational risks can arise if the BMW Group fails to adhere to stakeholders expectations regarding the reduction of CO_2e emissions in the supply chain.	Risk	Mid term		ESRS/ESD	Climate change mitigation
E1	The currently very ambitious fleet legislation, which may become more stringent in some markets, can only be met with high additional marketing costs given weaker EV demand.	Risk	Mid term		ESRS	Climate change mitigation
E1	New or changing worldwide government regulations on energy use could require to adjust operations in the supply chain.	Risk	Short term		ESRS	Energy
E1	Risk of limitations in the use of certain energy sources due to regulatory restrictions, which may confine their application to specific sectors or require physical delivery. As a result of these limitations some energy sources cannot be used for emission reduction measures.	Risk	Short term		ESRS	Energy
E1	Catena-X provides standardized calculation methods and exchange formats for scope 3 upstream GHG emissions. This allows the BMW Group to report comparable emissions along the actual supply chain in order to better identify reduction potentials and to define targeted reduction measures with suppliers.	Opportunity	Mid term		ESRS	Climate change mitigation
E1	Ambitiously reducing CO_2e emissions (Scope 3 downstream, e.g. by high efficient combustion engines and production of BEVs/PHEVs) can increase the market share in the customer segment of environmentally conscious buyers.	Opportunity	Mid term		ESRS	Climate change mitigation

Topic	Material impacts, risks and opportunities	Type	Time horizon*	Stage of the value chain	ESRS/ Entity specific disclosures (ESD)	Sub-sub-topic
E2	Local pollution of water through unplanned discharges of polluting substances (e.g. leaks) at suppliers' production sites.	Negative Impact	Short term		ESRS/ESD	Pollution of water
E2	Local pollution of soil through unplanned discharges of polluting substances (e.g. leaks) at suppliers' production sites.	Negative Impact	Short term		ESRS/ESD	Pollution of soil
E2	Contamination with microplastics due to tyre wear particles.	Negative Impact	Short term		ESRS	Microplastics
E2	Risk of supply chain shortages and delays in the BMW Group's supply chain in connection with pollution of water.	Risk	Short term		ESRS/ESD	Pollution of water
E2	Risk and financial effect due to reputational damage to BMW Group's brand value with respect to controversies in connection with pollution of water.	Risk	Long term		ESRS/ESD	Pollution of water
E2	Risk of supply chain shortages and delays in the BMW Group's supply chain in connection with pollution of soil.	Risk	Short term		ESRS/ESD	Pollution of soil
E2	Risk and financial effect due to reputational damage to BMW Group's brand value with respect to controversies in connection with pollution of soil.	Risk	Short term		ESRS/ESD	Pollution of soil
E3	Local water scarcity and threat to water supply due to high water intensity in production processes of suppliers and other preliminary products of BMW Group.	Negative Impact	Mid term		ESRS/ESD	Water consumption
E3	Limiting the availability of water and/or harming the ecosystem through water withdrawals within the supply chain especially in areas of high-water stress.	Negative Impact	Mid term		ESRS/ESD	Water withdrawals
E3	New or changing worldwide government regulations regarding water consumption could require to adjust operations and therefore increase dependencies and availability due to exclusion.	Risk	Mid term		ESRS	Water consumption
E3	Risk of supply chain shortages and delays in the BMW Group's supply chain in connection with water, specifically water consumption.	Risk	Long term		ESRS/ESD	Water consumption
E3	Risk and financial effect due to reputational damage to BMW Group's brand value with respect to controversies in connection with water, specifically water consumption.	Risk	Short term		ESRS/ESD	Water consumption
E3	Risk and financial effect due to reputational damage to BMW Group's brand value with respect to controversies in connection with water, specifically water withdrawals.	Risk	Mid term		ESRS/ESD	Water withdrawals
E4	Contribution to biodiversity loss through the direct exploitation and use of invasive resource extraction methods in the supply chain (clearing, building infrastructure around (deep sea) mining and producing sites).	Negative Impact	Mid term		ESRS	Direct exploitation
E4	Usage of primary raw materials impacts nature and biodiversity in extraction areas (e.g. mining).	Negative Impact	Mid term		ESRS	Direct exploitation
E4	Risk and financial effect due to reputational damage to BMW Group's brand value with respect to controversies in connection with direct impact drivers of biodiversity loss, specifically direct exploitation.	Risk	Mid term		ESRS	Direct exploitation
E4	Risk of supply chain shortages and delays in the BMW Group's supply chain in connection with direct impact drivers of biodiversity loss, specifically direct exploitation.	Risk	Mid term		ESRS	Direct exploitation
E4	Opportunities and financial benefits from increasing the supply chain resilience with respect to direct impact drivers of biodiversity loss, specifically direct exploitation, including independence from volatile markets or prevention of potentially supply-disrupting events.	Opportunity	Mid term		ESRS	Direct exploitation

Topic	Material impacts, risks and opportunities	Type	Time horizon*	Stage of the value chain	ESRS/ Entity specific disclosures (ESD)	Sub-sub-topic
E5	The use of non-renewable primary raw materials impacts worldwide depletion of natural resources as well as the nature and communities at the mining location.	Negative Impact	Mid term		ESRS	Resources inflows, including resource use
E5	Waste management of the increasing amounts of hazardous waste at tier-1 supplier sides (e.g. batteries) and incorrect disposal in the supply chain, including e.g. battery and electronics production, imposes detrimental impacts of the environment and society.	Negative Impact	Short term		ESRS/ESD	Waste
E5	Circular economy business models and products slow down the usage of natural and limited resources and reduce landscape and habitat disruption.	Positive Impact	Short term		ESRS	Resource outflows related to products and services
E5	Risk and financial effect due to reputational damage to BMW Group's brand value with respect to controversies in connection with resources inflows, including resource use.	Risk	Mid term		ESRS	Resources inflows, including resource use
E5	Non-compliance regarding the usage of non-regenerable resources due to increasingly stringent regulations could lead to liabilities, penalties, fines, reputational damage or the loss of licenses and permits for BMW Group.	Risk	Mid term		ESRS	Resources inflows, including resource use
E5	Risk of supply chain shortages and delays in the BMW Group's supply chain in connection with resources inflows, including resource use.	Risk	Mid term		ESRS	Resources inflows, including resource use
E5	New regulations could require BMW Group to design products which meet additional recyclability requirements (e.g. increased dismantling or restricting choice of certain materials) or incorporate recycled materials which may be in short supply, leading to increased product costs.	Risk	Mid term		ESRS	Resource outflows related to products and services
E5	A product made without circular principles and with high embodied Carbon footprint of materials might lead to unfavourable market access, where regulatory requirements exist (for e.g. EU battery and End of Life Vehicle regulations).	Risk	Mid term		ESRS	Resource outflows related to products and services
E5	Financial opportunities and competitive advantages through innovation, research and development with respect to resources inflows, including resource use.	Opportunity	Mid term		ESRS	Resources inflows, including resource use
E5	Opportunities and financial benefits from increasing the supply chain resilience by direct purchasing of raw materials.	Opportunity	Mid term		ESRS	Resources inflows, including resource use
E5	Possible policy instruments which favour use of low carbon footprint materials (carbon pricing) or favour recycled content (e.g. US IRA) could make the products eligible for financial incentives.	Opportunity	Mid term		ESRS	Resource outflows related to products and services
S1	Workplace accidents resulting in physical injury reduce an employee's ability to live a fulfilling life, or may in worst cases be fatal.	Negative Impact	Short term		ESRS	Health and safety

Topic	Material impacts, risks and opportunities	Type	Time horizon*	Stage of the value chain	ESRS/ Entity specific disclosures (ESD)	Sub-sub-topic
S1	Secure employment for own workers provides financial stability, contributing to mental health and well-being to employees worldwide.	Positive Impact	Short term		ESRS	Secure employment
S1	Promoting social dialogue can foster satisfaction and cooperation among workers globally, as it provides employees with a platform and mechanism to voice their concerns and share their ideas.	Positive Impact	Short term		ESRS/ESD	Social dialogue
S1	Emplaced preventive measures through health standards and offerings for the employees (e.g. sports offerings, health check-up) can improve the health and safety of the employees.	Positive Impact	Short term		ESRS	Health and safety
S1	Increasing the proportion of women, particularly in management positions and including more women in networking activities, trainings, and mentoring programs in the own workforce are important measures to promote diversity and inclusion within the company.	Positive Impact	Short term		ESRS	Gender equality and equal pay for work of equal value
S1	Training and skill development of employees worldwide enhances qualification, allows for professional growth and continued employability.	Positive Impact	Short term		ESRS/ESD	Training and skills development
S1	Diversity measures (in the dimensions gender, age and experience, cultural background, sexual orientation and identity, physical and mental ability) lead to a more diverse and inclusive work place and more integration worldwide.	Positive Impact	Mid term		ESRS/ESD	Diversity
S2	Inadequate working time impacts workers' income, well-being and living conditions at tier-1 supplier locations.	Negative Impact	Long term		ESRS/ESD	Working time
S2	The non-existence of works councils and consultation impacts workers rights at n-tier suppliers - especially when supplier locations are based in countries where such rights may be restricted in law and/or practice.	Negative Impact	Mid term		ESRS/ESD	Freedom of association, including the existence of work councils
S2	The non-existence of works councils and consultation impacts workers rights at tier-1 suppliers - especially when supplier locations are based in countries where such rights may be restricted in law and/or practice.	Negative Impact	Mid term		ESRS/ESD	Freedom of association, including the existence of work councils
S2	Workplace accidents at tier-1 supplier locations resulting in physical injury reduces an employee ability to live a fulfilling life, or may in worst cases be fatal.	Negative Impact	Short term		ESRS/ESD	Health and safety
S2	The tier-1 suppliers' workplace conditions (incl. exposure to hazardous substances and excessive noise), may contribute to the development of chronic diseases and impairments among employees worldwide, e.g. inadequate ergonomic considerations in the workstations.	Negative Impact	Mid term		ESRS/ESD	Health and safety
S2	Workplace accidents at n-tier supplier locations (exploitation of raw materials) resulting in physical injury reduces an employee ability to live a fulfilling life, or may in worst cases be fatal.	Negative Impact	Short term		ESRS/ESD	Health and safety
S2	The n-tier suppliers' workplace conditions (incl. exposure to hazardous substances and excessive noise), may contribute to the development of chronic diseases and impairments among employees worldwide, e.g. inadequate ergonomic considerations in the workstations.	Negative Impact	Long term		ESRS/ESD	Health and safety
S2	Violence, harassment (incl. inhumane treatment) and discrimination at the workplace affect the living and working conditions for employees at supplier locations (tier-1).	Negative Impact	Short term		ESRS/ESD	Measures against violence and harassment in the workplace
S2	The use of child labour at n-tier supplier locations deprives children of education and a normal childhood, perpetuates poverty and inequality, and increases the likelihood of physical and emotional abuse.	Negative Impact	Short term		ESRS/ESD	Child labour

Topic	Material impacts, risks and opportunities	Type	Time horizon*	Stage of the value chain	ESRS/ Entity specific disclosures (ESD)	Sub-sub-topic
S2	Lack of free choice of employment affects living and working conditions of workers at tier-1 supplier locations worldwide.	Negative Impact	Short term		ESRS/ESD	Forced labour
S2	Lack of free choice of employment affects living and working conditions of workers at n-tier supplier locations worldwide.	Negative Impact	Short term		ESRS/ESD	Forced labour
S2	Providing training and capacity building impact the skills and capabilities of the workers at suppliers' locations.	Positive Impact	Mid term		ESRS	Training and skills development
S2	Risk of supply chain shortages and delays in the BMW Group's supply chain in connection with working conditions, specifically working time.	Risk	Short term		ESRS/ESD	Working time
S2	Risk and financial effect due to reputational damage to BMW Group's brand value with respect to controversies in connection with working conditions, specifically working time.	Risk	Short term		ESRS/ESD	Working time
S2	Risk and financial effect due to reputational damage to BMW Group's brand value with respect to controversies in connection with working conditions, specifically freedom of association, including the existence of work councils.	Risk	Short term		ESRS/ESD	Freedom of association, including the existence of work councils
S2	Risk of supply chain shortages and delays in the BMW Group's supply chain in connection with working conditions, specifically freedom of association, including the existence of work councils.	Risk	Short term		ESRS/ESD	Freedom of association, including the existence of work councils
S2	Risk and financial effect due to reputational damage to BMW Group's brand value with respect to controversies in connection with working conditions, specifically health and safety.	Risk	Short term		ESRS/ESD	Health and safety
S2	Risk of supply chain shortages and delays in the BMW Group's supply chain in connection with working conditions, specifically health and safety.	Risk	Short term		ESRS/ESD	Health and safety
S2	Risk and financial effect due to reputational damage to BMW Group's brand value with respect to controversies in connection with working conditions, specifically health and safety.	Risk	Short term		ESRS/ESD	Health and safety
S2	Risk of supply chain shortages and delays in the BMW Group's supply chain in connection with working conditions, specifically health and safety.	Risk	Short term		ESRS/ESD	Health and safety
S2	Risk and financial effect due to reputational damage to BMW Group's brand value with respect to controversies in connection with other work-related rights, specifically forced labour.	Risk	Short term		ESRS/ESD	Forced labour
S2	Risk of supply chain shortages and delays in the BMW Group's supply chain in connection with other work-related rights, specifically forced labour.	Risk	Short term		ESRS/ESD	Forced labour
S4	The IT infrastructure used in the BMW Group could negatively impact personal data security, e.g., through fraudulent use of personal data.	Negative Impact	Mid term		ESRS	Privacy
S4	By not providing transparency about data privacy practices (such as data collection, storage, use of customer data) and how consumers can protect their data, customers could be prevented from making informed decisions and protecting their sensitive data.	Negative Impact	Mid term		ESRS	Privacy
S4	Information related to health & safety ensures that consumers can properly follow product and service instructions to safeguard their wellbeing.	Positive Impact	Mid term		ESRS	Access to (quality) information

Topic	Material impacts, risks and opportunities	Type	Time horizon*	Stage of the value chain	ESRS/ Entity specific disclosures (ESD)	Sub-sub-topic
S4	Access to information allows consumers to make informed decisions about products and services – both in terms of performance and durability of products as well as for proper handling, such as environmental impacts during the use phase and end-of-life.	Positive Impact	Mid term		ESRS	Access to (quality) information
S4	The BMW Group's product portfolio can contribute to reduce risks to the health and safety of end-users, e.g. through security systems for drivers and other road users.	Positive Impact	Mid term		ESRS/ESD	Health and safety
S4	BMW Group has a positive impact on health and safety of children when important security information and installations guidelines are made available to the public.	Positive Impact	Mid term		ESRS	Protection of children
S4	Reputational risk in the event ofregular or extremely harmful accidents and risks caused by BMW Group products and services.	Risk	Long term		ESRS/ESD	Health and safety
S4	Reputational risk in case of incidents concerning personal data security of consumers and end-users.	Risk	Mid term		ESRS	Privacy
S4	Increase of satisfaction, loyalty, and trust of existing customers through well informed decisions and satisfaction with their purchase.	Opportunity	Mid term		ESRS	Access to (quality) information
G1	Having a clear selection and communication of core values and beliefs for employees (e.g. the BMW Group Code of Conduct) and trainings in place avoids negative environmental and social behaviour and strengthens the individual sense of responsibility of the employees, especially with regard to corruption prevention.	Positive Impact	Mid term		ESRS	Prevention and detection including training
G1	Participation in political decision-making in an extensive manner leads to reputational damage and negative publicity.	Risk	Mid term		ESRS	Political engagement

Upstream material Own Operations material Downstream material

* The specified time horizon indicates when the material impacts, risks and opportunities can be expected for the first time.

LIST OF PHASED-IN DISCLOSURE REQUIREMENTS

ESRS	Disclosure Requirement	Full name of the Disclosure Requirement	Complete/ partial use
ESRS 2	SBM-1 paragraph 40b	Breakdown of total revenue by significant ESRS sector	Complete use
ESRS 2	SBM-1 paragraph 40c	List of additional significant ESRS sectors	Complete use
ESRS 2	SBM-1 paragraph 40e	Anticipated financial effects	Complete use
ESRS E1	E1-9	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	Complete use
ESRS E2	E2-6	Anticipated financial effects from pollution-related impacts, risks and opportunities	Complete use
ESRS E3	E3-5	Anticipated financial effects from water and marine resources-related impacts, risks and opportunities	Complete use
ESRS E4	E4-6	Anticipated financial effects from biodiversity and ecosystem-related impacts, risks and opportunities	Complete use
ESRS E5	E5-6	Anticipated financial effects from resource use and circular economy-related impacts, risks and opportunities	Complete use
ESRS S1	S1-7	Characteristics of nonemployee workers in the undertaking's own workforce	Complete phase-in for KPI, qualitative information as early as reporting year 2024.
ESRS S1	S1-11	Social protection	Complete use
ESRS S1	S1-13	Training and skills development	Partial use for "breakdown by gender"
ESRS S1	S1-14	Health and safety	Partial use for "Work-related illnesses and the number of days lost due to work-related accidents and due to work-related fatalities, injuries and illnesses"

LIST OF DATAPOINTS THAT DERIVE FROM OTHER EU LEGISLATION

Disclosure Requirement and related datapoint	Material / Not material	Location
ESRS 2 GOV-1 (ESRS 2.21 (d)) Board's gender diversity	Material	↗ Supervisory Board – Componsation, diversity, expertise ↗ Board of Management - Duties, diversity, expertise
ESRS 2 GOV-1 (ESRS 2.21 (e)) Percentage of board members who are independent	Material	↗ Supervisory Board – Componsation, diversity, expertise
ESRS 2 GOV-4 (ESRS 2.30) Statement on due diligence	Material	↗ Statement on Due Diligence
ESRS 2 SBM-1 (ESRS 2.40 (d) i) Involvement in activities related to fossil fuel activities	Not material	
ESRS 2 SBM-1 (ESRS 2.40 (d) ii) Involvement in activities related to chemical production	Not material	
ESRS 2 SBM-1 (ESRS 2.40 (d) iii) Involvement in activities related to controversial weapons	Not material	
ESRS 2 SBM-1 (ESRS 2.40 (d) iv) Involvement in activities related to cultivation and production of tobacco	Not material	
ESRS E1-1.14 Transition plan to reach climate neutrality by 2050	Material	↗ Transition plan to achieve Net Zero emissions by 2050
ESRS E1-1.16 (g) Undertakings excluded from Paris-aligned Benchmarks		

Disclosure Requirement and related datapoint	Material / Not material	Location
ESRS E1-4.34 GHG emission reduction targets	Material	↗ Path to achieving the CO_2e reduction targets in 2030
ESRS E1-5.38 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors)	Material	↗ Efficiency measures and energy mix
ESRS E1-5.37 Energy consumption and mix	Material	↗ Efficiency measures and energy mix
ESRS E1-5.40-43 Energy intensity associated with activities in high climate impact sectors	Material	↗ Efficiency measures and energy mix
ESRS E1-6.44 Gross Scope 1, 2, 3 and Total GHG emissions	Material	↗ Greenhouse gas emissions along the entire value chain
ESRS E1-6.53-55 Gross GHG emissions intensity	Material	↗ Greenhouse gas emissions along the entire value chain
ESRS E1-7.56 GHG removals and carbon credits	Material	↗ Preparing for Net Zero
ESRS E1-9.66 Exposure of the benchmark portfolio to climate-related physical risks	no application 2024	
ESRS E1-9.66(a) Disaggregation of monetary amounts by acute and chronic physical risk	no application 2024	
ESRS E1-9.66 (c) Location of significant assets at material physical risk	no application 2024	
ESRS E1-9.67(c) Breakdown of the carrying value of its real estate assets by energy-efficiency classes	no application 2024	
ESRS E1-9.69 Degree of exposure of the portfolio to climate- related opportunities	no application 2024	
ESRS E2-4.28 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil	Not material	
ESRS E3-1.9 Water and marine resources	Material	↗ Due Diligence in the supplier network ↗ Responsible raw material management
ESRS E3-1.13 Dedicated policy	Material	↗ Water management and water protection
ESRS E3-1.14 Sustainable oceans and seas	Not material	
ESRS E3-4.28(c) Total water recycled and reused	Material	↗ Measures to reduce water usage
ESRS E3-4.29 Total water consumption in m3 per net revenue on own operations	Material	↗ Measures to reduce water usage
ESRS 2- IRO 1 - E4.16(a)i	Material	↗ Commitment to protecting Biodiversity
ESRS 2- IRO 1 - E4.16(b)	Material	↗ Commitment to protecting Biodiversity
ESRS 2- IRO 1 - E4.16(c)	Material	↗ Commitment to protecting Biodiversity
ESRS E4-2.24(b) Sustainable land / agriculture practices or policies	Not material	
ESRS E4-2.24(c) Sustainable oceans / seas practices or policies	Not material	
ESRS E4-2.24(d) Policies to address deforestation	Material	↗ Measures to protect biodiversity
ESRS E5-5.37(d) Non-recycled waste	Not material	
ESRS E5-5.39 Hazardous waste and radioactive waste	Not material	
ESRS 2- SBM3 - S1.14(f) Risk of incidents of forced labour	Material	
ESRS 2- SBM3 - S1.14(g) Risk of incidents of child labour	Material	
ESRS S1-1.20 Human rights policy commitments	Material	↗ Basis for action

Disclosure Requirement and related datapoint	Material / Not material	Location
ESRS S1-1.21 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8	Material	↗ Basis for action
ESRS S1-1.22 Processes and measures for preventing trafficking in human beings	Material	↗ Basis for action
ESRS S1-1.23 Workplace accident prevention policy or management system	Material	↗ Occupational health and safety management
ESRS S1-3.32(c) Grievance/complaints handling mechanisms	Material	↗ Basis for action
ESRS S1-14.88(b)&(c) Number of fatalities and number and rate of work-related accidents	Material	↗ Accident frequency
ESRS S1-14.88(e) Number of days lost to injuries, accidents, fatalities or illness	no application 2024	
ESRS S1-16.97(a) Unadjusted gender pay gap	Material	↗ Equal opportunities and equal pay for equal work
ESRS S1-16.97(b) Excessive CEO pay ratio	Not material	
ESRS S1-17.103(a) Incidents of discrimination	Not material	
ESRS S1-17.104(a) Non-respect of UNGPs on Business and Human Rights and OECD	Not material	
ESRS 2- SBM3 – S2.11(b) Significant risk of child labour or forced labour in the value chain	Material	↗ Social and Environmental Responsibility in the Supplier Network
ESRS S2-1.17 Human rights policy commitments	Material	↗ Due Diligence in the supplier network
ESRS S2-1.18 Policies related to value chain workers	Material	↗ Due Diligence in the supplier network
ESRS S2-1.19 Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines	Material	↗ Due Diligence in the supplier network
ESRS S2-1.19 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8	Material	↗ Due Diligence in the supplier network
ESRS S2-4.36 Human rights issues and incidents connected to its upstream and downstream value chain	Material	↗ Complaints procedure
ESRS S3-1.16 Human rights policy commitments	Not material	
ESRS S3-1.17 Non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines	Not material	↗ Commitment to protecting Biodiversity
ESRS S3-4.36 Human rights issues and incidents	Not material	
ESRS S4-1.16 Policies related to consumers and end-users	Material	↗ Characteristics of consumers and end-users
ESRS S4-1.17 Non-respect of UNGPs on Business and Human Rights and OECD guidelines	Material	↗ Characteristics of consumers and end-users
ESRS S4-4.35 Human rights issues and incidents	Material	↗ Characteristics of consumers and end-users
ESRS G1-1.10 (b) United Nations Convention against Corruption	Material	↗ Communicating internal regulations
ESRS G1-1.10(d) Protection of whistle blowers	Not material	
ESRS G1-4.24(a) Fines for violation of anticorruption and anti-bribery laws	Not material	
ESRS G1-4.24(b) Standards of anti- corruption and anti- bribery	Not material	

ESRS-INDEX

In the ESRS index, references to the general part of the Management Report or the Group Financial Statements are denoted with the symbol ». All other references refer to the Sustainability Statement.

Mandatory discosures pursuant to ESRS	BMW Group Report 2024
General information	
BP-1 – General basis for preparation of sustainability statements	↗ General Basis for Preparation of the Sustainability Statement
BP-2 – Disclosures in relation to specific circumstances	↗ General Basis for Preparation of the Sustainability Statement ↗ Glossary and Explanation of Key Figures
GOV-1 – The role of the administrative, management and supervisory bodies	↗ Supervisory Board - Composition, diversity, expertise ↗ Supervisory Board - Duties and committees ↗ Board of Management - Duties, diversity, expertise
GOV-2 – Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	↗ Supervisory Board - Duties and committees ↗ Board of Management - Duties, diversity, expertise
GOV-3 - Integration of sustainability-related performance in incentive schemes	↗ Remuneration of the Board of Management and Supervisory Board
GOV-4 - Statement on due diligence	↗ Statement on Due Diligence
GOV-5 - Risk management and internal controls over sustainability reporting	↗ Internal Control System for Sustainability Reporting » Internal Control System
SBM-1.40a) i. – Significant groups of products and services	↗ Operating segments » Segments » Strategic approach – Where is the BMW Group heading? » Course of Business and Segments
SBM-1.40a) ii. – Significant markets and customer groups	↗ Operating segments » Segments
SBM-1.40a) iii. – Number of employees by geographic region	↗ Own workforce characteristics
SBM-1.40e)-g) – Disclosure on sustainability-related strategy and goals	↗ Strategic position - Sustainability-related goals ↗ Description of material impacts, risks and opportunities and their link to strategy and business model ↗ Climate change Mitigation and Adoption ↗ Circular Economy and Resource Use » The BMW Group Strategy
SBM-1.42a) – Inputs	↗ Business model and value chain » The BMW Group Strategy » Production Network » Purchasing and Supplier Network
SBM-1.42b) – Outputs	↗ Business model and value chain » The BMW Group Strategy » Production Network » Purchasing and Supplier Network » Course of Business and Segments » Earnings Performance of the BMW Group

Mandatory discosures pursuant to ESRS	**BMW Group Report 2024**
SBM-1.42c) – Main features of the upstream and downstream value chain and the undertakings position in the value chain	↗ Business model and value chain ↗ Measures for the responsible use of resources » Organisation and Business Model » The BMW Group Strategy » Production Network » Purchasing and Supplier Network
SBM-2 – Interests and views of stakeholders	↗ Stakeholder Engagement
SBM-3.48a – Descriptions of material impacts, risks and opportunities	↗ Description of material impacts, risks and opportunities and their link to strategy and business model ↗ List of material Impacts, Risks and Opportunities
SBM-3.48b - Effects of material impacts, risks and opportunities on business model, value chain, strategy and decision-making	↗ Description of material impacts, risks and opportunities and their link to strategy and business model » Environmental Analysis » Position – What does the BMW Group stand for? » Direction – What drives the BMW Group? » Strategic approach – Where is the BMW Group heading? » Collaboration – How does the BMW Group achieve this?
SBM-3.48c -Impacts - Effects on people, environment, time horizons and their connection to strategy, business model and business relationships	↗ Description of material impacts, risks and opportunities and their link to strategy and business model ↗ List of material Impacts, Risks and Opportunities » Position - What does the BMW Group stand for? » Strategic approach – Where is the BMW Group heading? » Collaboration – How does the BMW Group achieve this?
SBM-3.48d – Current financial effects of material risks and opportunities	↗ Current financial effects of material risks and opportunities » Earnings Performance of the BMW Group
SBM-3.48f – Resilience of strategy and business model	» Environmental Analysis » Expanding resilient supply chains » Risk management in purchasing » Purchasing battery cells » Digitalisation in the supply chain
SBM-3.48g – Changes to material impacts, risks and opportunities compared to the previous reporting period	↗ Description of material impacts, risks and opportunities and their link to strategy and business model
SBM-3.48h – Impacts, risks and opportunities that are covered by entity-specific disclosures	↗ List of material Impacts, Risks and Opportunities
IRO-1 - Description of the processes to identify and assess material impacts, risks and opportunities	↗ Procedure and methodological basis for the materiality assessment ↗ Comparison with previous period and next review of results
IRO-2 – Disclosure requirements in ESRS covered by the undertaking's sustainability statement	↗ Procedure and methodological basis for the materiality assessment ↗ List of Datapoints that derive from other EU Legislation ↗ ESRS-Index
ESRS E1 – Climate change	
Disclosure requirement related to ESRS 2 GOV-3 Integration of sustainability-related performance in incentive schemes	↗ Remuneration of the Board of Management and Supervisory Board
E1-1 – Transition plan for climate change mitigation	↗ Transition plan to achieve Net Zero emissions by 2050

Mandatory discosures pursuant to ESRS	**BMW Group Report 2024**
Disclosure Requirement related to ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model	↗ Climate-related impacts ↗ Procedure and methodological basis for climate-related risks and opportunities ↗ Physical climate risks ↗ Transitory climate risks and opportunities ↗ Climate resilience of the business model
Disclosure requirement related to ESRS 2 IRO-1 – Description of the processes to identify and assess material climate-related impacts, risks and opportunities	↗ Physical climate risks ↗ Procedure and methodological basis for climate-related risks and opportunities ↗ Physical climate risks ↗ Transitory climate risks and opportunities
E1-2 – Policies related to climate change mitigation and adaptation	↗ Climate change mitigation and adaptation as a key part of the corporate strategy
E1-3 – Actions and resources in relation to climate change policies	↗ Implemented actions and metrics for a holistic approach to CO_2e reduction
E1-4 – Targets related to climate change mitigation and adaptation	↗ Transition plan to achieve Net Zero Emissions by 2050
E1-5 – Energy consumption and mix	↗ Efficiency measures and energy mix
E1-6 – Gross Scopes 1, 2, 3 and Total GHG emissions	↗ Greenhouse gas emissions along the entire value chain ↗ Other Environmental Information
E1-7 – GHG removals and GHG mitigation projects financed through carbon credits	↗ Preparing for Net Zero
E1-8 – Internal carbon pricing	↗ Use of an internal carbon price to assess vehicle projects
E1-9 – Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	n. a./phase-in
ESRS E2 – Pollution	
Disclosure Requirement related to ESRS 2 IRO-1 – Description of the processes to identify and assess material pollution-related impacts, risks and opportunities	↗ Impact, risks and opportunities in relation to environmental pollution ↗ Stakeholder Engagement
E2-1 – Policies related to pollution	↗ Reduction of Environmental Pollution ↗ Social and Environmental Responsibility in the Supplier Network ↗ Due Diligence in the supplier network ↗ Responsible raw material management
E2-2 – Actions and resources related to pollution	↗ Reduction of Environmental Pollution ↗ Social and Environmental Responsibility in the Supplier Network ↗ Due Diligence in the supplier network ↗ Responsible raw material management
E2-3 – Targets related to pollution	↗ Reduction of Environmental Pollution ↗ Social and Environmental Responsibility in the Supplier Network ↗ Due Diligence in the supplier network ↗ Responsible raw material management
E2-4 – Pollution of air, water and soil	↗ Reduction of Environmental Pollution
E2-6 – Anticipated financial effects from pollution-related impacts, risks and opportunities	n. a./phase-in

Mandatory discosures pursuant to ESRS	BMW Group Report 2024
ESRS E3 – Water and marine resources	
Disclosure Requirement related to ESRS 2 IRO-1 – Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities	↗ Water-related impacts, risks and opportunities ↗ Stakeholder Engagement
E3-1 – Policies related to water and marine resources	↗ Water management and water protection ↗ Social and Environmental Responsibility in the Supplier Network ↗ Due Diligence in the supplier network ↗ Responsible raw material management
E3-2 – Actions and resources related to water and marine resources policies	↗ Measures to reduce water usage ↗ Social and Environmental Responsibility in the Supplier Network ↗ Due Diligence in the supplier network ↗ Responsible raw material management
E3-3 – Targets related to water and marine resources	↗ Water consumption in production reduced again ↗ Social and Environmental Responsibility in the Supplier Network ↗ Due Diligence in the supplier network ↗ Responsible raw material management
E3-4 – Water consumption	↗ Measures to reduce water usage
E3-5 – Anticipated financial effects from water and marine resources-related risks and opportunities	n. a./phase-in
ESRS E4 – Biodiversity and ecosystems	
Disclosure Requirement related to ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model	↗ Comittment to protecting Biodiversity
Disclosure Requirement related to ESRS 2 IRO-1 Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks and opportunities	↗ Procedure and methodological basis for the materiality assessment ↗ Stakeholder Engagement ↗ Commitment to protecting Biodiversity
E4-1 – Transition plan and consideration of biodiversity and ecosystems in strategy and business model	↗ Resilience analysis
E4-2 – Policies related to biodiversity and ecosystems	↗ Great importance of intact ecosystems ↗ Social and Environmental Responsibility in the Supplier Network ↗ Due Diligence in the supplier network ↗ Responsible raw material management
E4-3 – Actions and resources related to biodiversity and ecosystems	↗ Measures to protect biodiversity ↗ Social and Environmental Responsibility in the Supplier Network ↗ Due Diligence in the supplier network ↗ Responsible raw material management
E4-4 – Targets related to biodiversity and ecosystems	↗ Holistic approach to sustainability targets
E4-6 – Anticipated financial effects from biodiversity and ecosystem-related risks and opportunities	n. a./phase-in

Mandatory discosures pursuant to ESRS	BMW Group Report 2024
ESRS E5 – Resource use and circular economy	
Disclosure Requirement related to ESRS 2 IRO-1 – Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities	↗ Procedure and methodological basis for the materiality assessment ↗ Stakeholder Engagement
E5-1 – Policies related to resource use and circular economy	↗ Holistic approach for the transition to a circular economy ↗ Social and Environmental Responsibility in the Supplier Network ↗ Due Diligence in the supplier network ↗ Responsible raw material management » Raw materials security and strategy
E5-2 – Actions and resources related to resource use and circular economy	↗ Measures for the responsible use of resources ↗ Social and Environmental Responsibility in the Supplier Network ↗ Due Diligence in the supplier network ↗ Responsible raw material management
E5-3 – Targets related to resource use and circular economy	↗ Milestones along the road to the circular economy ↗ Social and Environmental Responsibility in the Supplier Network ↗ Due Diligence in the supplier network ↗ Responsible raw material management
E5-4 – Resource inflows	↗ Measures for the responsible use of resources
E5-5 – Resource outflows	↗ Measures for the responsible use of resources
E5-6 – Anticipated financial effects from resource use and circular economy-related impacts, risks and opportunities	n. a./phase-in
ESRS S1 – Own workforce	
Disclosure Requirement related to ESRS 2 SBM-2 – Interests and views of stakeholders	↗ Stakeholder Engagement
Disclosure Requirement related to ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model	↗ Description of material impacts, risks and opportunities and their link to strategy and business model
S1-1 – Policies related to own workforce	↗ Basis for action ↗ Operational collaboration model ↗ Occupational health and safety management ↗ Occupational safety along the value chain ↗ Promoting diversity
S1-2 – Processes for engaging with own workers and workers' representatives about impacts	↗ Basis for action ↗ Central participation opportunities ↗ Involvement of employees in change processes ↗ Operational collaboration model ↗ Just Transition - Developing expertise for the future ↗ Promoting diversity
S1-3.32, 34 – Procedures for improving negative impacts and channels through which the company's workforce can raise concerns	↗ Basis for action ↗ Promoting diversity
S1-3.33 – Procedures for improving negative impacts and channels through which the company's workforce can raise concerns	» Compliance and notification systems

Mandatory discosures pursuant to ESRS	BMW Group Report 2024
S1-4 – Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	↗ Attractive employment conditions ↗ Long-term strategic personnel resources planning ↗ Central participation opportunities ↗ Just Transition - Developing expertise for the future ↗ Leadership qualification ↗ Attract and develop talent ↗ Health management on a holistic basis ↗ Prevention and care ↗ Qualification ↗ Occupational health and safety management ↗ Occupational safety along the value chain ↗ Comprehensive preventive measures in occupational health and safety ↗ Promoting diversity ↗ Breakdown by age and gender ↗ Equal opportunities and equal pay for equal work
S1-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	↗ Overview of targets related to social sustainability matters ↗ Attractive employment conditions ↗ Just Transition - Developing expertise for the future ↗ Breakdown by age and gender
S1-6 – Characteristics of the undertaking's employees	↗ Own workforce characteristics
S1-7 – Characteristics of non-employee workers in the undertaking's own workforce	↗ Own workforce characteristics
S1-8 – Collective bargaining coverage and social dialogue	↗ Operational collaboration model
S1-9 – Diversity metrics	↗ Breakdown by age and gender
S1-11 – Social protection	n. a./phase-in
S1-13 – Training and skills development metrics	↗ Just Transition - Developing expertise for the future ↗ Performance management
S1-14 – Health and safety metrics	↗ Occupational health and safety management ↗ Accident frequency
S1-16 – Compensation metrics (pay gap and total compensation)	↗ Equal opportunities and equal pay for equal work
ESRS S2 – Workers in the value chain	
Disclosure Requirement related to ESRS 2 SBM-2 – Interests and views of stakeholders	↗ Stakeholder Engagement
Disclosure Requirement related to ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction of with strategy and business model	↗ Material Impacts, Risks and Opportunities and their Interaction with Strategy and Business Model ↗ Social and Environmental Responsibility in the Supplier Network
S2-1.16-17 – Human rights policy commitments relevant to value chain workers	↗ Social and Environmental Responsibility in the Supplier Network ↗ Due Diligence in the supplier network ↗ Responsible raw material management » Raw materials security and strategy
S2-1.18 - Human rights policy commitments relevant to value chain workers	↗ Social and Environmental Responsibility in the Supplier Network ↗ Due Diligence in the supplier network

Mandatory discosures pursuant to ESRS	BMW Group Report 2024
S2-1.19 - Human rights policy commitments relevant to value chain workers	↗ Due Diligence in the supplier network
S2-2 – Processes for engaging with value chain workers about impacts	↗ Social and Environmental Responsibility in the Supplier Network ↗ Risk analysis and control mechanisms ↗ Responsible raw material management
S2-3.27-28 – Processes for improving negative impacts and channels through which workers in the value chain can raise concerns	↗ Due Diligence in the supplier network ↗ Responsible raw material management » Compliance and notification systems
S2-4 – Taking Action on material impacts, and approaches to mitigating material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions and approaches	↗ Social and Environmental Responsibility in the Supplier Network ↗ Due Diligence in the supplier network ↗ Responsible raw material management
S2-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	↗ Social and Environmental Responsibility in the Supplier Network ↗ Due Diligence in the supplier network ↗ Responsible raw material management
ESRS S4 – Consumers and end-users	
Disclosure Requirement related to ESRS 2 SBM-2 – Interests and views of stakeholders	↗ Stakeholder Engagement
Disclosure Requirement related to ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model	↗ Description of material impacts, risks and opportunities and their link to strategy and business model ↗ Basis for action ↗ Characterisitics of consumers and end-users ↗ The BMW Group always focuses on the customer ↗ Analysing market trends and brand perception ↗ Ensuring customer satisfaction ↗ Access to quality information ↗ Dealing with the opportunities and risks associated with digitalisation ↗ Organisation of and approach to preventing the misuse of data ↗ Safety concepts for BMW Group vehicles ↗ Raising awareness of safe driving ↗ Exclusion of problematic substances » Compliance and notification systems
S4-1.15-17 –Policies on consumer and end-user engangement	↗ Basis for action ↗ The BMW Group always focuses on the customer ↗ Customer data protection ↗ Organisation of and approach to preventing the misuse of data ↗ Protecting vehicle data ↗ Product quality and product safety standards
S4-1.16b) – Policies on consumer and end-user engangement	» Compliance and notification systems
S4-2 – Processes for engaging with consumers and end-users about impacts	↗ Analysing market trends and brand perception ↗ Ensuring customer satisfaction

Mandatory discosures pursuant to ESRS	BMW Group Report 2024
S4-3 – Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	↗ Solutions-focused customer service ↗ Access to quality information ↗ Ongoing optimisation of access to information ↗ Making sustainability transparent ↗ Customer data protection ↗ Dealing with the opportunities and risks associated with digitalisation ↗ Organisation of and approach to preventing the misuse of data ↗ Protecting vehicle data ↗ Product quality and product safety standards ↗ Safety concepts for BMW Group vehicles ↗ Exclusion of problematic substances
S4-4 – Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end- users, and effectiveness of those actions	↗ Ensuring customer satisfaction ↗ Access to quality information ↗ Ongoing optimisation of access to information ↗ Organisation of and approach to preventing the misuse of data ↗ Safety concepts for BMW Group vehicles
S4-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	↗ Ongoing optimisation of access to information ↗ Dealing with the opportunities and risks associated with digitalisation ↗ Safety concepts for BMW Group vehicles ↗ Safeguarding quality standards
ESRS G1 – Business conduct	
Disclosure Requirement related to ESRS 2 GOV-1 – The role of the administrative, supervisory and management bodies	↗ Supervisory Board - Composition, diversity, expertise ↗ Supervisory Board - Duties and committees ↗ Board of Management - Duties, diversity, expertise
Disclosure Requirement related to ESRS 2 IRO-1 – Description of the processes to identify and assess material impacts, risks and opportunities	↗ Procedure and methodological basis for the materiality assessment
G1-1.9 – Policies for establishing, developing and promoting Corporate Governance and Corporate Culture	↗ Preventing, detecting and combating corruption and bribery ↗ Avoiding conflicts of interest in compliance investigations ↗ Reporting on compliance investigations
G1-1.10 – Policies for establishing, developing and promoting Corporate Governance and Corporate Culture	↗ Communicating internal regulations ↗ Training on governance matters ↗ Scope of training on anti-corruption ↗ Training rate of high-risk functions in relation to anti-corruption » Compliance and notification systems
G1-3.18a) – Procedures to prevent and detect corruption and bribery	↗ Preventing, detecting and combating corruption and bribery » Compliance as a corporate function » Compliance Management System (CMS) » Compliance and notification systems » CMS monitoring and controls
G1-3.18b) – Procedures to prevent and detect corruption and bribery	↗ Avoiding conflicts of interest in compliance investigations
G1-3.18c) – Procedures to prevent and detect corruption and bribery	↗ Reporting on compliance investigations

Mandatory discosures pursuant to ESRS	BMW Group Report 2024
G1-3.20 – Procedures to prevent and detect corruption and bribery	↗ Communicating internal regulations
G1-3.21a) – Procedures to prevent and detect corruption and bribery	↗ Scope of training on anti-corruption
G1-3.21b) – Procedures to prevent and detect corruption and bribery	↗ Training rate of high-risk functions in relation to anti-corruption
G1-3.21c) – Procedures to prevent and detect corruption and bribery	↗ Scope of anti-corruption training for the Board of Management and Supervisory Board
G1-5 – Political influence and lobbying activities	↗ Supervision of lobbying activities ↗ BMW Group positions and lobbying activities ↗ Political contributions ↗ Positions in public administration ↗ Transparency registers entries

INTERNAL CONTROL SYSTEM, RISKS AND OPPORTUNITIES, COMPLIANCE

APPROPRIATENESS AND EFFECTIVENESS OF THE INTERNAL CONTROL SYSTEM AND RISK MANAGEMENT SYSTEM*

The BMW Group complies with recommendation A.5 of the German Corporate Governance Code and accordingly provided its statement in accordance with § 161 of the Stock Corporation Act ↗ www.bmwgroup.com/ in December 2024 on the following basis:

The BMW Group has set up an Internal control system and a risk management system in accordance with the German Corporate Governance Code.

The Internal control system includes all the principles, instructions and measures introduced by the Board of Management to ensure:
- the effectiveness and efficiency of business operations
- the propriety of accounting and financial reporting
- compliance with the statutory regulations relevant to the BMW Group

The BMW Group's Internal control system comprises the following: the Internal control system for accounting and financial reporting, the Internal control system for reporting non-financial key figures ↗ Internal Control System (ICS in the narrower sense), the Compliance Management System ↗ Compliance Management System (CMS) and the Corporate Audit Function (IAF).

The Risk Management System (RMS) comprises the entire set of organisational rules and measures in place to identify, assess, manage and communicate risks, including system monitoring ↗ Risk and Opportunity Management.

The ICS (in the narrower sense), the RMS and the CMS are audited independently on a risk-oriented basis by Corporate Audit as part of the "Three Lines" model, with all systems interconnected by overarching structural elements. Internal Audit's findings are reported to the Board of Management and the Supervisory Board on a regular basis.

The design and implementation of the Internal control system and the Risk management system take into account the size, structure and complexity of the BMW Group in particular. These systems are intended to detect, manage and mitigate material risks. However, despite the comprehensive analysis of risks in general, any Control and Risk management system has inherent limitations. For this reason, the occurrence of risks cannot be ruled out in all circumstances.

Taking this into account, the Board of Management is not aware of any circumstances that give rise to doubts regarding the appropriateness and effectiveness of the systems. In particular, no material cases of non-compliance or systemic weakness were identified that preclude such appropriateness and effectiveness.

* The information provided in this section is extraneous to management reports which are not covered by PwC's audit.

INTERNAL CONTROL SYSTEM[1]

» The Internal Control System[2] (ICS in the narrower sense) is part of the BMW Group's overall system of internal governance and based on a set of measures and control activities that are integrated in processes and organisational structures. Its purpose is to ensure the accuracy of external financial and non-financial reporting. The requirements for the design and structure of ICS procedures incorporated in accounting and financial reporting processes as well as those used to generate non-financial information are defined on a Group-wide basis. Non-financial information comprises information from sustainability reporting as well as other non-financial information.

The BMW Group's ICS for financial reporting has the task of ensuring that significant accounting and financial reporting processes are both accurate and reliable. The ICS for non-financial reporting focuses on the further development of data collection processes and reporting processes for non-financial performance indicators. As such, the ICS for non-financial reporting essentially covers the risks relating to sustainability reporting. Sustainability risks are reflected and managed in the BMW Group's risk management.

The ICS is based on the "three lines" model, including a clear definition of how the various functions are required to interact with one another in order to manage risks. As a component of the second line, the ICS serves as the link between the operating units (first line) and Corporate Audit (third line).

An appropriate and effective ICS aims to safeguard external financial and non-financial reporting.

The design of the BMW Group's Internal Control System is based on internationally recognised standards such as the COSO model[3].

The principal features of the BMW Group's ICS are a role-based approach embedded throughout the organisation, a clearly defined control environment that is underpinned by a combination of risk assessment procedures, control activities, information and communication, and monitoring activities.

Standardised methods are used to safeguard the reporting processes for both the financial and non-financial ICS. On the basis of an end-to-end process analysis, all potential risks are identified that essentially relate to the completeness and integrity of data, data availability or partially automated processes. Based on the classification of the risks identified, suitable control measures to mitigate risks are prioritised and developed. The controls, such as plausibility checks, validation and segregation of duties, are intended to have a preventive or detective effect depending on their appropriateness. They are specifically designed and purposefully anchored within the Group reporting process. The effectiveness and execution of the controls is ensured by systematic control tests, among other things. In addition, the ICS monitoring processes are supplemented by an independent assessment of the ICS maturity level.

Both the system itself and the methods applied are subject to continuous improvement, with system functionality being assessed on a regular basis. Notwithstanding the measures taken, every control system is subject to inherent limitations, given that it is not possible to prevent all incorrect disclosures or detect them in a timely manner.

BMW Group working instructions and guidelines for recognising, measuring and allocating items to accounts as well as definitions of non-financial performance indicators are available to all employees via the BMW Group's intranet system. New reporting standards such as the European Sustainability Reporting Standards (ESRS) are assessed for their potential impact on the BMW Group.

ICS requirements such as the segregation of duties are already embedded in the IT systems that are relevant for accounting and financial reporting and are also taken into account in their further development. Furthermore, the BMW Group deploys IT or AI-supported data analysis tools to identify and subsequently eliminate any weaknesses detected in its processes and/or control systems.

Responsibilities for ensuring the appropriateness and effectiveness of ICS procedures for accounting and financial reporting processes as well as those relating to non-financial performance indicators are defined in a role-based model and allocated to the relevant line and process managers. They report annually on their assessment of the ICS for accounting processes and the processes for non-financial key figures. The assessment takes into account the results of internal and external audits as well as the results of continuous monitoring. The results are gathered and documented in a centralised IT system. Both the Board of Management and the Audit Committee are informed about the status of the ICS on an annual basis. The Board of Management and, where appropriate, the Supervisory Board are promptly informed in the event of significant changes to the ICS. «

[1] Contains disclosures pursuant to ESRS 2 GOV-5.
[2] Disclosures pursuant to § 289 and § 315 HGB as well as ESRS 2, paragraphs 34-36 and AR 11.
[3] Committee of Sponsoring Organizations of the Treadway Commission.

RISKS AND OPPORTUNITIES

RISK AND OPPORTUNITY MANAGEMENT

The foundation of the BMW Group's business success lies in effectively managing risks and making use of any opportunities. This is based on an effective and efficient risk and opportunity management strategy. A key prerequisite is the ability to react quickly and flexibly to changes in geopolitical, economic, environmental, social, technological or legal conditions. The general risk and opportunity situation is regularly evaluated as part of this.

The aim of our risk management system (RMS) is to identify, measure and manage risks, both individual and cumulative, that could pose a threat to the success of the business.

Risks and opportunities (including risks to reputation and sustainability-related risks) are reported for the current and subsequent financial year. ↗ Material Risks and Opportunities

Risks and opportunities relating to sustainability (including climate risks) are also considered for the medium and long term in the non-financial statement in accordance with the ESRS. ↗ Sustainability Statement

Organisation of risk management
Risk management is organised globally as a decentralised network and steered by a centralised risk management function. The various BMW Group divisions are represented by Network Representatives. The responsibilities and tasks of the centralised risk management function and the Network Representatives are documented and clearly assigned. All material risks are firstly presented for review to the Risk Management Steering Committee, which is chaired by Group Controlling. Any material risks are then reported to both the Board of Management and the Supervisory Board's Audit Committee.

Other functions such as Group Compliance and the Internal Control System (ICS) form key interfaces to the Risk management system. In its capacity as an independent control body, Corporate Audit reviews the RMS established by the Board of Management.

According to Group-wide guidelines, all employees and managers have a duty to report risks through the designated reporting channels. The key elements of the risk management processes and an appropriate risk culture are embedded in the BMW Group's core values, the Group's extensive rules and regulations on risk management and in its overall risk strategy. Furthermore, the BMW Group's risk management strategy is continually being refined in order to reflect new findings and requirements. Training programmes and informational events are regularly conducted throughout the BMW Group, particularly within the risk management network.

The risk management process comprises the early identification, analysis and measurement of risks, the use of appropriate risk management tools and the monitoring and assessment of the measures taken. If no specific reference is made, risks and opportunities relate to the Automotive segment.

Risk measurement
Risks relating to the current and subsequent financial year are shown in the section ↗ Material Risks and Opportunities. The risks are measured using value-at-risk models and assessed on the basis of uniform loss distribution metrics, thereby enabling better comparability of risks for both internal and external reporting purposes. Risks are evaluated net of any effective risk mitigation measures (net basis).

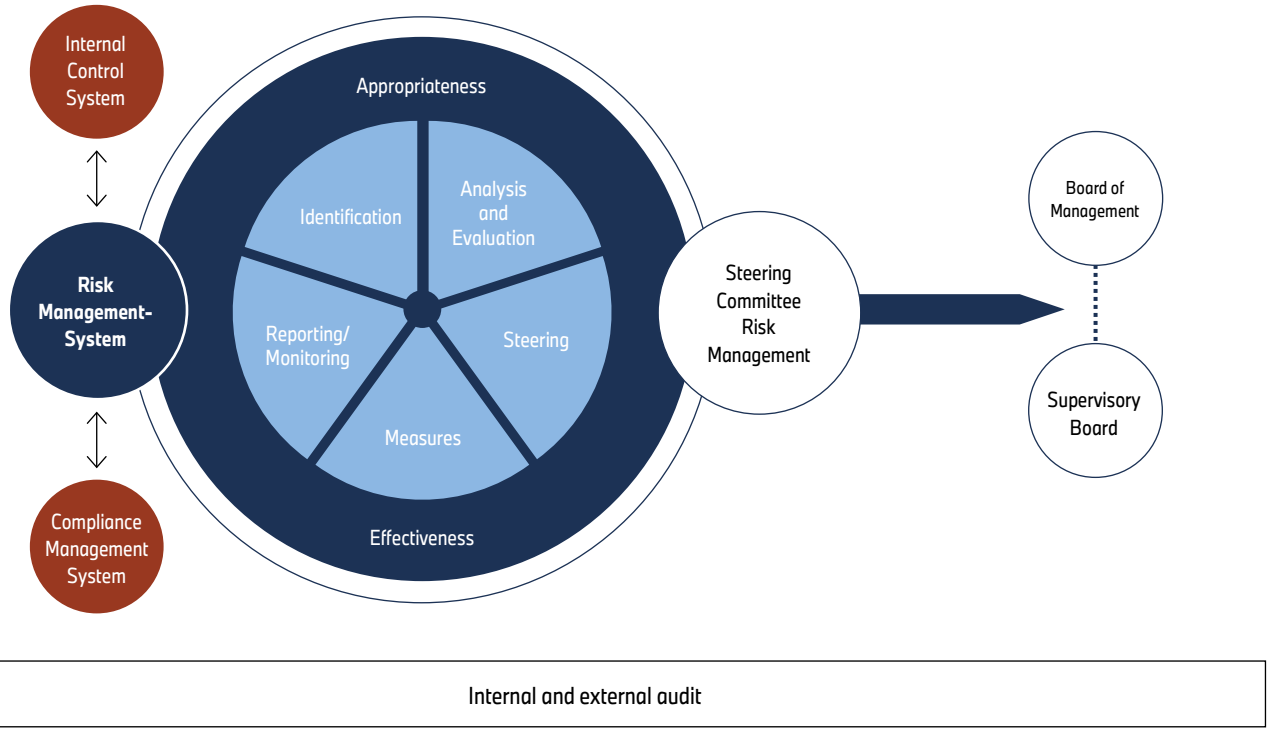
Risks are classified according to the risk amount (average earnings impact, taking into account the probability of occurrence). However, the earnings impact may also be significantly higher if the risk actually materialises (worst-case scenario, confidence level: 99%).

The impact of risks and opportunities is presented separately without offsetting against each other.

Group-wide effects and trends are identified by aggregating all material risks at Group level. For this purpose, the potential earnings impact of the risks is aggregated, taking correlation effects into account. In order to assess the risk-bearing capacity of the BMW Group, the aggregated amount of risks is compared with the risk cover amount (i.e. the equity capital of the BMW Group recognised for accounting purposes). A limit system for various risks helps monitor the risk-bearing capacity.

Reputational risks
Quite apart from the financial consequences, risks can also have an impact on the BMW Group's reputation. For these purposes, the BMW Group assesses all material risks with regard to their impact on its reputation using a scoring model. Moreover, other overarching topics are monitored by means of regular media analysis. Any material reputational repercussions are described in the section ↗ Material Risks and Opportunities.

Risk Management in the BMW Group



Non-financial risks as reported in the non-financial statement (NFS)

Alongside the maintenance of a comprehensive system of risk management, sustainability constitutes a core strategic principle of the BMW Group. Risks resulting from sustainability matters are identified both via the Group-wide risk management network and the materiality analysis process in accordance with ESRS.

In accordance with § 289c of the German Commercial Code (HGB), risks that could have an impact on the non-financial aspects referred to in the relevant legislation are reviewed as part of the reporting process. Material risks in this context are defined as those stemming from business activities, business relationships and products and services provided by the BMW Group that are highly likely to have a seriously adverse impact. The material sustainability risks identified in accordance with the ESRS during the reporting year are presented in the ↗ Sustainability Statement. Otherwise, no material non-financial risks were identified.

Opportunity management

Identifying opportunities is an integral part of the BMW Group's strategy and planning processes. The Group's range of products and services is continually reviewed on the basis of these analyses. ↗ The BMW Group Strategy

The regular monitoring of key business processes and strict cost controls are also key factors for ensuring high levels of profitability and returns on capital employed.

The importance of opportunities for the BMW Group is classified on a qualitative basis in the categories "material" and "immaterial". Probable measures aimed at safeguarding profitability are already considered in the outlook.

MATERIAL RISKS AND OPPORTUNITIES

Although interest rates in the reporting year were slightly lower than in the previous year, the ongoing high interest rate level could continue to restrain economic growth and have a negative impact on sales volume. In general, there is also the risk that the introduction of additional tariffs and corresponding countermeasures could lead to trade disputes. A prolonged war between Russia and Ukraine as well as further escalation in the Middle East could also significantly strain the global economy.

The ongoing challenges in the sales markets have already been taken into account in the outlook. Risks beyond this for the BMW Group remain stable at a high level.

On balance, neither the Board of Management nor the Supervisory Board see any threat to the BMW Group's status as a going concern at the balance sheet date or at the date on which the Group Financial Statements were drawn up.

As in the previous year, the current set of risks to the BMW Group are considered to be manageable. All risks and opportunities that are expected to materialise have already been addressed in the Outlook Report in terms of their impact as well as in the long-term corporate planning and are accordingly not included in the risk and opportunity assessment below. Liquidity requirements are currently covered by existing liquidity as well as the various financing instruments available.

The following sections illustrate potential future developments or events that could result in a negative (risk) or a positive (opportunity) deviation from the outlook for 2025 and 2026 and indicate their significance to the BMW Group.

In addition, unforeseen events could affect business operations and hence the BMW Group's results of operations, financial position and net assets as well as its reputation.

The following overview provides a summary of the material risks and opportunities:

	Risks		Opportunities	
	Classification of the risk level[1]	Change compared to prior year[2]	Classification	Change compared to prior year
Macroeconomic risks and opportunities	Very high	–	Immaterial	–
Strategic and sector-specific risks and opportunities				
Changes in legislation and regulatory requirements	High	–	Immaterial	–
Market developments	Very high	Increased	Immaterial	–
Risks and opportunities relating to operations				
Production and technology	High	–	Immaterial	–
Purchasing	High	–	Immaterial	–
Sales network	Low	–	Immaterial	–
Information security, data protection and IT	High	–	Immaterial	–
Financial risks and opportunities				
Foreign currencies	Medium	Decreased	Material	–
Raw materials	Medium	–	Material	–
Liquidity	Low	–	–	–
Other financial risks	Medium	–	Immaterial	–
Pension obligations	Medium	–	Material	–
Legal risks	Medium	–	–	–

[1] For the purpose of further differentiation, the additional risk category "Very high" has been introduced.
[2] The change shown here relates to the classification of prior-year risks using the updated classification.

In order to further differentiate risks with the highest risk level, the category "Very high" has also been introduced.

The following ranges thus apply for the purpose of classifying the risk amount for material risks:

Class	Risk amount
Low	< € 200 million
Medium	> € 200–1,000 million
High	> € 1,000-2,000 million
Very high	> € 2,000 million

Due to the particular features of the business model, material risks and opportunities relating to the Financial Services segment are presented separately in the section ↗ Risk management system in the Financial Services segment.

Macroeconomic risks and opportunities

Economic conditions have an impact on business performance and hence on the level of earnings generated by the BMW Group. Unforeseen disruptions in global economic relations can have highly unpredictable effects. The level of risk is classified as very high.

With regard to the war in Ukraine, there is a risk of a further escalation and therefore of further sanctions on Russia as well as possible counter-sanctions and/or retaliatory measures by Russia. A reduction in or even withdrawal of US support for Ukraine could have significant ramifications for the course of the war.

Any further escalation in the Middle East could have a negative impact on the oil price, which in turn would cause inflation to rise, potentially leading to higher costs and lower profitability.

In the relationship between the US and China, the focus is currently shifting from simple tariff increases to further import and export restrictions on specific technologies. These could also lead to less favourable import and export conditions for the BMW Group. In the meantime, the EU has also imposed punitive tariffs on battery-powered vehicles from China. This harbours significant risks, as it increases the likelihood of countermeasures by China and could trigger a spiralling escalation.

Although there has been a turnaround in interest rates in the USA and Europe due to the decrease in inflation rates, the persistently high interest rate level is having a dampening effect on growth and consumption. In particular, the current weakness of the German economy could slow down growth in the eurozone as a whole.

The current state of the Chinese economy also poses a risk to sales. If the ongoing crisis in the real estate sector and a general downturn in domestic demand were to further restrain growth, the potential effects on the global economy would be clearly felt.

Economic risks are regularly assessed as part of the Group's internal strategy process and their impact identified. To enable better management of potential negative effects, sales markets are being monitored on an ongoing basis, and individual measures are being defined by standardised processes and internal committees. These include changes to the allocation of planned sales volumes. The aim is to achieve an overall optimum between production, sales and inventories across all plants, markets and model series.

At the moment, macroeconomic opportunities that could positively influence the BMW Group's earnings situation are rather immaterial. However, if significantly more positive economic development were to occur in a market due to stronger fiscal or monetary policy measures, this could also have a positive impact.

Strategic and sector-specific risks and opportunities

Changes in legislation and regulatory requirements

The introduction of more stringent legislation and regulations, particularly regarding emissions, safety and consumer protection as well as regional vehicle-related purchase and usage taxes, poses a significant risk for the automobile industry.

Country- and sector-specific trade barriers can be subject to change at short notice. To mitigate the risks of climate change, new regulatory requirements could be adopted. Any tightening up of regulations could necessitate significantly increased investments and costs, influence customer behaviour, and lead to interruptions in supply. The risk in this regard is categorised as high.

The BMW Group is seeing increasingly stringent vehicle emissions regulations for conventional and electrified drivetrain systems. In the EU, the new EU7 regulation was adopted in April 2024. Risks may arise from the details of the regulation still to be finalised by the European Commission. In addition to pollutant emissions, brake particle emissions, tyre abrasion, and high-voltage battery durability are being regulated for the first time. The European Commission has the initial right to propose legislation. Additional tightening measures are anticipated around 2030.

In China, legislators are planning to tighten emissions legislation. Risks may arise from additional requirements.

The legally required fleet-wide carbon emissions target in the EU has been reduced to 0 g/km for 2035, thus requiring complete electrification of the passenger car new vehicle fleet by 2035. Moreover, the European Commission is working on a proposal to determine if and how vehicles powered exclusively by e-fuels can be recognised as zero-emissions vehicles. In 2026, the EU will conduct a review to analyse the framework conditions required to meet the 0 g/km target for 2035. A possible adjustment of the 0 g/km target for 2035 depends on the results of this review. Risks can arise from the non-availability of renewable energies, inadequate private and public charging infrastructure as well as limited access to resources for the construction of electric drives. A discussion of consumption values and CO_2e emissions may have an impact on the Company's reputation.

Furthermore, the BMW Group maintains a dialogue with decision makers and representatives of politics, trade unions, associations and non-governmental organisations (NGOs), with a view to playing a constructive and transparent role in helping shape the general political framework to the extent that it concerns the Group's business activities. ↗ Stakeholder Engagement

Changes in trade policies could also have a positive impact on the BMW Group's earnings in the short to medium term. Any reduction in tariff barriers, import restrictions or direct excise duties could result in lower manufacturing costs or enable products and services to be offered to customers at more attractive conditions. Opportunities potentially arising from changes in legislation and regulations are classified as immaterial.

Market developments

The constant change in customer preferences, an altered brand perception, or a tense market and competitive situation harbour risks as well as opportunities. For instance, the BMW Group could continue to be confronted with short-term supply and demand distortions in the transition from conventionally powered vehicles to alternative drivetrain types. This effect could be exacerbated by subdued demand due to a reluctance to buy on the part of customers in individual markets.

In China, consumer spending in particular remains subdued despite the central government's support measures. The challenging market environment and competition from Chinese manufacturers may have a corresponding impact on the BMW Group.

The likelihood of market risks occurring has increased year on year and is currently classified as very high.

The BMW Group's sales markets are continuously monitored in order to minimise risks, meet changing customer needs and, at the same time, capitalise on opportunities in terms of sales growth and pricing. The BMW Group considers the resulting additional opportunities to be insignificant.

Risks and opportunities relating to operations

Production and technology

Production interruptions are the main risk in the plants. These can have various causes, such as system failures and tool breakages, supplier-related restrictions in logistics or in the supply of parts, and in certain countries also failures in the energy supply. Furthermore, IT disruptions caused by cyberattacks, for example, play a significant role in disruptions to production. Damage to the factory infrastructure, caused by fire or natural events such as hail, storms or heavy rainfall, can lead to production downtime. The effects of climate change that are already apparent, and short-term future effects such as an increase in natural disasters, are taken into account. The risk level for the occurrence of risks from production and technology is considered to be high.

All BMW Group plants have implemented measures for risk avoidance and reduction. These include, for example, preventive maintenance. The risk of production downtime due to parts supply is reduced via measures related to logistics, purchasing and the highly flexible production network.

A variety of measures are also being taken to prevent and counteract downtimes of manufacturing equipment due to targeted cyberattacks. These include the establishment of strict firewall regulations, application whitelisting and the use of endpoint security software.

Potential natural hazards are already taken into account during site selection and construction measures. The risk posed by the potential effects of natural events or fire is mitigated thanks to the use of on-site fire services and preventive employee training.

The risk resulting from property-related damage and damage due to downtime in the production process, as well as transport damage to vehicles already manufactured, is transferred to highly solvent insurance companies. Due to the volatility of the international insurance markets, the BMW Group itself bears significant risks today. This solution may become increasingly relevant if premiums and deductibles continue to rise.

Potential short-term changes to the relevant legislation and regulations or changes in their national interpretation by the authorities may jeopardise our ability to receive type approvals in good time. In extreme cases, this could lead to the non-admission of a vehicle derivative, sub-market or even a complete market. A delayed start of production for new models could also lead to sales losses. Numerous control points have been implemented as part of the homologation process in order to identify and mitigate risks.

Product recalls can lead to additional costs. The BMW Group establishes appropriate provisions for statutory and non-statutory warranty obligations. It cannot be ruled out, however, that additional costs could be incurred that are either not covered or not fully covered by these provisions. Despite the deployment of thorough quality assurance processes, such risks can always arise if the materials and/or processing procedures used prove insufficient – in some cases years after a product has been launched. A high number of recalls could also have a negative impact on the BMW Group's reputation. Further information on risks in conjunction with provisions for statutory and non-statutory warranty obligations is provided in ↗ note [34] to the Group Financial Statements.

If cost items such as expenses for warranty claims develop more favourably than expected, this could lead to insignificant opportunities for financial performance.

Purchasing
The main risk regarding purchasing relates to supply shortages due to disruptions at the supplier level. Production problems at the supplier level could lead to short or long-term increases in costs and even production interruptions, prompting a reduction in sales for the BMW Group. Furthermore, the Group could suffer damage to its reputation if customer demand cannot be adequately met.

Potential reasons for the failure of suppliers to deliver include shortages of raw materials, energy and base products, natural disasters and fires, security risks in certain countries, IT problems, and non-compliance with sustainability or quality standards. The BMW Group classifies this risk as high.

During the selection of suppliers, risk criteria such as location or sustainability requirements are assessed as standard practice. The effects of climate change that are already apparent, and short-term future effects such as an increase in natural disasters, are taken into account.

An increasingly complex supplier network, particularly with indirect sub-suppliers, may jeopardise the delivery of supplies to plants. A prevention programme was put in place by the BMW Group in order to identify such developments early on and to take suitable measures. Shifts in sales planning and thus also in the product mix could lead to over- or under-utilisation by suppliers. This in turn could result in subsequent claims due to capacity expansions, or to compensation claims due to residual costs.

Additional risks arise from the high level of inflation in recent years, prompting higher price demands from suppliers. Furthermore, the number of suppliers at risk of insolvency which the BMW Group supports to maintain supplier operations is increasing.

Cyberattacks along the entire value chain also represent risks to the security of supply and the protection of expertise. The BMW Group actively supports the supplier network by requiring certificates (such as TISAX) when awarding projects and by implementing other preventive measures, in some cases directly at suppliers' locations. ↗ Purchasing and Supplier Network

The BMW Group sees opportunities in the development of local supplier structures and in innovative manufacturing technologies that could lead to lower material expenses. These opportunities are classed as insignificant.

Sales network
In order to sell its products and services, the BMW Group uses various sales models and operates a global sales network comprising subsidiaries, importers, branches and independent dealerships. The insolvency of major dealerships may have a negative impact on global vehicle sales and the range of services available to our customers. Developments in the dealerships are monitored on an ongoing basis so that measures can be implemented at an early stage if necessary.

Overall, the risks arising from the sales network can be categorised as low.

The BMW Group is aligning its sales organisation with the needs of the future and prioritising the expectations and needs of its customers even more consistently. Additional opportunities arising as a result are classified as insignificant.

Information security, data protection and IT
Digitalisation and automation across all areas of the business and its products offer numerous opportunities for the BMW Group. Potential uses as well as risks are evaluated on a continuous basis, especially in the field of Artificial Intelligence. Any opportunities beyond this are classified as insignificant. At the same time, information technology (IT) requirements regarding the confidentiality, integrity and availability of information are becoming increasingly strict. The threat level has continued to rise over recent years. Increasing geopolitical conflicts are also contributing to the rise in cyberattacks. Moreover, legal and regulatory requirements are becoming ever stricter worldwide, which could also necessitate higher investments in hardware and software.

Due to the continuing increase in the number of attacks observed, the level of risk – despite extensive security measures – is classified as high.

In order to protect IT systems, we have introduced processes such as standardised safety assessments and regular penetration tests. However, in this environment, risks cannot be fully ruled out due to the high complexity and increasing connectivity.

Information and data can also be compromised by a lack of risk awareness and inappropriate behaviour. The main direct consequences would be negative effects on business performance, disruption in production or reputational damage. For this reason, the BMW Group has launched a programme to increase employee awareness of information and IT security through appropriate measures and to establish a lasting security culture. The BMW Group has implemented the known requirements of the EU AI Act and set up corresponding processes.

Protecting information, for example from unauthorised access or misuse, has the highest priority. In conjunction with risk management requirements, risks relating to information security, data protection and IT are systematically documented, provided with measures by internal specialised departments, and continuously monitored with regard to threat level and risk mitigation. Regular analyses and controls as well as tight security management policies ensure an appropriate level of security.

However, despite continuous testing and preventive security measures, it is impossible to completely eliminate risks in this area. All authorised persons are required to treat information such as confidential business, customer and employee data with great care, use information systems securely and handle risks in a transparent manner. Uniform requirements that apply throughout the Group are documented in a comprehensive set of rules and guidelines. A consistently applied policy of updating such rules and regulations to the current situation, coupled with regular communication, awareness-raising and training measures, form the basis for a high level of security and risk awareness in general.

Financial risks and risks relating to the use of financial instruments

Currencies

As an internationally operating enterprise, the BMW Group conducts business in a variety of currencies, thus giving rise to currency risks and opportunities. A high portion of revenues, production, other purchases and funding occur outside the eurozone.

The BMW Group manages currency risks at both the strategic (medium to long term) and operational level (short to medium term). Over the medium and long term, it will be possible to ramp up production or the purchase volume in foreign currency regions (natural hedging). Currency risks are managed in the short to medium term and for operational purposes by means of hedging on financial markets, the primary objective of which is to improve planning reliability for the BMW Group as a whole. Continually updated cash-flow-at-risk models are used to limit currency risks. Due to the relatively moderate volatility of exchange rates in the recent past, the level of risk has fallen slightly compared with the previous year and is now classified as moderate.

Depending on exchange rate fluctuations, opportunities may also arise, which means they can be considered significant.

Raw materials

As a manufacturing company, the BMW Group is subject to price risks, particularly in relation to the raw materials used in vehicle production.

The analysis of raw materials price risks is based on planned purchases of raw materials and components containing those products. A cash-flow-at-risk model is deployed to measure risks relating to raw materials prices. Price fluctuations for raw materials such as precious metals, non-ferrous metals, raw materials for batteries and steel, and also energy, are hedged using financial derivatives and supply contracts with fixed pricing arrangements.

The prices of many raw materials continue to be subject to uncertainty on commodity markets. This entails a medium level of risk as well as significant opportunities.

Liquidity

The major part of the Financial Services segment's credit financing and leasing business is refinanced on capital markets. The risk of restricted access to funds is deemed low.

The liquidity concept, based on experience gained during various crises, is rigorously adhered to and continuously developed. In the Financial Services segment, the use of the "matched funding principle" ensures that liquidity risks are generally avoided.

The solvency of the BMW Group is assured at all times by adhering to liquidity ratios and using a broadly diversified range of refinancing sources.

The liquidity position is monitored continuously and managed through the Group-wide planning of financial requirements and funding. Further information on risks in conjunction with financial instruments is provided in ↗ note [40] to the Group Financial Statements.

Other financial risks

Other financial risks worth mentioning include counterparty risks as well as those arising in connection with investments in other entities.

The BMW Group works together with banks to ensure that the available liquidity is optimally invested in order to hedge against financial market risks (particularly currency, commodity and interest rate risks) using derivative financial instruments and to protect payments made in advance. Counterparty risk denotes the risk that the BMW Group will not receive, or not receive in full, the payments due to it in connection with the investment and hedging transactions referred to above. A value-at-risk model is employed to measure counterparty risk, taking into account the creditworthiness of the banks and the business volumes involved. Risk is managed using a limit system, which includes daily monitoring of the extent to which limits are being utilised at the level of the individual counterparties.

The BMW Group holds equity investments of varying amounts in numerous entities. The recoverability of these investments is monitored on an ongoing basis as part of a standardised process. However, risks from impairment losses could still arise.

The risk associated with other financial risks is classified as medium. Potential opportunities resulting from the revaluation of investments are considered immaterial.

Pension obligations

Future pension obligations are financed largely via external pension funds or trust constructs that are legally separate from the BMW Group. Externally managed funds are invested on capital markets in a broadly diversified portfolio with a view to enabling future pension payments to be disbursed out of pension assets. These arrangements greatly reduce the need to fund pension payments out of ongoing operations. Fluctuations in pension provisions and the related pension assets give rise to risks that may have varying effects due to the differences in accounting standards between IFRS and HGB.

The risk associated with pension provisions based on IFRS valuations is categorised as medium. Material opportunities can arise if the value of pension assets on the capital markets develops favourably or if pension provisions decreased at a more pronounced rate than the related assets.

Pension obligations are chiefly measured by projecting future payouts, gauged with a current discount rate derived from market yields from top-rated corporate bonds. This discount rate is subject to market fluctuations and therefore influences the level of pension obligations in terms of present value. Changes in other parameters, such as inflation rates and life expectancy, also impact the amount as well as the duration of future pension payments. Regulatory requirements may also affect the amount of pension obligations.

The fluctuation of pension assets reflects the volatility of various asset classes on capital markets. Investments are broadly diversified (interest-bearing securities, equities, real estate and other asset classes).

Revaluations on the liabilities and assets sides are recognised net of deferred taxes through other comprehensive income and hence directly in equity of the BMW Group (within revenue reserves). Further information on risks in conjunction with pension provisions is provided in ↗ note [33] to the Group Financial Statements.

Legal risks
Like all entities with international operations, the BMW Group is confronted with legal disputes, alleged claims relating in particular warranty and product liability or intellectual property rights infringements and proceedings initiated by government agencies. Any of these could, amongst other consequences, have an adverse impact on the Group's reputation. Such proceedings are typical for the sector, may result as a consequence of realigning product or purchasing strategies to changed market conditions, or are antitrust-related. Particularly in the US market and Great Britain, class action lawsuits, group proceedings and product liability risks can have substantial financial consequences and cause damage to the Group's reputation. More rigorous application, interpretation of, or changes to, existing regulations could result in a greater number of recalls.

The level of risk from legal risks is classified as moderate.

International movements of goods require compliance with extensive export control regulations. In addition to goods-related restrictions, international trading may also involve personal, country-specific and end-use-related restrictions. In particular, non-compliance with applicable EU, US and Chinese export control regulations could result in significant legal consequences for the BMW Group. In light of the BMW Group's strong presence in the USA and China, any intensification of the trade dispute between the countries could be a potential source of additional risk exposure.

BMW Group companies are subject to governmental tax and customs audits in each country where they operate, potentially resulting in back taxes, retrospective customs duties, interest, penalties and similar payments. Payments of this nature may, for instance, result from the non-recognition of inter-company transfer prices in the countries concerned. Further substantial legal risks may emerge from contested interpretations of tax or customs legislation. In addition, the findings of the tax audit in the countries are effective for the audit period and, if applicable, in subsequent years. Risk management relating to tax and customs legislation is enshrined in the BMW Group's RMS. In order to minimise material procedural tax and customs risks, the BMW Group has set up a comprehensive Tax Compliance Management System (Tax CMS) that is already being applied in its principal entities in Germany, China and Austria, and will be gradually rolled out in other major countries.

The BMW Group recognises appropriate levels of provision for lawsuits and risks. In addition, a part of these risks is insured to an economically reasonable extent. Nevertheless, it cannot be ruled out that damages may occur in excess of the insured amounts. In accordance with IFRS, the required information is not provided if the BMW Group concludes that disclosure of the information could seriously prejudice the outcome of the relevant legal proceedings.

Further information on contingent liabilities is provided in ↗ note [39] to the Group Financial Statements. The potential financial impact of the matters covered under contingent liabilities, including those related to tax and customs risks as well as legal and warranty risks, cannot be conclusively assessed at this stage.

A Compliance Management System is in place across the BMW Group to ensure, among other things, that its representative bodies, executives and employees worldwide consistently act in a lawful manner. Further information on this can be found in the ↗ Compliance chapter.

Risk management system in the Financial Services segment
Risk management in the Financial Services segment is divided into various areas: the prevailing risk culture, the risk strategy, and the defined risk appetite for the various types of risk. In addition to this, there are risk guidelines in place worldwide that are implemented by the individual companies in the Group.

The central goal of risk management in the Financial Services segment is the continuous assurance of risk-bearing capacity. Limits are assigned depending on the type of risk, and various value-at-risk models, which are regularly validated, are used for quantification purposes. The confidence interval on which this model is based is conservative. Care is always taken to ensure that the coverage amounts based on the equity of the Financial Services segment are sufficient.

Regular stress tests are carried out to support this model. These are another indicator of potential risk management measures and create a high degree of transparency with regard to extreme, realistic events, particularly in volatile times.

In principle, risk management in the Financial Services segment is based on the requirements of the supervisory authorities and is implemented consistently worldwide.

The following table provides an overview of the material short-term risks and opportunities in the Financial Services segment:

	Risks		Opportunities	
	Classification of the risk level	Change compared to prior year	Classification	Change compared to prior year
Credit risk	Medium	–	Immaterial	–
Residual value	High	–	Material	–
Interest rate changes	Low	–	Material	–
Operational risks	Medium	–	–	–

Credit risks and opportunities
In the Financial Services segment, the risk of default is factored into the interest rate when concluding an agreement. Furthermore, the credit portfolio is evaluated on an ongoing basis with the aim of determining if any impairment allowances need to be made for financial receivables. This evaluation is based on statistical methods and takes into account the following aspects, among others: the creditworthiness of the customer, the customer's payment history and the economic context in the customer's region. The amount allocated to credit risks remains categorised as medium.

There may be positive effects in the ongoing assessment of the portfolio's creditworthiness that lead to a reduction of the overall risk and therefore constitute an opportunity. The BMW Group continues to classify potential opportunities in this area as immaterial. In order to take account of the volatile economic environment, parameters within the credit awarding process were reviewed and adjusted to factor in or not accept declining credit ratings.

Residual value risks and opportunities
Residual value risks are classified as high in terms of their risk level, while residual value opportunities are deemed material. They arise primarily when leased vehicles are sold after they are returned at the end of the leasing period. A negative deviation from the residual value forecast results in a residual value risk, while a positive deviation represents a residual value opportunity.

Each lease contract is assigned a forecasted sales value for the vehicle at the end of the lease term. Contemporary market trends are taken into consideration in the routine portfolio evaluation. Changes relating to the portfolio composition (e.g. by drivetrain type) and their impacts are also incorporated into the portfolio evaluation. To this end, these developments are constantly analysed. The residual value calculation models, as well as the portfolio evaluation models, are continuously being refined.

Interest rate risks and opportunities
To a limited degree, interest rate risks are deliberately accepted in order to make use of the associated return potential. Risks thereby result when there is a partial mismatch between fixed interest rate periods, which means they are rated as low. Interest rate risks are kept within a certain limit and are managed through the use of derivatives. The associated opportunities are classed as significant.

Operational risks
Operational risks result from any form of defective internal processes and systems, external events or erroneous behaviour. Because the risks arise in a wide range of areas of the Company, such as IT security or supplier management, the close dovetailing of these areas is very important and ensures that there is adequate transparency regarding the current risk situation of the entire division. All individual operational risks are recorded in a system and measures are defined to limit the risks. The risk level is categorised as medium.

SUMMARY AND OUTLOOK

The risks described highlight potential challenges for the BMW Group. The BMW Group actively considers the risks and corresponding opportunities and takes them into account in decision-making and planning processes. Drawing on internal and external momentum, the Risk management system is developed on an ongoing basis.

COMPLIANCE

Compliance lays the foundation for the long-term success of the BMW Group. Compliance builds trust in our products and brands and shapes our public image. Compliance means much more to the BMW Group than simply observing applicable laws and Group directives around the globe. It forms part of our identity, our understanding of leadership, and our living culture of integrity. Compliance creates a binding framework for all our business activities.

Compliance as a corporate function*

» Compliance is the managerial responsibility of the Board of Management of BMW AG, executed by creating an appropriate regulatory and supervisory framework, as well as through regular and ad-hoc reporting, accompanied by clear communications. This approach is based on the core belief that compliance with applicable laws and related internal regulations is the responsibility of all employees. As role models, managers are tasked with anchoring compliance culture in their area of responsibility and ensuring compliance requirements and processes are implemented accordingly.

In addition to being responsible for the Group-wide Compliance Management System, the BMW Group's Chief Compliance Officer also manages the Group Compliance division and briefs the Board of Management and Supervisory Board of BMW AG at regular intervals. «

Compliance Management System (CMS)*

» The BMW Group's Company-wide Compliance Management System (CMS) reinforces the culture of compliance and integrity and helps reduce sanction and liability risks, as well as risks arising from other (non-)financial disadvantages, such as reputational risks. The CMS focuses on adequacy and effectiveness and is based on the Prevent, Detect, Respond model, which defines specific preventive, monitoring, control and response measures. Clear assignment of roles and responsibilities is also essential.

The CMS is tailored to the Group's risk situation and addresses all relevant compliance topics. Group-wide, these include Anti-Corruption and Fraud Prevention, Anti-Money Laundering, Antitrust and Human Rights Compliance, Export Control Compliance, Data Privacy, Product Compliance, External Workforce Compliance and Compliance for regulated Financial Services units. Responsibility for Data Privacy, Product Compliance, External Workforce Compliance and Compliance for Regulated Financial Services Units outside Group Compliance lies with independent departments. «

Further development of CMS

The CMS is reviewed on a regular basis and refined as needed. This primarily involves evaluating strategic focus topics, legal and regulatory requirements and trends, best practices as well as industry standards, all of which are taken into account from a risk perspective. The objective is to consistently improve the CMS. The BMW Group is an active member of various associations and interest groups, including the German Institute for Compliance e. V. (DICO), at Board level.

Priority areas in the reporting period were export control due to the war in Ukraine, and anti-money-laundering, due to the increase in legislative initiatives.

One component of the CMS is the Data Privacy Protection compliance programme, which is the responsibility of Group Data Privacy Protection. This is based on the Privacy Corporate Rules and the Binding Corporate Rules, which contractually protect the transfer of employee data within the Group. Implementation of the programme is validated through regular reporting by affiliated companies and independent audits carried out by Group Data Privacy Protection.

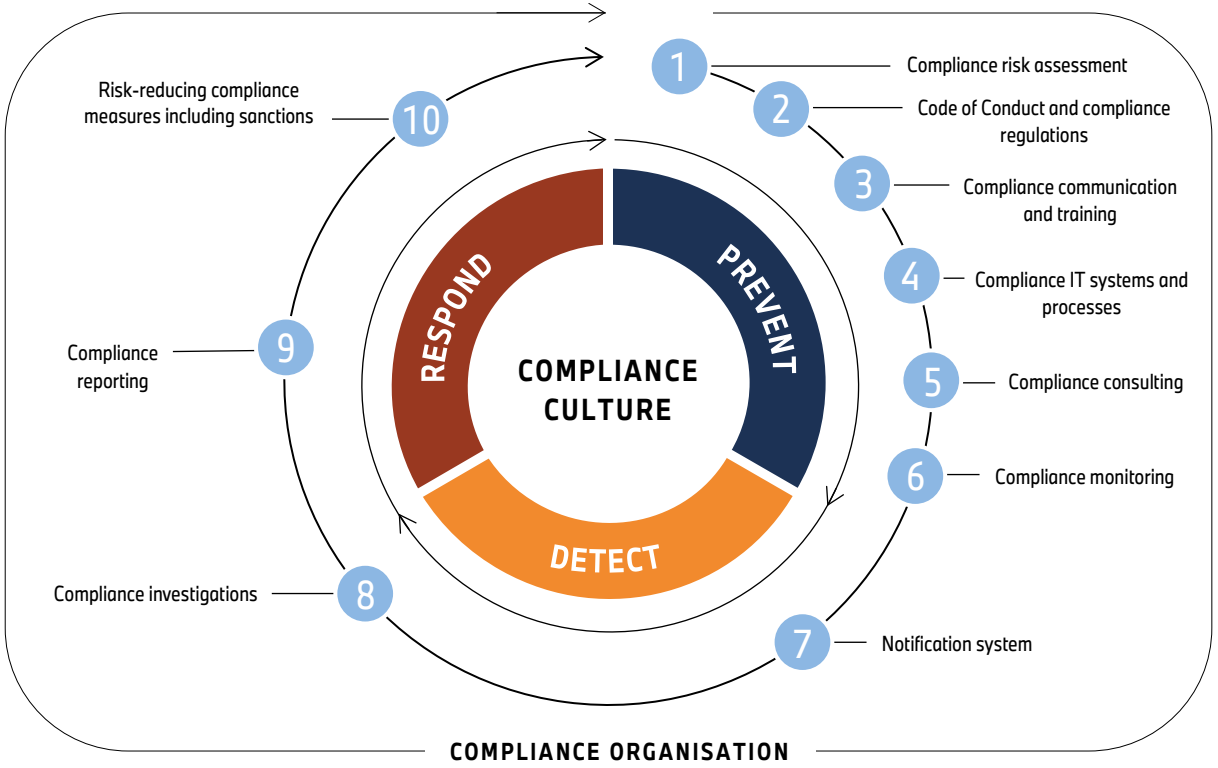
The Quality Management department is responsible for product compliance as part of the CMS. with a focus on preventing infringements of product-related laws and official regulations as well as ensuring compliance with directly associated requirements for products within the BMW Group's Automotive and Motorcycles segments. In the reporting year, the Product Compliance Programme's entire working method was specified in terms of its self-image, systems and processes, and the German Association of the Automotive Industry (VDA)'s Product Compliance System was incorporated as a new external orientation framework. With a focus on prevention, product compliance audits further strengthened the Detect processes, and extensive communication measures strengthened compliance awareness.

As part of the CMS, the Group's HR department oversees the External Workforce Compliance programme. This is designed to safeguard the Group from the repercussions of collaborations with employees of external entities that are not compliant with labour law. In the reporting period, External Workforce Compliance was expanded with the aim of ensuring the requirements for compliant contracts for work and labour are even more firmly rooted in the Company with regard to the procurement of services and cooperation with service providers.

The compliance programme for the specific requirements of regulated Financial Services Units takes into account the particularities of the financial services business and the risks and regulations involved. The specific focus of the programme – in addition to the proper implementation of other compliance topics – is on legislative and regulatory monitoring, consumer protection and the implementation of financial services supervisory requirements.

* This section contains disclosures in line with ESRS G1-3.18a).

Three-stage approach of the Compliance Management System



The Financial Services segment has established its own dedicated risk management unit, which works closely with the central Group Compliance function as part of the CMS. On the basis of an annual analysis, it identifies the possible need for adjustments and defines appropriate measures. Group-wide implementation by the BMW Group's financial services companies is continuously reviewed and reported on to the management of the Financial Services segment on a quarterly basis.

A management system also supports the early identification of risks arising from non-compliance with internal and external regulations.

In 2024, an external audit of the CMS was conducted with a focus on the Anti-Corruption and Antitrust Compliance programmes in accordance with the auditing standard of the Institute of Public Auditors in Germany (IDW PS 980). This was concluded with an unqualified audit opinion.

Group-wide compliance network

Relevant compliance risks are identified in the business departments on the basis of internal guidelines; an initial assessment is then made and measures taken to mitigate them. Group-wide, around 180 managers perform these tasks for their areas of responsibility as operational Compliance Responsibles.

Specialist departments worldwide are supported in their work by the central Group Compliance function, as well as the network of business unit and division Compliance Officers (heads of relevant compliance functions), supplemented by around 80 local Compliance Officers (heads of local compliance functions) at BMW AG's international subsidiaries. Every Compliance Officer is tasked with implementing the CMS and compliance programmes for defined topics in their area of activity, as well as identifying and realising division-specific compliance measures.

Compliance training
Compliance training opportunities are continuously refined for specific target groups. The online training courses with case studies and test questions, repeated every two years, strengthens the compliance culture and reinforces compliant behaviour. This offering is supplemented by target-group-specific classroom training on antitrust compliance in addition to online training courses on data privacy and product compliance.

Digitalisation supports compliance
IT-based compliance systems are used for transparent and efficient documentation, assessment and approval of compliance-relevant matters Group-wide. This includes topics such as money laundering and sanctions lists, exchange activities with competitors, business partner due diligence and verifying the legal admissibility of benefits in kind. The data collected in this way forms the basis for the compliance risk assessment.

Compliance and notification systems[1]
» Employees with questions or concerns relating to compliance can discuss these matters with their managers or relevant departments and, specifically, with the Compliance functions. The Compliance contact serves as a further point of contact for both employees and external parties.

Reports of potential compliance violations can also be submitted anonymously and confidentially in several languages via the BMW Group SpeakUP Line notification system or via the ombudsperson. Incoming information is addressed in accordance with the BMW Group guideline "Indications of compliance violations".

The BMW Group protects information providers in two ways: first, individuals may provide information without disclosing their identity; second, no one providing information faces retaliatory action. All queries and concerns relating to compliance are documented and processed using a Group-wide electronic case management system. If necessary, Corporate Audit, Corporate Security, the legal departments or the Works Council are brought in. «

CMS monitoring and controls[2]
» The CMS provides differentiated monitoring levels for reviewing observance and implementation of compliance rules and processes at regular intervals. In addition to the direct checks performed by Compliance Responsibles as business managers, risks are further reduced by additional measures integrated into business processes, which generally form part of the ↗ Internal Control System.

Compliance investigations are carried out when the need arises or ad hoc as part of the Detect function of central Group Compliance. These include internal investigations in connection with official investigations, which serve to clarify the facts internally. Risk-based compliance audits aimed at identifying specific compliance risks are focused on antitrust law as well as on the issues of export control and money laundering prevention. Corporate Audit also monitors adherence to compliance requirements by business managers, as well as selected elements of the CMS.

All control checks are geared towards reducing compliance risks. Any infringements are immediately remedied, with an emphasis on reducing the risk of repeat offences as far as possible. Where infringements can be traced to an individual, that person will be appropriately sanctioned, in accordance with the processes defined for this purpose.

As part of the annual internal review of the BMW Group CMS, its appropriateness and effectiveness are assessed on the basis of defined criteria. In addition to the assessment of the Compliance Responsibles, the measurement also takes into account the assessment of compliance and other governance functions. Our overall statement on the adequacy and effectiveness of the Internal Control and Risk Management System, including the CMS, can be found in the section ↗ Adequacy and effectiveness of the Internal Control System and Risk Management System. «

Regular compliance reporting to the Board of Management and Supervisory Board
The Board of Management and Supervisory Board of BMW AG, the Audit Committee (a committee of the Supervisory Board) and the company's other executive committees are briefed regularly (at least twice a year), as well as on a case-by-case basis, by the CCO.

[1] This section contains disclosures in line with ESRS S1-3.33; ESRS S2-3.27; ESRS S4-1.16b); ESRS G1-1.10a), e); ESRS G1-3.18a).
[2] This section contains disclosures in line with ESRS G1-3.18a).

OUTLOOK

The outlook and ↗ Risks and Opportunities of the BMW Group presented in this report reflect the expected development in 2025 from the perspective of Group management. In line with the Group's performance management, the outlook covers a period of one year.

The continuous forecasting process applied within the BMW Group ensures that it is constantly ready to take advantage of opportunities as they arise, but also to react appropriately to any unexpected risks. The principal ↗ Risks and Opportunities are described in detail in the section of the same name and concern all performance indicators. Actual outcomes may, however, deviate from the outlook due to unexpected events.

Economic outlook
The International Monetary Fund currently expects the global economy to grow by 3.3% in 2025. The greatest risks include geopolitical developments, trade conflicts and a more gradual loosening of monetary policy. Further information on political and global economic risks is available in the ↗ Risks and Opportunities section.

In 2025, the eurozone could see somewhat stronger growth of 1.0% compared to the previous year. The reasons for this are lower inflation, additional moderate cuts in key interest rates and a slight increase in private consumer spending. However, higher tariffs in some countries could weaken growth. Germany's economy is also expected to expand, albeit at a very low level (+0.3%). Some countries, such as France (+0.7%), Italy (+0.7%) and Spain (+2.4%), are expected to see slightly lower rates of GDP growth than in the previous year.

An uptick in economic output (+1.2%) is forecast for the UK due to a fall in interest rates and increased government spending.

Bolstered by tax cuts for companies and households and by deregulation, the US economy is expected to grow by 2.2% in 2025. However, tariff increases and lower immigration could slow the momentum.

In China, the government is expected to bolster the domestic economy amid the ongoing real estate crisis and weak domestic demand by instituting more expansive monetary and fiscal policies. Given these conditions, economic growth in 2025 is expected to reach 4.5%. At the People's Congress, the Chinese government announced a growth target of around 5% in conjunction with further state support measures.

Forecasts for Japan's economy have recently been revised slightly upwards due to a strong fourth quarter in the previous year. However, at +1.2%, overall growth in 2025 is still expected to surpass the previous year's level.

Currency markets and international interest rate environment
Currencies of particular importance for the BMW Group's international operations are the Chinese renminbi, the British pound, the US dollar, the Japanese yen and the South Korean won.

In the Eurozone, it is currently assumed that inflation rates will approach the 2% target again. This may lead to further moderate key interest rate cuts during the outlook period. However, higher tariffs in some countries could cause inflation to rise again.

Inflation in the USA is expected to remain above the target of 2.0% due to higher tariffs and a tight labour market resulting from stricter immigration policies. The US Federal Reserve could therefore lower key interest rates more slowly, which would likely lead to an appreciation of the dollar against the euro.

In the UK, too, key interest rates are likely to continue to fall in 2025, and the pound/euro exchange rate is expected to remain stable.

In Japan, interest rates are expected to rise slightly in 2025.The yen is likely to remain weak but stable against the euro.

Low inflation in China could lead to a more expansionary monetary policy on the part of the Chinese central bank, nevertheless, the renminbi is expected to appreciate slightly against the euro.

The South Korean won is expected to recover somewhat from its lower level and regain value in 2025.

General developments on international automobile markets
Global automobile markets could see slight growth in 2025 against the backdrop of favourable economic forecasts. Positive momentum is expected to come mainly from the USA and China, In China, growth in the lower price ranges is expected, as it was in 2024. In Europe, the market for electrified vehicles is expected to grow due to stricter CO_2 regulations. However, the BMW Group expects the overall market to decline.

International motorcycle markets
In 2025, the BMW Group expects the world's motorcycle markets in the 500 cc plus class to remain stable overall. Europe is likely to see slight growth, while the USA is expected to stabilise. In China, the development of the motorcycle market in the 500 cc plus class is forecast to remain in line with last year's level. The motorcycle market in Brazil is expected to remain stable in 2025, as in the previous year.

Expected consequences for the BMW Group
Developments on international automobile markets have a direct impact on the BMW Group. A challenging competitive environment and macroeconomic, trade and geopolitical developments could all have a significant impact on business performance. The close cooperation between our sales network and our production network and a flexible vehicle architecture allow the BMW Group to respond even to unforeseeable developments. ↗ Risks and Opportunities

Assumptions used in the outlook
The outlook contains forward-looking statements based on the BMW Group's expectations and assessments and may be influenced by unforeseeable events. As a result, actual outcomes may vary, either positively or negatively, from the expectations described below due to changes in the political and economic environment and other factors.

The following outlook covers a forecast period of one year and is based on the composition of the BMW Group during that time. The outlook takes account of all information available at the time of reporting that could have an impact on the BMW Group's performance.

The expectations contained in the outlook are based on the BMW Group's forecast for 2025 and reflect its status at the time of preparing the Group Financial Statements. The basis for the preparation of and the principal assumptions used in the forecasts – which consider the consensus opinions of leading organisations, such as economic research institutes and banks – are set out below.

The BMW Group is anticipating the following developments in the 2025 financial year:

Demand is expected to increase in 2025 due to further stabilisation of inflation and additional moderate cuts in key interest rates in many countries.

In China, the BMW Group expects the market environment to remain challenging as the level of competition continues to increase. Vehicles in the lower price segments are likely to account for the majority of growth. The price level in China is expected to be the same as in the second half of 2024 and is therefore lower than in the first half of the previous year. In the USA, the positive market development is expected to continue in view of the robust economic situation. In Europe, growth is expected to be driven by electrified vehicles due to stricter CO_2 regulations. Full-year revenues per vehicle in the Automotive segment are expected to be in line with last year's figure.

The situation in the raw material markets is expected to improve further in 2025. However, currency effects are having a negative impact on earnings, leading to an overall negative impact on earnings compared to the previous year.

The challenging situation in the supplier environment and the impact of inflation in previous years are expected to continue to result in increased support measures for the supply chain.

The anti-subsidy tariffs imposed by the EU in 2024 on battery-powered electric vehicles from China, against which the BMW Group has submitted a legal challenge to the European Commission, will have a negative impact in the mid three-digit million euro range on the financial year 2025 results and are included in the forecast. While the Chinese government could potentially implement countermeasures as the year progresses, they are not included in the forecast.

The tariff increases imposed by the new US administration on imports from China (a 20% tariff on all products imported from China) and the Chinese government's countermeasures (including a 10% tariff on imported vehicles with engine sizes over 2.5 litres) will have a negative impact on earnings in the low three-digit million range and are included in the forecast. US tariffs will have the biggest impact on vehicles exported from the United States to China, as well as on production parts and components imported from China to the United States.

On March 4, tariff increases by the US administration on imports from Canada and Mexico of 25% came into effect. These will have a negative mid-three-digit million impact on the results and are included in the outlook.

The outlook also includes tariff increases on steel and aluminium imported to the USA with a high-double-digit million negative impact on earnings.

The BMW Group has thus factored into its outlook for the 2025 financial year the effects of all tariff increases that had come into force as of 12 March. Given the volatile geopolitical situation, it is possible that tariffs maybe be reduced or further increased during the financial year.

The situation in the Middle East remained tense throughout 2024. However, in January 2025, Israel and Hamas reached an agreement on the initial phase of a ceasefire with a six-week lull in hostilities. Negotiations are currently underway to extend the ceasefire. As in the 2024 financial year, this conflict does not have a significant effect on the BMW Group's operations at present since the Group does not operate directly in the region. Our outlook does not account for any further escalation of the situation.

The war in Ukraine and the temporary suspension of US military aid, and the resulting discussions in Europe about further support, are being closely monitored. All applicable restrictions have been factored into the outlook.

In view of the growing unpredictability of macroeconomic and geopolitical developments, actual economic growth in some regions may deviate from expected trends and outcomes. Particular sources of uncertainty include trade and tariff policy, security policy and a possible further escalation of international trade conflicts.

New strategic targets for CO_2e emissions have been established for the upcoming financial year. These targets reflect the close interconnection between the supply chain and the use phase, as well as the requirements of ESRS reporting. The most significant performance indicators have been defined in line with these new targets. Starting in the 2025 financial year, the key performance indicators CO_2e emissions (Scope 1 and 2) will be reported at Group level in millions of tonnes. Additionally, Scope 3 CO_2e emissions from the supply chain and the use phase will be reported together within the Automotive segment in millions of tonnes. This replaces the previously reported performance indicators of CO_2e emissions from the BMW Group locations for Scope 1 and 2 per vehicle produced and the carbon emissions of the EU new car fleet in g/km.

Outlook for the BMW Group – key performance indicators

The BMW Group expects the full availability of new models such as the BMW 5 Series, the BMW X3* and the updated MINI model range to boost deliveries. The launch of the BMW 2 Series Gran Coupé* is also expected to provide positive momentum.

Deliveries of BMW, MINI and Rolls-Royce brand vehicles in the Automotive segment are expected to rise slightly year-on-year due to an increase in demand, full availability of new models and the updated MINI model range. The share of all-electric cars relative to total deliveries will increase slightly compared to 2024.

Depreciation will increase due to investments and capitalised development costs in previous years. The electrification and digitalisation strategy will continue in 2025, although costs and investments are expected to decline after peaking in 2024. Expenditure in the 2025 financial year is connected with preparations for the launch of the NEUE KLASSE models, including the ongoing development of the sixth generation of our battery technology.

Rising deliveries and easing tensions in the raw materials markets are having a positive impact in the financial year. By contrast, currency effects, the ongoing challenges in China, the additional tariffs and the continued increased support measures for the supply chain are weighing on earnings. Against this backdrop, the EBIT margin is expected to be in the range of 5% to 7%. The RoCE for the Automotive segment is expected to finish within a range between 9% and 13%.

A slight increase in absolute Scope 1 and 2 CO_2e emissions is forecast. Measures to reduce the company's own CO_2e emissions are more than offset by a higher production volume compared to the previous year.

The absolute Scope 3 CO_2e emissions from the supply chain and use phase in the Automotive segment are also expected to rise slightly, but the increase will be disproportionately low compared to the volume.

The stable demand situation can also be seen in the Motorcycles segment, where deliveries are predicted to increase slightly owing to the full availability of models, including the BMW R 1300 GS Adventure. The EBIT margin is expected to range between 5.5% and 7.5% and the segment RoCE between 13% and 17%.

The RoE in the Financial Services segment is predicted to finish within a range between 13% and 16%. The downward trend in pre-owned vehicle markets is expected to continue, leading to a further decline in revenues from remarketing lease returns compared to 2024.

Group profit before tax will remain at the previous year's level based on the developments mentioned above. For this specific key performance indicator, beginning with the financial year 2025, this reflects a change compared to 2024 in the range of between +/– 4.9%.

The aforementioned targets will be met with a number of employees that is in line with last year's level. The share of women in management positions in the BMW Group is expected to increase slightly. From the 2025 financial year onwards, the performance indicators related to employees will include fully consolidated subsidiaries in accordance with ESRS reporting requirements.

The BMW Group's actual business performance may also deviate from current expectations due to the risks and opportunities discussed below in the ↗ Risks and Opportunities section.

* ↗ Consumption and Carbon Disclosures.

BMW Group key performance indicators

		2024 Reported	2025 Outlook
GROUP			
Profit before tax[1]	€ million	10,971	At previous year's level
Employees at year-end[2]		157,457	At previous year's level
Share of women in management positions[3]	%	21.6	Slight increase
CO_2e emissions scope 1 and 2[4]	million tonnes	0.810	Slight increase
AUTOMOTIVE SEGMENT			
EBIT margin	%	6.3	Between 5 and 7
Return on capital employed (RoCE)	%	11.4	Between 9 and 13
Deliveries	units	2,450,854	Slight increase
Share of all-electric cars in deliveries	%	17.4	Slight increase
CO_2e emissions scope 3 (supply chain and use phase)[5]	million tonnes	125.1	Slight increase
MOTORCYCLES SEGMENT			
EBIT margin	%	6.1	Between 5.5 and 7.5
Return on capital employed (RoCE)	%	15.5	Between 13 and 17
Deliveries	units	210,385	Slight increase
FINANCIAL SERVICES SEGMENT			
Return on equity (RoE)	%	15.1	Between 13 and 16

[1] Beginning with the 2025 financial year, the range has been adjusted. For information on terminology and ranges, see ↗ Glossary.
[2] According to ESRS reporting, fully consolidated companies will be reported from the financial year 2025 onwards (until 31.12.2024: all consolidated and non-consolidated companies in which the BMW Group holds more than 50% of the shares).
[3] The change in the number of employees from the financial year 2025 onwards (see footnote 2) also applies to the share of women.
[4] Total Scope 1 and 2 CO_2e emissions, excluding locations where the Group does not have operational control, including biogenic emissions.
[5] CO_2e emissions from the categories of purchased goods and services, transport logistics, and use phase for the Automotive segment, including biogenic emissions.

DISCLOSURES RELEVANT FOR TAKEOVERS* AND EXPLANATORY COMMENTS

Composition of subscribed capital
As of 31 December 2024, the subscribed capital (share capital) of BMW AG amounted to € 638,716,075 (2023: € 638,716,075) and, in accordance with § 5 of the Articles of Incorporation, is subdivided into 579,795,667 shares of common stock (90.78%) (2023: 579,795,667/90.78%), each with a par value of € 1 and 58,920,408 (9.22%) (2023: 58,920,408/9.22%) shares of non-voting preferred stock, each with a par value of € 1. The Company's shares are issued to the bearer.

The rights and duties of shareholders derive from the German Stock Corporation Act (AktG) in conjunction with the Group's Articles of Incorporation, the full text of which is available at ↗ www.bmwgroup.com. The right of shareholders to have their shares evidenced is excluded in accordance with the Articles of Incorporation. The voting power attached to each share corresponds to its par value. Each € 1 of par value of share capital represented in a vote entitles the holder to one vote (§ 19 no. 1 of the Articles of Incorporation).

The Company's shares of preferred stock are shares as defined in §§ 139 et seq. AktG, which carry a cumulative preferential right in terms of the allocation of profit and for which voting rights are excluded. These shares confer voting rights only in exceptional cases stipulated by law, in particular if the preference amount has either not been paid or not been paid in full within one year and the arrears are not paid in the subsequent year alongside the full preference amount due for that year. With the exception of voting rights, holders of shares of preferred stock are entitled to the same rights as holders of shares of common stock. In addition, § 25 (3) of the Articles of Incorporation confers preferential treatment to the non-voting shares of preferred stock with regard to the appropriation of the Company's unappropriated profit. Accordingly, the unappropriated profit is required to be appropriated in the following order:

(a) subsequent payment of any arrears on dividends on non-voting shares of preferred stock in the order of accruement,

(b) payment of an additional dividend of € 0.02 per € 1 par value on non-voting preferred stock, and

(c) uniform payment of any other dividends on shares of common and preferred stock, provided the shareholders do not resolve otherwise at the Annual General Meeting.

Restrictions affecting voting rights or the transfer of shares
In addition to shares of common stock, the Company has also issued non-voting shares of preferred stock. Further information can be found in the section ↗ Composition of subscribed capital.

As of 31 December 2024, the Company owned a total of 16,456,756 common and preferred stock (2023: 5,161,255), from which the Company has no rights pursuant to § 71 b AktG. The Company regularly provides information about the current status of the share buyback on its website.

When the Company issues non-voting shares of common or preferred stock to employees in conjunction with its Employee Share Programme, these shares are generally subject to a Company-imposed blocking period of four years in compliance with private law, calculated from the beginning of the calendar year in which the shares were issued.

Contractual holding period arrangements also apply to shares of common stock acquired by Board of Management members and senior department heads in conjunction with share-based remuneration programmes. ↗ Remuneration Report (on shareholding periods for members of the Board of Managers).

* Information according to § 289a and § 315a HGB.

Direct or indirect investments in capital exceeding 10% of voting rights

Based on the information available to the Company, the following direct or indirect holdings exceeding 10% of the voting rights at the end of the reporting period were held at the stated reporting date:[1]

Shareholder	Direct share of voting rights	Indirect share of voting rights
Stefan Quandt, Germany	0.2	26.6[2]
AQTON SE, Bad Homburg v. d. Höhe, Germany	9.4	17.2[3]
AQTON Verwaltung GmbH, Bad Homburg v. d. Höhe, Germany	–	17.2[4]
AQTON GmbH & Co. KG für Automobilwerte, Bad Homburg v. d. Höhe, Germany	17.2	–
Susanne Klatten, Germany	0.2	21.5[5]
Susanne Klatten Beteiligungs GmbH, Bad Homburg v. d. Höhe, Germany	21.5	–

[1] Based on voluntary notifications provided by the listed shareholders as at 31 December 2024.
[2] Controlled entities, of which 3% or more are attributed: AQTON SE, AQTON Verwaltung GmbH, AQTON GmbH & Co. KG für Automobilwerte
[3] Controlled entities, of which 3% or more are attributed: AQTON Verwaltung GmbH, AQTON GmbH & Co. KG für Automobilwerte.
[4] Controlled entities, of which 3% or more are attributed: AQTON GmbH & Co. KG für Automobilwerte.
[5] Controlled entities, of which 3% or more are attributed: Susanne Klatten Beteiligungs GmbH

The percentages of the share capital with voting rights disclosed above may have changed subsequent to the stated date if these changes were not required to be reported to the Company. As the Company's shares are issued to bearer, the Company is generally aware of changes in shareholdings only if such changes are subject to mandatory notification requirements.

Shares with special rights that confer control rights

There are no shares with special rights that confer control rights.

Control of voting rights when employees participate in capital and do not directly exercise their control rights

Like all other shareholders, employees exercise their control rights pertaining to any shares they have acquired in conjunction with the Employee Share Programme and/or the share-based remuneration programme directly on the basis of relevant legal provisions and the Company's Articles of Incorporation.

Statutory regulations and provisions contained in the Articles of Incorporation governing the appointment and removal of members of the Board of Management and changes to the Articles of Incorporation

The appointment or removal of members of the Board of Management is based on the rules contained in §§ 84 et seq. AktG in conjunction with § 31 of the German Co-Determination Act (MitbestG).

Amendments to the Articles of Incorporation must comply with §§ 179 et seq. AktG. Amendments must be decided upon by the shareholders at the Annual General Meeting (§ 119 (1) no. 6, § 179 (1) sentence 1 AktG). The Supervisory Board is authorised to adopt amendments to the Articles of Incorporation that only concern the wording (§ 179 (1) sentence 2 in conjunction with § 15 (3) of the Articles of Incorporation). Resolutions are passed at the Annual General Meeting by a simple majority of shares cast unless otherwise explicitly required by binding provisions of law or, if a majority of share capital is required, by a simple majority of shares represented in the vote (§ 21 (1) of the Articles of Incorporation).

Authorisations of the Board of Management, in particular with respect to the issuing or buying back of shares

The Board of Management is authorised to buy back shares and sell repurchased shares in situations specified in § 71 AktG, for example to avert serious and imminent damage to the Company and/or to offer shares to persons either currently or previously employed by BMW AG or one of its affiliated companies.

In accordance with the resolution taken at the Annual General Meeting on 11 May 2022, the Board of Management is authorised until 10 May 2027 to acquire treasury shares (shares of common and/or preferred stock) representing a total of up to 10% of the share capital in place at the date on which the resolution was adopted or – if lower – at the date on which the authorisation is exercised.

Significant agreements of the Company taking effect in the event of a change in control following a takeover bid

BMW AG is party to the following major agreements, which contain provisions that would apply in the event of a change in control or the acquisition of control as a result of a takeover bid:

— An agreement concluded with an international consortium of banks relating to a syndicated credit line, which was not being utilised at the balance sheet date, entitles the lending banks to give extraordinary notice to terminate the credit line, such that all outstanding amounts, including interest, would fall due with immediate effect if one or more parties jointly acquire direct or indirect control of BMW AG. The term "control" is defined as the acquisition of more than 50% of the share capital of BMW AG, the right to receive more than 50% of the dividend, or the right to direct the affairs of the Company or appoint the majority of members of the Supervisory Board.

— BMW AG is the guarantor for all obligations under the agreement regarding the joint venture BMW Brilliance Automotive Ltd. in China. This agreement generally grants an extraordinary right of termination to either joint venture partner in the event of a change in control at either one of the parties, or if more than 25% of the shares of the other party are acquired by a third party – either directly or indirectly – or if the other party is merged with another legal entity. Termination of the joint venture agreement may lead to the dissolution of the joint venture, with an optional purchase right for BMW AG (or the partner) to acquire the shares of the other partner or to the liquidation of the joint venture company.

— BMW AG has entered into framework agreements with financial institutions for trading in derivative financial instruments (ISDA Master Agreements). In the event of a significant deterioration in creditworthiness, the contracting parties are entitled to terminate the agreement with immediate effect if the deterioration in creditworthiness results from a direct or indirect acquisition of the majority of the capital in a contracting party, which confers the right to elect the majority of the Supervisory Board members (or a comparable body) on a contracting party, from any other transaction that enables control over a contracting party or from a merger or transfer of assets. In the event of extraordinary termination, all current transactions will be settled.

— BMW AG and Mercedes-Benz Group AG have entered into a joint venture agreement relating to mobility services, which includes the areas of ride-hailing and vehicle charging, and entitles both Mercedes-Benz Group AG and BMW AG (hereafter referred to as "principals") to initiate a bidding procedure in the event that (i) the other principal receives notice in accordance with § 33 of the German Securities Trading Act (WpHG) that – including shares attributed pursuant to § 34 WpHG – a shareholding of more than 50% has been attained or, in accordance with § 20 of the German Stock Corporation Act (AktG) that a shareholding of more than 50% has been attained or (ii) a shareholder or a third party – including shares attributed pursuant to § 30 WpHG – holds more than 50% of the voting rights or shares in the other principal, or (iii) the other principal has concluded a control agreement as a dependent company. The outcome of such a bidding procedure is that the joint venture will go to the principal making the highest bid.

— Several supply and development contracts between BMW AG and various industrial customers relating to the sale of components for drivetrain systems, grant an extraordinary right of termination to the relevant industrial customer in specified cases of a change in control at BMW AG (for example if BMW AG merges with a third party or is taken over by a third party; an automobile manufacturer acquires more than 50% of the voting rights or share capital of BMW AG).

— Together with AUDI AG, Mercedes-Benz Group AG and other companies, BMW AG is party to the shareholder agreement relating to There Holding B.V., which is the majority shareholder of the HERE Group, a provider of digital maps. In accordance with the shareholder agreement, each contracting party is required to offer its directly or indirectly held shares in There Holding B.V. for sale to the other shareholders in the event of a change in control. A change in control of BMW AG arises if a person takes over or loses control of BMW AG, with control defined as (i) holding or having control over more than 50% of the voting rights, (ii) the possibility to control more than 50% of voting rights exercisable at Annual General Meetings on all or nearly all matters, or (iii) the right to determine the majority of members of the Board of Management or the Supervisory Board. Furthermore, a change in control occurs if competitors of the HERE Group, or certain potential competitors of the HERE Group from the technology sector, acquire at least 25% of the share capital or voting rights of BMW AG. If none of the other shareholders acquire these shares, the other shareholders are entitled to resolve that There Holding B.V. be dissolved.

— Together with Great Wall Motor Company Limited, BMW AG has established Spotlight Automotive Ltd. in China as a joint operation. The underlying agreement generally grants an extraordinary right of termination to either joint operation partner in the event that – either directly or indirectly – more than 25% of the shares of the other party are acquired by a third party or the other party is merged with another legal entity. The termination of the agreement may result in the sale of the shares to the other joint operation partner, or in the liquidation of the entity.

— The software license agreements concluded between BMW AG and Google LLC for the use of "Projected Mode" in BMW vehicles' head units grant both parties the right to extraordinary termination in the event of a change of control (not further defined in the agreement).

— The agreement concluded between BMW AG and Toyota Motor Corporation to supply fuel cells can be extraordinarily terminated by either party if the other party merges or is consolidated with another company.

Compensation agreements with members of the Board of Management or with employees in the event of a takeover bid

The BMW Group has not concluded any compensation agreements with members of the Board of Management or with employees for situations involving a takeover offer.