CORPORATE SUSTAINABILITY AT THE BMW GROUP.

SRI CAPITAL MARKETS DAY.
CORPORATE SUSTAINABILITY AT THE BMW GROUP.

Sustainability Ambition and Drivers

Corporate Sustainability Strategy & Management at BMW Group

Implementation and Best Practice of Corporate Sustainability within the BMW Group
CORPORATE SUSTAINABILITY AT THE BMW GROUP.

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“The BMW Group is on track for success. Our strategy is paying off and is our guideline for successful and profitable development within a volatile business environment. […] I’m convinced that truly sustainable mobility can only arise from a holistic approach. This is an inherent part of our premium claim. And this will keep us in the forefront as the leading premium car company in our industry.”
The BMW Group is the leading provider of premium products and premium services for individual mobility.
CURRENT DEVELOPMENT AND DRIVERS.
7 BILLION ON 31 OCTOBER 2011.
## CURRENT DEVELOPMENT AND DRIVERS. CLEAR TREND TOWARDS MORE SUSTAINABILITY.

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shortage of resources</td>
<td>Sustainability in actions and products is a basic requirement</td>
</tr>
<tr>
<td>Tighter legislation</td>
<td>Social and environmental compatibility of products is essential for future success</td>
</tr>
<tr>
<td>Environment/Climate Change</td>
<td>Stringent action program against Climate Change is required</td>
</tr>
<tr>
<td>Urbanization/population growth</td>
<td>Different mobility types and needs. Diverse product offering necessary</td>
</tr>
<tr>
<td>Changing values</td>
<td>Sustainable mobility as part of a modern urban lifestyle. Change as an opportunity</td>
</tr>
</tbody>
</table>
CURRENT DEVELOPMENT AND DRIVERS.
CUSTOMER NEEDS.

Customer needs are changing, but cognitive dissonance remains …

This is how I imagine the car of the future...

... and this is my own.
BMW GROUP AUTOMOBILES. 
THREE AUTHENTIC PREMIUM BRANDS.

Sheer driving pleasure 
The world’s most exciting premium small car brand 
The pinnacle of automobile luxury
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CORPORATE SUSTAINABILITY HAS A LONG HISTORY AT THE BMW GROUP.

1973: First Environmental Officer in the Automotive Industry
2000: Executive Board Resolution: “Sustainability is the guiding principle of the BMW Group corporate strategy.”
2009: Establishment of Sustainability Circle and Board, Corporate Sustainability is established as a corporate target.

Dr. Norbert Reithofer, Chairman of the Board of Management:

„In the future, premium will also be defined by sustainability.“

Dr. Norbert Reithofer, Vorsitzender des Vorstands der BMW Group
THE BMW GROUP’S SUSTAINABILITY STRATEGY
SUSTAINABILITY IS INTEGRAL PART OF THE CORPORATE NUMBER ONE STRATEGY.
### THE BMW GROUP’S UNDERSTANDING AND STRATEGY OF CORPORATE SUSTAINABILITY.

#### BMW Group Objective

The BMW Group is the most sustainable company in the automotive industry.

<table>
<thead>
<tr>
<th>Sustainability Management</th>
<th>Ecology</th>
<th>Economy</th>
<th>Society</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Sustainable Mobility Concepts</td>
<td>Shareholder Value</td>
<td>Responsibility for Employees</td>
</tr>
<tr>
<td></td>
<td>Product Responsibility Efficient Dynamics</td>
<td>Risk Management</td>
<td>Value Orientation in the Supply Chain</td>
</tr>
<tr>
<td></td>
<td>Environmental Protection Clean Production</td>
<td>Corporate Governance &amp; Compliance</td>
<td>Societal Commitment</td>
</tr>
</tbody>
</table>

#### Key Issues

- Environmental Radar
- Sustainability-based Decisions
- Evaluation of the Value Chain
- Communication

#### Basic Principles

- We regard **sustainability** as a lasting and positive contribution towards the economic success of the company. This is the basis of our ecological and social responsibility.
- We consider awareness of **social responsibility** an inseparable part of our corporate self-conception.
Corporate Sustainability is established as a corporate target and anchored in the Group Balanced Scorecard.

Sustainability Board
composed of the entire Board of Management chaired by: Chairman of the Board of Management responsible for strategic alignment

Sustainability Circle
composed of one representative per division chaired by: Group Representative for Sustainability and Environmental Protection – responsible for drafting proposals

Departments
implement the sustainability targets by initiating appropriate activities and processes

Every project is required to be assessed in terms of sustainability. This involves measuring the consumption of resources, emissions and also the social and socio-political impacts.

Sustainability Due Diligence
MATERIALITY ANALYSIS. IMPORTANT SUSTAINABILITY ISSUES FOR OUR STAKEHOLDERS AND FOR THE BMW GROUP.
## PROGRESS 2010 AND GOALS 2011FF.

<table>
<thead>
<tr>
<th>Sustainability Management</th>
<th>Progress 2010</th>
<th>Goals</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>− Sustainability is now a purchasing criterion in the selection of suppliers</td>
<td>− Integration of sustainability in all divisions by the end of 2012</td>
</tr>
<tr>
<td></td>
<td>− Further integration of sustainability in our functional strategies</td>
<td>− Establish sustainable business practices along the entire value chain by the end of 2012</td>
</tr>
<tr>
<td>Products</td>
<td>− 30% reduction in CO(_2) emissions from our new vehicles in Europe (EU-27) by 2010 (compared to 1995)</td>
<td>− Reduce CO(_2) emissions from our global fleet of new vehicles by at least 25% by 2020 (compared to 2008)</td>
</tr>
<tr>
<td></td>
<td>− MINI E test fleet has been successful, with 600 vehicles clocking up more than 15 million km in Europe, the U.S., and Asia since mid-2009.</td>
<td>− Launch BMW Active E; Develop BMW i3 &amp; BMW i8 to market standard by 2013</td>
</tr>
<tr>
<td></td>
<td></td>
<td>− Develop new mobility services; one million DriveNow users by 2020</td>
</tr>
<tr>
<td></td>
<td></td>
<td>− Develop car-to-car communications to reduce congestion and emissions by 2011/2012</td>
</tr>
<tr>
<td>Production</td>
<td>− 5% less water, process wastewater, waste and VOCs per vehicle produced from 2009 to 2010</td>
<td>− Achieve 30% less energy, VOCs, water, process wastewater and waste per vehicle produced between 2006 and 2012</td>
</tr>
<tr>
<td></td>
<td>− 4.8% less energy consumption</td>
<td></td>
</tr>
<tr>
<td>Employees</td>
<td>− Introduced „Today for Tomorrow“ pilot project for age-appropriate working conditions</td>
<td>− Train 100% of our management staff on sustainability by end of 2012</td>
</tr>
<tr>
<td></td>
<td>− Large number of flexitime models offered</td>
<td>− Group wide roll-out of „Today for tomorrow“ in 2012</td>
</tr>
<tr>
<td></td>
<td>− New Young talent retention programmes launched</td>
<td>− Group wide roll-out of Health Management 2020 programme</td>
</tr>
</tbody>
</table>
EMPLOYEE QUALIFICATION ON SUSTAINABILITY.

- "Sustainability on Tour" (~2,500 employees (2009-2010))
- Discussions with Joschka Fischer and Madeleine Albright (~2,000 management staff (2009-2010))
- Leadership Trainings (~2,800 management staff (2010-2011))
- Trainees (~700 trainees (2009-2011))
- Environmental protection training for select groups (~350 employees in 2010)
BMW EFFICIENT DYNAMICS. 
ACEA VOLUNTARY COMMITMENT.

BMW Group, 1995 - 2010: approx. -30%

ACEA, 1995-2009: approx. -25%
BMW EFFICIENT DYNAMICS. BMW GROUP FLEET EMISSIONS SIGNIFICANTLY LOWER THAN COMPETITORS’.

Carbon emissions of new cars registered in Germany and EU in 2010

- BMW Group: 151.5 g CO₂/km

<table>
<thead>
<tr>
<th>BMW Group</th>
<th>BMW</th>
<th>Mini</th>
<th>MB</th>
<th>Audi</th>
<th>Lexus</th>
<th>VW Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>154</td>
<td>157</td>
<td>131.6</td>
<td>173.4</td>
<td>158.1</td>
<td>173.2</td>
<td>149.1</td>
</tr>
</tbody>
</table>

[kW] 133 ~180  139 ~188  89 ~121  124 ~169  127 ~172  181 ~246  95 ~129
[PS] 180 ~246  188 ~246  121 ~169  169 ~217  172 ~225  246 ~320  129 ~195

Source: German Motor Transport Authority; European Federation for Transport and Environment
EXTERNAL RECOGNITION. THE BMW GROUP IS THE INDUSTRY LEADER.

- **Dow Jones Sustainability Indexes/Dow Jones STOXX Sustainability Indexes:** Industry leader since 2005, the only automotive company continuously listed since 1999.
- **FTSE4Good:** listed in FTSE4Good, FTSE4Good Environmental Index.
- **Carbon Disclosure Project:** Inclusion in the Carbon Disclosure Leadership Index 2011 and in the Carbon Performance Leadership Index 2011.
- **Oekom:** Corporate Responsibility Rating oekom 2009, Status Prime.
- **Sustainalytics:** 1st place in "DAX 30 Nachhaltigkeitsrating” in 2009.
- **ÖKOTREND:** certificate for outstanding corporate responsibility (most points in the automotive industry).
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IMPLEMENTATION OF CORPORATE SUSTAINABILITY THROUGHOUT THE VEHICLE LIFECYCLE.
SUSTAINABLE MOBILITY. THE BMW GROUP’S VISION.
EFFICIENT DYNAMICS IN THREE PHASES.

tomorrow/ future

hydrogen & electric

today/ tomorrow

– Hybrid
– Improved Efficient Dynamics

Engine improvements:
– Combustion engines
– Aerodynamics
– Lightweight construction
– Intelligent energy management, e.g.:
  – Auto Start Stop function
  – Brake Energy Regeneration

today

> 2008

> 2020
BMW GROUP ROADMAP FOR E-MOBILITY. THE MEGACITY VEHICLE IS MORE THAN AN ELECTRIC VEHICLE.

- Tailor-made services
- Interconnectivity
- Sustainable materials and recycling
- Lightweight materials
- Unique emotional design

Functionality and customer benefits.

MINI E

BMW Concept ActiveE

Megacity Vehicle

2009 2011 2013
EXAMPLES CLEAN PRODUCTION. SUSTAINABILITY BEING VIGOROUSLY IMPLEMENTED.

Use of near-surface groundwater to cool buildings, R&D center Munich

Methane gas project, Spartanburg

Axle gear assembly, Dingolfing

Inorganic core manufacturing, Landshut
EXAMPLES CLEAN PRODUCTION.
SUSTAINABILITY BEING VIGOROUSLY IMPLEMENTED.

<table>
<thead>
<tr>
<th>Use of near-surface groundwater to cool buildings, R&amp;D center Munich</th>
<th>Methane gas project, Spartanburg</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Environmental impact:</strong></td>
<td><strong>Environmental impact:</strong></td>
</tr>
<tr>
<td>Electricity: - 10,000 MWh/a</td>
<td>Natural gas: - 400,000 MWh/a</td>
</tr>
<tr>
<td>CO₂ emissions: - 6,300 t/a</td>
<td>CO₂ emissions: - 92,000 t/a</td>
</tr>
<tr>
<td><strong>Financial impact:</strong></td>
<td><strong>Financial impact:</strong></td>
</tr>
<tr>
<td>One-time investment: 6 Mio. €</td>
<td>One-time investment: + 8,6 Mio. €</td>
</tr>
<tr>
<td>Reduction of energy costs by 1 Mio. €/a.</td>
<td>Reduction of energy costs by 5 Mio. €/a.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Axle gear assembly, Dingolfing</th>
<th>Inorganic core manufacturing, Landshut</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Environmental impact:</strong></td>
<td><strong>Environmental impact:</strong></td>
</tr>
<tr>
<td>Energy usage: -20%</td>
<td>Electricity: - 2,600,000 kWh/a</td>
</tr>
<tr>
<td><strong>Financial impact:</strong></td>
<td>Natural gas: - 1,900,000 m³/a</td>
</tr>
<tr>
<td>One-time investment: 20 Mio. €</td>
<td>Emissions reduction: 98%</td>
</tr>
<tr>
<td>Reduction of manufacturing costs by 20%</td>
<td><strong>Financial impact:</strong></td>
</tr>
<tr>
<td>Lower defect rate, lower absenteeism, productivity increase</td>
<td>Reduction of energy costs by 743,400 €/a</td>
</tr>
</tbody>
</table>
IMPLEMENTATION OF CORPORATE SUSTAINABILITY. ENVIRONMENTAL DATA 1990 - 2010.

**Energy consumption per vehicle produced**
in MWh/E

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>4.27</td>
<td>4.03</td>
<td>3.16</td>
<td>2.94</td>
<td>2.75</td>
</tr>
</tbody>
</table>

**CO₂ emissions per vehicle produced**
in t/E

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</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>1.47</td>
<td>1.40</td>
<td>1.04</td>
<td>0.99</td>
<td>0.86</td>
</tr>
</tbody>
</table>

**VOC emissions per vehicle produced**
in kg/E

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</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>3.00</td>
<td>5.00</td>
<td>7.00</td>
<td>9.00</td>
<td>1.60</td>
</tr>
</tbody>
</table>

**Water consumption per vehicle produced**
in m³/E

<table>
<thead>
<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>6.00</td>
<td>2.01</td>
<td>1.20</td>
<td>1.04</td>
<td>0.70</td>
</tr>
</tbody>
</table>

**Process wastewater per vehicle produced**
in m³/E

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>1.50</td>
<td>1.36</td>
<td>0.76</td>
<td>0.58</td>
<td>0.00</td>
</tr>
</tbody>
</table>

**Waste for disposal per vehicle produced**
in kg/E

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</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>85.60</td>
<td>40.51</td>
<td>26.37</td>
<td>12.56</td>
<td>10.09</td>
</tr>
</tbody>
</table>

2000 - 2006: 10 plants / ab 2007: 17 plants
CORPORATE SUSTAINABILITY PAYS OFF.
EFFICIENT USE OF RESOURCES.

Profitability and resource efficiency – Savings from 2009 to 2010:

<table>
<thead>
<tr>
<th>Resource</th>
<th>Quantity</th>
<th>Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water</td>
<td>370,000 m³</td>
<td>0.5 Mio. Euro</td>
</tr>
<tr>
<td>Energy</td>
<td>380,000 MWh</td>
<td>20.0 Mio. Euro</td>
</tr>
<tr>
<td>Waste</td>
<td>5.1%</td>
<td>0.1 Mio. Euro</td>
</tr>
</tbody>
</table>

~20 Mio. Euro in savings
CORPORATE SUSTAINABILITY AT THE BMW GROUP.
MORE INFORMATIONEN ONLINE.

- **Responsibility:**
  www.bmwgroup.com/responsibility

- **Sustainable Value Report 2008:**
  www.bmwgroup.com/sustainability

- **BMW EfficientDynamics:**
  www.bmw.de/efficientdynamics

- **Production:**
  www.bmwgroup.com/production

- **Recycling:**
  www.bmwgroup.com/recycling

- **Social Commitment:**
  http://www.bmwgroup.com/socialcommitment

- **BMW i:**
  www.bmw-i.de/
THANK YOU!